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Suite 304  
Purdy's Wharf Tower One  
1959 Upper Water Street  
Halifax, Nova Scotia  
Canada B3J 3N2

Phone: 902.494.1510  
Fax: 902.494.8002  
[www.novaknowledge.ns.ca](http://www.novaknowledge.ns.ca)

*NovaKnowledge* is the best source of information about the knowledge economy in Nova Scotia. Through its projects, Nova Scotians can tap into knowledge economy news, expertise and contacts.

It is the only not-for-profit organization of its kind in Canada. With a membership drawn from industry, government and education, *NovaKnowledge* provides a wide range of perspectives.

**NovaKnowledge Mission**

*NovaKnowledge promotes the development of a flourishing, sustainable, knowledge economy that offers a good quality of life for all Nova Scotians.*

2000

# MIKE.

## Millennium Issues for the Knowledge Economy



*A knowledge economy is an export-oriented economy based on the addition of knowledge, creativity and technology to products and services.*

The economy is becoming more complex. Today, more than ever before, private and public sectors are coalescing and new economic development mechanisms are urgently needed.

This fall, *NovaKnowledge* invited leaders in education, government and business to engage in three public debates on government's role in Nova Scotia's knowledge economy. The goal was to cut through rhetoric and achieve a constructive and balanced discussion.

Does it matter if government gets it right? Should government finance companies? What is government's role in a culture of innovation? Is the Maritime economy hooked on handouts?

In some instances these questions provoked very different opinions, at other times consensus emerged. Yet business leaders clearly agreed that Nova Scotians must move past the "us and them" attitude that has defined their relationship with government. The government, like academia and the private sector, has a critical role in the future of Nova Scotia's knowledge economy.

The following pages represent the points of consensus brought forward by participants at the debates.

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# Government's role in the KNOWLEDGE

## What is Government's Role?

The most important role for government is to focus on the foundations. Getting the regulatory, policy and tax environment right is critical to encouraging private sector investment. Strong investment in infrastructure, research and education is essential to accelerating the cycle of innovation (see side bar on facing page). Our current levels of investment in research, development and education are inadequate and must be increased.

## IF GOVERNMENT DOES SPEND MONEY...

### *Avoid direct funding to companies*

Government should avoid direct funding to companies. Critics say grants divert valuable dollars from investment in the foundations, interfere in the competitive process, and simply gamble with public money.

However, a dilemma occurs when market processes do not work, such as in rural areas where traditional lending bodies do not take financial risks—a national and international problem. Government involvement should then have clear objectives and criteria. The process should be open, at arm's length from government and protected from political interference. While government should set the policy and the rules, direct funding decisions should be devolved to an independent and publicly accountable board.

Investment in the education and training of Nova Scotians is widely supported. If government helps companies train their employees, the benefits stay in Nova Scotia even if the company leaves or fails. Government should implement policies that encourage companies to provide life-long learning opportunities and training.

### *Develop a long-term plan and stick to it*

Nova Scotia needs a long-term vision based on a decision-making process that reflects a wide range of perspectives. Government investments in economic development must result from the joint decisions of business, government and education leaders.

Economic development must be done with a business approach and discipline: What will bring the best return for Nova Scotia?

Don't spread investments thinly. Choices must be made to create strengths in selected institutions and fields of knowledge. Iceland, which has the same population as Halifax, focused on its fishing industry. It is now a world leader in R&D in the fishing industry, with virtually no unemployment.

National programs for innovation should be designed to suit the needs of smaller provinces as well as larger ones. If more federal programs were structured with this in mind, there would be no need for special regional compensation programs that increase the perception of dependency problems in this region.

## All Nova Scotians Share the Responsibility

Collectively, we need to decide where we want to be

in 15 years and encourage government to stick to the plan and make disciplined choices.

Government is subject to short-term election cycles and often has many conflicting interests to balance. There is pressure to play it safe and go for short-term results. The private and education sectors need to give government clear messages about what we want to accomplish for the long term.

While government has a critical role, we all need to take responsibility.



*John Risley, President of Clearwater Fine Foods Inc., asserts government's role is to focus on the foundations.*

## INNOVATION AND GOVERNMENT

### *Relax our ideas of success and failure*

Risk-taking is a vital part of an innovative culture. However, the public and media are often impatient and critical of government actions, which makes it difficult for government to take risks or long-term action. We need to relax our ideas of success and failure or we can't expect things to change. Failure can be a learning experience on a longer road to success.

### *Open up communication*

Open communication and trust are essential for innovation and public-private partnerships. The private sector must be willing to share ideas with government; both sides must be willing to learn and talk to each other. Nova Scotia



*Ray Ivany, President of the Nova Scotia Community College, talks about the critical need for education and training in a culture of innovation.*

Wendy Paquette, President of MTT, discusses the need for a collective long-term strategy to move Nova Scotia forward.



# ECONOMY



Don Downe, MLA for Lunenburg West, expresses the need for private and education sectors to send clear messages to government.

must be better at commercializing applied research, which requires resources from both the universities and industry.

## Where Do We Go From Here?

Innovation is like a stool; it needs three legs — public, private and academic sectors — to stand successfully.

To realize the enormous economic opportunities available to Nova Scotia,

in particular oil and gas, a focused approach and tough decisions are required.

The only way to move forward is collectively to develop a long-term plan and open dialogue between all three sectors. In doing this, the real value of partnership is not just sharing the burden, but creating solutions that last much longer than the mandate of one government, (e.g. Ireland).

Leaders from business, government and education must continue to come together and connect the interfaces of the cycle of innovation.

## What is the cycle of innovation?

NovaKnowledge views innovation as a cycle consisting of many parts that interact to bring value to the economy. These parts include the foundations, the process, productivity, and the bottom line.

### The Foundations

Private and public investment in basic activities, such as adoption of new technologies by firms, strong investment in research and development by government and firms, and education and training. Money directed at the foundations leads to innovation.

### The Process

How the innovation process unfolds at the company level. This includes venture capital investment and commercialization of basic research.

### Productivity

Greater investment in technology and training result in higher productivity per employee. This increased output brings in higher revenues for firms, resulting in higher standards of living for people.

### The Bottom Line

Economic and social outcomes including export diversity and standard of living. Improvement triggers new rounds of investments and innovation and builds the momentum of the innovation cycle.

See how Nova Scotia's innovation rates against the rest of the Canada in the 2000 Knowledge Economy Report Card available on-line at [www.novaknowledge.ns.ca/reading](http://www.novaknowledge.ns.ca/reading).

