Mr. Richmond: Mr. Chairman, I might enlarge a little bit on that. In the first few hundred engines which we built there was a so-called Canadian content of about 25 per cent. We currently are running between 70 and 75 per cent as a result of a program we have had to try and develop more and more of the Canadian suppliers. These are such as Mr. Taylor's company, as well as what we call just sub-contractors making parts for us to our drawings.

Senator Robichaud: So you are really getting some support in material?

Mr. Richmond: Yes, but I can give you an example of one place where we fail to get support, if you are interested. Many small companies, and I mean very small ones, of a hundred people or more, who are in the business of supplying parts are lacking in many of the management skills that are necessary if they are going to deliver these parts to the correct quality and on time when you need them.

Senator Robichaud: Are they lacking due to lack of financial support?

Mr. Richmond: I am sure there are some, yes, that are in that position. The point I am making now is that by management skills I mean the ability to control their operations when they are running a high volume of parts through. We made contact with the Department of Industry and suggested that as one way of being able to build up this base of small companies we would undertake to train them in the control techniques. They knew how to make parts, but they did not know how to make a lot of them and on a continuing basis where they were at a given time. We were received quite favourably on this to begin with. An arrangement was worked out whereby we would fund 50 per cent of this cost and the Department of Industry would fund the other 50 per cent. It was necessary for our people to go into their plants and run classrooms as well as setting up systems on how to control the operation. The first thing that they found when they went to get their funds was that this came under the heading of education. Then we were told that we had to go to the province; so we went to the province...

The Chairman: Or change the name.

Mr. Richmond: That was even thought of. We never did get this resolved so, quite frankly, we have done a lot of this on our own. We also, quite frankly, have not done as much as we would have had we had some support. This is really building an industrial base. It is just one example of the type of thing that is needed to develop more sophisticated industry.

The Chairman: I would like to come back to this proposal of an insurance scheme to finance the small innovator. How would it actually work? You explained a little bit in your brief, but would it work exactly like our export credit arrangement?

Mr. E. Bobkowicz: In a similar way. Actually I would visualize it in a way that an inventor who, like in my case, came with an idea. We already had some patents. He would come to this institution like the Export Insurance Corporation and say we would like to have insurance coverage of this. We might be able to get financing from some people but they do not want to take all the risk, only part of it. If you take, for instance, the insurance for export, you get only the guarantee, not the money. You are getting only the signature of the government, because the money is supplied by the private sector, or whatever means you have. It is not the government's responsibility to provide the money. So when I make such an application then, of course, this institution will check it, make an educated estimate as to whether this is a worthwhile invention. They might say that for the first year we are willing to give a guarantee of so and so and wait for the first year's results. That is often done also in the States on a contract basis, that the first year is the proof that the idea has merits. Then, having this guarantee, again the private investor who will finance it will also look into it, because he is involved in a 25 per cent or 20 per cent risk, so he also will investigate the feasibility. But all inventors at the early stage are rather fuzzy. It is very difficult to establish whether they have merits or not and to find out which one is good you have to go through a hundred. If several pay off, it becomes a profitable proposition anyhow. There is a gamble involved in every invention. Only experiment can show later to what extent it has merits.

The Chairman: In the United States there are companies like the American Research and Development Corporation which try to specialize in this sort of exercise. We have one apparently in Canada too, but it is not working very much. It does not want to take risks or it does not have enough money. We do not know.