

Research and Development

ly in the negotiations they have with the auto companies, especially with regard to the auto pact. This area was not negotiated in the past. It is an example of what is not done at present but what should be done.

We should find out the attitude of the various types of industries in this country. A year ago the Ministry of State for Science and Technology wrote to the largest 125 companies in the country and asked what they were doing and why. A lot of them, both Canadian and foreign based multinationals, were fairly responsible in their answer, interested and encouraged by the concern of the Canadian government.

There were some notable exceptions. I found it totally unacceptable and irresponsible when United States based multinationals said that they were doing their research and development in Houston and intended to leave it that way. That kind of attitude is completely insensitive to the realities in this day and age of the needs of both our countries. If we are to work co-operatively in this regard, we need a much more positive approach than that kind of crass, bald statement. The words I think of are not parliamentary. However, I think hon. members appreciate the sentiments I am trying to express.

The problem is being recognized and worked on at the policy level. I look forward to seeing very soon some concrete results of these efforts which have been presented, as the Minister of State for Science and Technology said in the debate today. I hope we will see some positive results in the not too distant future.

We have come a long way in the past decade in recognizing the problems in industrial research and development. They were spelled out by a Senate special committee on science policy. We have tried a variety of techniques to fully understand the whole problem and all of the nuances. We have come to the realization that the investment tax credit is the best way to handle this situation. It minimizes the amount of bureaucratic involvement. The decision is left to industry, as it should be in a free enterprise system. The only involvement of bureaucracy is in the taxation system of the end of the business year.

I agree with several comments made today to the effect that the amount of the investment tax credit is too low. It being a taxable item, as all National Revenue tax credits are, the real effect of a 5 per cent investment tax credit is only 2.6 per cent. That 2.6 per cent real benefit is of negligible use to industry. Therefore, to be effective as an incentive it has to be increased substantially.

I certainly agree with several sectors of industry that have recommended a 25 per cent level for the investment credit which, after taxes, would be in the order of 12 per cent or so. That is a reasonable incentive, one that governments can responsibly handle. I urge all members to encourage the Minister of Finance (Mr. Chrétien) and his department to look very favourably on the suggestion in the next budget.

Miss MacDonald: Make it 100 per cent instead.

[Mr. Maine.]

Mr. Maine: I think a 100 per cent investment tax credit would be a very expensive proposition. Whereas I applaud the idea and the direction of the suggestion, it is somewhat irresponsible for us to assume the amount at this time, keeping in mind that we are trying to keep some serious kind of restraint on our budgetary and fiscal policy.

There is no question that we have to increase industrial research and development in this country. We can do it. I urge that we do it co-operatively with the foreign based multinationals. They have many reasons to be seriously interested in doing research and development in this country. There are many examples of good corporate citizens, but there are also many examples of those which are not good corporate citizens.

These problems should be tackled by the government of Canada. This is a very sensitive, serious and ticklish problem. Both the parent companies and the governments of parent companies must realize just how serious this problem is that we have to tackle. I notice it is ten o'clock, Mr. Speaker.

Mr. Deputy Speaker: It being ten o'clock, it is my duty to inform the House that, pursuant to section (11) of Standing Order 58, the proceedings on the motion have expired.

● (2202)

PROCEEDINGS ON ADJOURNMENT MOTION

[English]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

PUBLIC SERVICE—PROPOSED RAISE IN RETIREMENT AGE— CAPPING OF INDEXED PENSIONS

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, on January 30 of this year I directed a question to the President of the Treasury Board (Mr. Andras). There had been a report in the *Toronto Globe and Mail* that a document had been presented to the conference of federal-provincial finance ministers suggesting that a cap be placed on the indexing provisions applied to pensions paid to retired public servants and that there would be changes concerning the age of retirement. In reply, the minister indicated that proposals of this nature were not made to the conference. Nevertheless, a series of reports was carried subsequently in the press. Today, in response to a question from the opposition side, the President of the Treasury Board indicated that later this week he would be tabling the Alexander report on the public service retirement plan and that he would be making a statement at that time.

I believe there has been a great deal of misconception about the present superannuation plan for public servants. That superannuation plan account presently has in excess of \$8.6 billion to its credit. Interest is being accumulated at a rate in excess of 7.6 per cent per annum, and the rate is increasing.