(a) Previous briefs presented to the Special Committee of the Senate On Science Policy have noted that the Canadian Government R & D expenditures as a percentage of G.N.P. was low compared to other Western Countries. Of even greater consequence is the small proportion of these expenditures that is available to industry. The Fifth Annual Review of the Economic Council of Canada quotes that of the $351,000,000 in Government R & D. expenditures, 69% spent in government research laboratories, 16.5% in universities and only 14.5% in industry. The industrial percentage in Canada is strikingly lower than other industrialized countries; for example in the United States about 65% of every research tax dollar is spent in industry.

In view of the facts that development and product design with ensuing production bring the most immediate benefits to the economy and that, to be effective, these phases must be conducted by industry, the Association believes that the total funding available for R & D should be increased substantially and that the bulk of this increase should be assigned to industry.

(b) The various government assistance programs have unquestionably been beneficial in promoting the R & D in the aerospace industry which has led to production and sales. However, these programs call for substantial cost-sharing with the government. Hence, the aerospace industry, in endeavouring to respond to growth opportunities, is currently generally investing almost all of its available funds in the innovation of products and services. Further acceleration in expansion rate requires increased R & D assistance.