In October, 1986 there was a $29 million cut to the NRC budget. Among the cuts were the photochemistry and kinetics section where Nobel Prize winner John Polyani began his research. The government also cut the electromagnetic and mechanical engineering programs, environmental toxicology programs, and aeronautics, construction and physics programs and 200 more jobs were eliminated.

In February of this year the new president, Pierre Perron, in a confidential memo wrote:

> NRC intends to limit its involvement in basic research—to that required to maintain a minimal scientific insurance policy—
>
> The next five-year plan for NRC will propose a clear policy statement and a strategy on privatization and divestiture.

Third, he planned reductions in permanent employees at the NRC. There have been more cuts since 1984. The $500 million budget was cut to $400 million in 1990. This is a 20 per cent cut in 1984 dollars.

I would ask the member the following question. How will these budgetary cuts and the new NRC President's objectives enhance the role and the place of the NRC in a world-class research community?

Mrs. Sparrow: Mr. Speaker, I thank the hon. member for Carleton—Gloucester for his remarks and questions. First, I believe that the statement that the NRC was limiting its basic research came from some external advisers. The hon. member knows perfectly well that in any sound business, and indeed any government agency, work does not continue on and on without reviewing, exploring, and having an in-depth study of the programs and mandate. Perhaps these were external researchers who were getting this type of information.

I can assure you that Dr. Perron, the president of the NRC, states that the commitment of the NRC is to basic research in priority areas. They are not going to change that mandate. Their priority areas include legally mandated areas such as astronomy, standards in measurements research, as well as the basic research needed to maintain skills in generic research programs. This has been NRC's fundamental role in basic research for some time as it focuses upon long term applied research with broad applications to industry and government programs.

Universities play an important role in basic research and the government is supporting this activity through the granting councils and the Centres of Excellence program. We have the Medical Granting Council as well as NSRC. There are three major ones. They do tremendous work. You do not put all your funding into one area. Regardless, basic research at the NRC will not only be maintained but it will be strengthened, as I said earlier in my speech, by collaboration with other performers in universities and research organizations.

The NRC, in fact, as a collaborator in 10 of the 14 chosen networks surely shows its importance and why those new centres will come forth and bring benefits to this country, not just tomorrow, but long term benefits.

The hon. member did question me on privatization and divestiture. I thought that I heard the parliamentary secretary state that our National Research Council will not be privatized. The NRC internal working memo refers to privatization and divestiture and it clearly states the NRC is going to encourage private consortia to assist in its operations and its facilities, but it will not be privatizing.

It is time that we became involved in partnerships. We cannot remain stagnant. It is very important to realize that just because money has been spent in one area for the past five or ten years, there are certainly no criteria or guidelines to suggest that the money should continue to be spent in that way.

Dr. Perron and the NRC's five-year program will show us the direction of Canada and why we have to become more competitive, and why research and development is so important, not just for the federal and provincial governments, but for universities and private industries.

It was interesting yesterday at the standing committee meeting. Dr. May from NSERC appeared before us and explained the good things that NSERC is doing and how their budget has been maintained, and indeed increased. This is an excellent way for our government to ensure that engineering science research is carried on at the universities.

We also had before us the Canadian Association of University Teachers. They are very worried about the falling enrolment at universities, and also the quality and level of education of students coming into universities. That gets back to my concluding statement that although elementary and secondary education falls within the