

The Budget—Mr. Dick

founders, and which has now grown to the extent of employing 19 people. In its second full year it looks like its billings will amount to half a million dollars. Let me quote as follows:

● (1540)

We have had one government assistance program in that time, a defence industrial research program, with the government's share being \$35,000. We have invested approximately \$95,000 of our own funds into R&D to date and have received IRDIA assistance of approximately \$19,000. We do not know what our chances of success to date, or even survival, would have been without IRDIA.

IRDIA is the only government assistance program that gives support to a new business and is one of the very few that gives capital equipment assistance at any time.

Apparently the firm is not in a DREE area. The letter continues:

The 25-cent on the \$1.00 that IRDIA grants, in many cases, enables a small business to take that small step in expansion that they might otherwise not: i.e., new venture incentive.

Small business does not have the large corporate back-up to perform their own R&D. We must exist and expand on our smaller level of profit.

We feel that the underlying reason for the government action in repealing IRDIA was to reduce the enormous amount of assistance to large corporations, many of them multi-national, in which most research and development is of a small and mature nature and generally not even that, but is really product improvement.

Small businesses in Canada, which we would think are almost 100 per cent Canadian owned, initially do not have established products to offer, but do have very good ideas with which we believe we can do something. We must perform research and development in a manner so as to reach our goals as economically as possible. We are, therefore, not spending our limited funds recklessly and therefore do not indulge heavily in IRDIA assistance.

Rather than "throw out" IRDIA in its entirety, we suggest the act should be revised and limited to small business. For this purpose small business should be defined as a total corporation, not a division of a corporation, with less than 100 employees and billings, or sales, of less than \$2,500,000. Once this plateau in size is reached, a company should be able to operate without outside assistance, or at least be in a position to contribute a large share of a cost shared program, i.e., PAIT. Such an approach to IRDIA would provide the incentive that new Canadian ventures require to continue in existence.

I would recommend that suggestion in the last paragraph I read, or an alternative to that, to the ministry. The ministry has said it intends to come out with something, but as yet it has not done so. Perhaps it should be pointed out at this stage that we have a growing balance of payments problem in this country, yet we have a growing domestic market of unused labour, high unemployment and a skilled labour force. We also have the raw materials. The reason we are going in the wrong direction and that we are lacking in proper research and development in industry is that we seem to have no direction, no national goals and no strategy of any kind. There certainly is no direction or any goal pertaining to an industrial strategy evident in this budget or in any other government proposal.

With the repeal of IRDIA there is, in my view, little or no government encouragement to small or medium-sized industries in the field of research and development. Unless we take some decisions in co-operation with the provinces in the immediate future, our industrial base will continue to erode, imports will continue to increase and our balance of payments will continue to be in a deficit position, with unemployment continuing at a very high level.

[Mr. Dick.]

Most industrial research is carried out by the multinational corporations in the countries in which the head office is established, and not in Canada. It is time this government took a hard look at industrial research in our own country with a mind to encouraging Canadian research and development. Unless the government changes its attitude we will lose, in the end, the talents of many of our valuable industrial researchers who no doubt will continue their research and inventions outside Canada in countries that appreciate the value of their work. Once these people have left, it will be very difficult to persuade them that the government has changed its mind and they are really welcome back at home.

It is important that the government consider the last paragraph I quoted from that letter, as I think it is a fair indication of the concerns many people have in technological and industrial companies in this country. This is the reason for great concern on the part of us all. Indeed, if we do not come up with an innovative, technological industrial base, which can only be arrived at through continuing research, development and innovation, employment in the future is doomed indeed.

I have already indicated that many people in this country who have PhDs and BAs or other college degrees, as well as engineers and other professionals, cannot find employment. Unemployment among youth in this country is alarmingly high. This is probably due to the fact we do not have the right mixture or industrial base. That is partly to blame.

As a parting comment, perhaps not directly related to the other matters about which I have spoken, I would urge this government to consider and actively put into place a "Buy Canada first" policy. The United States federal government and various state and municipal governments all have a preference in respect of government contracts there. The government awards contracts to American companies which employ American citizens in various parts of that country. Unfortunately, in Canada it has appeared over a period of time that a Canadian firm cannot get a contract with the government of this country unless it has proven itself by selling to some foreign industry or government. Only then will the Canadian government consider it to be of a certain quality.

The Canadian government should bend over backwards, to a greater degree than it has in the past, to make sure Canadian established companies employing Canadians are awarded just about every contract for which the Canadian government calls tenders. This, indeed, would encourage Canadians to carry out research and development and would encourage Canadians to be innovative. It would supply Canadians with jobs and would, in the end, encourage the employment of young people in this country as our industrial base gathers steam.

With that parting comment, Mr. Speaker, I thank you for the opportunity of speaking during this budget debate.

The Acting Speaker (Mr. Turner): I recognize the Minister of Industry, Trade and Commerce. (Mr. Jamieson).

An hon. Member: This should be good.

Hon. Donald C. Jamieson (Minister of Industry, Trade and Commerce): I must say, Mr. Speaker, that I begin on a