

This approach has all the trappings of yet another government agency which would concentrate on spending as much of our money as possible in the shortest possible time.

If this project goes ahead I would urge the government to first, advertise openly across Canada for experienced private sector fund managers and not make political appointments and second, make sure the managers are held accountable for the performance of the fund and that they will be expected to deliver a profit back to the public purse.

There are those who would say that it is easy to criticize without offering alternatives and for that reason I offer a number of distinct alternatives for considerations by the government.

First, the single most important action that could be taken by this government is to gain control of its expenditures and eliminate the deficit. This would bring the promise of future tax relief and future tax reductions for both companies and individuals in Canada. The result of tax deductions would be the freeing up of billions of dollars each year for use as investment capital by the business sector. There would be no need for government funds or the elimination of personal guarantees on loans. It is quite likely that \$100 million in tax cuts would yield more wealth producing economic activity than \$100 million of taxpayers' money targeted for a Canada investment fund.

Second, the government could support changes to the RRSP investment rules which would permit individuals to invest their RRSP contributions into private financing and investment companies which specialize in funding for small and home based businesses. Such companies are already familiar with the market and could act as a vehicle for the encouragement and development of new business. The government would of course be involved in the setting of maximum interest rate levels and could require that a set percentage of the funds be committed to research and development. This would help deliver on other promises in the red book regarding research and development. No taxpayers' money would be required for this alternative.

• (1530)

Third, the government could permit the establishment and licensing of RRSP qualifying mutual funds which would lend part or all of their capital in leases and loans to home based and small businesses. Since banks appear to be reluctant to become involved in the provision of venture capital this area of new business financing should be opened up to investment. The banks would probably quickly follow suit and establish their own mutual funds when they saw the response to competition for RRSP and other investment funds.

Fourth, the government should actively seek and act upon input from the Canadian Chamber of Commerce, Canadian Federation of Independent Business and other coalitions of small business which have already brought together banks and

### *The Address*

business people to discuss concerns over the supply of capital. These organizations should be encouraged in their initiatives to help small business become aware of sources of financing other than banks.

Finally each member of this House could seek input from the home based and small business community as to the best ways for government to facilitate the availability of venture capital. A simple advertisement in our local newspapers in each riding requesting input could produce a wide range of practical ideas. The government could then base its final decision on feedback from business groups and individual members representing their ridings. There would be no need for expensive commissions to tour the country and yet all interested in Canadians could have an input into the process.

There is ample evidence that voters want a say in the way they are governed. They should be encouraged to become involved. We should take more direction from their input and we should properly represent their position on issues before this House.

I urge the members of this House to support freer votes so that a legislative direction more in keeping with the wishes of the constituents can be possible and I urge them to support more creative ways of improving capital availability to small business. These two measures together would contribute toward finding solutions to the great problems which face us as legislators in Canada today.

**Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry):** Madam Speaker, I begin by congratulating the member on his opening remarks in the Parliament of Canada and I would like to respond to his constructive ideas.

First, the objective of eliminating the 25 per cent personal guarantee under the Small Businesses Loans Act at that time was to try to put further stimulation into a reluctant bank sector which already had in my view a very generous government support provision under the Small Businesses Loans Act.

The member's point is one that we will discuss. Perhaps if we can get the banks to shift their attitude and start lending money to small business then maybe that provision will not have to be touched.

I want to deal with another aspect of the hon. member's speech which had to deal with getting private funds either through RRSPs or just private funds, not financial institutions, that might be used to help small business. Under the Small Businesses Loans Act if someone with a private fund wants to lend money to small businesses eligible under the act then there is a provision in the act for such funds to be considered by the governor in council. In other words this means they are decent people who meet the approval that they are solid operators. I applaud this idea because it would be a way of providing more competition to the reluctant banks.