

in or about to engage in an industrial enterprise in Canada." Notice the words "enter into underwriting agreements in respect of the whole or any part of any issue." Then, "Purchase or otherwise acquire with a view to resale thereof, the whole or any part of any issue of stock, bonds or debentures," and so on. I think that in an institution with that kind of power the type of case that I have been referring to should be dealt with wherever there is a fair and reasonable chance that the enterprise is likely to succeed under conditions of high employment and high national income.

*By Mr. Graham:*

Q. Dr. Clark, as a side light would I not be correct in that case you mentioned that it would put that particular business in a very receptive mood if they could not get the capital required to listen to the big shots who would want to merge, take them over, and thus put an end to their troubles as to financing? —A. I think that might be the only resort. The second point that I wish to make is that while this gap under our financial structure has always been there, has been there for a long time in this and most other countries, and should be filled, I think it is very important that it should be filled in the post-war period into which we are coming at some time in the future. You have got in addition to the ordinary requirements of new enterprises and these expanding small or medium scale enterprises the reconversion requirements, the switch from war to peace economy which is going to require capital. It seems to me also you are going to have many new opportunities for new industrial enterprises based on the commercial application of many of the scientific developments that have occurred during the war in the electronic field, the plastic field and a great many other fields where technological developments during the war have been of astounding proportions, and where I hope we can make similarly great advances during the post-war period by applying the new science now learned, the new knowledge, to the needs of peace, to ordinary civilian requirements.

If we can fill up that gap which I have been talking about I think we will be in a much better position to promote what I think every section of the committee would like to see, an expanding economy after the war with a high level of national income, employment and productivity. It is adding just one other stone to the financial family. It may not be the coping stone but it is an important and much needed stone. If you go back over the history of the last ten years or so you can see that one step after another has been taken to fill out, round out, make more comprehensive and better integrated, the whole financial structure of Canada, the setting up of the Bank of Canada, the improvements made, developing and improving the short term money market, the central mortgage bank in the mortgage and long term loan field which has not been put into effect but presumably it, or something along that line, will have to be done after the war.

The government has indicated in addition to this bill you will have something in the field of the guarantee or insurance of export credits to facilitate export trade in the post-war years when such assistance may be greatly needed. I think also that Mr. Abbott has referred in the house to developments in the field of intermediate agricultural credit. This is one of the steps that have been and are being taken to fill out, round out, the financial structure.

The second general point to which I should like to refer for a few minutes is why do we propose to set up the new agency as a subsidiary of the Bank of Canada? The members who have discussed this I think have approached it from two angles. I think there are some who have suggested that perhaps it should be a private institution set up perhaps in some way by the chartered banks and other private financial institutions. I think that is a legitimate case for discussion. In considering that, note these points which I think are the ones which weighed with my minister in recommending the set-up which is proposed in this bill. As I have just said, the first point is that this is an institution which is