

Industrial Development Bank Act

In view of the present business situation and competition, we understand that business people must on occasion obtain sometimes substantial credit on a temporary basis. It happens sometimes that such credits are frozen due to the requirements of the Industrial Development Bank.

I should like to ask the minister to grant the request presented to him by the members of the opposition and also by the government member who has just given us his support in that respect, so that we may review not only the internal structure but mainly the over-all structure of that body, so that those who need funds for the expansion of their business may get them with easier standards than those in force at the present time.

I think that all those who have had to go to that crown corporation know that it is more difficult for them to obtain a loan from that federal organization than from an ordinary chartered bank and that the conditions of the loan are often far more severe than on the normal credit market.

Mr. Speaker, I therefore ask the minister to kindly consider the request made by the members of the opposition.

[*English*]

Mr. Chrétien: Mr. Speaker, before the bill receives second reading I should like to reply to some of the comments made by opposition spokesmen and by some members of this side of the house. First, I want to thank hon. members for their very positive approach to the matter. They made some criticisms and I am glad they did so. Many of the criticisms were factual. As a private member of the House of Commons I found on occasion that the paper work involved in obtaining a loan from the bank was quite excessive in relation to the amount of the loan involved. I assure hon. members that I will inform the officers of the bank of their criticisms in this respect.

One of the questions raised concerned the membership of the deputy minister of industry on the bank board. To me it seems obvious that with the establishment of the new Department of Industry it was important for the sake of the bank's good administration to have the deputy minister of industry appointed a member of its board. But in making such an appointment the policy of the government with respect to the bank was not changed and is not changing. The appointment was not made because the bank wanted to put more emphasis on local or internal industries and not to take into

[*Mr. Valade.*]

account as well those industries which produce goods for export abroad.

Further, because this is an industrial bank it was decided that it was preferable to have the deputy minister of industry on the executive committee rather than the deputy minister of trade and commerce. On the executive committee we have to retain a balance between those who are civil servants and those appointed from outside the government service and, as I say, because of the nature of the Department of Industry and because the bank is an industrial one, the deputy minister of industry was appointed to the executive. This does not change the policy of the government. The bank will continue to make loans to all types of industries and there will be more funds available for this purpose.

● (4:40 p.m.)

I am glad to have the opportunity to reply to the question of the hon. member for Edmonton-Strathcona (Mr. Nugent). Let me assure him that there is no purpose or intention to permit the Department of Industry to become involved in the operations of the bank.

An hon. member also asked why we decided to increase the amount of money available to the bank. It was felt by the government that the increase was necessary because in a short time there would be no funds available to the bank to lend to industry. For this reason we have been obliged to propose this increase. The total commitments of the bank at the end of September amounted to \$387 million. At this time the bank cannot lend more than \$420 million. One can see that the bank is rapidly approaching the point where funds will not be available. With the change proposed in the bill the bank will have a lending capacity of \$1,045 million. This will facilitate the operations of the bank.

That is about all I have to say at this time but I will be pleased to answer any questions hon. members wish to ask during the clause by clause consideration of the bill. Let me again thank hon. members for their suggestions. I was pleased to note that the hon. member for Kootenay West (Mr. Herridge) apparently agrees with the operation of the bank and the proposed increase. Members of his party are usually very critical of any financial matters before the house. I believe his suggestion was very good that the bank should publicize its operations to a greater extent.