

markets. To this day, by and large we are a nation which depends upon staples for the standard of living which we experience. When our exports are in trouble, our nation is in great trouble. At the present time our current account deficit is running extremely high. In the past it was covered by capital inflows and borrowings abroad. At the present time it has not balanced out because of the failure of our monetary, fiscal, export, and general commercial policies.

Canada does all right in the merchandise hard goods and soft goods sector, but we fall far behind in the service sector. In order to make up for this, we are forced into large borrowings. Our economy is still structured around the basic notion of exporting mainly primary resource and staple products, plus some processing of them. As far as manufactured end products are concerned, at the present time we are experiencing a deficit of approximately \$11 billion. Although it does not seem to worry some people, it should.

Recently an hon. member referred to the idea that Canada is following its historical, natural comparative advantage. Also he indicated that we should not be worried about the fact that our manufacturing industry is not growing. He forgets that many of our comparative advantages are now dwindling because of competition from other countries, and because we have not succeeded in building our own manufacturing capability.

In the process of the evolution of our economy, since the export of staples was so important, during the post war period we arrived at full nationhood. Perhaps Canada is a small or medium-sized power as far as the giants are concerned, but our population grew from approximately 11 million people during the time of the war to approximately 23 million or 24 million people today.

The Export Development Corporation was established to give a shot in the arm to Canadian exports when they were in trouble, in order to maintain Canadian jobs and to increase Canadian jobs. In my section of the country there is a steel plant which is nowhere near the market place when compared to Ontario steel plants. Over the years that plant has depended to a large extent on semi-finished products, as well as being dependent upon selling rails to underdeveloped or less-developed countries. The steel plant has been dependent upon rail market orders, and through its period of public ownership that rail mill in Sydney has been largely assisted by the Export Development Corporation. Thus, EDC has maintained if not increased jobs in that area. Of course everyone realizes there has been a decrease in jobs in that steel plant. If the soft loans which were granted to countries like Mexico had not come about, that Sydney steel plant would have experienced less employment than at present. Another plant in Trenton which is owned by Hawker-Siddeley also was assisted to a large extent and was able to survive.

The original intent of the Export Development Corporation was to improve Canada's natural advantages, as well as our export sector, for the benefit of all Canadians. Some point out that in the evolution of the corporation, in recent years it has made new moves akin to things one might consider as being

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the function of a Canadian international development agency, such as supplying grants and loans to Canadian companies operating in other countries, with the jobs basically going to people in those other countries. It may be true that in some cases this helps Canada's balance of payments and employment picture, but I see this as the essential problem confronting those who are opposed to giving increased funding to the Export Development Corporation at this time. This is an important role for the EDC to fulfil, particularly at this time when we know these less developed countries of the world need help. Nevertheless, when we compare Canada with the United States, Russia, Japan, West Germany, and most other countries of the European Economic Community, this is still a developing country. For this reason we require the type of activity I alluded to in the two examples I gave.

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What some of us feel, and a few very seriously, is that the Export Development Corporation has gone beyond its original purpose. It is getting out of hand in allowing certain multinational mining corporations to use its funds to create jobs in Guatemala and Indonesia, through developments such as that of the Inco plant in Sudbury.

We know of the work being done by Eric Kierans at McGill University in respect of what tax deferrals do for this type of thing. You have approximately \$11 billion in tax deferrals by multinational corporations, and that is approximately the situation, given a slight interpolation from the last figures put out in the CALURA figures, and yet there is little real investment development in terms of equipment, plant and factories in Canada, most of which are operating at about 80 per cent capacity, then there is an apparent contradiction.

This government has acted through its fiscal policies to assist these large corporations. This was particularly true under former finance minister John Turner. It is amazing just to realize the number of tax deferrals allowed during that two or three year period. As a result of this type of thing and of retained earnings on the part of these corporations, many of them are now very liquid. Some of them suffer from a shortage of cash flow or capital, but many are very liquid.

Given the internal saving or retained earnings, and given the help offered by government in terms of tax and investment credits of a variety of kinds, including the tax deferrals I have mentioned, we cannot understand why these funds are not being turned into jobs for Canadians. The theory is that you put savings into insurance and trust companies, as well as banks and other institutions, which pay you interest, and in turn they lend out that money at a greater interest rate in order to make money for themselves. The corporations then take that money and turn it into plant and equipment for jobs. There is a great missing link here. We have more personal savings in Canada at this time, as a percentage of the g.n.p., as a percentage of disposal income, and as a percentage of national income, than at any time during the last ten years, but we still suffer high unemployment.