

When that happened Canada was not in a position to use its capacities to fulfil the requirements of these nations and other nations because these people were able to manufacture and export to any place in the world and they became, therefore, competitors rather than buyers. It is that situation which has brought about our problem.

They have lower manufacturing costs, for various reasons, including labour costs, and they have just as good, modern and efficient equipment as can be bought anywhere. In fact, in some cases, because they had to buy more recent equipment they have better equipment than we have. Japan, particularly, has become very efficient. Their textiles and electronics would do proud any plant in North America.

So, we have an entirely different situation. We have a group of nations who were our customers but who are now our competitors, and it is that pressure that we are running up against, where our costs now are high as against our competitors' costs, and that was not so much a factor when world demand was great.

Senator HAIG: That was the right answer. We sold to Japan, and now Japan jumps in and beats all of us to it.

Senator CROLL: The suggestion was made that business generally was not taking advantage of the research facilities of the Government. That was a complaint made by the Research Council. What do you say to that?

Mr. POLLOCK: There is some truth in the statement made by the Research Council. But, this matter of research is something that grows and grows slowly. The National Research Council has developed over a number of years, and industry itself in learning how to use such facilities has grown over a number of years.

I would like to refer to the Ontario Research Foundation, because I am more familiar with that. The Ontario Research Foundation has been serving in many areas, and I am the chairman of a committee that has to do with the development of the use of the industrial research services of the Ontario Research Foundation. The Canadian Manufacturers' Association's members have used the Ontario Research Foundation quite extensively for many years. We, of course, are not able to use it as extensively, perhaps, in the area of basic research, or pure research, because those things are much more difficult to use than, let us say, research in the area of ways and means. However, by and large, the Canadian manufacturers are using the Research Foundation's facilities quite extensively, and I feel that the relationship between these bodies—the manufacturers, and the National Research Council and the Ontario Research Foundation—must be strengthened so that they can each understand what the other is doing.

Very often research groups work, shall I say, in the clouds and are concerned with basic research, which has to do with fundamentals rather than the solving of problems. The physicist and the scientist carry out their work in the area of new knowledge, perhaps bringing this new knowledge to industry to make use of it. The engineer, on the other hand, is a man who takes something that the scientist has been doing and translates it into products which can be of use to industry. So, there are the two facets of this thing. I think the National Research Council's statement goes much too far in that it expects the manufacturers to use some of the things that it has been developing over a period of years on that very high scientific level and to quickly translate those matters into products for use in Canada. This all takes time. It is something that the manufacturers would certainly wish to do if they could, but it takes time for all of us to learn how to use those things. I think it takes time for the National Research Council and the Ontario Research Foundation to find out more about the needs of industry, but the Canadian Manufacturers' Asso-