

Industrial Development Bank Act

also. I believe that at the present juncture of events in Canada the government should be setting out very clearly for the Industrial Development Bank the areas in which it should seek investment for the development of the Canadian economy.

As some of us have reminded the government several times recently, the Kennedy round of tariff reductions is going to present the Canadian economy with both a challenge and an opportunity. The challenge of course will be the challenge of surviving when the walls of protection have been lowered quite a lot. The opportunity will be for the development of our secondary industry in Canada so that the secondary industry can take its place in world trade by means of specialization. It would be interesting to know if the government, and the minister, have either sort of thing in mind for the Industrial Development Bank or the Development Fund, as I prefer to call it. It would be interesting to know if the government has in mind the channelling of the resources of this bank into the rationalization of Canadian industry in order to permit the specialization our industry is going to need if the Canadian economy is going to continue to expand and develop in the face of the Kennedy round tariff reductions, and in the face of opportunities that will provide for us.

Otherwise it does not seem to me we are justified in asking the taxpayers of Canada to lend their funds either by means of expansion of the total money supply or by means of pooling all existing savings, in order to finance the development of privately owned industries which are operated purely in the interests of those who own and control them. On the other hand, I think we are well justified in asking the Canadian people to make their savings available for this kind of rationalization and development of the Canadian economy if this government is prepared to play an active role in directing that investment. This course is justified if the government is prepared to instruct the Industrial Development Bank and the Bank of Canada, which of course are almost synonymous, that they should seek the areas of the Canadian economy which we want developed, and not encourage development in areas which will not contribute to this maturity of the Canadian economy.

I hope when the bill comes before the house the minister will be able to give us some definite answers to these questions. He should tell us the government's purpose with regard to the operation of the Industrial

Development Bank. What is the purpose in increasing its authorization for loans to ten times instead of five times its paid up capital? What is the intention with regard to increasing its paid up capital from \$50 million to \$75 million? I hope the minister is going to have some more definite answer than merely the suggestion this is a means of pumping more funds into the economy, in the hope that that would have the desired effect. It could, if the government is prepared to use this as a weapon of considered government policy. It could have a very profound effect on the development of the Canadian economy in the light of changes in international relations brought about by the Kennedy round agreement. As I say, I hope the minister will be able to tell us, when he speaks on second reading of the bill; otherwise we are merely being asked to authorize the financing of something, the benefit of which to the Canadian people and the Canadian economy is still a matter of doubt. I do not believe we should be left in that position any longer than the second reading of this bill.

Mr. Leboe: I will not detain the committee for more than a moment, Mr. Chairman. This resolution is of the type I hoped would be eliminated in this House of Commons, so I will not prolong the agony by speaking at any length. I do not agree with the previous speaker when he suggests autocratic control by the government of the lending policies in the manner in which I suspect the hon. member meant. I think the government should of course keep its eye on the Industrial Development Bank, but not to the extent of controlling the interested parties.

I am aware of the useful role the Industrial Development Bank has played in the past. There are some things which I feel bear reviewing. The first is the fact that the interest rates are often too high to the person who can least afford to pay high interest rates. In other words, if the Industrial Development Bank considers someone a poor risk, I think it would be better if the bank did not lend that individual any money at all rather than put him in the position of working just for the bank interest rate. This is what happens to many of the borrowers who are forced to pay 8 per cent or 8.5 per cent interest. The individual is simply working for the Industrial Development Bank.

I think, in general, the interest rates of the Industrial Development Bank have been far too high. I am sure if this bank is interested in the development of the country it is not