



Ontario's Regional Economic Development and Innovation Newsletter

Issue #115

October 3, 2005

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ANNOUNCEMENTS

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Premier Dalton McGuinty Officially Opens the MaRS Centre

The Honourable Dalton McGuinty, Premier of Ontario, officially opened the MaRS Centre in Toronto's downtown Discovery District last week. Over 350 guests, from across the province and Canada, and around the world, attended the event in Phase One of the 1.5-million-square-foot convergence innovation centre. Created to position Ontario and Canada as competitive players in the global knowledge economy, MaRS Discovery District is leading a new field of convergence innovation that will accelerate and amplify commercial outcomes. To encourage collaboration between the science, business and capital communities, MaRS is combining a state-of-the-art facility, the MaRS Centre, in the heart of Toronto's downtown research cluster, the Discovery District, with the development of programs and services to improve the efficiency of the commercialization marketplace. The extensive range of educational programming and services will address the needs of start-ups and growth-oriented companies, and include peer-to-peer mentoring for emerging entrepreneurs, access to expert resources in technology, intellectual property, and marketing and sales strategies. A science and technology showcase, outreach activities, a business practice exchange and entrepreneurship programs for students will reach a wider audience.

McMaster Involved in Transforming Research into Commercial Products

The federal government chipped in \$2.1 million recently that is expected to transform today's health care research knowledge into tomorrow's commercial products. The funding, announced this week at McMaster University's Innovation Park on Longwood Road, is for a collection of four universities, dubbed the C4 group, to provide for further collaboration and commercialization of research knowledge among the southwestern universities. The C4 group is composed of McMaster University, the University of Waterloo, the University of Guelph and the University of Western Ontario. Also involved in the program is the University of Windsor and Brock University, which is establishing an internship program. Three years ago the four university representatives established the Intellectual Property Mobilization program to foster cooperation among the southwestern Ontario universities to promote the commercialization of research ideas.

Government of Canada Announces New Program to Promote Innovation, Technology Adoption

The Honourable David L. Emerson, Minister of Industry, recently announced that the government will introduce a new program to support innovation and technology adoption in Canada, replacing the Technology Partnerships Canada (TPC) program. This move responds to the need for a program that is

accessible to more industries, tightly focused on the transformative technologies that will build a more competitive economy, and is more transparent to taxpayers. The government will be launching a new program, the Transformative Technologies Program, which will share with Canadian industry in the costs of innovation and technology adoption projects. Its goal is to ensure that leading-edge industrial research continues to occur in Canada and that Canadian firms are competitive in the global economy. This program is not intended to compete with our financial markets and institutions. Its measure of success will not be cost recovery but sharing the risks of innovation.

EDITOR'S PICK

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[Biotechnology in Canada: A Technology Platform for Growth](#)

Conference Board of Canada

Biotechnology is a critical technology platform essential to Canada's ongoing prosperity. Countries like Australia, the United Kingdom, India, the United States and Japan are investing heavily in research and development, aggressively developing and attracting world-class talent, and establishing highly focused strategies to harness the promises of biotechnology. In order to stay competitive in this environment, Canada needs to address several weaknesses without delay: biotechnology must be a strategic priority; and should focus on improving commercialization, attracting more risk capital, as well as a more ample supply of highly skilled people. This paper discusses why biotechnology matters, examining it through the lens of innovation to assess Canada's past and potential performance. It explores the key issues affecting biotechnology in Canada, such as research funding, access to capital and the biotechnology workforce, in order to identify problems and suggest solutions.

INNOVATION & RELATED POLICY

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[Universities and the Knowledge Economy](#)

Robin Cowan, MERIT

This paper argues that universities produce public goods, which justifies public funding. However, as universities and society have evolved the nature of the public good that they do, and should, produce has shifted. Starting from Humbolts "good citizen" model, Cowan traces the public goods provided through the output of highly qualified personnel. In terms of "channelling knowledge" the argument seems to come to the following conclusions. The systems model was right: knowledge does flow into the university research environment. It does so by scientists observing interesting phenomena, and asking how they work. Industry can provide a lot of this observation, and in doing so, interest the university scientist in phenomena that industry perhaps uses, but does not understand. But this is definitely not a new way of saying that universities can solve problems that industry is having. Rather, universities are codifying things that industry either does not understand, or only knows tacitly. Here is the public good, which does serve to help the innovation system, though in a very general way: the university produces basic, public knowledge, and a stream of graduates who understand it.

FIRMS & REGIONS

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[Comparing the Innovation Performance in Canadian, French and German Manufacturing Enterprises](#)

Pierre Mohnen and Pierre Therrien. MERIT

This paper compares pairwise the innovation performance of Canada with France and Germany, respectively. The comparison is based on two ordered probit models with sample selection, one where innovation is measured by the introduction of new-to-the firm products and one where it is measured by the introduction of new-to-the market products. The econometric analysis attempts to explain part of the country differences as the result of the sectoral composition of output, and the effects of size, environment conditions (proximity to basic research and competition) and innovation activities (internal R&D, the number of innovation activities, cooperation and government support). The Canadian firms benefit from being larger and more numerous in receiving government support, but suffer from a lack of competition and internal R&D. These structural effects combined, while informative, are not enough to explain a lot of the basic pattern of innovation revealed by the raw data. If we take the stronger measure of first-to-market innovation as a yardstick of innovation, the observed pairwise country differences are less strong, and our model explains a little bit more of the observed differences.

Technology Adoption In and Out of Urban Areas: When Do Internal Firm Resources Matter Most?

Chris Foreman, Avi Goldfarb, Shane Greenstein, NBER

How much do internal firm resources contribute to technology adoption in major urban locations, where the advantages from agglomeration are greatest? The authors address this question in the context of a business's decision to adopt advanced Internet technology. Drawing on a rich data set of adoption decisions by 86,879 U.S. establishments, the authors find that the marginal contribution of internal resources to adoption is greater outside of a major urban area than inside one. Agglomeration is therefore less important for highly capable firms. The authors conclude that firms behave as if resources available in cities are substitutes for both establishment-level and firm-level internal resources.

THE KNOWLEDGE ECONOMY

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Inequality In The New Knowledge Economy

Robert D. Atkinson

* excerpt from *The New Egalitarianism*, Antony Giddens and Patrick Diamond editors, Polity Press, London, July 2005.

While the New Economy has brought renewed growth and dynamism, it has also brought a disturbing increase in economic inequality. Compared to the prior war mass production economy that provided a comparatively egalitarian labour market in which there was robust growth, widely shared, today the US, and a number of other advanced economies, enjoy growth, unevenly shared. Where tens of millions of poor and working families, even ones without much education, were propelled into the ranks of the middle class in the old economy, today we are creating relatively few middle class jobs. While there is considerable agreement among economists over what has happened, there is much less consensus over why inequality has worsened, whether it is a problem and what, if anything, governments should do to address it. Many on the right see growing inequities as actually a spur to growth. Many on the left blame the New Economy's dynamism and competition and pursue a Don Quixote-like effort to resurrect the old economy. If we are to develop a third way on income inequality it will have to be based in the recognition that the New Economy has brought about fundamental new realities that can't be ignored or reversed. It will require new kinds of pro-competition, pro-innovation policies that foster both greater growth and egalitarianism. But it will also require embracing policies such as more progressive taxation, a higher minimum wage, better skills training efforts, and labour law rules that level the playing field for workers engaging in collective bargaining. In short, we need an agenda that takes both growth and progressiveness seriously

STATISTICS

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World Investment Report 2005: Transnational Corporations and the Internationalization of R&D

United Nations Conference on Trade and Development

On account of a strong increase in foreign direct investment (FDI) flows to developing countries, 2004 saw a slight rebound in global FDI after three years of declining flows. Many factors help to explain why the growth of FDI was particularly pronounced in developing countries in 2004. Intense competitive pressures in many industries are leading firms to explore new ways of improving their competitiveness. Some of these ways are by expanding operations in the fast-growing markets of emerging economies to boost sales, and by rationalizing production activities with a view to reaping economies of scale and lowering production costs. Higher prices for many commodities have further stimulated FDI to countries that are rich in natural resources such as oil and minerals. In some developed as well as developing countries, increased inflows in 2004 were linked to an upturn in cross-border merger and acquisition (M&A) activity. This is a survey of the world's largest R&D spenders - it highlights that a growing share of foreign R&D is conducted in developing countries. This report analyzes which countries are the most affected, the underlying driving forces and considers potential implications for home and host economies.

EVENTS

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Big Lessons from Small Places: A Forum on Governance in Rural North America and the North Atlantic Rim

Twillingate, Newfoundland, 13-15 October, 2005

This conference includes field trips dealing with a number of important themes in rural governance including: economic diversification, fisheries, tourism, heritage and culture and health. Parallel sessions cover governance tools in small jurisdictions, managing urban-rural interaction, fiscal management, devolving power-building capacity, services and infrastructure, natural resource management and regional diversification.

Cities in Multilevel Government Systems: Lessons from Abroad

Toronto, 14 October, 2005

Around the world, new forces are re-shaping the functions of cities and their relations with central and provincial governments. The aim of this one-day conference is to assess international experience, and bring it to bear on Canada. This is particularly relevant in Toronto, for the new status of the City is being negotiated, and it's important across the country as the federal government proceeds with its New Deal for cities and communities. As part of a large research project funded by the Social Sciences and Humanities Research Council, prominent experts have studied nine other systems, all federations except for France. They have examined the new pressures on cities and patterns of change in municipal-federal-provincial relations and institutions. These will be the topics of the first two panels of the conference. Then there is the question of the resources needed by cities and how to secure them. Comparative experience is interesting here, and this is the third session. Finally, the conference will address the issue of what kind of multilevel government system is most conducive to having good public policy in cities.

Building a Brighter Future: Building Tech Based Economies

Atlanta, 19-21 October, 2005

The urgent need to focus public investment on the more distant horizon has been the recurring and underlying theme for all of the national discussion on unbalanced federal R&D budget priorities, the need for a national innovation strategy, and the challenge and opportunity presented by a "flat world" (to borrow a phrase from Thomas Friedman). SSTI's 2005 conference in Atlanta provides a unique and timely forum to advance understanding of the states' and regions' evolving roles as leaders in fostering the continued competitiveness of the U.S. economy.

Creative Clusters

Belfast, UK, 24-26 October, 2005

This is the only annual international conference on policy for the creative industries. The growth of creative industries has been explosive - communities, cities, regions and nations are embracing this shift, leveraging their culture to build valuable assets that can transform their economies. In the UK creative industries are growing twice as fast as any other - at a rate of 8% per year. Creative Clusters are accepting presentation proposals on the following four conference themes: Investing in Creativity, Delivering Skills for Creativity, Inclusion through Creativity, and an open session.

Clusters 2005

Toulouse, France, 27-29 October, 2005

This conference will bring together academic and industrial decision makers and their municipal counterparts with a view to fostering debate and discussion about best practices with respect to the creation, management and development of technology clusters.

Globelics Africa 2005

Pretoria, South Africa, 31 October - 4 November, 2005

Globelics (the Global Network for the Economics of Learning, Innovation and Competence Building Systems) is a framework for scholars who use the concepts of learning, innovation and competence building systems as part of their analytical framework. The network is especially focused on the strengthening of research on learning and innovation systems in developing countries. In the region most in need of human and economic development, Globelics Africa 2005 aims to further examine the links between innovation, development and growth. The conference also aims to build research capacity in Africa by establishing contact between researchers from Africa and from other regions of the world, both from leading academic centres, and from other developing contexts. In addition, the conference aims to rethink and reframe the challenges of the African continent in the light of insights from innovation systems research. Scholars from innovation studies will contribute a range of approaches and perspectives to guide research, policy formulation and

action to bring about societal transformation through enhanced learning, innovation and knowledge competencies.

[The Future of Industrial Research in Canada](#)

Ottawa, 8 November, 2005

Canada's ability to compete as a nation in the global knowledge economy depends to a large extent on the vitality of its private sector. There is evidence that during the economic boom in the latter half of the 1990s, Canada experienced a drop in the number of firms conducting R&D here. Business leaders from the major high tech sectors will describe their global business strategies and how R&D fits into the overall picture. The conference includes presentations from multinational corporations active in Canada, entrepreneurs running Canadian firms large and small, investors and other experts. They will assess the overall environment for knowledge-based business in Canada and recommend approaches for successful commerce in a global context.

[The 8th Annual Conference of the Competitiveness Institute](#)

Hong Kong, China, 8-11 November, 2005

China's emergence onto the world stage has created unprecedented opportunities and challenges to business people and policy makers from all over the world. China has become a market, an investment location, a production platform, and a competitor. But what is China's true underlying competitiveness? In which industries will China lead and in which will it lag? What and where are China's major clusters and how strong will they be? What is China's influence on other economies in the region and the world? How will other economies compete with China? How can companies understand China's different regions and benefit from China's regional development? What programs and policies will be necessary to develop competitive clusters in the new environment? How do my nation or regions' own clusters stack up against the world's best? Several of the world's leading experts on clustering and regional development will address these questions and others at this conference, organized by the Hong Kong Institute of Economics and Business Strategy of The University of Hong Kong.

[Responsibilities of Citizenship and Public Service: Crisis or Challenge?](#) **NEW!**

Toronto, 10-12 November, 2005

It is often said that the strength of a democratic society rests on the engagement of its citizens. In fact, the need for active participation in the life of the community is greater now than ever. Yet only 60 percent of Canadians voted in the last federal election, and fewer people are willing to serve in government, religious groups, universities, foundations and other public organizations. Are Canada's positive social values sufficient to rekindle the flame of civic and public engagement, or have frustration, suspicion and cynicism become a real threat? This conference will look at this question and examine issues of trust in government, the interaction of government and civil society in promoting the public good, and accountability and ethics in government and civil society. It will also focus on the next generation: where will responsible civic leaders be found, and how can they be nurtured, encouraged and supported?

[Innowest 2005](#)

Calgary, 16-17 November, 2005

This conference provides a forum where the innovation community of Western Canada can gather annually to network, review the latest developments, solve problems and take specific industry recommendations forward for action. Among the topics to be discussed are applied research, the culture of innovation, innovation policy and innovation support.

[Networks for Innovation](#) **NEW!**

Athens, Greece, 11-14 June, 2006

The 2006 International Society for Professional Innovation Management (ISPIM) Conference will be held in Athens this summer. Many topics will be discussed such as: academic-industry networks for innovation, learning and the entrepreneurial mindset, managing knowledge, SMEs: opportunities & threats, public policy to stimulate networks. Deadline for submitting an abstract: January 27, 2006.

SUBSCRIPTIONS & COMMENTS

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Please forward this newsletter to anyone you think will find it of value. We look forward to collaborating with you on this initiative. If you would like to comment on, or contribute to, the content, subscribe or unsubscribe, please contact us at onris.progris@utoronto.ca.

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