

*Supply—Industry*

to Ralph Nader—that there is absolutely no relationship between costs and prices in this industry. This is an oligopolistic industry which is probably more powerful in Canada than in any other country. I suggest it is more powerful than many agencies of the federal government. It has increased prices to a greater extent than other industries in similar oligopolistic situations. Without any stretch of the imagination this industry is in such a position in our economy that it can virtually tax the public if members of the public wish to purchase its products. I suggest that such corporations should come under federal government regulations. One way of accomplishing this would be to establish a prices review board or a similar body with the type of responsibilities I have suggested by the N.D.P.

Let me turn now to what the government is doing in the Department of Industry in terms of research and development. Civil oriented programs of the government for the advancement of industrial technology provide substantially fewer benefits than those programs of industries involved in research and development for military purposes. Under the program for the advancement of industrial technology and the new defence development sharing programs the government pays approximately 50 per cent of the cost. Under the former arrangements a firm had to repay the loan, if the enterprise was successful, plus a competitive interest rate. In the case of defence research and development programs no repayment is required.

Under the new arrangements a defence industry embarking on a non-military program is eligible for this kind of defence grant. In other words, we are not only providing more incentives and rewards for industry moving in a military direction but we are now saying to such industry that if it will do research and development in the civilian rather than the military sector of the economy we will provide even more money. Does this not undermine entirely P.A.I.T. the program for advancement in industrial technology? If the benefits are much greater in respect of military-oriented industry, research and development, how will we ever encourage serious research and development in the non-military segments of our industry? I should like the minister to deal with this question at some point.

A recent article by N. H. Lithwick in the *Journal of Canadian Studies* points out that most of the money used for research and development provided under recent government programs is going into military areas.

[Mr. Broadbent.]

Over 50 per cent of the money used for research and development, provided from government funds, is being used for military purposes. Is this something of which Canadians should be proud? Should we, for example, be proud of the fact that in a recent speech to members of the Air Industries Association of Canada the minister said, "Your interests are mine"?

As the minister well knows, the group to which he was speaking is most heavily involved in the defence kind of research and development. I do not want to distort the significance of the minister's comment and am prepared to think that in a sense he was unconscious of the implications of what he said. But as one Canadian it seems to me at least that we are very much in danger of promoting a kind of industrial-military elite in the country, without any conscious motive of being interested in self-perpetuation as a war oriented economy but for very human reasons. Industries involved in this kind of work have millions of dollars at their disposal, their employees earn very high salaries upon which they come to depend, and they have research projects in which they become interested. We could find ourselves in exactly the same kind of situation as the United States, with an economy overwhelmingly dominated by war production and military research projects.

• (5:50 p.m.)

The late President Kennedy made comments about this kind of situation. In fact, one of the main projects of secretary of defence McNamara, had he remained in that position, would have been to do what he could to get the United States away from the overwhelming influence that is being exercised in that country by this overlapping interest of military research and industrial people. I suggest this is the kind of research that we in Canada seem to be promoting with government funds. Over 50 per cent of these funds are going toward such research. I suggest we will in the end be in exactly the same position as the United States.

I would like the minister to try to deal with this question. Perhaps he will suggest to me that my emphasis is misguided. I hope it is. I suggest that instead of indulging in this kind of expansion of military research we should get out of the whole business—

**Some hon. Members:** Hear, hear.

**Mr. Broadbent:** —and buy weapons, if we need to, on the open, competitive market. I