

Minister of Finance (Mr. Wilson) predicted when we came to power in September of 1984 have all been met. The targets we have set in this Budget will again be met next year when we bring in another Budget. The targets I have set for research and development will be met and scientists will once again be inspired. There is now stability in spending. One may sign a five-year contract with a researcher at a university and he will know that he will have the funds to work with for five years. The skeptics will be proven wrong once again. With our efforts in research and development, Canada will once again be strong.

● (1710)

Mr. Redway: Mr. Speaker, I have been very impressed with the commitment of the Budget and the Minister to research and development and the \$1 billion that has been committed to research and development at the universities over the next five years. The Minister is aware, however, as are all of us, that no matter how much we spend on research and development and even if we spend our entire Gross National Product on it, we could only produce a very small part of the total technology that is developed around the world. It seems to me that it is important as well to develop a policy of ensuring that our industries utilize the technology that has been developed, whether it has been developed here in Canada or in other parts of the world.

I wonder if the Minister would care to comment on what plans and policies the Government may have designed to ensure that there is this technology transfer and that our industries utilize technology and innovations that are developed not only here but right around the world to the benefit of Canadians so that we will increase our productivity and will be able to increase the standard of living of all Canadians.

Mr. Oberle: Mr. Speaker, as my hon. friend knows, there are a number of very serious obstacles which stand in the way of industry doing what we all know it must do. There are a number of things that we can do about this. For instance, one of these obstacles is the Patent Act. There will be no development of new intellectual capital if there is not at least some protection in the Patent Act. We have inherited an antiquated Act and we will in a very short time correct that.

Industry in Canada spends roughly one-third of what industry in other industrial nations spends on research and development. There again, Government is at fault. I have already talked about one obstacle. We have never given industry the proper incentives. We now have several very mature industrial sectors in Canada and they have to learn to do more research and development. Accordingly, we have designed our incentives structure, and federal and provincial agreements have very heavy science and technology components to them. The university funding program that I have announced contains a matching formula. There are \$700 million in incremental funds that will go into R and D over the next five years. Half of that will have to come from the private sector. In other words, the university researcher will sell his talents and skills

The Budget—Mr. Oberle

to a private company and if he gets a dollar, as he will from the private sector, that dollar will be matched.

Things are not all bad. I see that my critic is present in the House. He says that industry will do it. It would not do it for the former Government, and I do not blame it. I come from industry and I know how difficult it was for a company to plan ahead with the budgetary acrobatics that were going on for the last 20 years.

Industry in Canada spends roughly \$2.5 billion on research and development right now. The \$350 million that I am asking it to spend over the next five years is roughly 5 per cent of what it is spending now. I am saying that industry will respond with great generosity. In fact, it will exceed by far what we are attempting here.

In the first year, I am asking industry to spend 1.4 per cent of the \$2.5 billion which it already spent on university research. The skeptics will be proven wrong. Industry will respond with great enthusiasm, and I think that through these kinds of measures we will be able to turn the ship around and set it off in the right direction.

Mr. Berger: Mr. Speaker, I am just astounded that this Minister and members of the Conservative Party can propagate the myth that they are doing some great thing here and that they can claim that they are spending \$1 billion when they have just put up \$300 million for the three granting councils.

I have here a news release from the Canadian Association of University Teachers and the Association of Universities and Colleges of Canada which take issue with the claim that the Government is increasing funding to the three federal research councils by \$300 million over the next five years. They say that funding levels will in fact decline in real terms. Even Gordon McNabb, quite a respected individual and President of the Natural Sciences and Engineering Research Council, says that when we start to dissect the Budget in terms of spending power, it is modest.

I suppose the first question I would ask the Minister is why is he not at least being honest about this. Why is he not saying that he has broken his commitment or that, because of the financial situation in Canada, the Government has decided that it cannot afford to keep the commitment at the present time? Why is he trying to pretend that there is a substantial increase there when that is not indeed the case?

As well, there are tremendous problems with his proposal to match funds that are contributed from the private sector. There is a danger of diverting funds that are currently being spent by industry with universities or with other research agencies. For example, in medical research, it is possible that a company that currently gives money to the Ontario Cancer Institute, for argument's sake, might decide to spend the money on the Medical Research Council so that the Government will pay another dollar for every dollar it pays. There is a danger that funds will be diverted through this Government formula which may distort current spending. In that respect, I would say that even Douglas Wright, President of the Univer-