

Industrial Development Bank Act

bank at the end of September were \$387 million and there was a possibility of \$421 million being required. Therefore we were coming to the end of the money available and this is why it was decided we should proceed at once to increase the lending power of the bank in order to be sure that we will never be short of money for the operation of the bank.

Mr. Monteith: I gather that the stock is issued as required. In this case there will be an increase to \$75 million. Of course, the figure will be ten times that, including the reserve. I gather that the stock will be issued to the Bank of Canada only as the money is required for lending purposes.

Mr. Nugent: Mr. Chairman, the remarks I wish to make apply to both clauses 5 and 6. Concern has been expressed by several hon. members as to the method of lending by the bank. The question asked in many of the speeches made on second reading was, will the bank's lending be broadened? I gather from the minister's reply that the lending will be on exactly the same terms and there is no change in policy with respect to the bank's operations. I understand that the government is just looking forward a long time, having regard to the present rate of lending and the using up of the allowable capital, and is providing in effect a long-term leeway by asking for a tripling of the amount of money available.

Mr. Chrétien: The policy of the government is that the bank shall operate to the best possible advantage. The policy of the bank is in the ultimate result the responsibility of the director of the bank. But it was made clear in my statement at the beginning of the debate on second reading that we want the bank to make funds available for the development of industries, particularly the smaller industries, in Canada. It is the intention of the government that because of this bill more money will be available, and we hope and expect that the bank will operate in a way that will be efficient for those who want loans from the bank. We hope this measure will make it easier for people to obtain loans. But the bank is a lender of last resort, and one of the conditions is that a man has to prove that he cannot obtain funds from the normal lending institutions. He has to establish this.

The bank should keep in mind too the viability of the project. We cannot, as a government, decide in each case and it is up to

the management of the bank to make the decision. But because we made some changes over the last few years whereby we have opened offices everywhere in Canada, rather than having a very centralized operation it will be easier for the banks to make loans and for those who need loans to get them. Therefore the communication will be better between those who need money and the bank. I think this change in the administration of the operation will enable more loans to be made to those who need them and can meet the requirements of the bank.

• (5:00 p.m.)

Mr. Nugent: Mr. Chairman, I just wanted to be sure that the only change, in the minister's mind, that might occasion more money being lent is the fact that more offices have been opened and they are readily available to people who wish to obtain loans. But no matter how many voices may be heard in the house we hope that the functions of the bank will be broadened and the lending policy eased to some degree so that the bank will take a little higher risk. None of these things are factors in the increase of money now being granted and we do not see the bill accomplishing any of these objectives. All we are doing is providing additional funds for the bank to operate in the way in which it has operated until now. The only improvement, as the minister said, is that it may have more lending power because more offices have been opened and ordinary citizens may approach the bank more readily. Is that essentially what we are trying to achieve in the bill?

Mr. Chrétien: What we are trying to do here is to give more money to the bank. That is what this bill is designed to do. I believe that what has been said in the house today will be considered by the bank officials. However, the goals of the bank will not be changed by the bill. This bill is designed solely to increase the capital of the bank. However, I can assure the hon. member that this will be a step in the right direction and that the comments made in the house will be kept in mind by the officials of the bank.

Mr. Gilbert: Mr. Chairman, subclause 2 of clause 2 reads:

The Bank of Canada shall subscribe for the seven hundred and fifty thousand shares referred to in subsection (1) at par and shall pay the amount of such subscription at such times and in such amounts as the Board may determine.

Why should the Bank of Canada subscribe totally for the purchase of the shares? Is