The Bank represents one of the methods to be used by the Government in preparing for a high level of employment and income after the War. To provide a high level of employment considerable peace-time industrial development will be required. The reconversion of present war-time industrial capacity to a peace basis, erection of new machinery, and the application of new products and techniques developed during war time will require a great volume of new financing. Three presently existing sources may be looked to for meeting, in part, this situation:—

(1) The war-time reserves of industry. These resources alone will be far short of requirements.

(2) Existing facilities for the provision of credit through the chartered banks. These, however, will probably be limited to short-term commitments.

(3) The severely limited scope of the investment market. This, however, cannot take care of small enterprises.

The proposed Bank will supplement and fill gaps left by the above sources. It will extend credit to industrial enterprises considered economically sound if such credit cannot for any reason, be obtained from other sources, thus supplementing rather than replacing the activities of other lenders in the field.

The existence of the Industrial Development Bank will, it is believed, be of particular value to small business which has laboured under certain handicaps in obtaining medium and long-term capital. These small industrial establishments are an essential part of the national economy and an important source of employment and production.

The Bank will be a subsidiary corporation of the Bank of Canada, and will have as its directors, the directors of the Bank of Canada and the Assistant Deputy Governor. The Governor of the Bank will be President of the new organization.

The Bank will be empowered to borrow up to three times the amount of its paid-up capital stock and reserve fund, by the issue of bonds and debentures: this, it is expected, will provide total resources of $100,000,000. The bonds and debentures issued by the Bank will not be guaranteed by the Federal Government, but will be made an eligible investment for the Bank of Canada.

Section 3.—Currency

Subsection 1.—Canadian Coinage*

The present standard of Canada is gold of 900 millesimal fineness (23·22 grains of pure gold equal to one gold dollar). Under the Uniform Currency Act of 1871, gold coin has been authorized but only very limited issues were ever made. The British sovereign and half-sovereign, and United States eagle, half-eagle and double-eagle are legal tender. Subsidiary coin consists of 50-, 25- and 10-cent silver pieces,† 800 fine (reduced from 925 fine in 1920). Such subsidiary silver coin is legal tender to the amount of ten dollars. The 5-cent piece is legal tender up to five dollars and the 1-cent bronze coin up to twenty-five cents. There is no provision for the redemption of subsidiary coin. A table at p. 807 of the 1941 Year Book gives particulars of weight, fineness, etc., of current coins.

* Revised under the direction of H. E. Ewart, M.E.I.C., Master, Royal Canadian Mint, Ottawa.

† The Currency Act of 1910 made provision for a silver dollar and a 5-cent silver coin. The former was not coined until 1935, when a limited issue was made as a jubilee coin. The 5-cent silver coin was coined freely until 1921. It still has limited legal tender but has been replaced in the coinage by the nickel 5-cent piece. In 1942 a new 5-cent piece was coined from 'tombac', a copper-zinc alloy, in order to conserve nickel for war purposes.