

Supply

There is now a 10-minute period for questions, responses or comments.

Mr. Riis: Mr. Speaker, I have listened with great interest to the questions of the Hon. Member. I cannot help but make one observation regarding the role of Conservative provincial governments across this country. I can think of one exception to what I am about to say. The Conservative provincial governments' leadership role in encouraging both the public and private sector to increase their commitment to research and development is very distressing. In the apparent rallying around of the concept of restraint, additional government spending to encourage the private sector, as well as the public sector, to expand their R and D facilities and possibilities has been extremely minimal, if at all.

My very specific question to the Hon. Member is, would he advocate additional government spending to encourage the private sector, as well as the public sector, to carry out more research and development? Would he be prepared to give tax breaks to corporations and, therefore, receive less tax income, at least in the short term, to result in that same type of encouragement?

Mr. Siddon: Mr. Speaker, I appreciate the questions of the Hon. Member for Kamloops-Shuswap (Mr. Riis) because they bring me to a final question I would like to ask. That is, does the Government and the New Democratic Party favour more profit or less for people who would be prepared to invest in research and development?

As to whether we would give more money by way of tax incentives or whatever, yes, indeed, most certainly and definitely. In fact, compared to other nations around the world, the share of research and development which is funded by the private sector in Canada is pitifully low. The solution will not merely come about by more generous tax incentives or fifty-fifty shared grants, or the provision of front-end capital so that small groups of entrepreneurs can develop a product and penetrate the world market. That is part of the solution, but the solution has to do as well with some major structural changes which must be taken by the Government in terms of the centralization of information and in terms of amendments to our patent law. There are a whole host of initiatives.

The short answer, however, Mr. Speaker, is yes, indeed, a Conservative Government would make research and development, as we did in 1979, I might add, a much higher priority than either of the other Parties in this House have ever done. That is revealed in our commitment to reaching 2.5 per cent of GNP within a five-year period, in clear contrast to undertakings either by the Government or by the New Democratic Party.

Finally, I would like to conclude by referring to the comment of the Hon. Member about the provincial obligation to support research and development. If one plots the provincial per capita income on one scale of a graph against the percentage of the provincial gross economic product which is being spent on research and development, one will find a strong correlation between provincial per capita income and the

commitment to research and development. This makes the case that the strongest tool of regional economic development we could use would be to make a much stronger commitment to research and development within the provincial and regional context.

The provincial governments, I must say with sorrow, have been largely negligent in making a commitment and sometimes their commitment is far short of their ability to invest in research and development. I would single out my own province, the Province of British Columbia, the Province of Alberta, with its strong resource base, and the Province of Saskatchewan. These are the only regions which do not plot on this straight line relationship. If they were to take more of their resource wealth, as Alberta, in particular, is doing, and reinvest it in research and technology oriented to the Pacific Rim and world market opportunities, we would be a much stronger nation.

The strongest province in terms of commitment to R and D, Mr. Speaker, is the Province of Ontario through a variety of programs which it has initiated. That shows up in the per capita income of that province. Therefore yes, indeed, the provincial governments need to do more and we as a federal Government must realize that research and development is the strongest equalizing force we can put in place in this country, in contrast to our traditional approach of dropping money wherever there happen to be some Liberal Members sitting.

Mr. Murphy: Mr. Speaker, my question obviously is also based on the comments of the Hon. Member who just spoke on behalf of the Conservative Party. He referred many times to his Leader, the Hon. Member for Central Nova (Mr. Mulroney), with respect to the book he wrote and his history as a leader in industry. When we talk about tax money for R and D, one of the proposals which our Party has made quite often is that there should be specific contracts with corporations. Otherwise, we would get into the type of situation where companies take the tax depreciation, the tax write-offs, but do not provide jobs. I use the example of the Iron Ore Company of Canada, which benefited for many years from tax loopholes and tax depreciations.

An Hon. Member: Tell us about that.

Mr. Murphy: I am happy that one of the Conservative Members wants to hear what is going on. I am certainly glad to tell him. For many years the Iron Ore Company of Canada, which is owned by seven American masters, benefited from the tax depreciation to the extent that from 1980 to 1982 those owners received \$225 million in dividends, which is \$50 million more than the corporation made. People in Schefferville and in Labrador City lost their jobs. What good did those tax write-offs do? What good did they do the workers in those communities?

I would like to know if the Conservative Party, if it is ever elected, would give more write-offs to Iron Ore, to the American masters of the dog which they employ? Or will it make