The major source of funds for the promotion of the arts, humanities and social sciences, including research in these fields, is the Canada Council (see p. 383). It is rather difficult to define and categorize the various aspects of the Council's support of university research. Broadly speaking, however, three main categories can be identified: assistance to individual postgraduate students and research fellows; grants-in-aid of particular research projects; and assistance with ancillary research activities such as the compilation of indexes and bibliographies, purchases for libraries, publication costs and travel expenses. The total disbursed for these purposes in 1963-64 was some $400,000, distributed about equally among the three categories. In the case of scholarships and fellowships, only those awards (about 85) made to students pursuing their studies at Canadian universities and colleges are included. Many of the more than 100 grants-in-aid of research were paid to defray expenses involved in travel and study abroad but, as the grantees were generally staff members of Canadian universities, these sums are included in the total.

Subsection 4.—Industrial Research

Industrial research in Canada is changing very rapidly. The emergence of the country as a highly industrialized society, its entrance into multitudinous fields of production, the rapid growth of many large nation-wide industries, the serving of a discriminating domestic market and the meeting of competition from abroad have had the effect of making Canadian manufacturing establishments research conscious and many of the larger ones now possess competent research organizations.

On Nov. 29, 1962, an amendment was passed by Parliament to the Income Tax Act, allowing corporate taxpayers, commencing in 1962, to deduct 150 p.c. of their increased expenditures on scientific research for industrial purposes when computing taxable income. This amendment is evidence of the Federal Government's desire to encourage industrial research.

Industrial Research and Development Expenditures.—The latest DBS survey of expenditures on industrial research in Canada was conducted in 1964 and provided figures for the calendar year 1963 and estimates for the year 1964. These figures are summarized in the following tables; details are contained in DBS publication *Industrial Research and Development Expenditures in Canada, 1963* (Catalogue No. 13-524).

The type of industrial research and development covered by these surveys ranges from pure research designed to obtain new knowledge in the physical and life sciences to conceiving and developing new products and processes, or major changes in products and processes, and bringing them to the stage of production. Such activities as market research and process and quality control are excluded. Companies surveyed were asked to report the cost of research and development done within the company in Canada and payments for research done outside the company in Canada; estimates of payments for research and development conducted outside the company and outside of Canada were also requested.

Total figures show considerable fluctuation in expenditures on research and development over the years surveyed. However, this fluctuation has been caused largely by variations in Federal Government contracts to the aircraft sector of the transportation equipment industry. If all funds received from the Federal Government are removed from annual expenditures, a trend of continuous expansion is revealed. In 1963, 701 firms reported research expenditures; of these, 16 accounted for one half of all intramural research expenditures.