

As a percentage of GDP, and excluding the slump in expenditures on R&D reflecting the impact of the two oil shocks of the 1970s, Canada's total research and development expenditures have registered only a modest increase over the past 20 years, from just below 1.3% of GDP in 1971-1972, to just over 1.4% since the mid 1980s.

Moreover, our performance has been consistently poorer than that of many of our principal competitors for markets at home and abroad (see Table 9).

Country	1985	1986	1987	1988	1989	1990	1991
	(Percent)						
Canada	1.42	1.45	1.40	1.36	1.35	1.42	1.43
France	2.25	2.23	2.27	2.28	2.34	2.40
Germany	2.72	2.73	2.88	2.86	2.88	2.81
Italy	1.13	1.13	1.19	1.22	1.24	1.35	1.35
Japan ¹	2.77	2.75	2.82	2.86	2.98	3.07
Sweden ²	2.89	3.00	2.85
U.K.	2.31	2.34	2.25	2.23	2.27
U.S.A. ³	2.93	2.91	2.87	2.83	2.82	2.80	2.82

1 Overestimated or based on overestimated data.
 2 Underestimated or based on underestimated data.
 3 Excludes most or all capital expenditure.

Source: Main Science and Technology Indicators, No. 1, STIID, OECD, 1992; reproduced in Statistics Canada, Science Statistics, "Total Spending on Research Development in Canada, 1971 to 1992", July 1992, p.3.

The contribution of business has been particularly worrying. Business enterprises funded only 29% of R&D in Canada in 1971-1975 (they accounted for 35% of actual expenditures). By 1986-1990, business funded 42% of R&D (55% of expenditures). Yet, business continues to under-invest in R&D compared to the much superior performance of their competitors elsewhere. In 1990, spending on R&D by business enterprises in Canada was equal to less than 0.8% of GDP, compared to