

Industrial Development Bank Act

in loans of \$200,000 or over is substantially less than \$50 million. When we asked the governor why he wanted this substantial extension he said that they were doing a job and they might as well do an adequate job. He said it seemed worth while to get a substantial further authorization.

Having regard to the fact that the bank was established originally to fill a gap, to do what the chartered banks were not completely organized to do, I was reassured to find that while the bank has played a useful part there has been no wild attempt to rush out for business. Indeed I would say that the bank has pursued the even tenor of its way. As far as I am concerned I think that is what it was intended to do. I think anyone who needs a loan of this kind can easily get in touch with the bank and get whatever accommodation he is entitled to.

There was one answer made by the governor of the bank I was interested in. When speaking about large loans he said that the largest loan made was for \$4 million, which was much larger than any other loan. He said that there had been only three or four other loans as high as \$1 million. The \$4 million loan was made in special circumstances to a defence industry because of the type of work it was called upon to do.

Mr. Benidickson: That was some years ago, close to the Korean war outbreak.

Mr. Macdonnell: I mention that because there may be others who like myself did not want to feel that this organization was trying to rock the boat by entering into competition with the chartered banks and other financial institutions.

Another point I had in my mind when this bill was announced was that it might be in effect going contrary to the restrictive credit measures we have been told about, that to some extent this would be going in the opposite direction. The question was whether this implied in effect a substantial creation of new money. Was it going contrary to the other things that were being done? I think the governor replied to the questions in that connection quite satisfactorily. When we asked if money loaned in this way would mean the creation of new money, while in a sense he said yes it could be, in the same breath he said that the bank by marketing methods could prevent a situation from actually resulting in the creation of new money.

But even more impressive than that, the feeling I got was that they were not going to be rushing out to make a number of large loans, that there was no intention of trying to change the bank from what it had been into an organization which would try to spread

itself all over the landscape. To sum up, I think one can fairly say that up to the present the bank has gone along the lines it was intended to follow, that it has been well run and has worked in harmony with the other agencies in the financial structure of this country. The main thing is that the new bill is not intended to increase the total amount which the bank will have available for lending but merely to increase the amount which may be lent in loans of \$200,000 and more.

As I listened to the governor of the bank I felt that it had been conducted in a sensible fashion and that this was not going to be taken as an occasion to rush out and try to change the present character of the bank.

Mr. Argue: Mr. Chairman, we in this group, unlike the hon. member for Greenwood, would like to see the industrial development bank expand. We would like to see it stretch out. We would like to see it act aggressively in going after new business. We would like to see it do these things mainly because we would like to see new industries developed, and further because we would like to see new industries developed by Canadian capital.

We hear much about the desirability and the necessity of increasing the proportion of Canadian industries being developed by Canadian capital. Here is a bank, here is a Canadian enterprise in the business of promoting new Canadian industry with Canadian capital. I do not think the members of the official opposition are being completely consistent when they express the hope that the industrial development bank will not become aggressive, will not stretch out, will not expand at a rapid rate.

I repeat that I would like to see the industrial development bank use its authority and the money which is being made available to it by parliament in an aggressive way to establish new Canadian industries. I would like to see the industrial development bank come back to parliament in the near future for more funds; for the reason that it has in a short period of time successfully invested the funds it now has in new Canadian enterprises for the benefit of Canadians generally.

Looking over the annual report of the industrial development bank and the amount of business it has done in various provinces, I cannot help being struck by the overwhelming preponderance of business that is done in the two central provinces as compared with the little amount of business being done, generally speaking, in the maritime and the prairie regions. I express the hope here that the industrial development bank will be successful in promoting new