

have to pay, there is no way that they can do this on their own. The minister went on to say:

Canadian manufacturing has to realize these factors (research, development and design) are important in their ability to compete—

He said that how we utilize science in the development of our country is important. The article states:

Both government and industry, said Mr. Faulkner, "could" spend more money on research and development.

What is happening, of course, is that the government is taking away the only spending program it has in respect of research and development. The minister went on to refer to:

—industry's habit of cutting back on research during a period of restraint as "foresighted" because research is important to future success.

Yet that is exactly what the government is doing. I am not sure how the government can justify ministers travelling around the country saying one thing when here in this House it is doing exactly the opposite.

There has rarely been a time when there was a greater need in Canada for vigorous, well-funded research programs. The importance of manufacturing industry to Canada and of research and development to industry is obvious to most people. It is even obvious to the Minister of State for Science and Technology. What are some of the more obvious benefits? They are: to maintain Canadian sovereignty and jurisdiction over many of the important wealth-creating assets and activities in Canada; to lessen the negative effects of U.S.-type industrial structure and competition in Canada, and industrial research is one of the keys to securing and advancing a position in international trade. This is truer for Canada than for many other countries.

An unavoidable corollary to the drop in research effort will be a loss in brain power. Just as money tends to move toward the big money markets where opportunities are the greatest, so do trained minds tend to gravitate to where the opportunities and challenges are the greatest. Is this the kind of loss we as a nation want or can afford to contemplate?

It seems to me the national interest would be better and more profitably served by increasing the national research effort, making Canada one of the most desirable brain havens in the world. It is absolutely vital at this time that every effort be made to expand Canadian industrial research in all fields. If we do not, there is little doubt that we will be outpaced by other industrial countries to a greater degree than we are now.

A national industrial strategy should enhance the effectiveness of research and development incentives. It must be coordinated particularly among federal departments, but also between provincial and federal governments and, necessarily, among industry.

At the present time some governments, especially that of Ontario, have excellent industrial support but no help from the federal government. I wonder what the Department of Industry, Trade and Commerce does with its resources. The research and development incentives, if IRDIA is to be done away with, could well be handled through tax incentives as they were handled in the period of 1962 to 1966 and as

Restraint of Government Expenditures

recommended by the Science Council of Canada. What would be needed is to define in the Income Tax Act what constitutes acceptable research and development expense admissible for incentives. Claims would be audited in the normal processing of business tax returns. Research and development capital expenditures would be motivated by the capital cost allowance rates in the tax act.

Some may point out that over the 30-years history of tax change in the United States there has been an overloading there of incentives for investors to the point where it is claimed by some that you could drive a tank through the loopholes. Perhaps that is so, but look at the industrial strength and wealth of that country compared to ours. While I would think we could prevent this, I would prefer any time to err on the side of growth than to cut off Canadian industry as this bill attempts to do. There is no question but that, on the basis of the best available evidence, the creation of technology-based employment offers the best possible multiplier effect. Long-term research strategy tied to long-term national needs, study of technology, trade, social development, medicine, agriculture and other fields, will ensure the continued development of Canada as a viable industrial nation. The implementation of Bill C-19, particularly this part, will do just the opposite.

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I am pleased to have the opportunity of participating in the debate on Bill C-19 which, as two previous speakers have mentioned, is simply a revival of old Bill C-87. Quite frankly, if you look at it, while the short title is "The Government Expenditures Restraint Act", it is purely a piece of cosmetic legislation designed to persuade the public that the government is attempting to do something about the excessive expenditures. However, not only members of parliament but the public of Canada as a whole know that this is not so.

I listened with interest to the speech of the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), to be found in the November 16 issue of *Hansard*. It was an exceptional speech and one that I think should be recommended reading for all members of this House, particularly those on the government side. He recited in some detail the history of the railways, and the Railway Act. In particular he made reference to Section 272 which will effectively be repealed by the present legislation.

Before going into specifics on Bill C-19 I should like to comment on several remarks made a few days ago by the hon. member for Regina-Lake Centre (Mr. Benjamin) as reported in *Hansard* for November 16. That was the second occasion on which the hon. member gave my particular riding prominence. A member is rather pleased when another member refers to him or to his riding but when the reference, as in my case, has to do with a statement I made which is misinterpreted I think I should be free to clear the record. As reported at page 1032 of *Hansard* for November 16 the hon. member for Regina-Lake Centre said: