

*The Budget*

ing cost of which is a permanent drain on national income and future living standards. The constant financing of deficits also reduces the government's capacity to provide important public services and to make adequate investments in the area of strategic national importance, such as science and technology."

It should be clear to everyone that this budget, because it does not adequately deal with the fiscal problems of this government, will make it difficult to develop in precisely those areas upon which the future economic development of this country depends and which must take place if Canada is to compete in the global marketplace.

Concerns have also arisen with respect to the treatment of R and D expenditures on information technology generally, and in particular those incurred by financial institutions. I quote the minister again: "As an interim measure, all information technology R and D performed after budget day by financial institutions will be excluded from the definition of scientific research and experimental development pending the completion of the review of information technology R and D".

Is this specific act a discrimination against one of the major stakeholders in scientific and technological development? Or is it as Peter Cook stated yesterday in his article in the *Globe and Mail*: "Fairness to the politician does not mean burden sharing. It means going the fewest oxen." Since there is not a large number of financial institutions and the chartered banks are by far the fewest and the largest of those, only very few oxen will be gored by this regulation.

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The question, however, is a larger one. Does this action discourage other innovators in the information technology field? That is particularly problematic in light of the Auditor General's observations that we must recognize the global economy is increasingly driven by knowledge based industries and that innovation is critical.

He goes on to detail some of the characteristics of an innovative country. He states among other things that first, innovation has become a crucial survival issue. It cannot be treated as an option. Second, innovation trends do not arise by themselves. It is generated and sustained through the efforts of people. Innovation is where the innovative spirit is. It cannot be legislated or brought about by edict. It comes from individuals and from creative and interactive communities and it thrives in an environment of encouragement and support.

Three, he says government needs to create an environment that is supportive of innovation. If not, innovators will not innovate or leave to go to places where there is support for

innovation. Four, partners in an innovative society include all aspects of our communities, all governments, communities, individuals, corporations and families. Five, he says Canada has the potential to be particularly innovative as a society because of the cultural diversity of its people. Canada could become known as an innovative country.

The Auditor General also observed that within the science and technology department there is an absence of strong leadership: "The government does not have a clear idea of precisely what it is trying to achieve in science and technology".

In response to that observation of the Auditor General, here is what the Minister of Finance said in his budget plan:

Industry Canada is developing a federal science and technology strategy. The department is drafting a national vision of science and technology through external consultations, internal review as well as an independent assessment of the national advisory board on science and technology.

Industry Canada, in conjunction with other relevant departments, is also working to increase the relevance and economic impact of the government science and technology spending; a more businesslike approach is being adopted.

This is a total statement with regard to this matter. It is vague, yet it readily admits that knowledge is where the future lies. How much money would a private investor place in a vague and wishy-washy sense of direction like that?

In this case, as in any other pursuit, it is essential that there be a clear goal as to where one is going so that one may determine the costs and know when the goal has been reached. At the moment I am afraid there is much money and a lot of activity being thrown in a particular direction but little to show for it. When resources are scarce we cannot afford such lack of accountability and irresponsible expenditure of public funds.

There are some suggestions that I would make that might be of assistance in meeting the Auditor General's message. First, in this country there are insufficient links between science and technology policy on the one hand and economic indicators on the other. Do the government policymakers ask themselves what economic indicators are being directed toward science and technology?

Second, science and technology remains internalized. While it talks about being innovative, about being an important component of economic recovery, it seems to have no idea how to activate policy to become that component. The reason for that is because any review that has come out of the department of science and technology has not had its genesis or relationship with the finance department.

In many ways science and technology and Industry Canada are having an identity crisis. They know what they want to be, an engine of fiscal recovery, but they have no idea how to get there.