

Industrial Research Incentives Act

• (8:10 p.m.)

finance there is not a great deal of money involved, but none the less these dollars are being wasted.

Why are they being wasted? In our judgment they are being wasted because they are being spent unnecessarily. Overwhelmingly, these funds are being spent to subsidize research and development in the private sector of our economy which would have been undertaken in any case by private firms. This judgment is very serious in its implications. Whether or not it is completely right I am not sure, but to my knowledge at least the government has not presented to the House or elsewhere any argumentation justifying the funds spent.

What is required is not a general outlay of funds providing benefits to any firm that would have carried out research and development anyway, but to make a very careful diagnosis of the Canadian economy and its potential, then make specific grants, and rely on them only. This the government does do in its other programs, but it seems to consider that having a twofold approach is necessary; a broad, general, over-all approach plus a number of specific programs.

It is the judgment of many economists that the general approach is a waste of public funds. It really amounts to the public subsidizing a private industry for what it would have done on its own. Although this program represents a small amount of money in terms of government spending—\$30 million—it is no small sum to the average Canadian in terms of what the same amount of money might have been used for in alternative programs such as housing or a number of other socially meaningful uses.

As an example of this I should like to refer to the question that I put on the Order Paper in this session and to which I received an answer from the Department of Industry, Trade and Commerce. My question concerned last year's and the present year's expenditure of funds on this program. For 1968-69 the expenditure forecast by the department was \$31,300,000, and the actual expenditure was \$19,592,000. For the current year there is a slight increase in what the government intends to spend, but I suspect a greater percentage of the funds will not have been used when the year concludes. My point is that this is a relatively small amount of money going into research and development in the yearly program, and to say the least it is not a major source of inspiration for research and development in this country.

I would think that if a careful look were taken at the companies which actually used these funds last year, it would probably be seen that about two-thirds of this \$19 million going out from the federal treasury went to firms that would have spent that amount of money on their own without any encouragement by the government. Therefore, my conclusion is that this public money was wasted. However, the minister might be able to reply to that point and show us, in some fashion that has not yet been made apparent, that the funds were necessary to get research and development under way.

On this same point, Mr. Speaker, I would like to make a specific request of the minister. About a month ago he tabled a document which was really a summary of a research group's analysis of the government's research and development programs, which consisted of four pages plus a one-page abbreviation of what the government has done since in terms of that study's findings. Would the minister consider tabling the whole study so that the people of Canada, and more particularly the members of this House, would have an opportunity to take a serious look at what was presumably a serious study into the efficacy of the federal government's research and development programs?

The next point I would like to make is related to the first general observation about the need for significant capital investment in research and development and the overwhelming lack of success on the part of industry in Canada in doing research and development—and when I say industry I mean both foreign-owned and Canadian-owned industry. I suspect that at this point the minister might be jotting down the fact that if we look at the foreign-owned sector of the economy and compare it with Canadian-owned industry, we will find that it does more research and development than Canadian firms. This simply attests to a fact mentioned by many economists, that the main fault of Canadian capitalism is Canadian capitalists, who have been quite negligent in striving to become vigorous entrepreneurs able to face international competition.

We simply cannot go on talking about the present and the past: we must be concerned about the future. I suggest the minister should indulge in some serious thinking about one of the reports put out by his department which shows that American-owned subsidiar-