

Industrial Research Incentives Act

tary research and development. This has been redressed and what we have now is equality of condition between research and development in the military and non-military sectors. We no longer give the military an advantage or encourage more money to go into it and I compliment the minister and the government on this change.

The only further step to be taken is for the government to get out of the whole business of military research and development. It seems to me it is about time our country joined with others in taking this imaginative step. Let us say to the world that we shall cease this bloody activity and apply all our financial resources in research and development to the non-military sector. That is all, Mr. Speaker. I look forward to the minister's reply.

Mr. Bruce Howard (Okanagan Boundary): Mr. Speaker, I should like to address a few remarks to the changes proposed to the Industrial Research Development Incentives Act in the bill before us this evening because I consider it an extremely important measure so far as business development in Canada is concerned. I listened to the hon. member for Oshawa-Whitby (Mr. Broadbent) and was rather surprised at some of his circular arguments.

Mr. Broadbent: Like what?

Mr. Howard (Okanagan Boundary): He tells us that if the money for research purposes had not been put up by the government, research would have been done anyway. I find it a little difficult to understand how the hon. member was present in the boardrooms when decisions were made whether or not to go ahead with research, and how he would know whether the decisions were made on the basis of assistance available from the federal government. It is very difficult for any of us to know the exact basis on which a decision was made, but we do know that industrial development research is increasing in Canada. This is the objective sought by the government in making this assistance available.

The hon. member said something about the problem of American industrial development in Canada and the advantage the Americans have because of their research programs. I shall comment on this subject a little later, but I think that is exactly what this measure is trying to correct. If Canada is to maintain any kind of control over its economy, it will

do so because we have industries that are in the forefront in patent and industrial development research.

I think it appropriate, while examining these changes, that we make some comment on and some examination of the whole subject of industrial research in Canada. Exports are the key to the health of the Canadian economy. It is well for Canadians to be aware of the changes taking place in our economy in the last few years. At one time much of our population was engaged in farming for a living. Now only 7 per cent of Canadians make their living from farming. To take its place, we have had to invest more and more in the extraction of raw materials and the sale of these at home and abroad, as well as in the development of our labour force in the manufacturing industries. Now, 23 per cent of our labour force is in manufacturing and 75 per cent of our exports come from this area.

Canadians are blessed with a tremendous advantage in the abundant supply of raw materials, but liabilities come with these which are very serious. Our small population dictates an aggressive world trade policy if we are to survive. Mass production techniques mean mass markets, and the only way we can participate in these is to get into markets held by other countries. To do this we need up-to-date and distinctive products. We cannot compete by means of cheap labour because we do not have that, and we cannot compete with a large domestic market to absorb initial production costs.

Merchandisers tell us that on the average a new product introduced on the market today will have a life of only five years before it becomes obsolete. In order to be ready with a new product at the right time, manufacturers must resort to a tremendous amount of research and development on new product lines. In the past, many countries of the world, including Canada, have spent very little on product research. John Kenneth Galbraith says that the strength of American industry is based on the fact that 95 per cent of the research on product development is done by the Americans and 5 per cent of it by the other free nations of the world. This is a factor which gives American industry a tremendous competitive advantage, making it possible for it to establish satellite industries around the world to produce goods designed by Americans, employing American labour and bringing profits to Americans. Canada is one of the many nations that has felt the impact.