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RESEARCH AND DEVELOPMENT IN CANADIAN INDUSTRY

The following address was given by the Minister of Industry, Mr. C.M. Drury, at the official opening on June 8 of the new Research Centre of the Steel Company of Canada at Burlington, Ontario.

...Invention and innovation are two of the main driving forces of a modern industrial economy, and scientific research and development are the basic elements of those driving forces. It is most important, therefore, that an environment be created which will encourage a maximum of useful research and development activity in Canadian industry. It is equally important however, that the barriers to the implementation of the successful results of such research be minimized or overcome to the greatest extent possible. There is little point in undertaking research programmes involving product and process development, if other factors prevent the results being exploited to the greatest extent possible.

The Federal Government has, in recent years, introduced a series of programmes and activities to help and encourage Canadian industry to increase its research activities and to exploit the results in a meaningful and profitable manner. I am sure that the Government's concern that Canada should not lag in this key field reflects the attitude of all forward-looking industry in the country.

INADEQUACY OF INDUSTRIAL RESEARCH

We must not make the mistake, however, of minimizing the magnitude of the task before us. A comparative analysis of the research and development activities of Canadian industry indicates that it currently sustains a research activity level of only 1½ per cent of net output as compared to about

2½ per cent for Sweden, about 3 per cent for Britain and 6 per cent for the United States. If Canada is to keep pace with these technological leaders, we must target for an R & D activity equal to 3 per cent or more of output. The attainment of this target by 1970 will require a growth rate for industrial R & D of 3 per cent *per annum*. That is double the present long-term rate and implies an industrial R & D expenditure of the order of \$500 million *per annum* by 1970.

One of the major responsibilities assigned to the Department of Industry was to develop and administer programmes which would help Canadian industry to expand its technological activities. I might say that there has never been the least doubt in my mind that industry itself is in the best position to gauge, and to undertake, those technological tasks which are most likely to lead to more efficient production processes and to the development of better products. This is the best way to improve the productivity of our industries and to increase the generation of wealth in our economy.

AN INCREASINGLY COMPLEX ACTIVITY

The pursuit of technological improvement has become an increasingly complex activity in recent years. Not only must those engaged in these tasks keep abreast of a wide field of rapidly changing technology but, increasingly, they must be aware of the most effective processes for the selection, evaluation and control of research projects. They must, of course, relate their work to the research of other companies, since the ultimate competition for sales is often won or lost in the research department. With the freeing of interna-