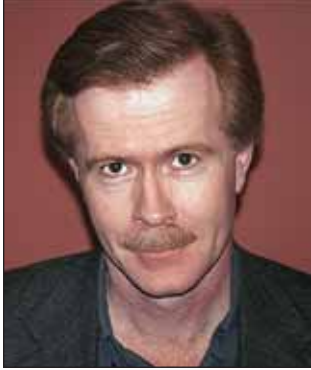


# Ottawa Must Give Innovation a Higher Profile



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**CANADIANS CAN BE** forgiven if they're unaware of the critical importance that innovation can play in determining the nation's future well-being and prosperity. During the recent national election campaign, none of the party leaders gave more than lip service to innovation, research and development (R&D) or science and technology (S&T), despite overwhelming evidence of their contributions to economic growth and competitiveness.

Political parties are reluctant to go beyond simplistic messages and deal with the key drivers of the knowledge economy, which most agree eventually must augment Canada's heavy reliance on generating wealth from natural resources. The political avoidance of issues pertinent to innovation frustrates those who appreciate the linkages between institutions that conduct fundamental, cutting edge research – primarily universities – and the private sector that takes that knowledge and turns it into products and processes to sell around the world. Falling even further off the political radar is the role of government laboratories, which serve as a crucial conduit between the other two.

Since taking power in early 2006, the Conservative government has

generally talked the talk when it comes to innovation but has achieved little in the way of expanding the federal commitment to innovation. The years of impressive increases to R&D under the Liberal governments of Jean Chrétien and Paul Martin have slowed to a crawl and the few new programs to fill gaps in the innovation cycle (prototype development, demonstration, etc) have yet to show results. For an issue that is taken seriously in other advanced nations, the low priority given to innovation by the Conservative government is perplexing.

While Canada has a relatively new federal S&T strategy, it doesn't have an innovation strategy that covers the continuum from fundamental research to the marketplace. Various provinces have pushed for such a strategy and there was a meeting earlier this year to explore the feasibility of such a move. But the federal government has yet to come to the table and until such time, a fully coordinated effort is unlikely to emerge.

Some provinces have effectively given up waiting for federal leadership and are forging ahead with their own strategies and programs. Alberta and Ontario are showing effective leadership and devoting significant sums of money to stimulate the commercialization of knowledge and assist firms in their quest to find profitable niches in global markets.

The looming recession will almost certainly exacerbate an already serious situation as governments at all levels confront shrinking tax revenues. At the national level, the elimination of healthy annual budget surpluses further reduces any wiggle room the government might have. Surpluses of \$10 billion or more gave the former Liberal government the opportunity to fund laudable R&D initiatives such as the Canada Foundation for Innovation and Genome Canada

with year-end money. The Harper government elected to use that money for other priorities.

Over the years, Ottawa has occasionally recognized the value of collaborative R&D between universities and industry, government and industry and government and universities and has designed programs to stimulate these types of interactions. The Industrial Research Assistance Program is probably the most successful in encouraging smaller businesses to be more innovative. But its budget is too small to satisfy demand. This year, IRAP's annual budget was fully committed within three months, leaving hundreds of businesses high and dry. Another program – Technology Partnerships Canada – was killed and replaced by a new fund that helps only aerospace and defence firms, leaving companies engaged in biotechnology, information technology, communications and other sectors without any government assistance for pre-competitive R&D.

So where to now? A good start would be federal participation in discussions with the provinces to forge a national innovation strategy. There's plenty of evidence that Canada can become a world leader in select technology niches if it can target programs effectively and ensure that colleges and universities provide young people with the appropriate skills. There needs to be a realization that applied research must be aligned with the needs of industry and its customers to have the desired effect.

Perhaps most importantly, S&T and R&D must have a voice at the Cabinet table where national decisions are ultimately made. Without a higher profile and greater clout within government, Canada will fall further behind its competitors and future generations will suffer the consequences.