

Argus was in production I had the pleasure of visiting the plant on a couple of occasions. Their management mentioned the excellent co-operation they had received from NRC, particularly in meteorology, wind tunnels, and so on. Are you still receiving that co-operation?

Mr. Ross: Yes, Senator Phillips. This takes place whenever we have a particular need and we identify a particular problem that we are not able to solve with our own resources. We go to the National Research Council and if they happen to have expertise in that area then certainly they make it available to us. They assist us in the solution of our problems. However, these problems do not arise too often. There have been areas in the recent past where this has happened. We have a problem and the NRC has had a particular program and there has been a commonality of interest. We have been able to combine with them and they have done work which has led to benefits on our part. Certainly I would say that whenever they have something which is able to help us then they certainly offer it to us.

Senator Phillips (Prince): The second question, Mr. Ross, is that you were doing research on other types of manufacturing. I am thinking now of the machine for sorting mail, and so on. Its purpose was essentially to prevent the lay-off that occurs when a certain aircraft goes out of production. Are you still carrying on that type of research?

Mr. Ross: I was not involved with the program concerning the post office sorter. It did not come to a complete conclusion. I think the project was abandoned at some stage. We are not continuing in that particular area. We have not pursued other projects of a similar nature to that, although the people who were engaged on that have gone on into other product development areas.

The Chairman: I would like to ask a question of Mr. Richmond. You referred a moment ago to government incentive programs and asking for more flexibility. Since we have begun to receive representations from industry there has been one suggestion that we certainly make these programs quite flexible. That would be to go back to tax incentives rather than grants. Is this the kind of thing that you favour, or you support, or would you simply want to see the present programs being continued with more flexibility built in?

Mr. Richmond: I was really referring to the continuation of the same type of program that really had (a) more money available and (b) that it was allocated in a manner such that the consideration...

The Chairman: You are really asking for more discrimination in a sense?

Mr. Richmond: That is a way to put it, yes. Perhaps we could have a comment from Mr. Smith on this question. He attended a series of meetings in Ottawa where this question was aired.

Mr. Smith: We could make this as an industry comment in that, as Mr. Golden has said, the existing benefits have been very real. We have, however, as an industry been pumping so much of our profit into new product development that a tax incentive as such is not really adequate for the job. We hope to have increased continuous and direct assistance for research and development. This in fact is essential if we are going to take hold of the opportunities that are open to us since we are now trading effectively in the international market.

Mr. Golden: The development of major new products in the aero space field is an international matter. Consequently you have to see how these things are done in France, the United Kingdom and the United States. There is no such thing as a major new product in the aerospace field without very significant government support which cannot come only from tax incentives. They have their role to play, but there have to be real development grants as well if you are going to proceed in the field of a new major avionic system, aircraft or engine. That is the name of the game in the aerospace field. The advantages on the other hand are correspondingly very great. It is a high technology industry which can export and a successful product can stay in production for a very long time indeed.

Mr. Richmond: I might just add something to that. As I mentioned, we have three main competitors in this size of engine in the western world. Two of them we know receive a much higher level of assistance than we do directly. This means in effect that it is very difficult.

The Chairman: That is in Great Britain and France?