

Research

such corporations, unless the minister can tell me otherwise. Forgive me if I make a direct reference to the clause.

[*Translation*]

Mr. Mongrain: On a point of order, Mr. Speaker. We cannot hear the hon. member. It seems to me that the loud-speaker system is not working; we do not understand anything.

Mr. Pepin: The hon. member for Edmonton West (Mr. Lambert) could perhaps move to another place.

Mr. Asselin (Richmond-Wolfe): If the hon. member would speak louder, we could perhaps hear him.

Mr. Lambert: If the hon. member would like me to speak French, it would take me twice as much time.

Mr. Asselin (Richmond-Wolfe): Your microphone is shut, the system is not working.

Mr. Lambert: I regret that the loud-speaker system is not working; I will therefore speak a little louder.

[*English*]

I will just have to speak a little louder, Mr. Speaker. Clause 2, subclause (f) says:

"Corporation" means a corporation incorporated in and carrying on business in Canada, other than a corporation that is exempt from tax under Part I of the Income Tax Act by section 62 of that act;

Perhaps the minister can tell us which corporations are exempt from tax under the Income Tax Act.

Mr. Drury: Mr. Speaker, these are charitable and other non-profit corporations, in case the hon. gentleman does not know.

Mr. Lambert: I thank the minister for the information but he will see the point I am driving at. In many industries of this country which have very extensive operations the operating units in Canada are not necessarily incorporated in Canada. I should like an opinion from the minister—he can seek one from the law officers of the crown—whether a foreign incorporated company that is registered to do business under any of the provincial companies acts would qualify under this bill for the grants. That is item No. 1 with which I have found a little difficulty.

[Mr. Lambert.]

However, Mr. Speaker, with regard to the general principle I do not know whether coming forward with this legislation is a confession that the legislation which existed in prior years, the incentives under the Income Tax Act, have failed to do the job that had been claimed. If I remember rightly—I am subject to correction—I seem to remember that a great deal was being made by the minister's former colleague, the hon. member for Davenport (Mr. Gordon), when he was minister of finance and introduced legislation dealing with industrial research incentives, that it was going to be a great boon. I know that a hesitant start was made in years prior, but many of these ideas have humble beginnings. I should like to know why the changes are being made. Why has the system of tax incentives which has been in existence hitherto been found not to be as successful as desired?

There is no question that there must be an almost explosive expansion of industrial and other research in Canada, not only basic but applied research, if we are to keep our trained personnel. There has been a noticeable reversal in the flow of scientific and other university trained personnel; they are now coming back to Canada. But I suggest, first of all, that we have to look at the matter of trained personnel from two points of view. We have to keep them here and we must encourage those who have gone abroad to come back to Canada.

The bill makes provision for research to be carried on at universities in that corporations may pay universities to do research for them. What I should like to know is this. If a consortium of companies gets together in a particular industry and wants to do research, none of them being big enough to undertake research on their own, will they qualify under the bill? I have known organizations which wanted to do this sort of thing.

Some of my colleagues wish to raise further questions with regard to this bill. I have looked briefly at the question of the base period, the period of operation of five years. What about a new firm which has been reorganized and reincorporated or the business has been transferred to other interests? These are all matters which will have to receive very careful attention during the clause by clause study.

My concluding remarks at this stage are these. We will want an indication from the minister of the type of regulations which will be made under clause 14. This is one of those horrible omnibus clauses about which I have spoken many times with regard to various bills.