

ty and we hope this investigation will lead to effective strategies to cope with it. However, the removal of budgetary restraints cannot be seen even as a partial answer to the mounting crisis in government laboratories.

The recent government decision to abandon its intramural scientific activities when they are not justified and to transfer the others to universities and industry whenever desirable means that it is now a deliberate policy to reduce the intramural science effort substantially. We hope the government will not try to maintain the dispersion and isolation of this reduced effort. The time has come to implement a major consolidation of what is left so as to preserve an optimum scale of operations, better morale, and greater flexibility and to ensure that the residual activities make the best possible contribution to scientific discovery and technological innovation. To achieve those objectives, the remaining intramural long-term investigations, fundamental and applied, should be concentrated in NRC, which would thus be transformed into a national research academy. In the same way, the residual applied research and development activities designed to serve the needs of secondary industry should be concentrated in a new multi-purpose institution, the Canadian Industrial Laboratories Corporation. If such a consolidation does not take place government laboratories will soon face a real crisis.

Thus, our main recommendations regarding future public support of the university sector and the reorganization of government intramural R & D activities are as follows:

The budget of the granting councils should increase by 12 per cent annually during the next five years as it did in the fiscal year 1977-78 to compensate for inflation and to support a greater research effort in the university sector.

R & D grants to universities should include the indirect cost of projects.

The extended make-or-buy policy, especially in the area of basic and applied research, should apply to the university sector as quickly as possible. NRC should be transformed into a multi-purpose national academy where most of the government intramural basic research and long-term applied research activities would be concentrated.

Another multi-purpose institution to be called the Canadian Industrial Laboratories Corporation (CILC) should be established where government intramural R & D activities serving the manufacturing sector would be consolidated.