

talk about industrial strategy, that we give consideration to energy strategy and employment strategy as well.

**Mr. Gordon Gilchrist (Scarborough East):** Mr. Speaker, I too, will be talking about science and technology and I hope members will stick around to listen because I might make a couple of prognostications and maybe even a wager to make before the night is over.

Research and development means economic progress through product innovations and improved productivity. It means social progress through new and improved medical techniques and through a better understanding of the world in which we live.

Total spending on research and development in Canada today is only .9 per cent of our gross national product, less than half the level of such industrialized nations as Switzerland, France, West Germany and the United States.

The evaluation of the Canadian dollar has given the scientific community an inflation rate that is significantly higher than the over-all national average, but in spite of this the government is contemplating removing the tariff protection on many research materials plus imposition of sales tax which will further add to the cost of research in Canada.

● (2020)

Many Canadian subsidiaries of U. S. firms are required to make payments to their parent companies for research and development done in the United States. In the automobile industry, for example, payments to parent companies for research and development amount to \$375 million a year compared with the research and development spending they do in this country of only \$5 million. Just think about that, Mr. Speaker; what a lovely free ride for foreign-controlled companies to employ their skilled people and scientists while Canadians pay their salaries! Oh, yes, we Canadians get to assemble their cars, cars which we did not design and which usually are not the best design for Canadian needs, but we do not get any of the real pay-back of world product mandate, royalty generation, and the things which add to Canada's real wealth. Not only does Canada have no part in the design of the cars, it is also prevented from getting its fair share of the manufacture of parts which go into the original models or even the repair parts which later keep them on the road.

In this case we are not hewers of wood and drawers of water, which is our normal situation; we are benders of steel and bolters of bolts, and that does not make us very much better.

It is very past due that we decide to take a firm position with foreign companies, not just to encourage them to do much more research in Canada, but even to force them to do so if they wish to continue enjoying the profits which accrue to them from their sales of products in Canada.

The history of this government, though, does not give us much encouragement to look forward to achieving such results. The Liberal record of research is as poor as the record of economic progress. Both are in the negative. If we were

### *Economic Development*

talking about inflation growth in Canada, we could point proudly to the government record. Even unemployment is something we could talk about, if we are looking for a high figure. We could find both in the 10 per cent range. When it comes to annual deficits, that is where this government is at its best. Its deficits are so big that even our ten times larger neighbour to the south has rejected them.

While the Liberal spending record is unsurpassed, the record of progress in economic development has been dismal. I suggest that the reason for this is that the massive spending which has been going on for years has been directed to the wrong things. Canada's wealth is being squandered on grants like LIP and FLIP, unemployment insurance payments and all the other things which help people to live without working, or to work in businesses which are not directly contributing to economic prosperity.

Research and development, which would create jobs instead of perpetuating unemployment, or which would produce goods and earn income for workers who produce those goods instead of paying them to sit idly while workers in other countries produce the goods for us, would be the way to direct spending. Isn't it interesting to look at the statistical evidence of the results of investment in high technology in countries which do that sort of thing rather than invest in the foot-slogging, back-breaking low technology areas and sectors such as we have in this country? For example, the high technology industry in this country which over the last 13 years have enjoyed an annual growth rate of 6.5 per cent compare very favourably against the low technology industries whose growth has been only 4.5 per cent. That is half again as much for the innovative companies. Another major help not only to those high technology companies themselves but also to the consumers of Canada is the ability of strong research-oriented companies to keep their prices down. Their prices in real terms grew at a rate of only 1.5 per cent per year compared with over double that, or 3.2 per cent, for non-innovative companies.

In summary, then, over a 13-year period research-intensive industries saw a 1.4 per cent greater employment growth, 2 per cent more real output, 9 per cent greater productivity—that is almost a whole percent—and yet they still were able to keep their prices down 1.7 per cent over low technology industries. Is it any wonder, then, that U.S. parent companies want to conduct substantial research and do it in their own country, particularly when they can even charge their Canadian subsidiaries to help pay the cost?

There is no point in the Minister of State for Science and Technology (Mr. Roberts) talking about carrying on the same old plans which have brought about the situation in the first place when research spending in Canada under successive Liberal governments has dropped from just below 1.5 per cent of gross national product to less than 1 per cent of gross national product. Now the government says it is targeting for 1.5 per cent of gross national product by 1985. Big deal! We had that much when the Prime Minister (Mr. Trudeau) took over the economic ruination of Canada.