

Comments on "From "Made in China" to "Innovated in China": Necessity, Prospect, and Challenges"

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- The question:
 - What are the sources of China's economic growth in the past?
 - Why they are unlikely to provide the same kind of boost in the future?
 - Can China transition to a more innovative economy?
 - Growth of innovation by Chinese firms
 - Drivers of China's innovation growth
- Main findings:
 - ① China has exhibited a surge in patent activity
 - ② Rising wages and expanding markets are the main drivers
 - ③ Correcting resource misallocation can further improve innovation outcomes

- Has the growth of patenting been driven by firms' innovation and upgrading or their greater propensity to apply for patents?
- Non-innovation related forces influenced the propensity to apply for patents while the underlying rate of innovation has not changed that much
 - Government policies
 - Reputation building

- Government policies promoting patent application:
 - Patent subsidy programs:
 - Encourage patenting through deductions and reimbursements of application fees
 - Started since 1998, 29 out of 30 provinces had launched the program by 2007
 - Target of patenting:
 - Set in the 12th Five-Year (2011-2015) Plan for Science and Technology Development
 - Increase the number of SIPO invention patents in force per 10,000 people from 1.7 in 2010 to 3.3 in 2015
 - Local governments have introduced incentives to promote patent applications
- Potential tests to do:
 - Correlation between R and D and patents
 - Impact of patents on productivity

- Motives for firms to patent: reputation building
 - Jefferson et al IPR survey: 2009-2010, 300 domestic and foreign firms in Beijing and Shenzhen
 - Motives for patenting:
 - ① Enhance reputation
 - ② Prevent copying and prevent lawsuits about equal
 - ③ limit entry and sales by competitors
 - Private firms have more incentive to build reputation than SOEs

- Misallocation: would giving private firms more subsidy necessarily lead to more innovation?
- Total government subsidy or R and D subsidy?