Science, Technology, &
Human Values
Volume 31 Number 6
November 2006 639-667

10.1177/0162243906291865
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The Linear Model of Innovation

The Historical Construction of an Analytical Framework

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One of the first (conceptual) frameworks developed for understanding the relation of science and technology to the economy has been the linear model of innovation. The model postulated that innovation starts with basic research, is followed by applied research and development, and ends with production and diffusion. The precise source of the model remains nebulous, having never been documented. Several authors who have used, improved, or criticized the model in the past fifty years rarely acknowledged or cited any original source. The model usually was taken for granted. According to others, however, it comes directly from V. Bush's *Science: The Endless Frontier* ([1945] 1995). This article traces the history of the linear model, suggesting that it developed in three steps corresponding to three scientific communities looking at science analytically. The article argues that statistics is a main reason the model is still alive despite criticisms, alternatives, and having been proclaimed dead.

Keywords: *linear model of innovation; basic research; innovation; statistics; science policy*

One of the first (theoretical) frameworks developed for historically understanding science and technology and their relation to the economy has been the linear model of innovation. The model postulates that innovation starts with basic research, then adds applied research and development, and ends with production and diffusion:

Basic research → Applied research → Development → (Production and) Diffusion

Author's Note: The author thanks three anonymous referees for very relevant comments made on the first draft of this article.

The model has been very influential. Academic organizations as a lobby for research funds (National Science Foundation 1957a) and economists as expert advisors to policy makers (Nelson 1959) have widely disseminated the model, or the understanding based thereon, and have justified government support to science using such a model. As a consequence, science policies carried a linear conception of innovation for many decades (Mowery 1983a), as did academics studying science and technology. Very few people defend such an understanding of innovation anymore: "Everyone knows that the linear model of innovation is dead," claimed N. Rosenberg (1994) and others. But is this really the case?

To answer the question, one first must trace the history of the model to the present. The precise source of the linear model remains nebulous, having never been documented. Several authors who have used, improved, or criticized the model during the past fifty years have rarely acknowledged or cited any original source. The model usually was taken for granted. According to others, however, it comes directly from or is advocated clearly in V. Bush's *Science: The Endless Frontier* ([1945] 1995).* One would be hard-pressed, however, to find anything but a rudiment of this model in Bush's manifesto. Bush talked about causal links between science (namely basic research) and socioeconomic progress, but nowhere did he develop a full-length argument based on a sequential process broken down into its elements or that suggests a mechanism whereby science translates into socioeconomic benefits.

In this article, I trace the history of the model, suggesting that it developed in three stages. The first, from the beginning of the twentieth century to circa 1945, was concerned with the first two terms, *basic research* and *applied research*. This period was characterized by the ideal of pure science, and people began developing a case for a causal link between basic research and applied research. This is the rhetoric in which Bush participated. Bush borrowed his arguments directly from his predecessors, among them industrialists and the United States National Research Council. The second stage, lasting from 1934 to circa 1960, added a third term to the discussion, namely development, and created the standard three-stage model of innovation: Basic research → Applied research → Development. Analytical as well as statistical reasons were responsible for this innovation. The analysis of this stage constitutes the core of this article. The last stage, starting in the 1950s, extended the model to non–R&D activities such as production and diffusion. Economists from business schools were responsible for this extension of the model.

The main thesis of this article is that the model owes little to Bush. It is, rather, a theoretical construction of industrialists, consultants, and business

*See Irvine and Martin 1984; Freeman 1996; Hounshell 1996; Mowery 1997; Stokes 1997; Mirowsky and Sent 2002) schools, seconded by economists. The article also argues that the long survival of the model despite regular criticisms is because of statistics. Having become entrenched—with the help of statistical categories for counting resources and allocating money to science and technology—and standardized under the auspices of the Organization for Economic Cooperation and Development (OECD) and its methodological manuals the linear model functioned as a social fact. Rival models, because of their lack of statistical foundations, could not become substitutes easily.

This article is divided into four parts. The first discusses the core of the linear model and its source, that is, the political rhetoric, or ideal of pure science, that made applied research dependent on basic research. The second part discusses the first real step toward the construction of a model by looking at the category and the activity called development and its place in industrial research. The third part documents the crystallization of the standard three-stage model via statistics. It argues that statistics has been one of the main factors explaining why the model gained strength and is still alive despite criticisms, alternatives, and a proclaimed death. The last part documents how economists extended the standard model to include innovation.

The article focuses on the United States, although it draws on material from other countries in cases in which individuals from these countries contributed to the construction of the model or to the understanding of the issue. Two factors explain this focus. First, American authors were the first to formalize the linear model of innovation and to discuss it explicitly in terms of a sequential model. Second, the United States was the first country in which the statistics behind the model began to be collected systematically. Although limited, this focus allows one to balance D. Edgerton's recent thesis that the linear model does not exist: "The linear model is very hard to find anywhere, except in some descriptions of what it is supposed to have been" (Edgerton 2004, 32). To Edgerton, the model does not exist in Bush's writings—and here, Edgerton and the present author agree—but neither does it exist elsewhere. As this article implies, only if one looks at the term itself can one supports Edgerton's thesis. The model, whatever its name, has been the very mechanism used for explaining innovation in the literature on technological change and innovation since the late 1940s.

A Political Rhetoric

From the time of the ancient Greeks to the present, intellectual and practical work always have been seen as opposites. The ancients developed a hierarchy of the world in which *theoria* was valued over practice. This hierarchy rested on a network of dichotomies that were deeply rooted in social practice and intellectual thought (Arendt 1958; Lloyd 1966; Lobkowicz 1967).

A similar hierarchy existed in the discourse of scientists: the superiority of pure over applied research. The concept of pure research originated in 1648, according to I. B. Cohen (1948). It was a term used by philosophers to distinguish between science, or natural philosophy, which was motivated by the study of abstract notions, and the mixed disciplines or subjects, such as mixed mathematics, that were concerned with concrete notions (Kline 1995). The term came into regular use at the end of the nineteenth century and usually was accompanied by the contrasting concept of applied research.

The ideology of pure science has been documented widely in the literature and will not be discussed here (Daniels 1967; Layton 1976; Hounshell 1980). Suffice it to say that pure science was opposed to applied science on the basis of motive (knowledge for its own sake). The dichotomy was a rhetorical resource used by scientists, engineers, and industrialists for defining, demarking, and controlling their profession (excluding amateurs), for financial support (scientists), for raising the status of a discipline (engineers), and for attracting scientists (industrialists). It was also a rhetoric, particularly present in Great Britain, that referred to the ideal of the freedom of science from interference from the State, with an eye to the counter-reference and negative experiences in Nazi Germany, and to some extent, in the Soviet Union (Congress for Cultural Freedom 1955).

Although generally presented as opposing terms, however, basic and applied research were, at the same time, being discussed as cooperating: Basic research was the seed from which applied research grew (Rowland 1902; Reingold and Molella 1991). “To have the applications of a science,” H. A. Rowland argued, “the science itself must exist” (1902, 594). Certainly, the relationship was a one-way cooperation (from basic to applied research), but it gave rise to a whole rhetoric in the early twentieth century—one supported by the industrialists, among others.

Industrial research underwent expansion after World War I. Several big firms became convinced of the necessity to invest in research and began building laboratories for the purpose of conducting research.[1] Governments accompanied them in these efforts. In Great Britain, for example, the Department of Scientific and Industrial Research aided and funded industries in its efforts to create industrial research organizations (UK Committee on Industry and Trade 1927; Edgerton and Horrocks 1994). In the United States, it was the newly created National Research Council that gave itself the task of promoting industrial research. The close links between the National Research Council and industry go back to the preparations for war (1916). Industrialists were called on for the World War I research efforts coordinated by the National Research Council. After the war, the National Research Council, “impressed by the great importance of promoting the application of science to industry, . . . took up the question of the organization of industrial research . . . and inaugurated an Industrial Research Division to consider the best methods of achieving such organization” (Barrows 1941, 367). “In the 1920s, the division had been a hotbed of activity, preaching to corporations the benefits of funding their own research” (Zachary [1997] 1999, 81). The division conducted special studies on industrial research, arranged visits to industrial research laboratories for executives, organized conferences on industrial research, helped set up the Industrial Research Institute—an organization that still exists today,[2] and compiled a biennial repertory of laboratories from 1920 to the mid-1950s (Barrows 1941; Cochrane 1978).

In Europe as well as in North America, industrialists reproduced the nineteenth-century discourses of scientists on the utility of science: Pure research was “of incalculable value to all the industries” (Carty 1916, 4). The Reprint and Circular series of the National Research Council in the 1910s and 1920s was witness to this rhetoric by industrialists. J. J. Carty, vice-president of American Telephone and Telegraph was a typical purveyor of the rhetoric. In 1924, speaking before the United States Chamber of Commerce, he proclaimed: “The future of American business and commerce and industry is dependent upon the progress of science” (Carty 1924, 1). To Carty, science was composed of two kinds: pure and applied. To him, the pure scientists were “the advance guard of civilization. By their discoveries, they furnish to the engineer and the industrial chemist and other workers in applied science the raw material to be elaborated into manifold agencies for the amelioration of mankind, for the advancement of our business, the improvement of our industries, and the extension of our commerce” (pp. 1–2).

Carty explicitly refused to debate the contested terms *pure* and *applied* research: “the two researches are conducted in exactly the same manner” (p. 7). To Carty, the distinction was one of motives. He wanted to direct “attention to certain important relations between purely scientific research and industrial research which are not yet sufficiently understood” (p. 1). In an article published in *Science*, Carty developed the first full-length rationale for public support to pure research (Carty 1916). To the industrialist, “pure” science was “the seed of future great inventions which will increase the comfort and convenience and alleviate the sufferings of mankind” (p. 8). But because the “practical benefits, though certain, are usually indirect, intangible or remote” (p. 8), Carty thought the “natural home of pure science and of pure scientific research is to be found in the university” (p. 9), where each master scientist “should be provided with all of the resources and facilities and assistants that he can effectively employ, so that the range of his genius will in no way be restricted for the want of anything which money can provide. Every reasonable and even generous provision should be made for all workers in pure science" (p. 12). But "where are the universities to obtain the money necessary for the carrying out of a grand scheme of scientific research? It should come from those generous and public-spirited men" [philanthropists and, much later, the State] and "from the industries" (pp. 14–15). This rationale is not very far from that offered by W. von Humboldt, founder of the modern university, in his memorandum of 1809 (von Humboldt 1809).

V. Bush followed in this rhetoric with his blueprint for science policy, titled *Science: The Endless Frontier* ([1945] 1995). He suggested the creation of a National Research Foundation that would support basic research publicly on a regular basis. The rhetoric behind the Bush report was focused entirely on the socioeconomic benefits of science: "Advances in science when put to practical use mean more jobs, higher wages, shorter hours, more abundant crops, more leisure for recreation, for study, for learning how to live the deadening drudgery which has been the burden of the common man for past ages. Advances in science will also bring higher standards of living, will lead to the prevention or cure of diseases, will promote conservation of our limited resources, and will assure means of defense against aggression" (p. 10). "Without scientific progress no amount of achievement in other directions can insure our health, prosperity, and security as a nation in the modern world" (p. 11).

But what is the mechanism by which science translates into socioeconomic progress? Bush distinguished between basic research, or research "performed without thought of practical ends" and resulting "in general knowledge and an understanding of nature and its laws" ([1945] 1995, p. 18), and applied research. To Bush, however, the two types of research were or should be seen in relation to each other: "The further progress of industrial development would eventually stagnate if basic research were long neglected" (p. 18). Basic research is the "means of answering a large number of important practical problems" (p. 18). But how?

> Basic research . . . creates the fund from which the practical applications of knowledge must be drawn. New products and new processes do not appear full-grown. They are founded on new principles and new conceptions, which in turn are painstakingly developed by research in the purest realms of science. Today, it is truer than ever that basic research is the pacemaker of technological progress. (Bush [1945] 1995, 19)

This was the furthest Bush went in explaining the links between science and society. It is clear that Bush was, at the very best, dealing with the Basic research → applied research (technology) part of the linear model of innovation. Certainly, in the appendix to the Bush report, the Bowman committee used a taxonomy of research composed of pure research, background research, and applied research and development and argued that "the development of important new industries depends primarily on a continuing vigorous progress of pure science" (p. 81). But the taxonomy never was used as a sequential model for explaining socioeconomic progress. It served only to estimate the discrepancy between the funds spent on pure research and those spent on applied research.

Bush succeeded in putting the ideal of pure science on officials' lips and influencing the emerging science policy (Godin 2003a). But he suggested no more than a causal link between basic research and its applications, and the rhetoric had been developed and discussed at length before him. Nowhere has Bush suggested a model, unless one calls a one-way relationship between two variables a model. Rather, we owe the development of such a model to industrialists, consultants, and business schools.

An Industrial Perspective

The early public discourses of industrialists on science, among them United States National Research Council members, were aimed at persuading firms to get involved in research. For this reason, they talked mainly of science or research, without always discussing the particulars of science in industry. But within firms, the reality was different: There was little basic research, some applied research, and a lot of development. It was not long before the organization of research reflected this fact.

Development is a term that came from industry (Godin 2005a). In the early 1920s, many large firms had "departments of applied science, or, as they are sometimes called, departments of development and research". It was not long before every manager was using the expression *research and development*, recognizing the fact that the development of new products and processes was as important as research if not the primary task of industrial laboratories. In the 1930s, several annual reports of companies brought both terms together.[3]

To industrialists, in fact, development more often than not was an integral part of (applied) research or engineering.[4]

> "Many laboratories are engaged in both industrial research and industrial development. These two classes of investigation commonly merge so that no sharp boundary can be traced between them. Indeed, the term research is frequently applied to work which is nothing else than development of industrial processes, methods, equipments, production or by-products" (U.S. National Research Council 1920, 1–2).

And the organization of research in firms reflected this interpretation. Until World War II, there were very few separate departments for research, on one hand, and (product) development on the other.[5] Both activities were carried out in the same department, and it was the same kind of people (engineers) that carried out both types of tasks (Wise 1980; Reich 1983). As noted by J. D. Bernal, the British scientist well known for his early social analysis of science and his advocacy for science planning as opposed to the freedom of science, there is a "difficulty of distinguishing between scientists and technicians in industrial service. Many mechanical engineers, and still more electrical and chemical engineers, are necessarily in part scientists, but their work on the whole cannot be classified as scientific research as it mostly consists of translating into practical and economic terms already established scientific results" (Bernal [1939] 1973, 55).

Development as an activity got more recognition and visibility when industrialists, consultants, and academics in business schools started studying industrial research. In the 1940s and 1950s, these individuals began developing models of innovation. The models, usually illustrated with diagrams, portrayed research as a linear sequence or process starting with basic research, then moving on to applied research, and then development.

Already, in 1920, in a book that would remain a classic for decades, C. E. K. Mees, director of the research laboratory at Eastman Kodak, described the development laboratory as a small-scale manufacturing department devoted to developing "a new process or product to the stage where it is ready for manufacture on a large scale" (Mees 1920, 79). The work of this department was portrayed as a sequential process: development work is "founded upon pure research done in the scientific department, which undertakes the necessary practical research on new products or processes as long as they are on the laboratory scale, and then transfers the work to special development departments which form an intermediate stage between the laboratory and the manufacturing department" (Mees 1920, 79). To the best of my knowledge, however, the first and most complete description of such a model came from R. Stevens, vice president at Arthur D. Little, and was published in the United States National Resources Planning Board report titled *Research: A National Resource* in 1941. Stevens identified several "stages through which research travels on its way toward adoption of results in industry" (Stevens 1941, 6–7), the third and fourth stages corresponding more or less to what we now call development:

- Fundamental research
- Applied research
- Test-tube or bench research
- Pilot plant
- Production
- Improvement
- Trouble shooting
- Technical control of process and quality

Such models would proliferate among industrialists' writings in the 1940s. For example, F. R. Bichowsky, in a lucid analysis of industrial research, distinguished several industrial activities and organized them into a "flow sheet chart": research; engineering, or development; and factory, or production (Bichowsky 1942, 81). C. C. Furnas, in a classical analysis conducted for the US Industrial Research Institute, proposed five activities and presented them as a flow diagram: exploratory research and fundamental research activities at a first level, followed by applied research, then development, then production (Furnas 1948).

These efforts soon would culminate in the well-known three-stage model: Basic research → Applied research → Development. It is to official (i.e., government) statistics that we owe this simpler (and now standardized) model.

A Statistical Classification[6]

During the period from 1920 to 1950, official statisticians developed a definition and a classification of research made up of three components—basic research, applied research, and development. The story of these statistical categories is the key to understanding the crystallization of the linear model of innovation and its coming into widespread use: Statistics solidified a model in progress into one taken for granted—a social fact.

Although research had been measured since the early 1920s, the question "what is research?" often was left to the questionnaire respondent to decide. The first edition of the United States National Research Council directory of industrial research laboratories, for example, reported using a liberal interpretation that let each firm decide which activities counted as research: "all laboratories have been included which have supplied information and which by a liberal interpretation do any research work" (U.S. National Research Council 1920, 45). Consequently, any studies that used National Research Council numbers, such as those by Holland and Spraragen (1933) and by the United States Works Progress Administration, were of questionable quality: "the use of this information [National Research Council data] for statistical analysis has therefore presented several difficult problems and has necessarily placed some limitations on the accuracy of the tabulated material" (Perazich and Field 1940, 52). Again in 1941, in its study on industrial research conducted for the United States National Resources Planning Board, the National Research Council used a similar practice: The task of defining the scope of activities to be included under research was left to the respondent (U.S. National Research Council 1941). In Canada as well, the first study by the Dominion Bureau of Statistics contained no definition of research (Canadian Dominion Bureau of Statistics 1941).

The situation improved in the 1950s and 1960s, thanks wholly to the United States National Science Foundation (NSF) and the OECD and their methodological conventions. In 1951, the NSF was mandated by law to measure scientific and technological activities in the country (Godin 2003b). To that end, the organization developed a series of surveys on R&D based on precise definitions and categories. Research then came to be defined as "systematic, intensive study directed toward fuller knowledge of the subject studied and the systematic use of that knowledge for the production of useful materials, systems, methods, or processes" (National Science Foundation 1953, 3). Industrialized countries followed the NSF definition when they adopted the OECD Frascati manual in 1963. The manual was designed to help countries in their measurement efforts, offering methodological conventions that allowed international comparisons. In line with the NSF definition, the manual defined research as "creative work undertaken on a systematic basis to increase the stock of scientific and technical knowledge and to use this stock of knowledge to devise new applications" (OECD 1970, 8).[7]

Before such definitions were arrived at, however, two practices prevailed. First, research was defined either by simply excluding routine activities or by supplying a list of activities designed solely to help respondents decide what to include in their responses to the questionnaires. Among these activities were basic and applied research but also engineering, testing, prototypes, and design, which later would collectively come to be called development. No disaggregated data were available for calculating statistical breakdowns, however. In fact, "in these early efforts, the primary interest was not so much in the magnitude of the dollars going into scientific research and development, either in total or for particular agencies and programs, but in identifying the many places where research and development of some sort or other was going on" (Shapley 1959, 6).

Although no definition of research per se existed, people soon started defining research by way of categories. This was the second practice. The most basic taxonomy relied on the age-old dichotomy: pure versus applied research. Three typical cases prevailed with regard to the measurement of these two categories. The first was an absence of statistics because of the difficulty of producing any numbers that met the terms of the taxonomy. Bernal, for example, was one of the first academics to conduct measurements of research in a Western country, although he used available statistics and did not conduct his own survey. In *The Social Function of Science* ([1939] 1973), Bernal did not break the research budget down by type of research or "character of work"—such statistics were not available. "The real difficulty . . . in economic assessment of science is to draw the line between expenditures on pure and on applied science," Bernal said ([1939] 1973, 62). He could present only total numbers, sometimes broken down by economic sector according to the System of National Accounts, but he could not figure out how much was allocated to basic research and how much to applied research.

The second case with regard to the pure-versus-applied taxonomy was the use of proxies. In his well-known report, *Science: The Endless Frontier* ([1945] 1995), Bush elected to use the term *basic research* and defined it as "research performed without thought of practical ends" ([1945] 1995, 18). He estimated that the nation invested nearly six times as much in applied research as in basic research. The numbers were derived by equating college and university research with basic research and equating industrial and government research with applied research. More precise numbers appeared in appendices, such as ratios of pure research in different sectors—5 percent in industry, 15 percent in government, and 70 percent in colleges and universities—but the sources and methodology behind these figures were totally absent from the report.

The third case was skepticism about the utility of the taxonomy, to the point that authors rejected it outright. For example, *Research: A National Resource* (1938), one of the first measurements of science in government in America, explicitly refused to use any categories but research: "There is a disposition in many quarters to draw a distinction between pure, or fundamental, research and practical research. . . . It did not seem wise in making this survey to draw this distinction" (U.S. National Resources Committee 1938). The reasons offered were that fundamental and applied research interact and

Table 1
Taxonomies of Research

J. Huxley (1934)	background, basic, ad hoc, development
J. D. Bernal (1939)	pure (and fundamental), applied
V. Bush (1945)	basic, applied
Bowman (in Bush, 1945)	pure, background, applied and development
U.S. PSRB (1947)	fundamental, background, applied, development
Canadian DRS (1947)	pure, background, applied, development, analysis and testing
R. N. Anthony	uncommitted, applied, development
U.S. NSF (1953)	basic, applied, development
British DSIR (1958)	basic, applied and development, prototype
OECD (1962)	fundamental, applied, development

Note: PRSB = President's Scientific Research Board; DRS = Department of Reconstruction and Supply; NSF = National Science Foundation; DSIR = Department of Scientific and Industrial Research; OECD = Organization for Economic Cooperation and Development.

that both lead to practical and fundamental results. This was just the beginning of a long series of debates on the classification of research according to whether it is categorized as pure or applied (Godin 2003a).

We owe to the British scientist J. S. Huxley, a colleague of Bernal and a member of the "visible college of socialist scientists" (Werskey 1978), the introduction of new terms and the first formal taxonomy of research (see Table 1). The taxonomy had four categories: background, basic, ad hoc, and development (Huxley 1934). The first two categories defined pure research: Background research is research "with no practical objective consciously in view," while basic research is "quite fundamental, but has some distant practical objective. . . . Those two categories make up what is usually called pure science" (Huxley 1934, 253). To Huxley, ad hoc meant applied research, and development meant more or less what we still mean by the term today: work needed to translate laboratory findings into full-scale commercial practice.

Despite having these definitions in mind, however, Huxley did not conduct any measurements. Nevertheless, Huxley's taxonomy had several influences. Bush borrowed the same term (*basic*) when talking of pure research. The concept of oriented basic research, later adopted by the OECD, comes from Huxley's definition of basic research (OECD 1970, 10). Above all, the taxonomy soon came to be used widely for measurement. We owe to the United States President's Scientific Research Board the first such use.

Adapting Huxley's taxonomy, the President's Scientific Research Board conducted the first real survey of resources devoted to R&D in 1947, the first time that term appeared in a statistical report, using precise categories, although these did not make it "possible to arrive at precisely accurate research expenditures" because of the different definitions and accounting practices used by institutions (U.S. President's Scientific Research Board 1947, 73). In the questionnaire the board sent to government departments (other sectors such as industry were estimated using existing sources of data), it included a taxonomy of research that was inspired directly by Huxley's four categories: fundamental, background, applied, and development (U.S. President's Scientific Research Board 1947). Using these definitions, the board estimated that basic research accounted for about 4 percent of total research expenditure in the United States (p. 73) and showed that university research expenditures were far lower than government or industry expenditures, that is, lower than applied research expenditures, which amounted to 90 percent of total research (p. 21). Despite the board's precise definitions, however, development was not measured separately, but rather, was included in applied research.

We owe to the Canadian Department of Reconstruction and Supply (DRS) the first measurement of development per se (Canadian Department of Reconstruction and Supply 1947b). In the survey the DRS conducted in 1947 on government research, it distinguished research, defined as being composed of pure, background,[8] and applied research (but without separating the three items "because of the close inter-relationships of the various types of research"), from development and analysis and testing. Development was defined as "all work required, after the initial research on laboratory (or comparable) level has been completed, in order to develop new methods and products to the point of practical application or commercial production." (1947b)

The inclusion of development was (probably) motivated by the importance of military procurement in the government's budget for science (contracts to industry for developing war technologies). Indeed, most of the data in the report were broken down into military and nonmilitary expenditures. Overall, the department estimated that 40 percent of the $34 million spent on federal scientific activities went to research, 48 percent to development, and 12 percent into analysis and testing.

Although innovative with regard to the measurement of development in government research,[9] Canada did not repeat such measurements for years and never did measure development in industry before the advent of the OECD statistical recommendations in the Frascati manual (1962). It is rather to R. N. Anthony from Harvard Business School that we owe the first and influential of a series of systematic measurements of all of the terms in the taxonomy. By that time, however, the taxonomy was reduced to three terms, as it continues to this day: basic research, applied research, and development.

An important measurement issue before the 1950s concerned the demarcation of research and nonresearch activities. Anthony et al. identified two problems: There were too many variations on what constituted research, and there were too many differences among firms concerning which expenses to include in research (Dearborn, Kneznek, and Anthony 1953). Although routine work almost always was excluded, there were wide discrepancies at the frontier between development and production and between scientific and nonscientific activities: testing, pilot plants, design, and market studies sometimes were included in research and other times not. To Anthony, the main purpose of a survey was to propose a definition of research and then to measure it.

In the early 1950s, the United States Department of Defense's Research and Development Board asked Anthony to conduct a survey of industrial research to enable the government to locate available resources in the event of war—that is, to "assist the military departments in locating possible contractors for research and development projects" (U.S. Bureau of Labor Statistics 1953, 1, 51–52). Anthony had just conducted a survey of management controls in industrial research laboratories for the Office of Naval Research in collaboration with the corporate associates of the Harvard Business School (Anthony and Day 1952) and was about to begin another survey to estimate the amounts spent on research. The Research and Development Board asked both the Harvard Business School and the Bureau of Labor Statistics to conduct a joint survey of industrial research. The two institutions coordinated their efforts and conducted three surveys. The results were published in 1953 (Dearborn, Kneznek, and Anthony 1953; U.S. Bureau of Labor Statistics 1953).

The Bureau of Labor Statistics report does not have detailed statistics on categories of research, but Anthony's report does. The survey included precise definitions that would have a major influence on the NSF, the official producer of statistics on science in the United States, and on the OECD. Anthony's taxonomy contained three items (Dearborn, Kneznek, and Anthony 1953, 92):

- Uncommitted research: Pursue a planned search for new knowledge, whether or not the search has reference to a specific application.
- Applied research: Apply existing knowledge to problems involved in the creation of a new product or process, including work required to evaluate possible uses.
- Development: Apply existing knowledge to problems involved in the improvement of a present product or process.

Along with the definitions, Anthony specified precisely the activities that should be included in development (scale activity, pilot plants, and design) and those that should be excluded (market research, legal work, technical services, and production). The survey revealed that industry spent 8 percent of its research budget on basic research (or uncommitted research), 42 percent on new products (applied research), and 50 percent on product improvement (development). This was the first of a regular series of measurements of the three categories in the history of science statistics. It soon became the norm.

In the 1950s, the NSF started measuring research in the United States as part of its mandate requesting the regular evaluation of national scientific activities. The NSF extended Anthony's definitions to all sectors of the economy—industry, government, and university—and produced the first national numbers on research so broken down. It took about a decade, however, for standards to appear at the NSF. Until 1957, for example, development was merged with applied research in the case of government research, with no breakdown. Similarly, until 1959, statistics on development neither were presented nor discussed at all in reports on industrial research.[10] But thereafter, the three components of research were separated, and a national total was calculated for each based on the following definitions:

- Basic or fundamental research: Research projects that represent original investigation for the advancement of scientific knowledge and that do not have specific commercial objectives, although they may be in the fields of present or potential interest to the reporting company.[11]
- Applied research: Research projects that represent investigation directed to discovery of new scientific knowledge and that have specific commercial objectives with respect to either products or processes.
- Development: Technical activity concerned with nonroutine problems that are encountered in translating research findings or other general scientific knowledge into products or processes.

As Anthony had done, the NSF suggested three categories—with different labels. The main and important difference has to do with the fact that Anthony's definitions center on output, while the NSF's emphasized aims or objectives. Nevertheless, the two taxonomies produced approximately the same statistical results. The NSF surveys showed once more the importance of development in the research budget: more than 60 percent in the case of government research (National Science Foundation 1957b) and 76.9 percent for industrial research (National Science Foundation 1959). For the nation as a whole, the numbers were 9.1 percent of the research budget for basic research, 22.6 percent for applied research, and 68.3 percent for development (National Science Foundation 1962).

Anthony's and the NSF's categories were developed for statistical purposes. However, the three categories also served to describe components or stages in the process of innovation, a description that culminated in the three-stage linear model: Basic research → Applied research → Development. Anthony talked of "a spectrum, with basic research at one end, with development activities closely related to production or sale of existing products at the other end, and with other types of research and development spread between these two extremes" (Anthony and Day 1952, 58–59). The NSF, for its part, suggested that "the technological sequence consists of basic research, applied research, and development," where "each of the successive stages depends upon the preceding" (National Science Foundation 1952, 11–12).

Economists Appropriate the Model

By the early 1960s, most countries had more or less similar definitions of research and its components (Gerritsen 1961, 1963). Research now had come to be defined as R&D, composed of three types of activities (Godin 2005a). The OECD gave itself the task of conventionalizing and standardizing the definition. In 1963, OECD member countries adopted a methodological manual for conducting R&D surveys and producing statistics for indicators and policy targets, such as the Gross Expenditures on R&D/Gross Domestic Product (GERD/GDP) ratio. The Frascati manual included precise instructions for separating research from related scientific activities[12] and nonresearch activities[13] and development from production. The manual, in line with the NSF definitions, also recommended collecting and tabulating data according to the three components of research, defined as follows (OECD 1962, 12):

- Fundamental research: Work undertaken primarily for the advancement of scientific knowledge, without a specific practical application in view.
- Applied research: Work undertaken primarily for the advancement of scientific knowledge, with a specific practical aim in view.
- Development: The use of the results of fundamental and applied research directed to the introduction of useful materials, devices, products, systems, and processes or the improvement of existing ones.

Economists came into the field quite late. In the early 1960s, when the three components of R&D were already in place in official circles, economists still were debating terms such as *development* and its inclusion in R&D—because it was seen as not inventive in character (Kuznets 1962;

Schmookler 1962)—and looking for their own definitions and taxonomy of research (Ames 1961; Schmookler 1962, 1966). They finally settled on the conventional taxonomy, using the standard three categories to analyze industrial research[14] and using numbers on R&D for measuring the contribution of science to economic progress (Godin 2004). In fact, as R. R. Nelson reported in 1962, "the establishment of the NSF has been very important in focusing the attention of economists on R&D (organized inventive activity), and the statistical series the NSF has collected and published have given social scientists something to work with" (Nelson 1962, 4).

Where some economists from business schools innovated was in extending the model to one more dimension: the steps necessary to bring the technology to commercial production, namely innovation. Some authors often refer back to J. Schumpeter to model the process of innovation. Certainly, we owe to Schumpeter the distinction between invention, (initial) innovation, and (innovation by) imitation or diffusion (Schumpeter [1912] 1934; 1939). While invention is an act of intellectual creativity—and "is without importance to economic analysis" (Schumpeter 1939, 85)—innovation and diffusion are defined as economic decisions because of their "closeness to economic use": a firm's applying an invention or adopting it for the first time (Schmookler 1962, 51).

Despite having brought forth the concept of innovation in economic theory, however, Schumpeter professed little dependence of innovation on invention, as several authors commented (Solo 1951; Ruttan 1959). "Innovation is possible without anything we should identify as invention and invention does not necessarily induce innovation" (Schumpeter 1939, 84). The formalization of Schumpeter's ideas into a sequential model arose because of interpreters of Schumpeter, particularly in the context of the technology-push/demand-pull debate.[15]

The first sequential interpretations came from two American economists who used and improved on Schumpeter's categories in the early 1950s. Y. Brozen, from Northwestern University, suggested two models, one that used Schumpeter's three categories (Brozen 1951a) and another that explained the factors necessary "to capitalize on the discoveries of science": research, engineering development, production, and service (Brozen 1951b). W. P. Maclaurin, from MIT interested in science and technology studies early on, was another academic who developed a sequential analysis of innovation.[16] Suggesting that "Schumpeter regarded the process of innovation as central to an understanding of economic growth" but that he "did not devote much attention to the role of science," Maclaurin "broke down the process of technological advance into elements that may eventually be more measurable." He identified five steps: pure science, invention, innovation, finance, and acceptance, or diffusion (Maclaurin 1953).[17]

We had to wait several years, however, to see these propositions coalesce into a series of linear models of innovation. Certainly, in their pioneering work on innovation in the late 1950s, C. F. Carter and B. R. Williams from Britain would examine investment in technology as a "component in the *circuit* which links the pure scientist in his laboratory to the consumer seeking a better satisfaction of his needs" (Carter and Williams 1957, 1958). But the authors neither discussed nor suggested a formalized model of innovation until 1967 (Williams 1967). Similarly, the influential conference on the rate and direction of inventive activity, organized in 1960 by the National Bureau of Economic Research (NBER) and the Social Science Research Council (SSRC), was concerned with another model than that of innovation per se: the production function, or input-output model (National Bureau of Economic Research 1962). If there is one study that deserves mention before the 1960s, it is that of V. W. Ruttan. Ruttan gave himself the task of clarifying the terms used up to the present to discuss innovation and suggested a synthesis of A. P. Usher's steps in the invention process (Usher 1954) and Schumpeter's concept of innovation. From his analysis, Ruttan suggested the following sequence: Invention → Innovation → Technological Change (Ruttan 1959).

Then, a series of models of innovation appeared in the 1960s. E. Ames, although critical of the term *innovation* ("innovation has come to mean all things to all men, and the careful student should perhaps avoid it wherever possible, using instead some other term"), suggested a model composed of four stages that he discussed in terms of a "sequence of markets": research, invention (applied research), development, and innovation (Ames 1961). This model would serve F. Machlup's early measurement of the knowledge society (Machlup 1962). A few years later, economist J. Schmookler, well-known for his analyses on the role of demand in invention, looked at what he called technology-producing activities as being composed of three concepts: research, development, and inventive activity (Schmookler 1966). In light of other economists' definitions, Schmookler definitively was dealing with invention rather than innovation, although he was concerned with the role of market forces (wants) in invention. At about the same time, F. M. Scherer, in a historical analysis of the Watt-Boulton engine, identified four ingredients, or steps, that define innovation: invention, entrepreneurship, investment, and development (Scherer 1965). E. Mansfield, for his part, distinguished invention from innovation and diffusion, and defined innovation as the (first) application of an invention and diffusion as its (first) use (Mansfield 1968).

All of these individuals were developing models that defined innovation as a sequence from research or invention to commercialization and diffusion. Academics from management schools followed and have been very influential in popularizing such models.[18] S. Myers and D. G. Marquis, in a study conducted for the NSF, defined the process of innovation as composed of five stages: recognition (of both technical feasibility and demand), idea formulation, problem solving, solution, and utilization and diffusion (Myers and Marquis 1969). J. M. Utterback is another author often cited in the literature for his model of innovation, composed of the following three steps: generation of an idea, problem-solving or development, and implementation and diffusion (Utterback 1974).

It was these efforts from both economists and researchers in management schools that led to the addition of diffusion in the much-quoted linear model of innovation: Basic research → Applied research → Development → (Production and) Diffusion (Table 2). Yet, it is important to mention two areas of research that contributed to the focus on diffusion and its integration into theoretical models of innovation. The first was the sociological literature, particularly on the diffusion of invention. This tradition goes back to W. F. Ogburn and S. C. Gilfillan and their contributions to the United States National Resources Committee's report on technology and its social impacts (1937). The model Ogburn and Gilfillan suggested was one of the first description of innovation as a social process. It included diffusion as a phase in the process but also the social impacts of invention, an ultimate phase.[19] It was E. M. Rogers' classic book, however, that would be most influential on the literature. In *Diffusion of Innovations* (1962), Rogers depicted the process of innovation as composed of four elements: innovation, communication (or diffusion), consequences on the social system, and consequences through time (Rogers 1962). By the third edition (1983) of his book, however, Rogers had assimilated the economic understanding of innovation. The process of innovation now was portrayed as composed of six main phases or sequential steps: needs/problems, research, development, commercialization, diffusion and adoption, and consequences (Rogers 1983).

The second influence with regard to diffusion was the theory of the product life cycle. Authors portrayed the life cycle of new products or technologies as having an S-shaped curve and the process of technological development as consisting of three phases: innovation (product), maturation (process), and standardization (Vernon 1966; Utterback and Abernathy 1975).

By the early 1960s, then, the distinctions between and the sequence of invention,[20] innovation, and diffusion were already in place—and even

Table 2
Taxonomies of Innovation

Mees (1920)	Pure science, development, manufacturing
Schumpeter (1939)	Invention, innovation, imitation
Stevens (1941)	Fundamental research, applied research, test-tube or bench research, pilot plant, production (improvement, trouble shooting, technical control of process and quality)
Bichowsky (1942)	Research, engineering (or development), factory (or production)
Furnas (1948)	Exploratory and fundamental research, applied research, development, production
Mees and Leermakers (1950)	Research, development (establishment of small-scale use, pilot plant and models, adoption in manufacturing)
Brozen (1951a)	Invention, innovation, imitation
Brozen (1951b)	Research, engineering development, production, service
Maclaurin (1953)	Pure science, invention, innovation, finance, acceptance
Ruttan (1959)	Invention, innovation, technological change
Ames (1961)	Research, invention, development, innovation
Scherer (1965)	Invention, entrepreneurship, investment, development
Schmookler (1966)	Research, development, invention
Mansfield (1968)	Invention, diffusion, innovation
Myers and Marquis (1969)	Problem solving, solution, utilization, diffusion
Utterback (1974)	Generation of an idea, problem-solving or development, implementation, and diffusion

qualified as “conventional” in a National Science Foundation report (Little 1963, 6). The sequence became a proposition, or lesson, for managers of research (Bright 1969). Invention was defined as the development of a new idea for a product or process and its reduction to practice; innovation as the process of bringing invention into commercial use or an invention brought into commercial use; and diffusion as the spread of innovation in industry. The sequence soon would lead to an important debate, however. The United States Department of Defense was a pioneer in the use of the R&D categories, even developing its own classification of R&D activities and using the linear model to manage its programs (Lazure 1957). In the mid-1960s, however, the department began to defect from its previous optimism regarding investments in basic research as a factor for economic development. The department was, in a sense, beginning to question aspects of the linear model. Therefore, it conducted an eight-year analysis of twenty major weapon technologies and concluded that only 0.3 percent of innovations events came from undirected science (U.S. Department of Defense 1969).

Soon, the NSF replied with its own study and came to opposite conclusions. The organization found that 70 percent of the key events in the development of five recent technological innovations stemmed from basic research (IIT Research Institute 1968; Battelle Columbus Labs 1973). These two studies, each carrying the message of its respective community (industrialists in the case of defense, scientists for the NSF) were the first of a long series of criticisms addressed toward aspects of the linear model of innovation.

Conclusion

The linear model of innovation was not a spontaneous invention arising from the mind of one individual (V. Bush). Rather, it developed through time in three steps. The first linked applied research to basic research, the second added experimental development, and the third added production and diffusion. These three steps correspond, in fact, to three scientific communities and their successive entries into the field of science studies and/or science policy, each with its own concepts. First were natural scientists (academic as well as industrial), developing a rhetoric on basic research as the source for applied research or technology; second were researchers from business schools, having been interested in science studies long before economists and studying the industrial management of research and the development of technologies; third were economists from business schools, bringing forth the concept of innovation. All three communities got into the field by adding a term (their stamp) to the most primitive term—pure or basic research—and its sequence. The three steps also correspond to three policy preoccupations or priorities: the public support to university research (basic research), the strategic importance of technology for industry (development), and the impact of research on the economy and society (diffusion).

Despite its widespread use, the linear model of innovation was not without its opponents. As early as the 1960s, numerous criticisms were leveled concerning, among other things, the linearity of the model (Schmookler 1966; Price and Bass 1969; Myers and Marquis 1969). However, the model continued to feed public discourses and academic analyses—despite the widespread mention, in the same documents that used the model, that linearity was a fiction.

In a sense, we owe this continuity to the very simplicity of the model. The model is a rhetorical entity. It is a thought figure that simplifies and affords administrators and agencies a sense of orientation when it comes to thinking about allocation of funding to R&D. However, official statistics are, in fact, more important in explaining the continued use of the linear model. By collecting numbers on research as defined by three components and presenting and discussing them one after the other within a linear framework, official statistics helped crystallize the model as early as the 1950s. In fact, statistics on the three components of research were for a long time (and still are, for many) the only available statistics allowing one to understand the internal organization of research, particularly in firms. Furthermore, as innovation came to define the science-policy agenda, statistics on R&D were seen as a legitimate proxy for measuring technological innovation because they included development (of new products and processes). Having become entrenched in discourses and policies with the help of statistics and methodological rules, the model became a social fact.

Recent efforts to modify or replace the model have been limited with regard to their impact. First, alternative models, with their multiple feedback loops (Kline 1985; Rothwell 1992), look more like modern artwork or a "plate of spaghetti and meatballs"[21] than a useful analytical framework. Second, efforts to measure the new interactive models have not yet been fruitful, at least in the official literature; statistics and indicators on flows of knowledge between economic sectors, performers and users of research, and types of activities are still in the making (Godin 2006). Equally, very few accurate numbers on the costs of innovation have come from the official innovation surveys, at least not numbers robust enough to supplement R&D figures (Godin 2005b). All in all, the success of the linear model suggests how statistics often are required to give (long) life to concepts but also how their absence is a limitation in changing analytical models and frameworks.

Notes

1. On the emergence of industrial research, see U.S. National Research Council (1941), Wise (1985), Reich (1985), Houndshell and Smith (1988), Heerding (1986), Schopman (1989), Graham and Pruitt (1991), Smith (1990), Dennis (1987), Mowery (1984), Meyer-Thurow (1982), and Shinn (1980). For statistical analyses, see Sanderson (1972), Mowery (1983b), Mowery (1986), Edgerton (1987, 1993), Mowery and Rosenberg (1989), Edgerton and Horrocks (1994), and Horrocks (1999).

2. The Institute was launched in 1938 as the National Industrial Research Laboratories Institute, renamed the next year as the Industrial Research Institute. It became an independent organization in 1945.

3. For examples, see Holland and Spraragen (1933, 9–11).

4. For an excellent discussion of the confusion between research and other activities in firms, see Bichowsky (1942), ch. 3 and 7.

5. After 1945, several large laboratories began having separate divisions for the two functions. See Bichowsky (1942), Zieber (1948), and Mees and Leermakers (1950).

6. This section draws on Godin (2005a).

7. The first edition (1962) contained no definition of research.

8. Here, the term *background* has changed meaning, as in Bush, and means collection and analysis of data.

9. The report of the United States National Resources Committee on government research published in 1938 made no use of the category *development*. See U.S. National Resources Committee (1938).

10. The situation was similar in other countries. See, for example, UK Department of Scientific and Industrial Research (1958).

11. The last part of the definition was and still is used for the industrial survey only.

12. Scientific information, training and education, data collection, testing, and standardization.

13. Legal administrative work for patents, routine testing and analysis, technical services.

14. For early uses of these categories and construction of tables of categories by economists, see Carter and Williams (1957), Scherer (1959), Ames (1961), Machlup (1962), and Schmookler (1966).

15. For schematic representations of the views in this debate, see Freeman (1982) and Rothwell and Zegveld (1985).

16. Maclaurin served as secretary of the Committee on Science and Public Welfare, which assisted V. Bush in the preparation of *Science: The Endless Frontier* ([1945] 1995).

17. A few years before, Maclaurin suggested another model composed of five stages: fundamental research, applied research, engineering development, production engineering, and service engineering. See Maclaurin (1949).

18. For reviews, see Roberts and Romine (1974), Saren (1984), and Forrest (1991).

19. The Subcommittee on Technology of the United States National Resources Committee, presided by Ogburn, defined invention as a process composed of four phases occurring in sequence: beginnings, development, diffusion, and social influences. See U.S. National Resources Committee (1937). A few years before, in the president's report on social trends, Ogburn and Gilfillan defined invention as a series of stages as follows: idea, trial device (model or plan), demonstration, regular use, and adoption. See Ogburn and Gilfillan (1933).

20. As a short-cut for Basic research → Applied research → Development.

21. This is how Kelly et al., in their study for the NSF, contrasted their ecological model to the linear model. See Kelly et al. (1975).

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