

question—you may wish to consult the Minister on this question, too. As I mentioned a moment ago, an approach was made to the IDB to ascertain whether or not they felt that they should take on this function.

One of the considerations in discussing this matter with the IDB was that this loan fund is really a transitional arrangement. In other words, it was felt that the automotive industry—the parts industry basically—over a period of perhaps three years, would have to re-equip and adjust to the new program. Therefore this was not a regular or a long term banking function.

As a result, it was felt that the transitional assistance in one sense was an integral part of the over-all program. It is one thing to introduce the program, and then the next step is to ensure that the Canadian producers, particularly those who do not have access to large sources of financing, can obtain the financing that they will need to modernize and expand their operations.

As you will note, this fund does have a terminal date—Mr. Arthur tells me it is 1968—so that it is directly tied in with the first transitional period under the program, and therefore both the Bank of Canada and, I believe, the Government, decided that the transitional assistance really should be regarded as part of the over-all program. For that reason in the interim—in the transitional period—it was decided that it could be best administered from the Department of Industry but under the jurisdiction of an inter-departmental board with an outside chairman.

**Mr. Saltsman:** There are two things to that. First of all, it is not too transitional when some of these periods go up to 20 years. It means you are going to have to carry accounts, or items, or do bookkeeping, over a 20 year period of time.

Secondly, this is obviously only the beginning of this kind of assistance. We may be applying it only to the automobile industry at the present, but even the Minister has indicated that with the Kennedy Round of negotiations there may be dislocations; you may have to extend the program. And we have talked about rationalizing the furniture industry and other industries. Surely as a policy some thought has to be made to financing not only the automobile industry but the other industries that are going to be in a similar position. Just talking about three-year programs or temporary financing is not really going to meet the need. I think some consid-

eration has to be given to how we are going to provide this kind of development and this kind of loan arrangement, not only for this industry but for all industries as well. I would certainly hope that whatever influence you gentlemen possess within the Department will be used to impress these facts upon the Minister.

Now, let me go on to something else, unless you wish to comment on my remarks.

**Mr. Hales:** Mr. Chairman, could I just follow on with this very good line of reasoning? I would like to know the actual operation on the practical end of this. We give, through estimates, \$30 million to this Department. Have you set up within the Department a staff to administer this \$30 million?

**Mr. Barrow:** Yes, that is correct.

**Mr. Hales:** What staff have you set up to do this?

**Mr. Barrow:** We have a special secretariat within the Department consisting of finance officers and people who are special—

**Mr. Hales:** How many people, though?

**Mr. Arthur:** There are 15 people on the staff.

**Mr. Hales:** Do you keep the actual accounts? For instance, if you grant a \$5 million loan to a company, are the interest rates payable to you and do you keep all the ledgers and everything?

**Mr. Arthur:** The ledgers are kept in the Comptroller's Branch of the Department.

**Mr. Hales:** The Department of Industry?

**Mr. Barrow:** The existing financial officers in the Department take care of the administration once the loan is made. They are concerned with the repayment of interest and principal.

**Mr. Hales:** Well, this accentuates the good reasoning of Mr. Saltsman, that you are in a business you have no business to be in.

**The Chairman:** Mr. Saltsman.

**Mr. Saltsman:** I want to ask a further question regarding the criteria for making these loans. We have all discussed in this country the need to rationalize our industry, and the fact that many of our industries are really too small to compete in international markets. Just giving them machinery, or providing