

Industrial Development Bank Act

However, today, because of automation and the means which have been devised and made available to industry to take advantage of technical improvements, it is now possible to make us of what is sometimes called the economy of automation or the economy of specialization. This is something which small Canadian industry in particular will have to take advantage of, if it is to compete effectively and economically, and employ in Canada people both in the natural resource industries and in the secondary industries. Consequently legislation of this type will have to be examined very carefully and structural changes may have to be made.

In addition, all the other complementary laws, the export credit laws and our fiscal policy with regard to this type of economic competition, will have to be scrutinized. I think I am justified in telling the government that measures of this kind will have the fullest support from this side of the house. If we are to compete effectively in the face of the conditions which obviously lie ahead, legislation of this type will have to be re-examined to a greater degree.

I will conclude by adding one other observation which I also gleaned from today's daily press. The following heading appeared in the *Globe and Mail* of Tuesday, October 17, 1967: "Exporters Feel Pinch From Rising Wage, Price Levels". This is a report of the speech made yesterday at Montebello by Mr. McAvity the president of the Canadian Export Association, who said that because of the rising wage and price levels the export industry in Canada was in danger of being jeopardized. He pointed out that the position of our industry and our business plants in Canada was in very grave danger. These are signs of the problems which face us as we look ahead.

For that reason, while it may well be that the prime and initial purpose of the Industrial Development Bank legislation might have been aimed at improving the domestic market for the smaller producers, in addition, if our people engaged in the export trade are to hold their position and are to make available the employment this country will have to have under conditions which I foresee in the next year or so which may become quite difficult, every advantage will have to be taken of this and similar legislation.

I will conclude by saying at this time that I hope the changes in the legislation will be along these lines. I hope the government will ensure that in its changes in connection with

[Mr. Baldwin.]

the machinery of carrying out and implementing the legislation efforts will be made to persuade our industrial people that it is essential for them to become efficient and effective in the competition for world markets. For that reason, having in mind what the minister said, in this very limited statement I wish to give a guarded approval of the objectives which seem apparent, reserving the right when the bill comes before us to redefine our position in the debate on second reading in the light of what we see in the bill.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Chairman, I must confess at the outset that I always feel a certain pedantic exasperation when I see the title of this particular institution, because of course it is not a bank in any concept of that term. As I say, it is a mere pedantic objection to calling what is essentially a government fund, in no way different from any government fund, a bank. I have no objections at all to voice about increasing the capital and increasing the borrowing power. Nevertheless there are some questions I would like to raise with regard to the real effect of this borrowing power. In view of the fact that, as the minister has reminded us tonight, the Bank of Canada purchases the paper of the I.D.B., is this transaction to be considered similar to the transaction whereby the Bank of Canada purchases other government paper and by that means increases the total money supply, or is this a different type of transaction which does not have that effect?

● (8:20 p.m.)

It would be interesting to know that.

If, as is now contemplated, the Industrial Development Bank is to have lending powers that, in the aggregate, will amount to \$1,045 million, it would be interesting to know whether this does imply an increase in the total money supply or whether it does not have that effect. It would be interesting to know if it is just a case of pooling the savings of the Canadian people for this type of investment and development of the Canadian economy. I think it is important, perhaps, that we should know what this transaction does imply.

Another question I should like to raise is whether or not the government has set out for the Industrial Development Bank the economic areas in which the government wishes to encourage development, or does the bank merely consider whether or not a certain loan will be well secured and repaid in the stipulated time? I think this is very important