

the last election campaign. It is most important to small business and would enable friends, relatives, employees and others to participate and support our young and aggressive risktakers. Certainly, to maintain and encourage the development of pools of risk capital, a Progressive Conservative government would take a hard look at our tax laws. While the capital gains tax was long overdue, Mr. Speaker—

Mr. Speaker: Order, please. I regret that I have to interrupt the hon. member, but the time allotted under the terms of the Standing Order appears to have expired. The hon. member can continue with the unanimous consent of the House.

Some hon. Members: Agreed.

Mr. Hellyer: Thank you, Mr. Speaker. While the capital gains tax was long overdue, the taxation of inflationary increments is confiscation rather than taxation and should not be allowed.

Arrangements should be worked out with the provinces whereby small and medium-sized family businesses could be continued without the necessity of crisis liquidation for purposes of death duties in respect of the shares of a principal shareholder. Many other changes in the tax law would be effected to give Canadians an equal or better opportunity to participate in their own industrial and resource development.

Step number 3 would be a massive increase in the extent of research and development undertaken in Canada. We must learn from our neighbours that modern technology requires massive public investment and cannot be left to chance or to the marketplace alone particularly when many of our industries are owned by foreigners. In 1967, only 18 per cent of research and development spending by Canadian firms was financed from public funds; in the United States, 53 per cent of research and development spending by private firms was government financed while comparable figures for the United Kingdom and France were 35 per cent and 42 per cent respectively.

The areas in which we could usefully increase our energies is legion. One of the most topical, however, is in the energy field. The technology associated with the extraction of oil from the tar sands in Saskatchewan, Alberta and the territories is in its infancy. Vast sums are required to improve techniques. It is not only essential that this money be spent, but also that the results be in the public domain so that Canada is not held at ransom by any single company or group of companies. The techniques for burning low grade coal without the present unacceptable levels of air pollution should be explored. A visit to Hong Kong a couple of years ago convinced me that their technology in this area was ahead of ours.

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Then, there is the whole vast area of development of power sources other than the burning of fossil fuels. Much additional research needs to be done to capitalize on present achievement in the field of atomic power. We made an excellent start but now we are not pressing our advantage as vigorously as we should. Nor do we let the world know what we are doing. Comments by visiting

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members of the European community last week showed an abysmal ignorance of the performance of heavy water moderated atomic reactors. Then, there remains the exploration of other power sources such as tidal, solar, fusion, etc. We have the brains and the incentive to explore the potential in all of these areas. But so far our most characteristic achievement is foot dragging. Few, if any, countries of the world could profit more by a deliberate, calculated program of pure and, equally important from the Canadian standpoint, applied research.

Step number 4 is the development of more flexible financial institutions. Significant progress has been made in recent years but much remains to be done. Not only do we have to encourage Canadians to save enough to meet their own capital requirements, we have to have the channels by which these savings can be directed to those opportunities and areas where they are needed. The reluctance of provincial governments in east and west to endorse this bill is proof positive that they are convinced that Canadian financial institutions are not yet organized in a way that meets their financial requirements. If Bill C-132 is to have any success at all we must have the capability to meet, internally, any capital need which would otherwise have been filled from outside Canada. Until that is the case, dissatisfaction and dissension will persist.

More flexibility is needed at the lower and upper ends of the scale in particular. Small entrepreneurs have great difficulty in obtaining the funds they need. The same is true of the giant ventures involving tens or hundreds of millions of dollars. A really adequate capital market must be able to meet both needs promptly and unequivocally.

Canada desperately needs a Renaissance of entrepreneurship in its business community. Without the vision and initiative that only gifted entrepreneurs can bring to a nation's economy, Canada will remain locked into the secondary roles offered by the head offices of large multinational enterprises. To respond to the entrepreneurial instinct latent in Canada will require a more sensitive and visionary approach by our financial institutions and, above all, a change in policy which will get the government off the backs of the entrepreneurs so that they can swim with their heads above water.

Step number 5, Mr. Speaker, is to combine all of this dynamism into a massive effort to increase Canadian exports. It is disturbing to note that last year we went into deficit with many areas of the world. This is not good enough. We can compete in world markets and we must be encouraged and assisted to do so. The objective would be a sufficient surplus on current account to provide the United States dollars necessary to acquire ownership of major multinational corporations with substantial assets and activities in Canada. Only with ownership and control of one of the major companies in each industry will we be able to provide Canadians with the total range of opportunities they seek and to which they should be entitled.

Mr. Gillespie: We had the largest increase in 20 years, Paul.

Mr. Hellyer: Within a decade, with proper management, we could acquire one of the giants in most areas of significant concern and potential benefit to Canada. Then, with