

Industrial Development Bank Act

Mr. Nugent: Would the minister answer a question?

Mr. Chrétien: Yes.

Mr. Nugent: I am glad the minister gave some information in respect of the increase in the funds available. I ask the minister whether there have been requests for money which exceed the amount now available. Is it necessary to increase the amount available by three times and does this mean there will be a change in the method of lending or the amount of risk to be involved? Is it the opinion of the government that the bank's lending capacity should now be tripled and will the bank continue to do business as it has in the past?

Mr. Chrétien: Mr. Speaker, the bank is rapidly approaching the point when it will have used up the available funds. Normally it is not necessary in this type of thing for the government to come to parliament every year for authorization. We have tried to forecast future money needs, and we have agreed with the bank officials that we should triple the amount available in order to make it possible for the bank to continue its operations according to the law.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Batten in the chair.

On clause 1—*Bank continued.*

Mr. Aiken: Mr. Chairman, I should like to ask the minister a question relating to both clauses one and two. Why is the deputy minister of industry being appointed to the board of directors under clause 1 whereas under clause 3 he is being substituted for the deputy minister of trade and commerce on the executive committee?

Mr. Chrétien: Mr. Chairman, as I said a moment ago, this was felt necessary because of the nature of the Department of Industry and the Industrial Development Bank. The government felt it was appropriate to have the deputy minister on the board. It was felt that the deputy minister of industry should be substituted for the deputy minister of trade and commerce on the executive board because of the nature of the Department of Industry and its close relationship to the development of industry in this country. It was judged more appropriate to have the deputy minister of industry rather than the deputy minister of trade and commerce on the executive committee. There was only one

position available and we wanted to maintain a balance between those individuals from the administration and those from outside. This is what the government has attempted to do.

Mr. Nugent: The minister has indicated that because of the structure of the Department of Industry it was desirable to have the deputy minister on the board. That does not answer our question. Why is it necessary for the purposes of the bank to have both these deputy ministers on the board of directors? I am not clear as to the distinction between the jurisdictions or duties of these two gentlemen and I cannot understand why it is necessary to have both on the board of directors. I can understand one or the other acting as spokesman for the government to present government policy, but at this time when we are trying to keep down the cost of administration why can we not just have a straight substitution? Surely it should be possible to have one deputy minister assume the responsibility of acting as spokesman for government policy and thereby avoid this proliferation of administrative costs.

Mr. Chrétien: It was our feeling that the deputy minister of trade and commerce could be very useful because he meets representatives of all kinds of industry in Canada which have products to sell abroad. As there was only one position available on the executive committee it was decided that we should have the deputy minister of industry. As I said, it was felt that the deputy minister of trade and commerce could make a useful contribution to the board.

Mr. Nugent: I am still not satisfied with the answer. If I understand the situation, it is the function of the board of directors to guide the policies of the bank, and it would be the deputy minister's responsibility to pass along government policy and make sure that policy was followed. Surely there must be sufficient co-operation between these two deputy ministers that either one could act as the voice of government without the necessity of maintaining two staffs. Can we not cut down a little on this cost?

Mr. Leboe: Mr. Chairman, can the minister indicate whether or not there will be any change in the lending policy of the bank in respect of designated areas?

• (4:50 p.m.)

Mr. Chrétien: As I said earlier, the bank uses the fact that an area is designated as another argument in favour of granting a