

assistance, the Minister of Finance of the importance of that provision.

There are other tax breaks for small businesses which are appropriate at this time as part of a network. Again I say that they are not the entire story. The Minister of State (Small Business) is proposing and developing what Americans have called small business investment corporations. We are likely to call them small business venture capital companies. What is such a company? Canadians with some savings can put their money into an intermediary corporation known as an investment corporation, a venture capital corporation, and not therefore directly into a small business itself. What will that venture capital company do with the money? It would invest in a number of risky ventures, some more and some less risky than others. It would diversify its total investment. It would protect investors by its diversification. It would be similar to an insurance principle. If one puts one's own money into a risk area, the risk is quite high. If one puts one's money into a company involved in the business of investing money in a diversified manner, then one has a chance at making a profit. Thus our small Canadian companies would be provided with the venture capital they need to go forward. Currently we lack such institutions. As I understand the minister, he is proposing their creation through a statute. I am sure all hon. members would support that.

What would be the inducement for Canadians to put money into such ventures? Well, they are given tax incentives. What kind of incentives? They are not difficult to find. They are allowed to write off any losses they might incur against other income. Also, they are allowed a lower than normal rate of tax on the gains made. As they look at the prospect of making gains with lower tax and being sheltered against total losses, then they will put their money into such a venture capital corporation. Entrepreneurs who would be assisted through other means in the network of policies would have this new source of capital with which to be innovative in products, and to become involved in new industries. With the capital gains adjustments mentioned earlier, they would be encouraged to retain capital and build it up.

I should like to mention another item, the special funds such as those the Canadian auto part manufacturers are requesting. This is not a tax measure. They are asking for repayable loans. Why are they requesting that? It is because we are entering a new phase of the auto industry. There is a demand for smaller, more economic, energy-saving, safer cars. The manufacturers will be required to make new parts. They will be using more plastic parts and will require new designs. Will we have our share? The auto parts industry is asking for a loan fund of a quarter of a billion dollars. That would be a repeat of a similar loan fund which was implemented 10 or 12 years ago when the auto pact began. They need such a fund again. Most of the money loaned from the previous fund was repaid. That is one method of assisting many of the smaller plants in the small towns and large cities across Canada. It would assist them in becoming involved in the next phase of the auto industry.

### *Small Business*

My time is running out but I should like to refer to the plastics processing industry. That industry has 1,400 firms. It is growing at twice the rate of our economy. Its productivity gains annually are twice the average in the manufacturing industry. It requires stabilized framework policies in tariffs and taxation. Above all, it needs a plastics institute to assist in the development of new technology in order for that industry to become very advanced. Other policies could be mentioned in the areas of procurement and tariffs.

At this stage, however, I should like only to refer to the need for a change in the internal organization of the federal government. We require more than a minister of state for small business. There should also be a senior economics minister. I am thinking of the office of the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) as being assigned that role. One should consider the government's position in policy, the need for coherence and the meshing of policies. For example, one could look at such economic ministries as the Department of Regional Economic Expansion, the Department of Industry, Trade and Commerce, the Department of Finance, the Department of Science and Technology, as well as others. At a time when policy and the creation of certain agencies are being considered, surely we need one minister who can bring it all together. The Deputy Prime Minister and President of Privy Council is the person who ought to be assigned that special role.

**Some hon. Members:** Hear, hear!

**Mr. Dan McKenzie (Winnipeg South Centre):** Mr. Speaker, I congratulate the hon. member for High Park-Humber Valley (Mr. Jelinek) for presenting this excellent motion today. If all of the recommendations in this motion were accepted and implemented, certainly Canada would be back on track. It is evident we are off track today.

There was a previous excellent motion regarding the role of government in society and the economy on February 2, 1978. It was an attempt at bringing some sanity back into the Government of Canada. Also it was an attempt at bringing expenditures under control and to implement methods to limit the growing and undemocratic use of legislation which stifles Canadian businesses. Of course, the Liberal and New Democratic Parties united to vote against this excellent motion on February 2. No doubt we are going through an exercise of futility tonight.

It was interesting to hear the hon. member for Scarborough East (Mr. O'Connell) talking about venture capital. I have in my possession a document which was prepared by Peter Henry Jerch and Associates. Mr. Jerch in this document, which appeared in a recent weekend magazine, states:

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For years I've been hearing the same scenario over and over again, with hardly any variations. It goes like this: Canadian entrepreneur develops hot idea, sets up company, gets successful in a small way, needs money to expand, goes to banks, goes to government agencies, goes to venture capital firms, knocks on half the doors in the Toronto-Dominion Centre, gets nowhere; his proposal is met with