

Restraint of Government Expenditures

I am willing to bet that the Canadian leader who first talks simply and clearly to the Canadian people will draw a fair number of doubters to his side. People nowadays are sophisticated. They will hand the palm not to those who promise perfection or who claim never to have failed, but to those who, despite their limitations, will try hard to do the best they can, and do so with integrity and intelligence. Doing otherwise reveals either the politician's own insecurity or his contempt for the people he is elected to serve.

I believe that the Canadian people are seeking new voices, new ideas and new leaders and, although the government has its limits and cannot solve all problems, we as Canadians reject the view that we must accept failure and mediocrity. That is not our Canadian heritage.

Admittedly our party has not been perfect; none is. We have made mistakes and we have paid for them, but ours is a party with a tradition of leadership, compassion and progress, ours is a party that makes its major investments in people, and we strongly believe that the test of any government is not how popular it is with the powerful, but how honestly and fairly it deals with the many who must depend on it. Business, labour, agriculture, education, science, and government must not struggle in isolation from one another but should strive towards mutual goals and shared opportunities, and that is the type of government we would have under the leadership of the Leader of the Official Opposition (Mr. Clark).

Mr. Frank Maine (Wellington): Mr. Speaker, in dealing with Bill C-19 which repeals certain statutes thus enabling the government to restrain government expenditures, I would like to comment on the necessity for cut backs in government spending. This message from voters across Canada in the last several months has been loud and clear. We need help in fighting inflation and we need it from all parts of the country. We must convince the public that the government is serious in its intention, and the best way to convince people is to show them by example.

In times of restraint we must decide which programs can be eliminated or cut back so that we can reduce our own spending. These must be programs, the elimination of which would not materially reduce the well being of Canadians. Therefore one of the things we can do is to eliminate spending on programs which have outlived their usefulness or programs which we cannot afford in times of restraint.

Some programs have fulfilled the intentions which they were designed to fulfil and funding should not be continued by the federal government, but if desired can be replaced by other forms of funding such as from the private sector. There are other programs that started off as good ideas but that did not quite work out the way the government had intended them to work out, and this fact must be recognized and the programs ended.

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There are other programs the objectives of which the government had a specific intention to fulfil, and these objectives

[Mr. Elzinga.]

have been fulfilled. Therefore once a program has fulfilled its objective, it should be terminated. Three examples of this are the Company of Young Canadians, Information Canada, and the program relating to the Industrial Research and Development Incentives Act, commonly known as IRDIA. I think the termination of these programs demonstrates the approach of the federal government in reviewing its policies; looking at what can be done; and discontinuing programs which outlive their usefulness.

I would like to deal in a little more detail with the IRDIA program since that is the one with which I am most familiar, having dealt with it for most of the ten years of its existence. It began in 1966 and had a definite positive effect on industrial research and development for most of the last ten years. It was intended to encourage industrial research.

The program provided that any increase in research expenditure by a company over a base level determined by an average of the previous five years would result in a benefit to the company of a tax credit of 150 per cent. So as long as companies increased research and development, there was a benefit involved. This benefit was used by many industrial establishments in Canada. Most of the research laboratories which have been built, have been built in the last ten years, and the companies involved have benefited directly from this legislation. However, companies cannot keep building new laboratories just to take advantage of this tax benefit, and there are very few companies which have taken advantage of this in the last two years.

Essentially companies do not keep increasing their research and development efforts indefinitely. There is a levelling off in research expenditures. When that happens, the base level climbs up to the expenditure level, and therefore no amount of research expenditure qualifies for this tax benefit. As a result, the program has outlived its usefulness. It has done its job. There are no benefits being derived from it by way of tax rebates. With one or two exceptions that is where we are today. I think the maintenance of that program would only create increased and unnecessary paperwork, and both government and industry can well do without that.

In the whole area of industrial research and development the incentives which have been provided have been reviewed in this last year. Gordon Sharwood, a consultant on contract with the Department of Industry, Trade and Commerce, has conducted a comprehensive study with the cooperation of M.O.S.S.T. officials to look at government programs on research and development to see how they could be updated and made more effective. One of the suggestions has been to terminate programs which are no longer effective. Other suggestions relate to changing the format of programs now in existence, and these suggestions are being considered and new programs are currently being worked out.

Reviewing past legislation, we find that the IRDIA program has certainly done its job and has outlived its usefulness, and I think it is completely incorrect to conclude that the government is not interested in or is not supporting industrial research and development. This was the comment some people