

Industrial Development Bank Act

be substantially more than \$5,000; I would have thought that \$25,000 would have been not unreasonable. I do not know if that will please my colleague the hon. member for York West.

Mr. Hamilton (York West): I do believe that the larger branches of the chartered banks, that is the main branches in the large cities, have provided discriminatory powers up to \$25,000. My contact with the personnel of the I.D.B. indicates that these men are of the highest calibre. I do not think there should be any doubt about an authority granted to them up to \$25,000. I think it would be a source of a great deal of satisfaction knowing they are going through under the direction of efficient men.

Mr. Benidickson: I do not think any member of the banking and commerce committee was quite so specific and I am sure the board of directors will be grateful for the comments of the hon. members for Greenwood and York West on this point.

Mrs. Fairclough: Mr. Chairman, these figures may have been given in the committee but since I am not a member of that committee perhaps the parliamentary assistant would say how many loans are presently operative under sub-section 2 in excess of \$200,000 each?

Mr. Benidickson: As I recall it, the total authorization was approximately \$35 million or \$38 million and of course since the authorization some have been paid. I think the present outstanding for loans above \$200,000 would be in the neighbourhood of \$25 million.

Mrs. Fairclough: Well, Mr. Chairman, that is not precisely my question. My question was how many individual loans are there. It would be quite conceivable that the whole amount could be one loan. How many loans are there under that section?

Mr. Benidickson: At the end of the fiscal year 1955, which is the last official report, there were 62 loans over \$200,000 had been authorized.

Mr. Cameron (Nanaimo): Mr. Chairman, during the hearing before the banking and commerce committee I asked the president of the bank about this increase in the total of loans over \$200,000 which were to be permitted and asked him if he expected that the bulk of the increase in their activities would take place within that scope. He was not able to give me a very conclusive answer in that regard but it occurred to me at the time that the reason the limit has been raised to \$75 million must surely be because there is an anticipation of more demands for loans of \$200,000 or more.

[Mr. Macdonnell.]

That brings me to the point I want to make, Mr. Chairman, and it is this. It seems to me regrettable that this section did not include either an increase in the bank's power to loan in relation to its capital stock and its reserves or an increase in the capitalization of the bank. I was disappointed that that was not done particularly in light of the statements the president has been making in various places where he has regretted the hesitation of Canadian investors to get into productive enterprise.

When I read those statements it occurred to me that this was the logical instrument by which to accomplish that. I had hoped that when the bill came before us there would be some amendment which would increase the total lending capacity of the bank.

I noted in answers to questions that Mr. Coyne told us to this date none of the bank's debentures have been sold on the public market; they have all been sold to the Bank of Canada. While the operations of the bank are sufficiently confined in size, that procedure makes very little monetary effect on the economy, of course, but if the industrial development bank were to be enlarged to perhaps fulfil what Mr. Coyne apparently considers—in speeches outside the house and not in speaking in the capacity of president of the industrial development bank—would be a rechanneling of Canadian investment, it would seem to me that the bank would have to follow another policy which it is empowered to do but which it has never done and that is to place its securities on the market, in order to be effective. It seems to me to need a much larger scope.

We have had a lot of discussion and this afternoon reference was made to the desirability or otherwise of United States investment in connection with the industrial development bank and the role it plays in our economy. It might be worth while to point out the nature of much of this United States investment about which there has been so much talk.

It has often been argued, of course, that we should welcome United States investment on the analogy of the development of the United States in which British capital invested in very large quantities in the early days of that country when it was developing its economy, but there has been a very different type of investment taking place in Canada.

The volume of United States investment that is equity investment is far in excess of the volume of British capital in the early days in the United States that was equity investment. The vast bulk of British investment was in the form of portfolio investment