

Industrial Research and Development Act

stances, I would have the capacity to decide whether, notwithstanding the associated status of one of these companies, the company should nevertheless receive assistance.

• (3:20 p.m.)

Mr. Harkness: Mr. Chairman, I think everyone in this House is anxious to do everything possible to increase the amount of industrial research and development in order to put our industries in a better competitive position so far as securing world markets is concerned. Thus, there is every disposition in this part of the House to assist in this regard. However, on the basis of what the minister just said, that two or three associated companies cannot receive these grants, I wonder whether these changes will result in increasing the amount of industrial research in this country. Why should two companies, even though associated, which are prepared to spend money on research not be assisted under this act, because if they were not associated each would be entitled to assistance?

Mr. Pepin: Well, Mr. Chairman, there is a nuance to be taken into account here. Three associated companies can be helped, by this bill, but they cannot be helped collectively more than separately. That is the purpose of the clause. It is a complicated situation perhaps, but by so doing one wants to avoid the possibility of three associated companies becoming involved in gimmicks in their association in order to obtain more money under this bill; for example, by cycling their research in such a way as to make more use of the funds or inflating prices of articles and things exchanged between themselves. I repeat, however, that there are situations in which three associated companies are dealing with each other at arm's length where the amendment would make it possible for the minister, informed of that fact, to rule that they should not be prevented from getting more.

Mr. Broadbent: Mr. Chairman, I welcome this opportunity to return to a discussion which has gone on for a couple of years now between the minister and I in respect of various programs concerned with research and development, and more particularly the IRDIA program. At this time I do not want to repeat a number of general criticisms I made in the House on March 23 about the government's R and D programs, nor do I want to repeat a number of distinct, important national advantages which accrue to any country

[Mr. Pepin.]

having meaningful research and development programs. These are all on the record if one wishes to look at *Hansard* for March 23. I should like to go back to a more specific consideration, and once again refer to criticisms that have been made of this program in the hope that the minister this time will give an adequate answer in order to justify this program.

In the judgment of the New Democratic Party—and I might add in the judgment of many scientists in this country—the \$30 million odd now being spent on this program are a complete waste so far as meaningful research and development work is concerned. This program really has its roots in the old GIRD Act of 1961. This was the beginning of an attempt to encourage scientific research and development by the provision of tax incentives. In 1967, IRDIA made a sensible change from encouraging scientific development on the basis of tax incentives to a basis of outright grants. However, the minister has not provided the slightest bit of convincing evidence in support of the view that IRDIA has contributed in any meaningful way to research and development in Canada. I shall refer specifically to the most recent debate on this subject which appears at page 5357 of *Hansard* for March 23.

In that debate the minister attempted to justify the IRDIA program. I suggest to him, as a former university professor, that he look at the logic of his argument with some care. I suggest that his argument is completely fallacious. In fact, in the argument he assumes what he was supposed to prove by it. I wish to quote from page 5357 of *Hansard*, beginning at the bottom of the page:

When one tries to estimate the general effect of that program on research and development, one can cite as an example that the amount of research made in Canada reached \$80.8 million last year and that it went up this year to \$100.8 million. These are current expenses allowable during the period between 1968-69 and 1969-70. The program has therefore led to a significant increase in the amounts earmarked for research in Canada.

I suggest, with all respect, that the kind of evidence he produces does not suggest that to us at all. In fact, this is the kind of argument which depends on the truth of the general causal conclusions in order to lend any weight to it at all. The minister has restated what he was supposed to be trying to prove. If one were to look at the available statistics as I have them, the rate—and I emphasize this—the rate of increase of research and development has fallen in Canada since the