allowance which the government is proposing in Bill C-56. The reason for that is that if you look at the 25 per cent credit on capital, plus the 25 per cent credit on the first $1 million of capital expenditure, you get a total of $81.74 million. This is within the $85 million announced by the Minister of State for Science and Technology. So we are not asking that more be allowed in the form of expenditure than was announced in the official statement of the government. According to the studies we have done on this subject, the tax credit route is the most sensible route to take, putting in place the incentives which would work best in the private sector and in the industrial component of Canada.

I might also say that it was recommended at the first ministers' conference, particularly by the first minister of the province of Ontario, the Hon. William J. Davis, in the "Economic Development Policy for Canada" published by Ontario, on February 13-15, 1978, that the government should replace existing research, design and development assistance programs with federal and provincial tax credits, and I emphasize tax credits, which would provide direct incentives for expanded levels of R and D activity in Canada.

In light of all this, and in light of the arithmetic which was available to the government, why has it resisted the tax credits? I have not been able to understand that fully. Also I do not understand why it insists on proceeding with its 50 per cent additional allowance which does not match the figures which the two ministers have announced to the House and to the people of Canada.

With respect to the 50 per cent research allowance amendment, if the government had accepted the principle I have outlined in my short address today and applied the 50 per cent research allowance, the cost to the government on the first $1 million, all capital, plus the first $1 million current, fully eligible, would be $65.39 million, again well within the figures stated by the minister and well below the amounts which would be available as an incentive to industry if we took the tax credit route. That is why I have been debating with the Minister of Finance during committee of the whole stage in the short time I was allowed, and pleading with him, to take the tax credit route versus the route proposed in Bill C-56. If we compare these two cases to the existing proposals in the bill, the government will allow $38.15 million of incentive. The Minister of Finance has announced $50 million. If one combines that with the other $35 million which was announced by the Minister of State for Science and Technology, the total is $85 million. In actual fact the bill before us, in terms of the opening statements of both ministers, is nothing but flimflam. There is nothing close to $85 million of incentive available to the industrial sector on research and development. The figure is $38.15 million, on the basis of the bill as it stands at third reading.

● (1522)

The Minister of State for Science and Technology indicated that the government is sincere and is prepared to provide an incentive worth $85 million in order to realize the growth target for industrial research and development which has been announced. The only way to get there is with the tax credit. I attempted to get that across to the minister during committee of the whole proceedings. There is no other way to get there. The 50 per cent allowance will just not do the job. I challenge both ministers to withdraw their inaccurate statements which indicated that $85 million was available through this legislation.

If the minister is unwilling to go the tax route and attempts to pass off some of the costs of industrial research and development to the provinces, then he should accept some of the principles which were submitted across the floor in these amendments. He should allow the 50 per cent allowance to apply on the basis of the amendment I attempted to present during committee of the whole stage. If the government went that route, instead of $85 million being the incentive component to the industrial community, the incentive component would be $65.9 million, which is 20 per cent less than the benefits advertised by the Minister of State for Science and Technology.

The amendment on allowance is still $27.24 million better or 71 per cent higher than the existing budget proposal. The minister and the government cannot see their way to the tax credit proposal, which is the correct way to go if incentive is to be put into the industrial sector. They insist on staying with the 50 per cent additional allowance. They would be 71 per cent better off in terms of incentive to the industrial sector than they are under the bill as it stands now.

During committee of the whole stage we were attempting to get at some fundamental aspects of the bill. I am so concerned about this, and the closure which was imposed on committee of the whole stage, that I wish to move, seconded by the hon. member for Red Deer (Mr. Towers):

That Bill C-56, an act to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, be not now read the third time, but that it be referred back to the committee of the whole for the purpose of reconsidering clauses 6 and 14 thereof.

Some hon. Members: Hear, hear!

Mr. Gordon Towers (Red Deer): Mr. Speaker, I welcome this opportunity of making a few comments with regard to Bill C-56. The minister purports that this bill will perform a certain function for people involved in family farm corporations. I contend it will not.

Perhaps the Minister of Finance (Mr. Chrétien) does not understand or particularly care. Possibly the same holds true for the Minister of Industry, Trade and Commerce (Mr. Horner). He should know better, but perhaps he does not have the time to give this aspect of the bill the respect it should have. He could have shown a little more consideration for the people who are caught in this rollover of family farm capital gains tax. Of course the Minister of National Revenue has interpreted the bill in the manner that he understands it. The minister in charge of the Canadian Wheat Board (Mr. Lang) said that the bill is complete in itself. This shows how little he knows about it. The Minister of Agriculture (Mr. Whelan) is