kid anyone that there is a substitute for business. Businesses hire people, they build plants, factories and provide employment. The United States is certainly benefiting from the poor political climate we have in this country, and this is an additional effect of the Anti-Inflation Act.

While it is gratifying to know that these controls are to be removed in April, Mr. Jerch gives further reasons in this document for the mass exodus of investment money and business from Canada. Continuing with the quotation:

> Why this not-so-sudden flood for more hospitable climates? The big and rich U.S. market has, for all practical purposes, always been there. The devalued C$ should help in exports pricing and the relatively higher cost of acquisitions there—yet it has barely had any effect on the numbers of Canadian firms looking south. Is it the generally higher Canadian wage rates? Not likely, says Mr. Jerch. Not any one single factor is actually responsible. Rather, it is a combination of factors and feelings.
>
> The best climate for orderly and normal business growth is economic and social stability—which is not to be confused with status quo.

That is something in this country which should not be confused with the status quo. While activist politics are present in most democracies, Canada seems to have had more than its fair share. Clearly that is evidenced by the problems which have been created in Ottawa by the premier of the province of Quebec.

● (2012)

Earlier I referred to the need for venture capital. I hope that will be encouraged in April when the AIB controls are removed. Mr. Jerch and his associates have compiled a document entitled: "Nothing ventured: nothing gained". I should like to point out that this is just one firm which has compiled statistics. If statistics were prepared by every investment counsellor in each Canadian city, I am sure the compiled figures would be devastating. This particular document was an investigation of the effects of risk capital on 40 Canadian companies, our economy and taxes. It reads as follows:

> The growth and continued health of our economy is indeed based on an innovative secondary industry. Most innovation is people-based and most innovation starts small—in a smaller business. Like a seed that needs water and a good climatic condition, an innovation needs money, management and a conducive economic and social climate. Meaningful jobs and in effect the spirit of the population at large are derived from this innovation which instils a real purpose, satisfaction with oneself and old-fashioned pride in occupation and personal accomplishment.

I will not read the entire document, but I should like to refer to another section which deals with AIB controls and how they have affected a number of businesses in Canada. It reads as follows:

> Peter Henry Jerch & Associates, being a firm specializing in corporate finance and acquisitions, has a significant roster of clients needing capital and is aware of many other situations where the injection of equity venture capital can produce very beneficial results to them and to the economy at large. In fact, the need is so broad that nearly half of all companies that apply for credit to banks should have additional venture capital to make them more successful and more viable.

As I mentioned this afternoon, I hope the Minister of Finance (Mr. Chrétien) will arrive at some legislation to deal with venture capital and to encourage Canadian investors to invest in our secondary industries, as well as our small and medium-sized businesses. The document continues:

[Mr. McKenzie.]

> Peter Henry Jerch & Associates maintains that if such venture captial investments could be offset in full against other income, and besides the tremendous impact on the short and long term economy, there would be no negative effect on government tax revenues. To test this assertion, Peter Henry Jerch & Associates conducted a detailed survey of 40 smaller Canadian-owned companies located in Ontario, Manitoba, Alberta and British Columbia. The survey delved into nearly every aspect of a company and included a review of financial statements and books, a review of management ability to carry out a proposed strategy, and a study of product viability and historical projected market acceptance. Detailed summary tables were drawn up based on the results of this in-depth review.

The Minister of Finance and his colleagues in the Department of Industry, Trade and Commerce would be well advised to contact Mr. Jerch and his associates, as well as other Canadian investment companies, in order to arrive at some ideas regarding venture capital, because it is evident the government is bankrupt of any idea along these lines.

I should like to refer to a recent article which appeared in the Winnipeg *Tribune*. It reads as follows:

> Canada doesn't need a grandiose national industrial strategy. What it needs desperately is more risk taking investment in small secondary industries.
>
> That's the forthright and well-argued opinion of Peter Jerch of Winnipeg, head of his own firm of corporate financing and acquisition consultants, Peter Henry Jerch and Associates.
>
> He's not advocating the tearing down of any of the existing systems of business development encouragement, even though he strongly suspects they haven't achieved the aims given to government programs such as DREE. What's required is a tax incentive which will wean Canadians away from their habit of being cautious savers and convert them into adventurous investors—on a massive scale.

I hope this will come about when the AIB rules and regulations are removed in April, and that the Minister of Finance will expand on his tax incentive bill, which has certain benefits but will not be the total answer. Also I hope the Parliamentary Secretary to the Minister of Finance (Mr. Lumley) is paying attention this evening, rather than just looking around this chamber. Some action in regard to arriving at legislation to deal with venture capital is needed.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, today we are engaged in an exercise in futility. We are being asked to support a bill which will continue in a phased out manner the anti-inflation program that the government put into effect in October 1975. The anti-inflation program is a complete failure, with the exception of the effect it has had on increases in wages and salaries. The cost of living for 1977 went up by 9½ per cent, which is 1 per cent less than the rate of inflation in October, 1975 when the government brought forward and implemented its anti-inflation program.

The New Democratic Party opposed the anti-inflation program in 1975 because we felt unemployment would increase and that no program could hold down the cost of living for more than a short period of time. As the Prime Minister (Mr. Trudeau) said during the 1974 election, the causes of the rising cost of living were almost completely of an external nature. They were due to increases in oil and natural gas prices imposed by the oil producing countries, as well as increases in the cost of food which could not be controlled in Canada. We predicted that controls would not be applied equitably, that people who earned their living through wages and salary could