Hamilton & Waterloo, Ontario: Differential Pathways to Post-Industrial Economies

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Presentation to the 12th Annual Meeting of the Innovation Systems Research Network
Toronto, May 6, 2010
Common Industrial Past

1960: Two Midsized Industrial Cities

- **Dominant Manufacturing Firms**
  - Primary Industries: Steel, rubber, appliances, footwear, tires, automotive
  - Services: Waterloo Insurance

- **Universities with Technical Strength**
  - Hamilton superior in engineering, science and humanities
  - Waterloo: emergent coop engineering, mathematics

- **Engineering Labour Markets**
  - Hamilton advantage
Path Dependency & Divergence

- Role of Universities
  - 1960s: University-based Innovations
- Waterloo:
  - Tipping Point: The Compiler
- Hamilton:
  - John Evans and McMaster Medical School
Competing Models, Evolving Trajectories

- Hamilton Model: Bipolar Dynamics
  - Health Sciences: McMaster, HHS
  - Steel/Manufacturing:
    - De-Verticalization, Labour Shedding of existing industrial firms
    - Disaggregation of firms and industries into supply chains and knowledge networks

- Waterloo Model: Diversified Industrial Base
  - University of Waterloo: IP and spin-offs
  - Role of the Co-op program
  - Links to high tech and advanced manufacturing
Hamilton Model: East Meets West

- Global Steel Knowledge Networks
  - Global benchmarking: capital and technology
  - Managerial talent flows
  - New product development model
- Formal Governance
  - Steel executives: Health Sciences
    - Chairs of the Board and key committees
- Complexity on the Ground
  - Gap in venture capital markets for firms
  - Services model - alternative financing
  - USWA & CAW benefit plans:
    - base for services innovation
**Labour Market Thickening & Shop Floor Shift**

- **Talent Flows:**
  - Thickening of Engineering Labour Markets
  - Process Innovation and Colleges

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Research Infrastructure and Knowledge Spillovers

• Role of Public Research Infrastructure
  • New steel
  • Emergence of asymmetric knowledge networks (Cooke)
  • Product development and materials competition

• Knowledge Spillovers: Specialization/General Knowledge
  • Net flow of human resources from old to new economy
  • Unique to Hamilton is the impact of unions and old economy labour market institutions on the demand side
  • Hamilton Health Sciences is source of ideas.
  • Union agreements enable innovations to be implemented
Waterloo Model

- Highly diversified industrial economy
  - Strength in ICT’s, advanced manufacturing and automotive
  - Significant financial services sector
- Strong civic capital and cohesive development coalition
  - Selective & targetted strategic planning
  - Strategic use of federal and provincial resources
    - Effective policy alignment
- Strong research infrastructure
  - Two universities, plus one community college
  - But scores low on bohemian index
Innovation in Waterloo Region

- Disconnect between reputation for spin-offs and actual impact since 1990s
  - Little collaboration with university on R&D
  - Short-term problem solving
  - Students critical agents for knowledge transfer
- Big ‘D’, little ‘R’
  - Focused on incremental innovations or process innovation
  - Knowledge flows primarily intra-firm or intra-sectoral
- Shift towards ‘cognitive-cultural’ economy
  - Stratford Institute, Kitchener Digital Media and Mobility Accelerator Hub
Two Modes of Civic Governance

- Business Organization
- Social Welfare Interests
- Arts and Culture
- Community Wide Governance Efforts

Hamilton:
- Past: Rotary Club as civic leaders & business network
- Present: Active civil society, but business vacuum

Waterloo:
- Business-led Associative Governance
Organization of Business

- Business organization is weak in Hamilton:
  - primarily the Chamber of Commerce
  - Economic development function located in City government
    - Few private not-for-profit associations
  - No organization represents emerging industries in health care diagnostics
    - Golden Horseshoe Biosciences Network (GHBN)
- Business organization is strong in Waterloo:
  - Communitech, CTT and Prosperity Council
  - Interlinked & overlapping private not-for-profit organizations:
    - Focused on industrial and high tech activities
Organization of Social Welfare Interests

- Highly organized & visible in Hamilton
- Innovative governance mechanism to promote collaboration
  - Hamilton Roundtable for Poverty Reduction
  - Support of highly visible & highly engaged 'civic leader/entrepreneur'
- Less organized & visible in Waterloo
- Lutherwood
  - Linchpin service organization in the community
  - but weak in comparison to Hamilton
- Limited participation from core civic groups on poverty reduction at regional level
Role of Arts and Culture

- Hamilton, very 'bottom-up' grass roots
  - Civic entrepreneur
  - Imperial Cotton Centre for the Arts - affordable studio space for artists in abandoned downtown warehouses
  - Spontaneous development of the Art Crawl on James St.
  - City of Hamilton: Creative Catalyst project

- Waterloo arts community less visible
  - Efforts to attract artists but more for talent attraction that for broader community development
  - Recent efforts by Waterloo Region Tourism Marketing Corp and Waterloo Region Arts Council to bring arts and culture groups together
Community-Wide Governance
Hamilton

- Hamilton has a community-wide governance mechanism:
  - Jobs Prosperity Collaborative (JPC)
  - Constructed around the theme of ‘jobs’ to maintain buy-in from wide range of interests
  - Civic entrepreneur is Co-Chair of both JPC and HRPR
- Wide range of representatives from the community
  - Economic development, environment, arts and culture, immigrants
  - Truly innovative approach to community-led development
Community-Wide Governance Mechanisms: Waterloo

• Waterloo tends to be more siloed
  • Strong business development focus
  • Social welfare issues not as visible on the agendas of core actors and governance groups
• Support development of arts and culture
  • Primarily as a talent attraction strategy rather than in their own right as a public good for the community
  • Greater recognition of importance of arts and culture than previously
Conclusions

- Economic Trajectories of Mid-Sized versus Large, Metropolitan Cities
  - Greater divergence through time
  - Path dependency is a more critical factor
  - Regional benefit outcomes of universities are more important
  - Civic governance factors can lead to resilience or downward spiral

- Local civic learning processes
  - Hamilton focused on learning from Waterloo