This has been a great day for the TDPC—I can hardly remember a better one. The Symposium format has served us very well. The discussion has been extremely rich and it has focused our thinking on critical topics that loom large on our horizon. Finally, this Symposium has been an excellent way to continue and leverage the momentum coming off our Ministerial meeting in March.

As I listened to the discussion today, I heard five strong themes. Conveniently, each theme begins with an “i.” So, I offer some closing remarks focused on these five “I’s.”

**Identity**

A central question coursing the whole of the day is the very identity of the TDPC. What is regional policy today? One of the most cogent answers to this question was Chris Brooks’ elegant summation phrase: Regional policy is development, not symmetry. We also know that regional policy is now “post-crisis.” It is “post-new paradigm.” It is post “climate change.” And it is “post globalization.” All of these “posts” will make regional policy different tomorrow from what it was today or yesterday.

Fabrizio Barca drew an especially valuable distinction this morning. He pointed out that regional policy is “one” policy for both equity and efficiency objectives. However, the critical distinction is that policy officials intervene differently for the two main objectives. What is more, policy interventions for equity purposes must be place-based, just as efficiency programs are. What is less clear, in the end, is the extent to which there are useful synergies between the two. Is it more synergy or trade-off between equity and efficiency? This is a powerful question that we must take with us today.

**Implementation**

Regional policy can only be implemented in a political economy. As shepherds of this policy, our task in implementing it is great and the risks are even greater. We can take considerable comfort and pride in the strong consensus that has formed on the power of the new regional paradigm. This consensus extends far beyond our own community. To cite but two examples, key staff from two of OECD’s key divisions—Environment and Science, Technology, and Industry—provided strong endorsements of our policy framework in the discussion today. Our regional policy framework goes unchallenged.
But that does not mean it will be quickly implemented. Powerful forces in the political economy are still arrayed against it. Based on today’s discussion, I would point out three risks that seem particularly important.

- Borrowing Fabrizio Barca’s lexicon, there appears to be an “institutional trap.” We do not have the policy institutions that can readily implement the new regional policy framework. Too many policy institutions were built for the old paradigm.
- There is too much “macro momentum.” To give but one example, the Pittsburgh Statement of the G-20 hands the new framework for sustained recovery over to finance ministers and central bank governors. They are far too absorbed with the macro-economy to implement the kind of framework we have worked so hard to construct.
- The fiscal legacy of the crisis will work against implementing the new paradigm. As my good colleague, Chuck Fluharty, stressed, provincial and local governments will be so strained in the wake of the crisis that leaders will have probably have little enthusiasm and even less capacity to shift to a whole new approach to economic development.

In short, we have won a critical battle, but the policy war is far from over. We must be vigilant in defending the new paradigm. Even more, we must join the policy debate, especially the one that happens far from this room. The G-20 is a prime example of where our ideas must shed new light on the path to a better future.

**Innovation**

Green growth and innovation represent the brave new frontier for us. They are firmly rooted in all we have done, but both demand that we go much further. Put another way, we must “innovate” our framework and especially our guidelines for policy officials.

As I listened to the discussion on innovation and green growth, I reached two conclusions. The first is that we are probably looking at one framework for policy—one principally focused on innovation. Green growth simply represents a special case of this more general framework.

The second conclusion is that our framework for regional innovation likely builds on elements we already know well, but probably reaches further to other elements less firmly in our grasp. I found it helpful in my own mind to imagine a pyramid of sorts:

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Targeted Regional Investment
Regional Innovation System
Regional Strategy Capacity Partnership
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The bottom row is one that we know well. Our Chilean colleague did a very good job showing that these foundation elements must form the basis for any regional approach to innovation. The
middle tier is the “systems” that will work in various types of regions. Our discussion confirms in my own mind that we still have much to learn here. In particular, we need a much stronger taxonomy of regional innovation systems, with some “mapping” to help us understand the features that most distinguish one from the other. Our Portuguese colleague’s suggestion to “map” regional innovation systems is a very strong one. Finally, the capstone to the pyramid is where policy can make the biggest contribution—targeted innovation investments, but tailored to the unique potential and innovation system needs of every region.

Another way of summing up the discussion on innovation today is to recognize that regional innovation must combine engines, transmissions, and drivers. The engines are the idea powerhouses, whether public or private research institutes. The transmissions are intermediary organizations that transfer that power to real businesses in regions. The drivers are the entrepreneurs who must navigate the economic roads of the real world. In some regions, the engines are missing. In others, engines are powerful but there are few intermediaries to translate those ideas into business ideas. In still others, the underlying culture of the region is too path-dependent on large firms opening up a new factory. I believe the TDPC must do a better job diagnosing these various problems and suggesting effective remedies.

**Investment**

We can help policy officials target public investment, but we must improve our tools in order to deliver this powerful benefit. We have just passed through a period of extraordinary financial losses, which have created enormous economic and social distress as they have been digested. As a result, capital will be scarce in the period ahead and public expectations will be high. This amounts to a highly charged, very demanding fiscal climate. We must engage this great set of investment decisions, but we must also bring more powerful instruments to help our cause. Specifically, we must stress regional strategies as the absolutely critical foundation for future investments in public goods. Without such strategies, decision makers will operate in the dark. We must also stress a new generation of tools that help every region prioritize the investments required to unlock their economic potential. As noted at our Ministerial meeting, we have work to do in refining these tools. Lastly, we must stress the ongoing need to constantly evaluate public investments once made. We can do a better job of doing this, and one of the aftershocks of the financial crisis will be a public demand to spend public funds much more wisely. This demands strong evaluation metrics.

One way of reminding ourselves of the importance and urgency of our contribution to public investment is to reflect on the fiscal stimulus packages of recent months. How much better those packages would have been if every region in each of our nations had regional investment priorities in hand before the funds were allocated!

**Indicators**

We are what we measure. Whether it is the sustainability of our growth or the extent of our social inclusion, we have gone beyond the ability of traditional measures to tell us where we are. The financial crisis reminds us of the consequences of indicators that are measuring the wrong thing. We must learn this lesson well. Indeed, as a community of policy experts we have a huge
stake in the whole topic of indicators. We must recognize, though, that to a considerable extent we are policy “outsiders” in our respective capitals. The policy “insiders”, many of them of the macro bent described above, hold great skepticism about the new paradigm of regional policy. In fact, this skepticism is often expressed much like the slogan of my home state of Missouri, which is “Show Me!”

We must be prepared to “show” the benefits of regional policy. This will require rigorous evaluation of the rich laboratory of new paradigm programs now on the ground. But it will also require developing new measures of economic progress in a world that values far more than economic efficiency. We must summon our best creativity in this quest.