



## Ontario's Regional Economic Development and Innovation Newsletter

Issue #121

January 15, 2005

Studies & Publications: [Announcements](#) | [Editor's Pick](#) | [Innovation Policy](#) | [Clusters and Innovation](#) | [The Knowledge Economy](#) | [Statistics](#)

[Events](#)

[Search the OREDI Newsletter](#)

[Subscriptions & Comments](#)

This newsletter is published by [ONRIS](#) at the [Centre for International Studies](#), University of Toronto, and sponsored by the [Ministry of Economic Development and Trade](#). The views and ideas expressed in this newsletter do not necessarily reflect the views and policies of the Ontario Government.

### ANNOUNCEMENTS

[\[Table of Contents\]](#)

---

#### [ISRN Wins a Second SSHRC MCRI Grant to Study Innovation and Creativity in City-Regions](#)

The Innovation Systems Research Network (ISRN) directed by David Wolfe and Meric Gertler has secured a second round of funding for a major collaborative research initiative entitled "Social Dynamics of Economic Performance: Innovation and Creativity in City-Regions". The project will run from 2006-2010 and involves scholars from across Canada as well as international collaborators.

### EDITOR'S PICK

[\[Table of Contents\]](#)

---

#### [The Role of the Federal Government in the Development of the Public Research Base in the Toronto Region](#)

*Toronto Region Research Alliance (TRRA)*

This report prepared by the Boston Consulting Group (BCG) for the TRRA details the strengths and weaknesses of public research infrastructure and knowledge in the Toronto Region. It identifies several areas where federal government cooperation with provincial and local actors could strengthen the public research base of the region. These recommendations include investment in research projects and infrastructure, a review of public money for research as well as commercialization programs, as well as an expansion of the federal role in supporting the private sector.

### INNOVATION & RELATED POLICY

[\[Table of Contents\]](#)

---

## **Canada's Country Report 2006: Dropping the "E" from E-Government**

*Treasury Board of Canada Secretariat*

For the past six years, the federal government has been steadily expanding its Government Online Initiative (1) and the range of web-based services available to citizens, businesses and international clients. The initiative enabled departments and agencies to beef up the online availability of most commonly used services, while the Service Improvement Initiative "emphasized the need to continuously improve the service experience for clients". Now it's time for the Service Transformation phase and Canadians are going to see a new delivery mode for services delivered online, by phone, by mail or in-person. The announcement notes: "in essence, we have dropped the "e" from e-government to focus on transforming and integrating service delivery across all channels, in order to better meet the needs of citizens and clients, produce operational efficiencies, and enhance policy and program outcomes".

## **What Explains the Canada-US ICT Investment Intensity Gap?**

*ITAC*

Virtually no growth of labour productivity in the Canadian business sector occurred in 2003 and 2004, and the gap between American and Canadian labour productivity has grown significantly. Lagging ICT investment has been identified as a possible cause of the weak growth and the gap between the two countries. This new study identifies the factors that have caused this investment gap. These factors include: the industrial structure of Canada versus the United States; Canada has smaller shares of ICT intensive sectors, such as the cultural and information industry (including telecommunications and finance). Another factor is the size distribution of employment. Canada has a larger share of employment in small and medium sized enterprises. SMEs typically spend less on ICT than larger firms. This report looks in-depth at these and other factors underlying lagging ICT investment in Canada

## **CLUSTERS & REGIONS**

[\[Table of Contents\]](#)

### **Clusters as a Driving Engine for FDI**

*Etienne B Yehoue, IMF*

This paper develops a model that highlights the importance of clusters for attracting foreign direct investment. It shows from a game theoretical perspective how the combination of setting up a cluster and implementing policy reforms can be a key engine for attracting FDI. Based on agglomeration externalities, the paper shows that the very emergence of clusters can make investment so profitable that investors can even afford to tolerate more policy induced distortions than otherwise. With perfect information, it shows the existence of multiple equilibria, in which some countries attract FDI while other do not. An extension to the context of imperfect information refines the analysis to a unique equilibrium, in which some investors respond to reforms. The paper presents case studies to support the findings.

### **Inside the Black Box of "Industrial Atmosphere": Knowledge and Information Networks in an Italian Wine Local System**

*Andrea Morrison and Roberta Rabellotti*

A well-grounded empirical and theoretical literature shows that local production systems can benefit from external economies generated by a shared 'industrial atmosphere'. Many scholars agree that in contexts such as industrial districts, clusters and local systems of innovation, economic actions are strongly embedded in social and institutional factors. Nevertheless, there is also some debate about the nature, boundaries and processes underpinning 'industrial atmosphere'. This paper contributes to this field of studies by entering into the black box of the 'industrial atmosphere' reconstructing the informal contacts underpinning collective learning in a local production system. The study is based on empirical evidence collected at firm level in an Italian wine local system and uses a methodology of network analysis.

### **An Update on the Economics of the Calgary-Edmonton Corridor: More Action Needed for the Tiger to Roar**

*TD Economics*

The TD Bank Financial Group conducted a study in 2003 on the economics of the Calgary-Edmonton region. They recently revisited the matter to see how well it is measuring up to expectations. The news is good: residents of the area are experiencing both real GDP growth and job growth. However, they warn that policy makers should consider diversifying the economy and address both the acute labour shortage and the expanding gap between the rich and the poor in the province.

**STATISTICS**[\[Table of Contents\]](#)**From Ideas to Development: The Determinants of R&D and Patenting***OECD*

This paper uses panel regressions to investigate the effects of innovation policies and framework factors on business R&D intensity and patenting for a sample of 20 OECD countries over the period 1982-2001. Both sets of factors are found to matter; the main determinants of innovativeness appear to be the availability of scientists and engineers, research conducted in the public sector (including universities), business-academic links, the degree of product market competition, a high level of financial development and access to foreign inventions. The effect of direct public financial support for business R&D is generally positive but modest, though it may be larger for cash-constrained firms. Intellectual property rights appear to increase patenting significantly, but have little impact on R&D spending. Finally, the paper takes a closer look at the labour market for researchers, estimating jointly equations for employment and wages. Although the supply of scientists and engineers is eventually responsive to wage differentials, both with other professions and across countries, the evidence suggests that it may be difficult to raise significantly the real amount of domestic R&D in the short run because the supply of researchers is relatively inelastic.

**EVENTS**[\[Table of Contents\]](#)**Growth and Innovation Conference: New Business Models for Innovation NEW!****New York, 1-2 February, 2006**

This conference engages colleagues in the business community who are successfully harnessing the power of growth and innovation, and explores how they are shifting their business models to be innovative growth companies. Topics they will discuss include: Transformational Innovation, The Customer as Key Partner in Innovation, Measuring and Managing Innovation, The Hiring and Rewarding of Fantastic Innovators, Innovating Out of Crisis, Leadership of Growth and Innovation, Creating High Performance Alliances, Next Generation Innovation, Putting Innovation into the DNA of the Organization, New Business Models for Innovation, Designing, Implementing and Believing in an Innovation Process, The Impact of India and China on Global Innovation Models, Innovation in the Service Industry, Balancing Innovation Investment with Fiscal Soundness, Keeping the Entrepreneurial Spirit Alive in a Corporation and, Interpreting the Risk of Innovation.

**Discovery 2006: Bridging the Innovation to Commercialization Gap****Toronto, 7 February, 2006**

Ontario Centres of Excellence Inc. brings leading edge innovators and thought leaders together in an annual conference. Discovery 2006: Bridging the Innovation to Commercialization Gap assembles the world's best from business, academia and government to explore issues around innovation, collaboration and commercialization -- both within Ontario and globally. From practical to policy, from hands-on to hypothetical, Discovery 2006 will bring together the issues and the people that drive innovation to commercial and competitive outcomes.

**Socio-Economic Conference**

### **Ottawa, 16 - 17 May, 2006**

The Statistics Canada Socio-economic Conference provides an annual forum for empirical research focusing on issues of concern to Canadian public policy. The conference focuses on studies discussing: emerging economic trends and their underlying causes; and the social implications of economic trends and the ability of various groups to participate in the economy. Topics relevant to the Conference include, but are not restricted to, innovation; productivity; international trade; agriculture; environment-economy linkages; natural resources and energy; transportation; industrial development; urban and rural development; health; education; families; income and wealth and their distribution; and labour markets. The Conference focuses on studies directly relevant to Canada, while at the same time welcoming comparative international studies that shed light on Canadian public policy issues. It places a premium on empirical studies making innovative use of Canadian data.

### **2006 Ontario R&E Summit NEW!**

### **Toronto, 5-6 June, 2006**

The 2006 Ontario R&E Summit being hosted by ORION and MaRS and being held in the new MaRS Discovery District Collaboration Centre. This event is promoted as "Ontario's definitive annual gathering for the research and education community, inspiring innovation through collaboration technologies and expertise". MaRS is a non-profit corporation aimed at improving commercial outcomes from Canada's foundation of science and technology innovation. The Collaboration Centre, opened last May, is a "convergence innovation centre" located in Toronto's refurbished and hip Distillery District.

### **Changing Foresight Practices in Regional Development: Global Pressures and Regional Possibilities**

### **Turku, Finland, 7-9 June, 2006**

The future of regions is dependent on proactive interaction between companies, universities and public actors. The aim of the conference is to discuss the different strategic possibilities of regions under the rapidly changing pressures of globalizing world. The key questions are: How regional actors can cope in a global economy? What are the new ways to study and explore the future of regions? How to enhance regional co-operation and networking? What are the strategic keys to prosperous regional futures? Does creativity strengthen regions? How general foresight and development theories can strengthen regional development in practice? How companies can shape their regional strategies in globalizing economy? The conference will consist of several keynote addresses and parallel sessions.

### **Networks for Innovation**

### **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.

### **Innovation, Competition and Growth: Shumpeterian Perspectives NEW!**

### **Sphoia-Antipolis, 22-24 June, 2006**

Recent developments in economics have gone from the recognition of the importance of innovation (early studies of innovation, exogenous growth models) to the exploration of innovation mechanisms (more refined microeconomic and sectoral studies of innovation) to the incorporation into economic models of the results of the previous research (endogenous growth, evolutionary models). An important lesson to be drawn from all this research is that a purely macro-based analysis of growth is not enough. The ISS 2006 conference aims at favouring dialogue amongst open minded researchers sharing a common interest in innovation and in the work of Schumpeter. The following subjects provide examples of topics about which the dialogue could be especially fruitful. The growing importance of knowledge and of human capital, increasing returns and path dependence, the role of variety in economic growth, the role of time and importance of business history, the co-evolution of technology and institutions, the economics of agglomeration are just some examples of subjects that will be discussed at this years event.

### **The Future of Science Technology and Innovation Policy**

### **Sussex, 11-13 September, 2006**

This conference, besides celebrating the 40th Anniversary of SPRU (Science and Technology Policy Research), offers the opportunity to engage in a critical evaluation of the present and future research agenda of the Science, Technology and Innovation (STI) field. This conference seeks to explore empirical, theoretical and applied policy approaches that can enable us to conceptualize the contradictory nature of modern science and technology and innovation, and thus provide practical policy guidance. Such a conference is particularly timely because many of the existing conceptual frameworks are apparently undergoing a period of what Kuhn called 'normal science' where their assumptions are rarely questioned, and where they are institutionally and academically isolated from criticism. We aim to identify fruitful new ways forward in the field of STI policy by subjecting these established frameworks to structured debate and critical evaluation. The conference will be organised in the form of plenary sessions, parallel sessions and set debates. It will cover a series of broad themes. These include: Ownership, Accountability and Relevance of Science - for example, the deficiencies of peer review, the pros and cons of patenting in universities, the shifting boundary between public and private knowledge, and processes for allocating resources between disciplines. Technology, Security and Sustainability - for example, the dual relationship between technology and security, changing environment and energy policy, the balance between sustainability and growth, and the role of technology in sustainable development. Dynamics of Innovation Interfaces - for example, the management and dynamics of innovation across different levels (such as individuals, groups, firms, sectors, networks and systems), user-centred innovation processes vs. producer-centred innovation processes, and the connection between innovation and entrepreneurship.

### **New Generation Innovation: New Approaches and Policy Designs - Call for papers**

### **Atlanta, 27-29 September, 2006**

Particular areas of interest include: new developments in university-industry relationships, new strategies for technology-based local and regional economic development, technology transfer to and from the public sector, trajectories for emerging technologies. All session proposals, paper proposals and abstracts should be submitted electronically not later than Friday, May 12, 2006.

### **SUBSCRIPTIONS & COMMENTS**

[\[Table of Contents\]](#)

---

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](mailto:onris.progris@utoronto.ca).

This newsletter is prepared by [Jen Nelles](#).

Project manager is [David A. Wolfe](#).