

Moving clusters to the next level: The case of Canada's Supercluster initiative

*David Doloreux
HEC Montréal*

&

*Richard Shearmur
School of Urban Planning
McGill University*

Context

- In 2017, Canada's Federal government launched the *Innovation Superclusters* strategy to “*invite industry-led consortia to lead and to invest in bold and ambitious proposals that will supercharge their regional innovation ecosystems. By pulling in large firms, innovative small and medium-sized enterprises (SMEs) and industry-relevant research institutions, business leaders will come together—with partners and in new ways— to build business-led innovation superclusters at scale.*” (Innovation Canada, 2017: 4).

The cluster approach: Old fashion thinking?

- The cluster concept is a guiding paradigm linking innovation and economic development that has been fully integrated into economic and political thinking (Njøs et al., 2017; Njøs and Jakobsen, 2016).
- A cluster is commonly understood as a geographically circumscribed concentration of institutions and firms that operate within the same (or related) industries (Porter, 2003).

Technology Clusters in Canada



**From cluster
to supercluster**



The *Canada's Supercluster* – what is being proposed? (1\2)

- A supercluster is defined as *'an innovation hotbed that is home to a strong industrial cluster, or clusters, linked through their shared reliance on specialized inputs, including technologies, talent and infrastructure'* (Innovation Canada, 2017).
- The objectives of a supercluster are to support *'large-scale industry industry partnerships, supported by other innovation ecosystem players, and asks them to work together on ambitious market-driven proposals to supercharge **their regional innovation ecosystems**, enhancing the growth and competitiveness of participating firms and **maximizing economic benefits, including good, well-paying jobs and prosperity for Canada**'* (Innovation Canada, 2018).

The *Canada's Supercluster* – what is being proposed? (2/2)

- \$950 million over five years to support business-led innovation superclusters with the greatest potential to build world-leading innovation ecosystems
- Industry led-consortium
- Five themes of activity
 - **Technology leadership (mandatory)**—collaborative projects that directly enhance the productivity, performance and competitiveness of member firms
 - **Partnerships for scale**—activities serving a target group of cluster firms to enable their growth, including by increasing domestic demand for cluster products and services or by facilitating expansion
 - **Diverse and skilled talent pools**—activities enhancing regional labour force skills and capabilities or initiatives addressing industry needs for talent
 - **Access to innovation**—investing in and providing access to assets, services or resources that benefit a range of cluster firms over a period of time
 - **Global advantage**—activities and initiatives that position the cluster and its strengths as world-leading, enable firms to seize market opportunities, and attract international investments and partnerships

The *Canada's Supercluster* – How does it help the economy?

The development and growth of superclusters will support the health of the Canadian economy by:

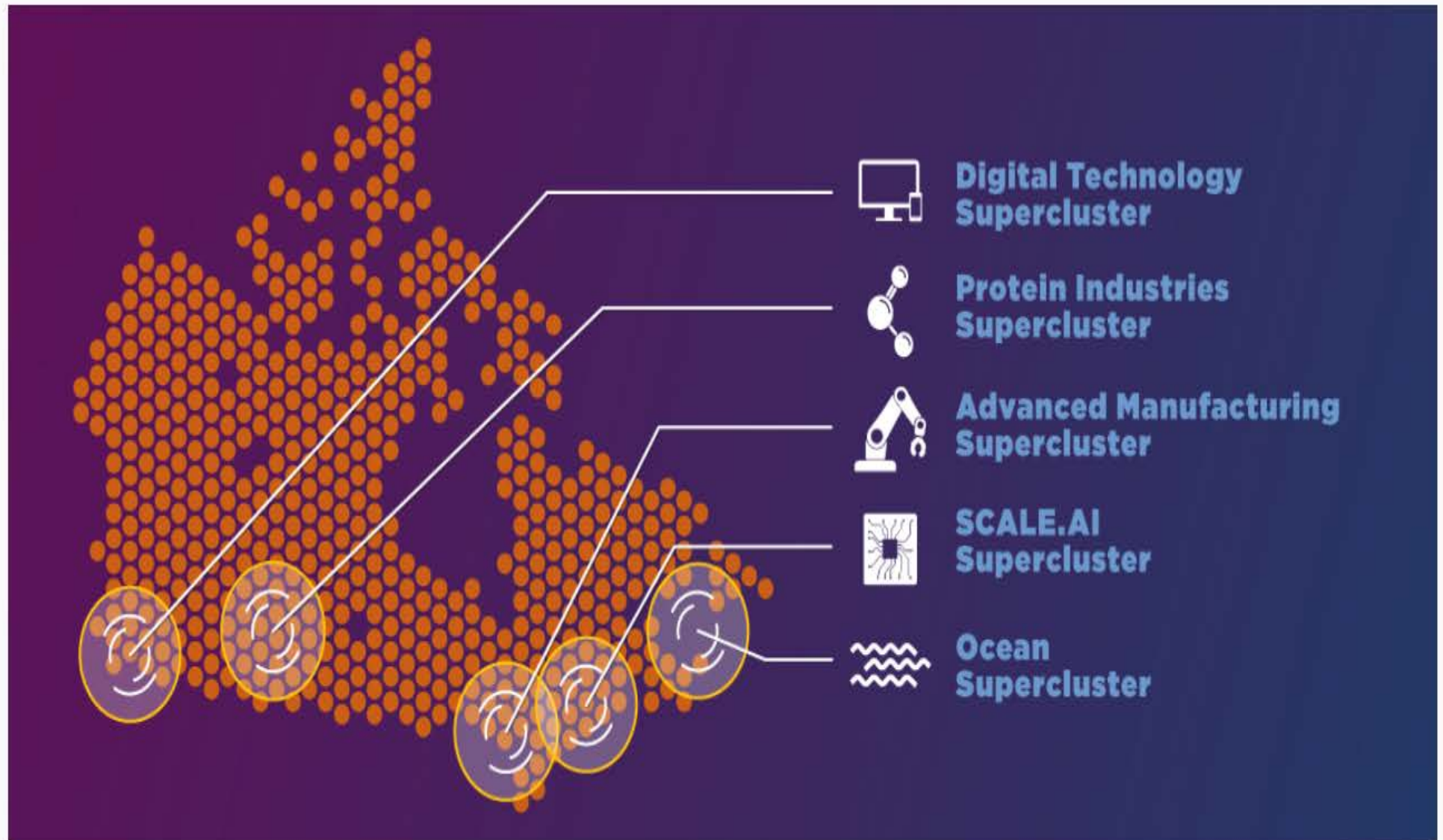
- advancing Canadian technological capabilities and serving as a magnet for cutting-edge research, investment and talent;
- helping firms succeed in the global marketplace with new products, processes and opportunities to grow; and
- building long-term advantage and global brand recognition for Canada that will lead to growth, job creation and success for firms across industries.

The *Canada's Supercluster* – what are the (anticipated) benefits?

Benefits of superclusters:

- Supercharging Canada's job market with more than 50,000 new jobs
- Increasing Canada's GDP by more than \$50 billion over 10 years
- Innovation everywhere in every corner of Canada
- New partners innovating together
- Superclusters will grow regional economies 9

Meet the superclusters



Some assumptions

- Innovation in a locality (region or country) leads to prosperity in that locality.
- It is necessary to spatially concentrate actors of the innovation process in order for innovation to occur.
- Innovation will benefit everyone.



Question 1

- **Why focus on particular regions?**
 - is this a *regional* policy?
 - is this an *innovation* policy?



Question 2

- **What ensures innovation and IP benefit Canada?**
 - participating *companies* will benefit.
 - nothing ensures these companies or their IP remain in Canada.
 - *companies, multinational subsidiaries, IP and qualified people are mobile.*



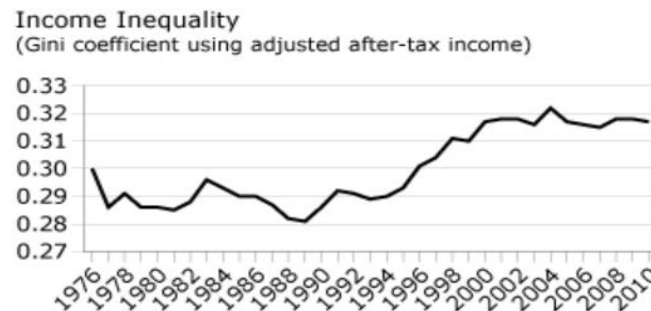
Question 3

- **If this is a regional policy, what ensures that *regions* develop?**
 - companies can prosper in ailing regions.
 - ecosystems are not necessarily anchored in a region.



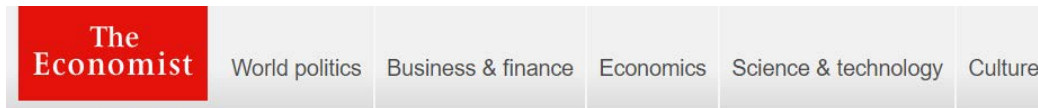
Question 4

- **What ensures benefits are distributed across all taxpayers?**
 - “The World Bank is working to promote shared prosperity” (<http://www.worldbank.org/en/topic/isp>)
 - innovation tends to be associated with rising inequality (“On the Relationship between Innovation and Wage Inequality: New Evidence from Canadian Cities’, Breau et al, 2014)



Finally

- Is this an example of government trying to pick winners?



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