

Export Credits Insurance Act

main purpose of insuring the exports of this country. It seems to me that the corporation has functioned well. There is such a need for continuation of the insurance of export credits that it is unfortunate that this legislation has provided for what in effect is an entirely new business namely the guaranteeing of export paper, or the actual buying and selling of the export instruments being done through this corporation. I would have thought if the crown were to engage in that business it should have done it by a separate corporation, because it is a separate function altogether.

Mr. Benidickson: Like the export-import bank of the United States.

Mr. McIlraith: That is really embarking upon an operation similar to that of the export-import bank of the United States referred to by my colleague from Kenora-Rainy River (Mr. Benidickson), and it is another field altogether. As a matter of fact, I am not sure whether the corporation should be wholly a crown corporation or whether the crown has explored the possibility of bringing more private enterprise into this field. However, I am in complete accord with the need for action in this field at this time.

I do hope the minister has considered that point thoroughly, and if he has that he will explain more fully to the house why he chose this approach to the problem rather than making provision by separate legislation for a separate corporation, because it is really a new field. It is an international commercial banking operation in which the minister is now engaging.

There is another problem about the bill which is before us. I do not know to what extent I may refer to proceedings in the other place, but when this bill was before a committee in the other place it became apparent from the explanations given that what was intended, although the bill does not provide this, was mainly the guaranteeing of export credit paper, and that this would facilitate the exporters' financing of that paper once it was guaranteed. While there is no explanation as to how that was to be facilitated, it is self-evident that it will facilitate it to some extent; but in a period of tight money—I hope not to get into further argument with the Minister of Finance on this particular aspect of it and using that term in the sense that the commercial banks, by reason of bond holdings and for other reasons have not large sums of money available for lending purposes—it is difficult to see how the mere guaranteeing of the paper will particularly assist the exporter to finance through the banks.

[Mr. McIlraith.]

Therefore I think if the guarantee aspect of the proposal is to be successful the minister ought to explain to us a little more fully how it is to be successful, because in a tight money period it is not necessarily the security of the loan which is the problem with the commercial banks, but the availability of funds to loan.

A second point in that connection is the long term of the guarantee. The Canadian banks, which are both commercial banks and savings banks combined, have always sought to keep very large portions of their funds in short term securities or loans. They have been very careful about that and have done a very good job over the years. This legislation provides only for the guaranteeing of long term paper. If that is so, then this measure is not going to help the exporters finance through the banks. That again leads us to the question, in what way, then, is a long term export paper guarantee going to help the exporter to finance?

Then there is the whole operation of the buying and selling of the paper. Notwithstanding what was said in the committee in the other place, where the whole emphasis was laid on the guaranteeing of the paper rather than on the matter of buying and selling the paper, I am still of the opinion that the corporation is going to find itself in the position of buying and selling large quantities of these guaranteed instruments. I noticed that in his remarks this morning the minister said relatively little about the buying and selling of such paper but a great deal about the guaranteeing of it. If the corporation is to engage in this commercial banking operation of buying and selling such paper, then surely if that is to become the main purpose of the legislation it is another operation altogether from the insuring of risks.

Those are questions which are outstanding in my mind, Mr. Speaker, which I hope the minister will deal with at some length. While he will see that I have been critical of the bill, I am wholly in accord with the purpose sought to be served by the bill and the minister's assessment of the need for some sort of assistance to exporters.

Before I conclude my remarks I must just add one further thing which I think ought to be said. I appreciate very much the minister acknowledging the honour which has been done to Canada by the election of the president of our Export Credits Insurance Corporation to be head of the Berne union. This is an acknowledgment of the splendid services of that officer, and it is also a courtesy and an honour to this country that I am happy to join in acknowledging.