

half that at 4.8 per cent. No wonder Japan has had such spectacular economic success.

Another aspect for incorporation into our planning is the need for research and development here in Canada. We know that technological innovation is the single greatest factor in determining economic growth. In the 1984 election, the Government promised to double research and development here in Canada by the end of its first term in office. In fact, the level of research and development in Canada has actually decreased. It is now at the abysmally low rate of 1.35 per cent of Gross National Product.

In Canada, through Government support, we provide for 20 per cent of the industrial research and development that is done. In the U.S.A., it is twice that rate at 40 per cent. Again, as leaders such as Jean de Grandpre have said: "And to continue the bad news for Canadian technology, Government support last year was less than it was the year before". There is great concern over the Budget that has again cut incentives for R and D.

Last, we have to look at the new approaches in many other countries that have succeeded in creating productivity and competitiveness. In Japan, for example, through MITI and other institutions that co-operate with financial institutions, labour, the Government and business, they have a plan whereby robots are leased to businesses so the businesses can afford them. In Taiwan, a Dr. Casper Shih, a Canadian, has been running a program which has targeted 1,500 small businesses. They send in experts at government expense to study how they can increase productivity and exports. The businesses, if they accept these suggestions, can pay for the new products they require, such as computers or robots, out of increased productivity, and that is the only way they pay for them. It is an imaginative approach which has worked tremendously well in that environment. Programs like these are worthy of study.

In addition, we will need financial support. A person in my riding of Willowdale told me the other day that he wanted to start a new business. He was prepared to put up farmland in eastern Ontario as collateral. The financial institutions would not lend on it because they do not want farmland in that part of the country. This is a travesty.

We have to set our own course to create an economy in Canada which is competitive and strong. The trade deal will cause us some problems in setting our own economic course and our own economic goals.

Canada-U.S. Free Trade Agreement

Because of the provisions regarding investment, we can no longer require performances on exports, R and D and jobs in Canada from certain firms. Our energy is no longer an advantage to us alone. We have given up the right to use certain types of tariff policies such as drawbacks in order to assist the establishment in Canada of competitive world-class manufacturing operations. We can no longer have any sort of managed trade such as the Auto Pact, lauded by all sides of the House as a deal that worked for the benefit of Canada. It was not free trade, it was managed trade. One car had to be produced in Canada for every car brought into Canada duty free.

In conclusion, we on this side say to the Government, Canadians are watching. They expect the Government to honour its promises. We beg of it, in the continuing negotiations with the Americans on implementation of this deal, negotiate better than it did in forming the deal.

Start with the real issues. The issue is not who we trade with, the real issue is what we trade with. Start with education. Start with research and development. Start planning a national approach for the benefit of all Canadians. That is what Canadians expect. That is how we are going to get our economic growth through the years.

[*Translation*]

It is a great honour for me to sit again with you in this Parliament.

[*English*]

I am very pleased to once again be the Member of Parliament for Willowdale. It is a honour for me to have returned and a great pleasure to be with you.

Mr. Al Johnson (Calgary North): Madam Speaker, I am honoured to have the opportunity to address this House on an issue of such national significance as the Free Trade Agreement between Canada and the United States of America. The agreement will play a vital role in the development of my constituency of Calgary North as well as the whole of Canada.

• (1830)

As so many others have done, I would also like to extend my congratulations to the Hon. Member for Vancouver South (Mr. Fraser) on his well deserved reelection as Speaker. His reputation as a member of this house for fairness, wisdom, and effectiveness is known to us all. It is with pleasure and respect that I recognize