

for new and sometimes risky ventures, to organize consortia of investors, to mobilize entrepreneurial capital and to provide management assistance.

The Watkins Report indicated that to some extent this function was performed by the closed-end funds. It recommended that consideration should be given to two specific steps which would facilitate closed-end funds in this important role.

“One possibility is that they be given the right to buy in their own stock under certain controlled conditions. Such purchases would tend to eliminate the discount and improve the marketability of the stock...

Another possibility is that closed-end funds should have the right, if they so elect to declare and distribute their capital gains without penalty.” (Watkins Report, pages 271 and 272)

It was also suggested to the Committee that the proposed Canadian Development Corporation might assist in performing this function.

3.13 Federal Grants to Foreign-owned Firms Non-resident owned firms have received 50.3% of the \$358 million in federal grants paid to industry under certain selected programs during the 1965/66-1968/69 fiscal years. Canadian-owned firms received \$173 million (48.4%) while non-resident owned firms received \$180 million. These grants were made under the following programs: Industrial Research and Development Assistance Program; Automotive Adjustment Assistance Program; General Adjustment Assistance Program; Program for the Advancement of Industrial Technology; Ship Construction Subsidy Program; Industry Modernization for Defence Exports Program; Defence Development Sharing Program, and the Defence Industry Productivity Program. The Industry Modernization for Defence Exports Program and the Defence Development Sharing Program were consolidated on May 1, 1968 as a single program: the Defence Industry Productivity Program.

Non-resident owned firms received 59.1% of federal grants paid under the Defence Industrial Research Program of the Defence Research Board during the 1965/66-1968/69 fiscal years. Canadian-owned firms received \$7,583,948 (40.9%) while non-resident owned firms received \$10,959,268. Information on grants made under the Regional Development Incentives Act is not yet available.

Foreign-owned firms received 63.4% of federal grants paid under the Industrial Research Assistance Program, administered by the National Research Council, during the 1965/66-1968/69 fiscal years, Canadian owned firms received \$8,479,400 (36.6%) while non resident owned firms received \$14,678,400.

Foreign-owned firms received a distinctly larger percentage of the grants in the high technology industries concerned with defence production. In 1967-68, under the Industry Modernization for Defence Exports Program, non-resident owned firms received 75% of the over \$10 million in grants. During the same year, they received 95% of the nearly \$23 million in grants under the Defence Development Sharing Program. Under the Defence Industry Productivity Program in 1968-69, foreign-owned firms received 88% of the nearly \$30 million granted. However, under the Ship Construction Subsidy Program, the