

*Foreign Investment Review*

provinces regarding the effect of death duties in this area. I suggest to the House that we simply cannot sit here and justify, on any logical basis, a forced sale of a family business because of capital gains tax and death duties.

Our second program would be small business services and incentives. Under this program we would emphasize managerial and technical assistance, as well as assistance through research and development, where present government programs, no matter how well intended, are simply not reaching, let alone assisting, our small businessman. In most cases, not only are they not available to him; he has never been told of them and is not likely to be. Also within this second set of programs, we in the Conservative party are committed to the procurement of government contracts for the supply of goods and services by small businesses so that they receive a fair share of such contracts.

Finally, under this second area of our programs we would introduce the Canadian investment credit incentive, a tax incentive for small business. We acknowledge immediately that the cost to government in the first year would be from \$100 million to \$300 million, but again I emphasize that this is preferable to having to spend \$1 billion in rescue money for unemployment insurance. As the House knows, Mr. Speaker, this program is designed to encourage Canadians to invest in small business risk ventures and, by doing so, to create jobs. It will be available to any Canadian who makes a direct investment in the equity of Canadian-owned small business. The credit, which is 50 per cent of the investment, with an annual maximum of \$5,000, will be offset against the investor's income tax or rebated directly to him. This means that if a Canadian invests \$1,000, for example, in a qualified business, he will receive a credit of \$500 against his income. The credit is repayable only if and when the Canadian realizes on his investment.

• (2120)

The third and final set of programs deals with borrowing. When presenting Bill C-132, had the minister even hinted that a substantial portion of our problem of foreign ownership was the direct result of a banking policy which encouraged foreign investment, while at the same time discouraged Canadians from expanding, he would have received a more sympathetic hearing.

I submit to the minister that as long as Canadian lending institutions are eager to provide funds for the foreign takeover of a business, while at the same time the same institution denies the same funds to the Canadian owner of the same business, fifty bills of the ilk of Bill C-132 will not solve the problem for him. If the minister is of the opinion that these are isolated cases, I urge him to consider the speech in this House by the hon. member for High Park-Humber Valley (Mr. Jelinek) on January 16 of this year.

Also under the heading of borrowing, I would suggest that while prime lending rates are around 6½ per cent, this government's one and only answer to Canadian small business is its Industrial Development Bank, with interest rates at 11 per cent and 12 per cent. This, Sir, is no answer at all. A Conservative government would have no hesitation in exercising moral persuasion or even stronger mea-

asures, including revisions to the Bank Act, when dealing with our chartered banks, and we are committed to making the Industrial Development Bank play a more meaningful role in our economy.

These, Mr. Speaker, are but three of the programs we would undertake to assist the small businessmen I am pleased to represent. They are positive measures of incentive and assistance. We will send Bill C-132 to the committee for its careful examination, but we in the Conservative party consider that this negative reaction to a serious economic problem is no substitute for strong, imaginative and positive measures of incentive and assistance.

[Translation]

**Mr. Henry Latulippe (Compton):** Mr. Speaker, I am pleased to say a word about bills such as the one now before us which, to be quite candid, is very important.

Mr. Speaker, if Canadians all had the opportunity to be here we would hear much comment and would find out more about the bill and the economy in general.

We are wondering, Mr. Speaker, what the real economic trend is. Economy nationalism as mentioned by the minister and hon. members of other parties, is impossible without economic reform under the label of the present monetary economic dictatorship unless we can buy back the control of our economy.

The purpose of the bill before us, Mr. Speaker, is not to prohibit, but merely to examine and recommend certain measures, to control certain facts according to certain criteria. As a screening agency has been set up to this end, it will be authorized to submit recommendations as to whether a certain course of action is to be authorized or prohibited. It will certainly not be very efficient and I do not believe we can rely on such an agency to solve our problem, which is Canadian rather than international.

The bill, Mr. Speaker, deals with take-overs through new investments and control of expansion of existing foreign companies into unrelated areas. Finally the bill is a screening agency for authorization or prohibition of investments, foreign or otherwise.

I consider that the bill should provide for injection of the capital required for our companies to obtain exclusively Canadian funds for the development of Canadian economic resources.

In this way, Mr. Speaker, our raw materials could be processed here by Canadians with Canadian capital. We all know that we are exploited at 80 to 90 per cent by foreigners, but we do nothing to provide the capital as it is needed by funding our economic development credits on the same Canadian values as foreign and international financiers do for their credit.

Economic common sense, Mr. Speaker, calls for our capital to be based upon our own actual values. If a well integrated economy is to succeed, any new project requires new reimbursable credits at depreciation costs only. It is the only extreme and efficient means that will allow Canadians to gain control over their country.

The New Democratic Party is justified in saying that foreigners develop our resources to profit from our own assets by issuing credits for that purpose. We have only to do likewise through our financial institutions which are

[Mr. Jarvis.]