

The federal Government already provides massive support for science and technology. Expenditures on the natural sciences will amount this year to \$2.6 billion. This includes over \$450 million in direct federal funding of research and development undertaken by the private sector. Federal and provincial revenue forgone under tax incentives for private research and development is expected to be in excess of \$200 million in 1983, even before the changes I will be proposing tonight.

I have already announced, under Special Recovery Capital Projects, two initiatives to enhance federal support for science and technology. First, over \$290 million will be spent on research facilities critical to mastering new technologies. Fifteen new facilities will be built in all parts of Canada. Second, about \$180 million will be allocated for high technology procurement. I am allocating tonight a further \$100 million over the next two years for other new technology policy initiatives. My colleague, the Minister of State for Economic Development and for Science and Technology (Mr. Johnston), will provide detailed information on these initiatives shortly.

• (2120)

[English]

RESEARCH AND DEVELOPMENT

One of the most critical factors in meeting the challenge of technological change is the adequacy of research and development in the private sector. In line with the Government's commitment to consult on major issues of tax policy, I will be tabling tonight a paper entitled "Tax Policies for Research and Development" that reviews existing federal tax incentives for R&D and sets out proposals for change.

This paper shows that Canadian tax incentives compare very favourably with those of other countries. It identifies areas where they could be made simpler, more accessible and more effective. It proposes new provisions that will be of great benefit to small businesses who need help in financing R&D ventures. The overall impact of these new provisions, combined with the general tax measures already proposed as they apply to R&D, would be to increase the value of federal and provincial R&D tax incentives by some \$185 million in the first full year in which they will apply. This is a clear demonstration of the Government's support for research and development in the private sector.

HUMAN RESOURCE DEVELOPMENT

To take full advantage of technological advances, Canada will increasingly need well-educated and well-trained workers. Moreover, workers will have to acquire new skills and knowledge throughout their working lives. With this in mind, I am allocating tonight an additional \$155 million for human resource development programs. This will bring to \$1.2 billion this year the funds allocated for skills development in occupations that are significant for economic growth. Over 250,000 Canadians, half of them young people, will benefit this year from federal support for human resource development.

The Budget—Mr. Lalonde

With the National Training Act of 1982, the Government took steps to make the training system more responsive to our human resource development objectives. It was recognized that, in order to identify occupations in demand and ensure that training funds are allocated accordingly, a cooperative effort involving labour, business and Governments was required. This cooperation has already produced substantial dividends.

[Translation]

Young people are very much aware today of the importance of education for their career prospects. Because of weak employment opportunities, however, students face increasing difficulty in financing their education. The Secretary of State has proposed changes to the Canada Student Loans Act that will expand loan availability to include part-time students, increase the size of available loans and ease repayment conditions for those having difficulty obtaining employment upon graduation. I am providing an additional \$60 million over the next two years to fund these changes. This will raise total funding for the Canada Student Loans Program to \$141 million this year. Over 185,000 Canadian students will benefit from the program this year.

TRADE AND TARIFFS

The structure of the world economy is changing to reflect the emergence of new economic powers. The countries of the world have become more interdependent and more vulnerable to each other's actions. With almost 30 per cent of our GNP generated by exports, Canada shares this interdependence and vulnerability with other major industrialized countries. But international competition also provides Canada with the opportunity to exploit world markets, increase our productivity, rationalize our production and capitalize on our comparative advantage. We must recognize, however, that if we do not import from other countries they will not have the means to buy our exports and to repay our loans to them.

There are strong pressures for protectionism in the world today. I have felt them here in Canada. While I understand the concerns underlying these pressures, I believe they are shortsighted and counterproductive. I acknowledge that there may occasionally be overwhelming reasons for protection in particular cases, but these must be the exception rather than the rule. It is in Canada's abiding interest, as a major exporting nation, to maintain an open trading system subject to the rule of international law. This remains the Government's first priority in the area of trade policy.

[English]

I have announced earlier the creation of a Special Recovery Export Financing Fund of \$180 million to improve Canada's export performance. I would now like to refer briefly to three other initiatives I am taking to improve the competitiveness of the economy. First, I am increasing the funds available to the Program for Export Market Development in each of the next