

Press Release

A Call for a New Approach to Business Innovation in Canada

Ottawa, April 12, 2012

The Centre for the Study of Living Standards (CSLS), an Ottawa-based non-profit economic research organization, today released the Spring 2012 issue of the *International Productivity Monitor*. The lead article “Stimulating Innovation: Is Canada Pursuing the Right Policies?” by Marcel Côté and Roger Miller from Secor is particularly timely given the national debate on Canada poor business innovation performance and the appropriate policies to address this situation. The key findings from this article are highlighted below.

- Côté and Miller put forward a new framework for understanding innovation that they call the six games of innovation. Innovative activity is broken down into six types or games based on the maturity of the market (emerging or mature) and the product architecture (stand alone, open system, and closed system). This framework provides much insight into how firms make strategic decisions related to their innovative activity.
- The authors argue that the games of innovation framework throws into question the effectiveness of the current approach to innovation policy in this country. They point out that the two key features of Canada's innovation policy are generous R&D tax credits for business and substantial support for university research. But these tax credits appear to have little effect on business innovation, other than reducing the cost. While financial support for university research is positive from the perspective of the advancement of knowledge and Canada's international reputation for research, the weak linkages between this research and the private sector mean that it has limited direct relevance for business innovation.
- Côté and Miller argue that industry and project-specific support for innovation and regionally focused innovation assistance would be more effective levers to improve the country's innovation performance.

The article is available at <http://www.csls.ca/ipm/23/IPM-23-Cote-Miller.pdf>

The second article in the issue also sheds light of Canada's poor productivity performance issue. **Michelle Alexopoulos** and **Jon Cohen** from the University of Toronto show that beginning in the early 1970s a gap in the absolute number of computer titles held in Canadian and U.S. libraries emerged between the two countries. They see this as evidence of more limited development and use of computers technologies in Canada, which has contributed to the widening of the Canada-U.S. productivity gap since the early 1980s.

The table of contents of the issue, with links to the articles is provided below.

International Productivity Monitor

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Marcel Côté and Roger Miller

[Stimulating Innovation: Is Canada Pursuing the Right Policies?](#) 

Michelle Alexopoulos and Jon Cohen

[The Effects of Computer Technologies on the Canadian Economy: Evidence from New Direct Measures](#) 

Lawrence Mishel and Kar-Fai Gee

[Why Aren't Workers Benefiting From Labour Productivity Growth in the United States?](#) 

Appendix tables for this article can be found [here](#) in PDF format and [here](#) in Excel format.

Renaud Bourlès, Gilbert Cetté, and Anastasia Cozarenco

[Employment and Productivity: Disentangling Employment Structure and Qualification Effects](#) 

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[To Capture Production or Well-being? A Review Article on *Towards Measuring the Volume Output of Education and Health Services: A Handbook*](#)

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