

*Industrial Development Bank*

guarantee loans to such businesses and to acquire their stock, bonds or debentures either by underwriting or purchasing direct from the issuing corporation. For the purposes of the bill an industrial enterprise has been defined as a business carrying on the manufacture, processing or refrigeration of any goods, wares and merchandise or the building of ships or vessels or the generating or distributing of electricity. The bank will be given power to lend to both new and existing industrial enterprises. To facilitate its operations the bank will be given broad general powers to take and, if necessary, realize upon any collateral security, including real property, in much the same manner as is provided by the Bank Act for other banks in Canada.

I want to make it clear that this bank is intended to supplement the activities of existing lending agencies rather than to displace them. If the credit requirements of a business are of such a nature that they can be obtained from a chartered bank or in the investment market, well and good. On the other hand, if such sources are not available then the industrial development bank will consider applications to assist projects which appear to be economically sound. The industrial development bank is not being set up to finance enterprises which are obviously doomed to end in failure. It would not be in the public interest to subsidize uneconomic activities in this concealed manner. On the other hand if the industrial development bank is to fill the gap I have described, it must operate on the assumption that there will be on the average a relatively high level of economic activity. It should decide whether or not a borrower is credit-worthy against such a background. If it appears likely that he will be successful under such conditions then he should be regarded as an eligible applicant for assistance.

The government believes that the existence of the industrial development bank will be of particular value to small business which has laboured under a certain handicap in obtaining medium and long term capital. These small industrial establishments are an essential part of our economy, an important source of employment and production, one which we must not overlook when planning to maintain a high level of employment and income in this country after the war.

As I stated at the outset, Mr. Speaker, the government is anxious that this bill should be given second reading and referred to the banking and commerce committee at as early a day as possible. I understand that the official opposition would like a little further

[Mr. Abbott.]

opportunity to consider the provisions of the bill and the terms of the statement I have made to-day. If that is so, there would be no objection to the debate being adjourned until some time early next week, if that meets the wishes of the house.

Hon. R. B. HANSON (York-Sunbury): Mr. Speaker, the bill now under review is of more than ordinary significance and importance. I submitted to my hon. friend, and I now submit to the house and the country, that it is a radical departure from accepted government policy in this country for the government to enter the field of private enterprise, and that time should be given for further study of the bill. In support of that suggestion may I remind you that first reading was given only a day or two ago; I saw the bill for the first time on Tuesday; then yesterday intervened, and we are asked to give it second reading now. The request for some further time for consideration and study, I am glad to learn, meets with the approval of the hon. gentleman who is sponsoring the bill, and after a brief period I propose to move that the debate be adjourned, which I hope will meet with the approval of the house as I understand it now has the approval of the government.

There are one or two observations, however, which I desire to make, to direct the attention of hon. members to one or two provisions of the bill. In the first place I would point out that the bill is limited to aid to industry, and to industry alone. I had rather formed the opinion that there was enough risk money available in this country for post-war industrial development, if given proper encouragement by the government of the day through some let-up in taxation. That is the first observation I want to make. The second is this: if the government is seeking to increase the national income by expenditures and ventures of this kind, it should have a larger scope. Something has to be done for the farmer, and this measure falls far short in that regard. I throw out that suggestion to the membership of this house.

Mr. ABBOTT: I mentioned at the outset that consideration was being given to a similar measure for agriculture.

Mr. HANSON (York-Sunbury): Well, it is not in this bill; that is all I have to say on that point. The next observation I have to make is in reference to the statement of the hon member for St. Antoine (Mr. Abbott) that this proposal is supplementary to existing lending agencies, and he mentioned banks