

ernment regulation and the uncertainty of world conditions have reduced the prospective profitability of business, particularly the prospective profitability of new and untried enterprises requiring, under the most favourable conditions, a considerable interval before they can become an assured success.

The broad tendencies affecting the supply of and demand for equity capital—which are of wider scope than the provision of medium-term credit to industry—lie, however, outside our terms of reference: we do no more than mention them as requiring the most serious consideration.

#### RESOLUTION

#### NEPEAN WATER RESIDENTS' ASSOCIATION

That whereas the issuance of debentures at low rates of interest similar to the Municipal Improvements Assistance Act of 1938 (now suspended) is a dire necessity to carry out local improvements, post-war work and as a measure of relief to real estate now carrying vicious taxation, and

Whereas the Bank of Canada through the various provincial governments could service municipalities with money at low rates of interest for public service, provided the Bank of Canada Act is amended at the present session of Parliament to allow this, and

Whereas such legislation is long overdue, and

Whereas it has been proved under the Municipal Improvements Assistance Act of 1938 that all municipalities enjoying low rates of interest for public service have met their obligations when due, and

Whereas public service being what it is, the maintenance of health, education, fire protection, policing, lighting, good roads, etc., it should enjoy the lowest carrying charges possible,

Therefore be it resolved that this public meeting does hereby respectfully urge the Minister of Finance, Mr. J. L. Ilsley to recommend the enactment of legislation that will enable municipalities to issue debentures through the Bank of Canada under terms set forth in this resolution.

#### ANSWERS BY MR. G. F. TOWERS, C.M.G., TO CERTAIN QUESTIONS ASKED BY HON. R. B. HANSON, K.C., M.P., RESPECTING BILL 7

##### *Memorandum*

1. Q. I understand that the job of this bank is to advance capital to persons who are establishing or extending industries?

A. This assumption is correct, it being understood that "capital" takes the form of loans to or purchase of securities issued by the industries which are being established or extended.

2. Q. On what ground will you select the industries to be aided? I do not want just an answer that they will be industries of advantage to the nation. I want to know what the tests will be which will be applied. One will have to be, of course, that they cannot obtain capital elsewhere. Another will be, as I understand it, that the industries will pay. Now, if the industry will pay, why should there be any doubt of its being able to obtain capital in the open market?

A. An industry may be operating on a profitable basis but still unable to borrow money in the open market, i.e., by an issue of securities. Because it is of small or medium size, its name is not well-known to investors, and