

particularly small businesses, have to become involved in research and development. Our goal as a Government was 1.5 per cent of GNP being devoted to R and D by 1985. We will surpass that target. I suggest that perhaps we were overly pessimistic in reaching that target of 1.5 per cent, but I am glad the Budget of the Minister of Finance of last year took major steps in dealing with these particular issues.

For example, a \$10 million federal expenditure for a national centre for productivity and employment growth was announced. Just a few days ago we saw the birth of that institute headed by Shirley Carr and Tom d'Aquino, two outstanding individuals in their own fields. This is the type of co-operation we have sought so long between labour and business, between the private sector and government. I hope we will be ushering in a new era of co-operation where all sectors that go together to make up the Canadian economy realize that we have much to lose if we do not work together but much to gain if we work in harmony, if we discuss our objectives and are on a common track. I congratulate the Hon. Donald Macdonald for this idea and for the implementation of it. I also congratulate the Hon. Minister of Regional Industrial Expansion (Mr. Lumley).

There is also a commitment to new research and training facilities and an increased awareness of the role of government procurement in helping with the new technologies and new technology policy initiatives amounting to an extra \$100 million. More important—and this is the key to any type of recovery because it gives incentives where they can best be used, that is, in the private sector—are the tax incentives. Prior to the last Budget the tax incentives made available in Canada for research and development in the private sector were the most generous of the industrialized world. What did we do in that Budget, however? We increased those incentives to the private sector. The 50 per cent incremental deduction for R and D was enhanced by taking it away and replacing it with a new type of tax credit that goes from 20 per cent to 30 per cent for small business. In addition, we have the eligible loss carryovers which have been extended. New firms which want to get into research and development can actually sell to investors their unused tax credits. We have created a tax shelter concept for R and D, placing it among our national priorities in terms of development initiatives.

I am confident that these tax measures will go a long way toward convincing Canadians that R and D and the introduction of new technologies are critical and worthwhile for them in terms of their future economic success because, we will not have a recovery which is led only by governments. The cutting edge and the body of it will always be the role and the policies adopted by the private sector. Our role as a Government is to create the climate under which they can flourish.

In making these statements I believe it is also important to recognize the structural situation in Canada. Much of our enterprise is controlled from abroad. This is one of the reasons the high level of R and D we want to see take place in Canada has not necessarily come about. We have become importers of technology rather than developers and exporters of it. In

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making a comment about foreign-based multinationals, one recognizes that obviously there are business reasons for concentrating R and D in one centre. That is usually the home country, the foreign nation. We also have to recognize that Canadians will always be slaves to the developers of foreign technology if we do not develop our own capacities here in Canada. There is a way we can co-operate with the multinationals. It is not to cut them off, as the NDP would say. It is not to welcome them holus-bolus, without any strings attached, as the Tories would say. It is to use in a constructive way our FIRA provisions so that we gain an economic opportunity to do the R and D here in Canada. We can do that in co-operation with foreign multinationals, if they are prepared to engage in world product mandating—producing goods here in Canada for export to every other country in the world. If a multinational is coming into the country to take advantage only of a branch plant economy and to produce all other goods on a very reduced scale for Canadian consumption, there will never be large production runs, productivity increases or the efficiency of economies of scale we could get from world product mandating. With world product mandating will come more R and D in these particular areas. That is one of our great challenges in the times ahead.

● (1710)

I believe the Speech from the Throne took a constructive path in setting forth a number of objectives and ways in which we will become even more outward looking, not focused on our own small economy but focused on the tremendous potential of our productive capacity. We must be prepared to look at world markets and to compete in the tough world.

Let me list some of our achievements. We have the national microelectronics design network; increased funding for NSERC; the office of industrial innovation; steps taken toward an agreement with Japan for more Canadian content and additional production facilities in Canada; co-operation with the private sector for it to set up task forces that will report to us on problems with certain industries; opportunities in industries such as automotive, aerospace, forest and petrochemicals. I am pleased—

**The Acting Speaker (Mr. Guilbault):** Order. The time allotted to the Hon. Member has expired. There will be a question period of 10 minutes.

**Mr. Wright:** Mr. Speaker, I should like to refer to some of the things that the Hon. Member for Willowdale just said. He thought we should look back before we look ahead, and he mentioned the made in Canada price of gasoline. He quoted from the 1980 Speech from the Throne as follows:

My ministers do not intend to impose an 18-cent increase in the excise tax on transportation fuels, and the made in Canada price will result in a lower price to consumers than the one proposed in the budget of the previous administration.

Since that time the price of gasoline has risen by more than \$1 per gallon, the price of heating fuel has doubled, and in the United States gasoline prices are approximately 60 cents per gallon lower than they are in Canada. Does the Hon. Member