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ing from short-term projects to commercialize university innovations to longer-term research of interest to several sponsoring companies. Secondly, there are industrial research chairs, which provide research and salary support for one or more distinguished research professors in fields of mutual interest to the sponsoring companies and the host universities.

In 1987-88 those programs accounted for more than \$20 million, and we are forecasting that it will be nearly \$30 million in the current year—a 50 per cent increase.

There is no doubt that the policy has been a success in fulfilling the specific objective of bringing the university and industrial communities closer together. Our university industry programs are growing.

But matching is not a panacea. There are urgent financial requirements for university research, for which matching alone cannot be a solution.

Facilitating and stimulating collaboration between R&D performing sectors in Canada is but one of NSERC's responsibilities. Other and fundamental goals are to ensure a healthy research base in universities and to contribute to an adequate supply of highly qualified personnel in the natural sciences and engineering. We cannot fulfil those major responsibilities relying on additional funds from matching alone. I think this is the most important point that I would like to make today. The success of the matching funding policy should not cloud the real need for much healthier support for university research in Canada. The matching funding policy is an example of the tendency to keep adding new storeys to a building whose foundations are starting to crack.

Industry will not be interested in collaborating with institutions whose equipment is obsolete, whose environment is not stimulating enough to keep the best scientists and to attract the best students—and this is important to remember. University-industry collaboration will only be fruitful if universities are dynamic institutions, intellectually and physically equipped to work at the frontier of knowledge. It is only in such a context that matching, as a corollary mode of financing university research, will really bear fruit.

I think we all agree that Canada could have a much stronger industrial R&D base than it currently has and that everything must be done to stimulate Canadian business to perform and to use more R&D; but this cannot be done in a vacuum and there is no short-term solution to the problem. The solution lies in the adequate supply of first-rate scientists and engineers in Canada. That is what NSERC is all about. By providing the stimulating environment to do research, and by directly supporting young people who wish to embrace a career in science

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and engineering. NSERC can help Canada's economy to be more competitive and dynamic. Thank you, Mr. Chairman, for your attention.

Senator Kelly: For clarification, you seem to be saying two different things. Let us get back to the matching policy objectives that were described to us by Mr. Cobb, the previous witness. The first was to increase, in partnership with the private sector, the overall level of university-based research, research training and directly related activities. Is that a good objective?

Dr. May: That, to my mind, is too ambitious an objective for the matching funding policy.

Senator Kelly: But is it in itself a good objective?

Dr. May: In itself it is a good objective.

Senator Kelly: So your only concern is that it is unlikely to be fully achieved; but will it be partly achieved?

Dr. May: It will be partly achieved.

Senator Kelly: The second is to increase the level of private sector university collaboration, et cetera. I think you did say that is a good objective.

Dr. May: That is an excellent objective.

Senator Kelly: The third was to encourage joint research activities that capitalize on the strength and interests of the private sector and the universities, et cetera. That is a good objective?

Dr. May: Yes.

Senator Kelly: You also seem to say that it is working in that direction.

Dr. May: Yes.

Senator Kelly: You said that it is increasing the interest on the part of the private sector jointly to develop these programs.

Dr. May: Yes.

Senator Kelly: So far, things seem to be working; yet, on page 4 of your brief, you say that this collaboration will only take place if universities are dynamic institutions. First, you say that it is taking place, but then you say that universities are less and less dynamic institutions. So I have to conclude that either you are getting yourself confused, or you are saying that this is only momentary, that in time that curve will start going down.

Dr. May: I think I am saying the latter. We are drawing from an existing capacity. We are not adding to the capacity, but we are drawing from it all of the time without adding to it.

Senator Kelly: But the adding to the capacity is another objective; it is not included in this program. What you are