

### *Borrowing Authority*

research and development effort fluctuates widely from year to year.

When this government was in opposition it said again and again, as it does now, that it was interested in improving the position of small business, yet that ad hoc committee reported to the minister of the day—and I am sure nothing has changed since—that since the incentives had no immediate value for funds without taxable income, the cash flow problems of small business were not recognized by the present policy of trying to encourage industry to do more in the way of research and development. The committee held that if the 1.5 per cent target for scientific research and development was to be achieved by 1983, real growth in industrially funded research and development of some 24 per cent per year must be attained over the next five years. What we are getting this year is about one third of that 24 per cent goal they recommended.

The committee also recommended that the federal government and Crown corporations should make better use of procurement policy to further technological advances in Canadian industry. It suggested that Canada will have to reduce the foreign investment induced technological dependence of Canadian industry by changing the way it imports technology.

These are just some of the recommendations made by a committee of experts appointed by the former minister, and nothing has changed since. I indicated earlier, Mr. Speaker, that Canada lags far behind other industrialized countries in the percentage of its gross national product devoted to research and development. While most other countries have been increasing funds for research and development as a percentage of their gross national product and nearly all of them are already substantially ahead of Canada, ours has been steadily declining. Since 1965 it has dropped from about 1.1 per cent to about nine-tenths of one per cent of the gross national product in 1978.

One of the reasons we believe there is less industrial research in Canada and that the amount of research done by the private sector in Canada is considerably less than in other industrialized countries, is because of the very high percentage of our industries, particularly large industries, which are completely controlled by the multinationals. If we examine our major national corporations, particularly the Canadian branches of the large multinational corporations which almost without exception prefer to do their research and development at home rather than in Canada, we can see how that works.

About a year ago the *Toronto Star* conducted a survey and published the results on October 12, 1978. This documents what I have said. Some of the largest corporations in this country were surveyed. The results showed that the Ford Motor Company, which in 1975 had sales of \$4,400 million and employed 34,000 people in this country, spent well over \$1 billion on research and development. But when a representative was interviewed by the *Toronto Star* this was said about its Canadian research and development program:

[Mr. Orlikow.]

● (2030)

Most of our research and development is done in the U.S., Britain and Germany. We do some here but there are no figures available.

In another survey I saw it was reported that Ford Motor Company did not have a single person with a Ph.D. degree working in its research programs in Canada. Is it any wonder that researchers in Canada, when they finish university training, hightail it to the United States?

Let us take a look at General Motors. This company did over \$4 billion worth of business in Canada in 1975. It spent about \$1,400 million on research and development. When queried about its Canadian program, this is what was said:

We don't have any Canadian figure, partly because we are still trying to find out how Ottawa defines research and development.

Let us take a look at Canadian General Electric which had sales in Canada in 1975 of \$822 million. In 1977 this company spent \$463 million on research and development around the world and said this:

We spent \$9 million on R & D in Canada compared with \$463 million in the U.S.

Let us now look at Kodak Canada which did \$182 million of business in Canada in 1975. In 1971 this company spent \$351 million on research and development. What did this company say about what it was doing in Canada? It said this:

All pure and applied research is done at our Rochester N.Y. facility. We do some product development in Canada but no figures are available.

I could go on and on, Mr. Speaker, but this is the situation which this government has to face.

Let me deal with one more illustration which the hon. member for New Westminster-Coquitlam (Miss Jewett) dealt with briefly earlier this afternoon. Surveys prepared for the government have indicated that the research intensive industries outperform low research and no research industries in providing a higher growth of employment, in increased output, in a higher growth of productivity for workers, and in a lower growth of prices. Yet what we now see, according to the most recent report tabled by FIRA, is that while we have been talking about the need to strengthen our manufacturing industry, and particularly our higher technology industry, the multinational corporations have been busy buying out our high technology industries. We are permitting them to be sold off to foreign investors.

Despite the supposed desire of the Canadian government expressed by the establishment of the Foreign Investment Review Agency, we find in its fifth annual report published last week that we have lost control of more than \$1.6 billion of assets to foreign interests in the last year or two. The five industries in which foreigners have been most active, according to the FIRA report, are metal fabricating, machinery, transport equipment, electrical and chemical products, and the food and drink industry. These are precisely the industries which we ought to be encouraging to become increasingly Canadian and efficient if we are to meet the objective which I think all political parties should have, and that is to try to aim for full employment. And yet we are permitting their being sold out.