

*Industrial Development Bank Act*

I think this is a worth-while approach on the part of the bank. I do not believe that government money should be spent on projects that have little hope of success. I understand that the approach of the bank now is to look at an idea and at the management that is going to put that idea into operation. No longer is it absolutely necessary to have the backing of distinguished personalities in the particular area or to have the greater amount of capital needed. Consideration is now given more in proportion to the amount of managerial ability required. My understanding is that the bank is now making more detailed investigations into the capabilities of those who are going to operate these businesses, and this seems to be a step in the right direction as a means of evaluating loans.

Unfortunately, Mr. Speaker, one of the difficulties with which we are faced is that this procedure does have the effect of delaying the granting of loans, because such investigation is very time consuming. In addition, one of the other functions of the bank is that of a management training ground for people who borrow money from it. Unfortunately, many people come to the bank with ideas but they lack the knowledge of the market situation that is necessary as well as the managerial ability that is required. Often the bank has been able to provide these people with advice of the sort that is necessary to the successful conclusion of their business.

Another comment I want to make that I should like to see the bank become a little more speculative in its approach. I understand that one of the criticisms of the bank is that it is too much like a commercial bank, that it is too conservative in its approach in areas where such loans might be of a speculative nature.

Coming as I do, as the hon. member for Kootenay West (Mr. Herridge) put it, from the backwoods and being, I suppose, a member of the backwoods triangle to which he referred, I too would like to see more money expended on tourism but only on propositions that are viable and have a chance of success.

Over all, Mr. Speaker, I think the bank has filled a void that has been caused by the highly centralized form of banking we have in Canada. It has filled this void admirably, I think, and I understand that the recent reorganization has assisted even more in making the bank more accessible to people of more modest means who find the road to commercial loans blocked.

However, Mr. Speaker, I urge that the minister refer these comments to the bank, and particularly I urge them to review their lending practices and broaden the variety of loans they presently make in order to provide people who are looking for money with more flexible opportunities than are available under I.D.B.'s existing approach.

**Mr. Terence Nugent (Edmonton-Strathcona):** Mr. Speaker, I listened with a great deal of interest to the opening speech of the minister on the amendments to the act but I must confess I was a little disappointed at the paucity of the information. While it is nice to have a general review of the business the bank has been doing, the amount of money involved and the type of investments it has dealt in, I think the minister should have given us some background information as to the reasons for the proposed amendments to the act.

Two questions in particular come to my mind. First, what the government is now doing, in effect, is proposing to parliament that we triple the potential lending power of the bank. Second, we are apparently taking the accent off the Department of Trade and Commerce and transferring their interest in this bank to the Department of Industry. We are adding the deputy minister of industry to the board of directors and substituting him on the executive board for the deputy minister of trade and commerce.

This must be a policy move, Mr. Speaker, and the members of this house would be interested in knowing what exactly these two departments are going to do. What now makes the work of this bank of more interest to the Department of Industry? Bearing in mind that we are going to triple the lending power of the bank, and in view of today's economic difficulties, we in this house have pertinent questions to ask in relation to whether this tripling of the lending power comes about because of a change in policy by the government and whether the government is now easing restrictions so that the bank can now lend money in broader or more speculative fields.

The minister mentioned that the reserve for bad debts has been kept to less than 1 per cent. Is there any thinking on the part of the government that this is unduly restrictive, that it is too much in keeping with the practice of banks in general, that we can safely increase that margin and ease restrictions on lending so as to help more people financially, even though it may mean setting