

Industrial Development Bank Act

Mr. Fleming: It represents something of a new departure, as I understand it. Hitherto when the industrial development bank has been making loans and taking security, in practically every case it has been on the security of real estate plus equipment. In the case of loans now made enabling a commercial air service to purchase planes, it means taking a different type of security. In view of this experience will there be any real estate to take a mortgage on? It will be equipment and a chattel mortgage in practically every case.

Mr. Abbott: It may take some form of bond issue or debenture, on the security of the planes, which would be covered by insurance of course. That would be the usual requirement there.

Mr. Fleming: My other question relates to a later subsection as much as to this one. In the proposed increase from \$25 million to \$50 million proposed in subsection 2 of section 15 of the act, how much of that sum is it expected or estimated will now be required for the purpose of making loans to cover air services and how much to enterprises within the scope of the act?

Mr. Abbott: So far as I am aware, Mr. Chairman, no estimate has been made as to what would be required for any particular type of enterprise. But as I indicated in my statement, we are so near the limit—authorizations are now close to \$22 million—that it is quite clear that if two or three desirable loans came along it might develop that it would be impossible to make those loans without the amendment which is proposed here. But so far as I am aware no attempt has been made to estimate how much should be in ordinary industrial enterprises and how much in loans to commercial aircraft companies.

Mr. Fleming: How did the government arrive at the figure of \$50 million in shaping this amendment?

Mr. Abbott: The government did not arrive at it at all. That was suggested by the banking and commerce committee when the bill was first before it in 1944. As I pointed out, originally there was no limitation. Then in the banking and commerce committee, when the present bill was under discussion, there was some suggestion that if no limit was placed on the amount, having regard to the original purpose of the bill to cover cases of small, limited-size enterprises, there might not be enough money for them. Therefore a limitation was put in. In the event it has been proved, of course, that there has been ample.

Mr. Fleming: That is the \$25 million.

[Mr. Abbott.]

Mr. Abbott: It was \$15 million first. Then it was increased in 1949 to \$25 million. Now the suggestion is that it be increased to \$50 million.

Mr. Fleming: I wondered how you happened to arrive at \$50 million.

Mr. Abbott: I can say frankly that it seemed to me that was all we probably should need; at least, it is all we could possibly contemplate in the immediate future. We increased it from \$15 million to \$25 million two or three years ago; and we are now up to the limit. It seemed to me that it would be just as well to increase it to \$50 million because it is quite clear that there is no real prospect of a shortage of funds available for the small and medium sized loans.

Mr. Low: That will only go about as far as the \$25 million anyway.

Mr. Abbott: No comment.

Mr. Macdonnell (Greenwood): Can the minister give any indication as to what is contemplated with regard to raising whatever extra money is necessary? My recollection is that liabilities now are practically all in the form of capital stock. Is that correct? There is a small amount of debentures.

Mr. Abbott: Capital stock and loans from the Bank of Canada.

Mr. Macdonnell (Greenwood): What is proposed as the means for raising further money? Will there be any disposition to spread it out by issuing debentures and getting it from the public?

Mr. Abbott: Under the terms of the bank charter it is certainly possible to do that; but up to the present time it has not been considered advisable to do it. There is no reason why it could not be done. The moneys have been available from the parent company, that is the Bank of Canada.

Mr. Herridge: Like the hon. member for Greenwood I was interested in hearing from the minister how the bank was serving smaller industries and smaller businesses. I rose particularly to ask this question. If I heard the minister correctly, I think he said the purpose of the bank was to provide funds for industry and commerce and things of that type that normally might not be able to get that type of credit from the private banks.

Mr. Abbott: Not from the private banks; from private financial institutions generally.

Mr. Herridge: From private financial institutions generally. The question I wanted to ask is this. Is it the policy of the bank to make to any industry, for the purpose of