

Industrial Development Bank Act

and as a consequence United States financiers as their economy expanded were able to assume control of the enterprises that had been started by British investment. That is not the case so far as we are concerned.

In 1926, of the total of United States investment in Canada 44 per cent was direct investment carrying control and 56 per cent was portfolio investment carrying no control. At the end of 1954 the position was reversed and we had 60 per cent of all United States investment in Canada direct and involving control and only 40 per cent consisting of non-control, portfolio investment.

On the basis of that, I do not think we should attack our United States neighbours for having been a little more enterprising and courageous than those who are in control of the Canadian pools of investment capital. I would suggest, sir, that the government has the opportunity in this development bank to cope with that situation and to cater, if you like, to the cautious nature of Canadian investors by presenting them with debentures backed by the government of Canada and to channel those funds into the sort of industrial development we require here and in the form of the equity investment which will leave control in the hands of Canadian nationals.

By the time the next session rolls around I hope the government will give some consideration to this. I deplore the indiscriminating attacks on United States investments unless we are offering some constructive proposal to offset the obvious danger. I think we all recognize that there are dangers; we may feel they are exaggerated sometimes but there are dangers there and we should have some constructive policy.

The appeals of such people as Mr. Coyne and various bankers in Canada to Canadian investors do not seem to have been very effective. They are still determined to confine the major part of their operations to the safer type of portfolio investment so I think we have to face that situation and seek some other means to channel investment into productive enterprises that will be owned by Canadian nationals and will be in the control of the nationals of this country.

I do not know whether there is any plan in the minds of the bank's management to use the larger powers they have for placing investments in different fields to accomplish that purpose on a small scale, but I would point out that no matter what they decide under the present legislation their power to do anything very effective is severely limited. I can think of no better way in which the government of Canada could cope with this

problem of United States equity investment. One could, of course, this afternoon draw some rather striking contrasts between the manner in which government agencies finance one type of proposition and are prepared to finance other types of proposition but I shall forbear from doing that and conclude by saying that I hope that the possibilities of the industrial development bank will be realized by the government before we meet in the next session of parliament.

Mr. Holowach: There is one comment I should like to make on this item, and I should like to stress its importance to the minister. Can the minister assure us that in future, whenever a question of priorities or preference arises with respect to applications for loans, it is the small businessman who will get the credit? The reason why I say that is this. When we consider the large amounts that are made available and the increase in the amount of loans over \$200,000 that are to be made, I am afraid we are drifting away from the initial intent for which this industrial development bank was created.

I have no beef against the large corporations being allowed to use the bank for loans, but it seems to me that we are moving away from the initial intent as set out in the preamble to the act when we allow big business to use the services of the industrial development bank to become bigger yet and at the same time we ignore the problem of the small businessmen who face a staggering credit problem at the present time. I should like to stress that point and bring it to the minister's attention, because it seems to me that the small businessman today has no other place to turn, with the tightening money policy of the government, except to the industrial development bank.

Mrs. Fairclough: Further to the question I asked previously, I wonder whether the parliamentary assistant would have a record of the amount of the largest single loan presently outstanding.

Mr. Benidickson: No, I cannot give information as to the largest amount presently outstanding. I can say from memory of the testimony of the president before the committee that the largest loan ever made was \$4 million, which was made at the time of the outbreak of the Korean war and was for a particular defence promotion object. My recollection is that, apart from that, we had evidence that there were probably only five or six loans that had ever been made over \$1 million, but I do not have the figure of what is outstanding at the present moment.