

defence needs are met insofar as may be economically feasible from our own production facilities. Our earlier remarks relating to the specification of Canadian products in all Canadian Government purchases have a special significance in the field of defence purchasing and defence construction which cover such a large range and volume of manufactured goods.

The programme for Canada-United States defence production sharing has been well conceived and, as major items of defence equipment become more complex and more costly, it may well prove the only means by which Canadian manufacturers may continue to participate in such production. The volume of new United States business placed in Canada as a result of this programme has, however, been disappointingly small and a continuation of efforts to secure a more equitable share of total defence procurement for Canadian manufacturers is recommended. At the same time, it is fully recognized that the success of the programme depends to a considerable extent upon an aggressive sales approach by Canadian manufacturers offering their products and services directly to the U.S. defence procurement authorities and, as sub-contractors, to the manufacturers who have been assigned prime contracts. This involves personal visits to ordnance establishments, arsenals and stores depots, and, where practical, exhibits at industrial shows and exhibitions featuring items with a defence significance. As an integral part of this effort, manufacturers should maintain a continuing liaison with the field officers of the Department of Defence Production and the Trade Commissioner Service in various U.S. centres.

APPENDIX "I"

SCIENTIFIC AND INDUSTRIAL RESEARCH AND INDUSTRIAL DESIGN

1. It is recommended that encouragement be given to the carrying out of scientific and industrial research in Canada by appropriate tax incentives.

(See Appendix "A" (a) 5, p. 797.)

2. The Association emphasizes the outstanding importance of scientific and industrial research and industrial design in the modern world and urges that industry and government promote their expansion in Canada in every way possible.

(a) *Scientific and Industrial Research:*

No review of employment would, we suggest, be complete without a searching look into the part which scientific and industrial research plays in the creation of work and job opportunities. There is hardly a product or service in use in the modern world that has not had its origin to some degree in the application of research.

Statements have been made to the effect that Canada lags behind other industrial countries in its interest in and in its use of research as a fundamental basis for development. Because of the many factors involved which are peculiar to Canada relating to population, geography, economic development and the relationship of industrial firms to foreign corporations, such statements may not be entirely accurate, but it is interesting to note that in 1957, as indicated by the Dominion Bureau of Statistics, Canada's annual expenditure on research was in the neighbourhood of \$150,000,000 or 0.5% of the Gross National Product, as compared to an estimated 1959 figure of \$12,000,000,000 or 2½% in the United States.