

assembled a highly competent technological and manufacturing team, backed up by more than adequate designers, and turned out an item known as the Avro Arrow.

**Senator Grosart:** I thought you were going to say STOL.

**Hon. Mr. Drury:** That, by popular assent, was the most advanced and most economical fighter-aircraft of its day. Here was a convincing demonstration that Canadians, following your prescription . . .

**Senator Carter:** You have got lost.

**Hon. Mr. Drury:** I am not lost.

**Senator Carter:** I said "marketable products." That was not a marketable product.

**Hon. Mr. Drury:** Wasn't this a marketable product?

**Senator Carter:** You didn't market it.

**Hon. Mr. Drury:** I agree.

**The Chairman:** You have failed the second test.

**Hon. Mr. Drury:** This was the failure, marketing. It had nothing to do with innovation. You can latch as many dollars as you like on innovating and produce the most glorious products, but if you cannot market them it is all wasted.

**The Chairman:** It is not an innovation then.

**Hon. Mr. Drury:** It is an innovation.

**Senator Carter:** No.

**Hon. Mr. Drury:** It was an innovation.

**Senator Godfrey:** It is nothing new.

**Senator Carter:** When the minister says there is no budget, am I to understand that we do not know, that we are in the same position as we were when we made our report, that we still do not know how much is being spent in Canada in the public sector and the private sector on scientific effort?

**Hon. Mr. Drury:** Yes, we do know. Indeed, there is this kind of document, "Federal Scientific Resources."

**Senator Carter:** I know you have \$1.4 billion on the government side. What about the private sector? Do we know?

**Senator Grosart:** That is GERD—Gross Expenditures on R&D.

**Hon. Mr. Drury:** If one assumes the universities to be the private sector, we know what the universities are spending. We also know what industry is spending.

**The Chairman:** For what year?

**Hon. Mr. Drury:** Unfortunately the statistics suffer from a time lag, like all statistics, and it would be at least a year, or more like 18 months, before we get unanalyzed, raw information.

**Senator Carter:** Have you made a comparison with the other industrialized countries, particularly our competitors, in terms of GNP? How does Canada stand compared with the top industrial countries of Europe, or even with the second level countries such as Norway and Sweden?

**Hon. Mr. Drury:** Rather than take the so-called top industrialized countries of Europe, the matrix I would look at as a whole are the members of OECD, which would seem to be more appropriate. It includes both the United States and Japan. Right now, as a proportion of gross national product, we are approximately ninth out of these ten OECD countries.

**Senator Carter:** We are ninth down the ladder? WE are ninth from the top?

**Hon. Mr. Drury:** Ninth from the top, yes.

**Senator Carter:** Is that what you are talking about?

**Hon. Mr. Drury:** Yes.

**Senator Carter:** Do you regard that as a satisfactory situation? Are you satisfied with that, or are you taking steps to improve it?

**Hon. Mr. Drury:** We are not satisfied with that. As one topic indicated, we are endeavouring to make effective a make-or-buy policy, the object of which is to increase the innovative capacity of the Canadian manufacturing industry. It is in this field that our divergence from the OECD pattern generally is greatest. The amount of money we are spending, as a proportion of GNP, in the universities compares quite respectably. Our ranking is quite different in that respect in the OECD countries.

**The Chairman:** And in government.

**Hon. Mr. Drury:** This, then, is not the principal area in which there is catching-up or improvement to be made. By comparison with these same countries, the proportion spent within government, although not as high ranking as the universities, is still not a source of worry. It is the industrial sector which is the source of worry. As Senator Grosart pointed out, and with which I agree, we have not achieved an outstanding success in improving the industrial sector, compared to the success we had in 1967, if you go back to the early 1960s. And we have also been improving since 1970-71, when we went into a trough.

**Senator Carter:** But even today our distribution for the industrial sector is only about one-third that of our competitors. Is that not correct? We are spending about one-third in the private sector or industrial sector compared to two-thirds in the other OECD countries. That was the point Senator Growart was making.

**Senator Grosart:** As a matter of fact, you made the statement, Mr. Minister, that we are one-third whereas most countries are two-thirds.

**Hon. Mr. Drury:** I will try to get you some precise numbers.

**Senator Carter:** The precise numbers are not that important. It is still not satisfactory.

**Hon. Mr. Drury:** You are talking about one-third and you are asking me to confirm one-third.

**Senator Carter:** Whether it is one-third or one-quarter or even one-half does not matter. It is still not satisfactory. What I am interested in is what steps are being taken. You mentioned the make-or-buy policy, but it is not clear from your dialogue with Senator Grosart whether this make-or-buy policy is additional money going to the sector or whether it is money being transferred from the intramural to the industrial sector. If you say that the distribution