

its securities are not likely to command a ready market—an important factor in the minds of original investors who may find occasion to sell. In some cases these handicaps can be overcome, and small issues can be sold to a limited number of investors. But in that event it will usually be found that the borrower has to pay very high rates. The difficulties are all the greater in the case of industries which have not a long earning record behind them, or which are just commencing business. So far as the question of the availability of bank loans is concerned it is not usually the case that industrial enterprises can obtain accommodation from commercial banks where the period of repayment is likely to extend over several years.

3. Q. Is it not a fact that by giving this aid to industries which you select, you are using the power of the Government to favour certain industries, and the localities where they are established, as compared with other industries in other localities? It is a fact, of course, that every industry in Canada competes, to some extent, with every other industry, for labour, for power, for materials of all sorts. Why should the Government assist one industry in preference to others?

A. Industries will not be "selected" by the Industrial Development Bank. It will deal with applications received, and will endeavour to apply the same type of impartial judgment to each one. On this basis, no locality and no type of industry will receive a special form of preference. It is true, of course, that certain concerns which could not now obtain medium or long term loans from existing sources of credit will be able to do so under the new regime. This implies that a company, whose standing has been such that it has been able to borrow all the funds that it required, whereas some of its smaller competitors have not, loses the advantages of that position—if they can be called advantages.

4. Q. Dr. James has said that we ought to expect, if we are to keep up our Canadian standard of living and progress, that about 20 per cent of the national income should be devoted to capital—to the providing of new operating equipment, or the improvement of present equipment. The national income is supposed to be running around eight billion dollars per annum at present, and 20 per cent of that would be \$1,600,000,000. I do not suppose that you expect that your bank will be able to obtain a return on its investments on the average, in less than ten years. There are not many businesses which can hope to repay their capital quicker than that. Therefore, your bank would add 10 million dollars a year to the capital funds available in Canada. Is it worth while having a bank to add 10 million dollars to \$1,600,000,000?

A. I have some reservations in regard to the figures mentioned in this question. Nevertheless, it can be agreed that the volume of capital investment required to maintain a satisfactory level of national income will be large. Even if circumstances are such that the loaning authority of Industrial Development Bank is increased by Parliament at a later date the proportion of its loans to total capital investment may nevertheless be relatively small. In my opinion, however, the need for helping and encouraging sound development will be so great that we cannot afford to neglect any opportunity whatever.

I might also mention that I would expect the effect of Industrial Development Bank would be greater than the size of its own loans and investments would indicate. By putting up part of the money needed for a given project it would often be the means of encouraging other lenders and investors to participate; without Industrial Development Bank participation the project might not be undertaken at all.

5. Q. How do you propose to stand out against political pressure? I suppose you know that if you build a factory in Regina, Winnipeg or Moose Jaw will want one. If you have any factories in British Columbia, Alberta will be