

research and development for a large firm to 35.15 cents, a drop of 20 cents on the dollar.

● (2022)

The thing that I find staggering, Mr. Chairman, is that under the IRDIA program back in 1975 a large firm spending a dollar on research had a cost of only 33 cents. So we have the government going through all this flimflam of announcing this program in the budget and then announcing it in Bill C-56, and having the Minister of Science and Technology announce a new program for research and development, when what they have announced for large firms is not as good as what they cancelled back in 1975. This is shameful, Mr. Chairman.

I would like now to look at small firms and how they have fared under this research and development program, and shed some light on the equality that this government has given small firms, for which they have created a minister of state to supervise. The small firms get an absolute hosing in terms of equality. Under the standard deduction in 1976, on a dollar spent on research they had a 75 cent cost because their tax rate was 25 per cent. Under the 5 per cent investment credit of 1977 they had a 71.25 cent cost, a reduction of 3¾ cents. Then in 1978 with a 50 per cent additional allowance on each dollar spent on research they had a true cost of 59.38 cents, giving a reduction of 12 cents.

Again, Mr. Chairman, let us examine the flimflam that the Minister of Finance and the Minister of Science and Technology have imposed on this House, the people of Canada and the business community of Canada. The flimflam is that in 1975 under IRDIA a small business spending a dollar on research had a cost of only 50 cents, yet under this budget, this bill, this minister's announcement, he has a cost of 59.38 cents. He was 9.4 cents better off three years ago under IRDIA. That is the kind of flimflam that causes most of us trouble when dealing with the legislation brought down by this government.

Let us now look at the value of the new tax incentive for industrial research and development. It is estimated that research and development performed by industry in 1977 amounted to \$846.4 million. Federal government grants against that were \$214.8 million. Thus, the net research and development funded by industry was \$631.6 million. The rate of growth of industrial research and development from the years 1971 to 1975 averaged 10.3 per cent. That is just fantastic. That rate of growth merely matches the inflation component of this beautifully managed economy.

In my opening statement I mentioned R and D had gone as low as 20 cents on the dollar. The value of the new incentive for the 1978—

The Assistant Deputy Chairman: Order. I regret to inform the hon. member that his allotted time has expired. The hon. member for Portneuf.

Mr. Huntington: I will be back.

Income Tax Act

[*Translation*]

Mr. Bussières: Mr. Chairman, I will be very brief. I must say that what surprised me at first when Bill C-56 was introduced was the new procedure followed by the Minister of Finance (Mr. Chrétien) who sought the advice of the provincial ministers of finance. At a time when so much is said about the new spirit of Canadian federation, I think this is an indication of the flexibility shown by the Canadian authorities towards the provinces. It was a new initiative and I hope this example will be followed from now on. And if the experience was deemed unfortunate, because the minister of finance of one of the ten provinces was mean and showed bad faith, nothing will prevent the government from seeking such advice to prepare future budgets.

Mr. Chairman, throughout the debate that has been going on here over the past few weeks, the source of the Quebec finance minister's lack of good faith in his colleagues of other provinces, the other ministers of finance and the Minister of Finance of Canada has become quite obvious. He has never accepted a compromise that would have given Quebec the same advantages as other provinces. For instance, the Minister of Finance suggested that the Quebec minister of finance reduce the sales tax by 2 per cent and that he use the 1 per cent, which Ontario for example uses to bring the sales tax down to 3 per cent, that he apply that 1 per cent on the four sectors where he decided to abolish the tax, but he never replied to that compromise. The only thing is the letter which was tabled today and which, in fact, is not a compromise comparable to the measures adopted in the other provinces regarding the sales tax. Mr. Chairman, I say that is selfishness and bad faith. Quebeckers, more particularly members from Quebec who support the Government of Canada on this issue are not showing, as could have been implied, a lack of courage but on the contrary an understanding of the life of their country which is essential if we are to continue to preserve this country.

I was very surprised to hear the hon. member for Yorkton-Melville (Mr. Nystrom) this afternoon as he seemed to say that the consequence of that situation was a confrontation between English-speaking Canadians and French-speaking Canadians. He blamed the Minister of Finance of Canada (Mr. Chrétien) for it. One cannot agree with such a fallacy. Indeed, the conclusion at which the hon. member arrives is not at all in accordance with the premises he laid down or the premise also dictated by reality. If one looks at the facts, if one looks at what happened, one realizes that the one who is keeping things from going smoothly is not the Minister of the Finance of the Government of Canada but the minister of finance of the province of Quebec who at no time would come to a compromise, a compromise that the ministers of the other provinces had accepted to promote manufacturing production in this country. I am very surprised that the hon. member reached those conclusions.