

Restraint of Government Expenditures

trade balance. In 1975 this major Canadian company spent \$50.3 million in research and development. They had 1,700 people employed in research and development, 1,100 of whom were scientists and engineers. The total amount of Industrial Research and Development Incentives Act grants for that year amounted to only \$30 million. However, notwithstanding the small government effort, these grants are often essential for the initiation and continuation of the research programs of some smaller Canadian companies.

Let me tell the House a little more about Northern Telecom in order to indicate why it is important to the economy of Canada, and particularly to the economy of my riding. Northern Telecom is the largest manufacturer of telecommunications equipment in North America, outside the U.S. Bell system, and probably the fourth largest in the world. It is the fastest growing major telecommunications manufacturing company in the world. Some 85 per cent of all the world's commercial communications satellites have electronic platforms made by Northern Telecom.

Without getting into a great deal of detail, Mr. Speaker, I would point out that one product alone, their SP-1 switching system, produces \$85 million in manufacturing wages, \$27 million in research and development wages, and \$25 million in taxes to the Canadian government. Yet the total input to that program by the Canadian government through its industrial research and development incentives program has been \$4.3 million.

At the present time, Mr. Speaker, the position of research in our society can best be described as insecure and its future appears to be even more bleak. We appear to be the least prepared of any industrial nation for our journey into the future. Canadian investment in industrial research, measured as a percentage of the Gross National Product, as I have said peaked nearly ten years ago, and it has been on a steady, almost uninterrupted decline since.

The most current estimate of Statistics Canada indicates an outlay on Canadian industrial research this year which is the lowest in 13 years. And worse, Mr. Speaker, the government is doing little or nothing to change the situation, except at this very inopportune time it chooses completely to remove the one program that has been helping. To reduce the level of industrial research at this time seems to me to be tantamount to mortgaging our national economic future for the sake of minuscule savings in financial outlays that can be achieved in less vital areas. This in time can only lead to further deficits in the Canadian balance of trade.

Is the government unable to understand the critical importance of research and development and the relationship between the cutbacks in research and development and the declining position of manufacturing in the gross national product? One of the main impediments to economic success in manufacturing is the poor relationship which exists between government and industry. I know the Minister of Industry, Trade and Commerce (Mr. Chrétien) is not in the House at the moment, but if he were I would be quite happy to give him the name of the president of a major Canadian company who

[Mr. Ellis.]

tried for seven weeks to get an appointment with the deputy minister of industry, trade and commerce, but without success. He was told that the only time he could see the deputy minister was between the hours of ten o'clock in the morning and four o'clock in the afternoon. Imagine my surprise, Mr. Speaker, when I discovered this afternoon that that same man is the key person on the new royal commission that has just been appointed.

In the past week, Mr. Speaker, we have had a travelling circus, or perhaps it is called a travelling caucus, visit my city. We had a visit from three ministers and three members of parliament. I am not too sure who paid the bill to get them there, but they were there for a while and I thought I would read a few of the things reported as coming from those ministers, just to give the House an idea why the industrial climate is as bad as it is.

The minister responsible for small business had something to say about the government sending more money to "sometimes big business and less to large corporations". I have long been an advocate of giving money to small business and, as the minister says, also sometimes big business, but there are many thousands of people who work for large corporations who do not necessarily want to see their livelihoods taken away from them simply because this minister has turned off the tap on research and development.

The minister went on to say that programs like the industrial innovation and adjustment incentives program could be made to benefit smaller companies. If the government is going to do away completely with the IRDIA program, I am not sure where the funds are going to come from for this. Then he went on to talk about:

● (2120)

—extending the Small Business Loans Act; raising the size of limit on eligible companies; raising the limit on individual loans; raising the allocation set aside for contingent liabilities—

Unless some of these have been put on the order paper today in the form of legislation I know nothing about them. I had a private member's bill advocating this some three years ago but, like most private members' bills, it was talked out. Instead of travelling around the country talking about it, the minister and his colleagues should stay here and do something which would be much more fruitful.

The other press clipping I wanted to refer to has to do with the Minister of State for Science and Technology (Mr. Faulkner) who happens to be the minister responsible politically in my part of the country. I do not know what that gives him by way of title, but that is what he is. He was in Belleville and made some comments about the very thing I am talking about, that is, research and development incentives. This is what he said, and I quote from the Belleville *Intelligencer*:

Unless Canadian firms concentrate on research and development they will be "pre-empted" by manufacturing companies of other countries—

He refers to assistance to research and development programs. However, given the taxes that major companies now