

*Research and Development*

mining, the oceans, agriculture. These areas also should be exploited.

In the past we have had some misguided notions, however well meaning, particularly in the 1960s. We had a very strong thrust in consumerism that led us down some wrong roads. We have had some strong ideas about economic nationalism, wanting to do everything for ourselves, by ourselves in isolation. That has been a handicap to our thinking and planning at times. We have learned our lesson on those scores. Our thinking is more in balance now. That is an advantage we could use in terms of scientific and industrial policy.

We have had some concerns about helping the big multinational corporations that maybe do not need help. These multinationals would use our efforts and money to their own advantage, perhaps for other countries' advantages and not for the advantage of Canada. Possibly there is some truth in that. It is rather a mixed picture. I still think we need to work on the multinationals, the big corporations in general, because they have a great deal of ability, a great deal to offer this country. Aside from the big companies, this is essentially a country of small business, small industry, small factories. There is a great deal we can do both in a positive and negative way to help our small businesses, which form the majority of the businesses in this country.

● (2032)

Of course, we know the usual government measures. We have technocrats, highly skilled experts both in the government and outside, who can tell us just how to help our companies, big and small, and our research and development with tax exemptions and grant programs of various kinds. Fortunately, we are tending to get away from giving people money, giving them packaged programs. As has been said in recent times, probably the most useful thing we can do is get out of their way with our restrictions, bureaucrats, red tape and so on. Many government policies and other kinds as well should, frankly, be simply eliminated. I will talk about that again in a minute.

There is something that is important which other countries have discovered much more effectively than Canada, certainly the United States, many European countries such as Switzerland and Germany and, in more recent years, Japan. It is that there must be a general thrust of research and development. It must be much greater than we have had up until now, one that is less academic and more applied, one that goes into producing new products, new exports and so on. That would make this country much stronger industrially than it ever has been, and it certainly has been strong in recent times.

Government also has a responsibility which it perhaps has not fulfilled. When I say government, I am not only talking about the federal government but all levels of government, because this is a very layered country in terms of government. This is a very important function I would like to see fulfilled: government should act as a catalyst in trying to bring together the private sector, industry and businesses, on the one hand, and universities on the other.

[Mr. Philbrook.]

There is, unfortunately, something that has happened in this country to which we have not addressed ourselves. Aside from the cultural solitude, the French and English Canada, we have many sectoral solitudes such as government, business and universities. We have not pulled together as effectively as we should have. This is probably one of the causes of our problems. This will have to be absolutely essential in future if this country is going to compete in a much more competitive world. Our government has the prime responsibility for doing that.

In terms of what has happened in recent years, I wish to give some of my own experiences with a couple of examples. One is the pharmaceutical industry. I would like to say quite a bit about that. Second is the plastics industry, of which I have just become a little more aware and which I think is equally important. I hope to at least support that, if not make some contribution.

First, I wish to talk about the pharmaceutical industry. It is a very unusual and interesting example. In the fifties, as far as Canada was concerned, this industry consisted of a few small companies that made many simple medicines. At that time—and it is easy to forget because companies change so fast—there were not many powerful complex medications. We could have our small companies, our simple formulas, our Galenicals, whatever they were called.

Things began to change very quickly, namely through research and development. All of a sudden the industry became huge. It became very complex and expensive. We found the products could only be purchased in countries such as the United States and shipped here. Like any responsible country—and this is probably a carry-over of the C. D. Howe thrust which had many benefits as well as creating certain problems—we found we could induce our American and European friends to locate some of their plants here. They located more and more of their functions here, not just the packaging and assembling, and not even just the manufacturing. We actually began to have a pharmaceutical industry here. Granted it was almost totally foreign owned, but we began to have what looked like a modern, competitive pharmaceutical industry. It even began to catch on with some of our native Canadian companies like Ayerst and Frosst. We did not have many, but a few started to develop as full modern companies of which we could be proud.

What did we do? We got into a way of thinking in the sixties which was new to us. Hopefully, we will now look at it in a more balanced, moderate way. Things were going well. They were producing a lot of benefits. However, some things were going wrong. We swallowed the line about new wonder drugs being expensive—unnecessarily. We believed there may have been monopoly agreements in order to keep up prices and so on. Therefore, we decided on laws which stated these companies had to share their new products with other companies, so-called compulsory licensing. They had to share the fruits of their efforts and lose their competitive advantage. In some cases they could not even regain the expenditures they had made in the development of new wonder drugs. By law they had to share these commercial, medical advantages for a