

9 RESEARCH JOINT VENTURES

*R*esearch joint ventures (RJVs) represent a public/private partnership.¹ An RJV is a collaborative research arrangement through which firms jointly acquire technical knowledge.

In terms of the taxonomy used to characterize public/private partnerships, RJVs, and the legislation that promulgates them, represent indirect governmental involvement in innovation. The economic objective of tax incentives, in particular the R&E tax credit, is to leverage private R&D. See Table 9.1.

PUBLIC POLICY TOWARD RESEARCH JOINT VENTURES

To place the activities surrounding the SRC's formation (Chapter 8) in a broader context, there was growing concern in the late 1970s and early 1980s regarding the pervasive slowdown in productivity growth throughout the U.S. industrial sector. More specifically, policy makers were troubled by the declining global market shares of leading American companies, especially firms in the semiconductor industry.²

¹ This chapter is based on Link and Bauer (1989), Link (1999b), and Link and Scott (2005b).

² The declining U.S. position in the semiconductor industry was well known and in other industries there was widespread concern although the empirical evidence about the competitive position of the United States in international markets was incomplete. However, when the U.S. Department of Commerce (1990) released its 1990 report on emerging technologies, it was apparent to all that the concerns expressed in the early 1980s were quite valid.

Table 9.1. Taxonomy of Public/Private Partnerships

Economic Objective		
<i>Governmental Involvement</i>	<i>Leverage Public R&D</i>	<i>Leverage Private R&D</i>
Indirect		Patent system (Patent Act)
		Tax incentives (R&E tax credit)
		Research joint ventures (NCRA and NCRPA)
Direct		
Financial Resources		
Infrastructural Resources		
Research Resources		

As noted in a November 18, 1983 House report about the proposed Research and Development Joint Ventures Act of 1983:

A number of indicators strongly suggest that the position of world technology leadership once firmly held by the United States is declining. The United States, only a decade ago, with only five percent of the world's population was generating about 75 percent of the world's technology. Now, the U.S. share has declined to about 50 percent and in another ten years, without fundamental changes in our Nation's technological policy ... the past trend would suggest that it may be down to only 30 percent. [In hearings,] many distinguished scientific and industry panels had recommended the need for some relaxation of current antitrust laws to encourage the formation of R&D joint ventures. ... The encouragement and fostering of joint research and development ventures are needed responses to the problem of declining U.S. productivity and international competitiveness. According to the testimony received during the Committee hearings, this legislation will provide for a significant increase in