

amounts advanced to an inventor by any financial source, preferably also including banks, the remaining 15 or 25% being absorbed by venture capital financing, which would thus be easier to acquire. Such financing would be confined to applied R. & D. work on specific patented or patents-pending inventions, covered by said Government risk insurance after proper educated evaluation of their merits, to carry the invention from the idea through to the commercialization stage. The risk insurance coverage involved would be limited to a total amount and term agreed to in advance in each individual case. The insurance premiums could be made payable by the financing medium on each amount advanced to the inventor. It could be extended into the commercialization stage by premium payments on the value of sales materialized from the respective invention until the total amount of premiums paid reaches the total amount of the insurance coverage. The aggregate insurance premiums collected should substantially exceed any losses incurred and provide a sound basis for perpetual extension of the scope of this insurance plan. For all practical purposes it would de facto constitute a backwards integration of the present product export insurance into the export product development and manufacturing phase, the primary source of all industrial exports.

18. In the broad context, the principle of credit insurance related to technically oriented secondary industry should be looked at in the light of the long term financial requirements of a dynamic and efficient science policy for Canada.

19. It is almost certain that the most effective step that could be taken in the area of innovative secondary industry financing in Canada at this time would be the further