

I was taking a look at the statement of income and earnings for the year ended December 31, 1977. Although I am sure it is pleasing for the minister and company to note that interest earned and fees earned increased by 32 per cent during the year, neither the minister nor the president of EDC were able to explain how it was that the net income before administrative expenses was only up 9 per cent for the year.

When we had a look at the administrative expenses, we found they were up over \$1 million, from \$6 million to \$7.1 million. That is an increase of 18 per cent during the year. However, the minister found nothing unusual about the fact that the administrative expenses were out of line with the net profit that the company was producing.

In any event, the net income for the year had an increase of only 6 per cent, partly as a result of the increase in the administrative expenses. With an increase in gross of 32 per cent and an increase in net of only 6 per cent, some investors might wonder what is wrong with the management of that company.

A word about the amount of the net income might be appropriate here. This is probably one of the few profit-seeking and profit-making companies in Canada that pays no income tax. Some companies that we can think of, Air Canada for one which has finally turned around and made a profit in the recent fiscal period, are required to pay income tax on their profits. For some reason, it is enshrined in the incorporation act of Export Development Corporation that it is exempt from any burden of income tax on any of its profits. Many businesses in Canada would like to have that privilege and might even be able to show better than a 6 per cent increase in their returns.

We should not leave these amendments without considering who is going to benefit from the increases sought here. I have a note or two which indicates that the government says that many jobs are produced. We went through that this afternoon; I do not need to do so again. I hope the minister will look at these remarks and refresh his memory. In the committee hearings we went through the matter of whether or not there were 200,000 jobs.

In any event we heard about the jobs and we heard there are thousands of businessmen who like to get financing from EDC. We have complained that we should be more careful about the way we are exporting jobs. We should ensure that we are not exporting jobs as well as these beautiful mills we are building and exporting.

Mr. R. H. Summer, vice-president of operations, admitted that the plant being built with a \$47 million EDC loan for a newsprint mill in Virginia will compete directly with Canadian mills. The minister, and I think the president, told us this was not the case. However, here we have the vice-president of operations telling us it is. He said this:

—it will obviously increase competition in the more northern part of New England and those states closest to Canada. Thus you could say that, through increased competition, it will in fact compete with Canadian-sourced newsprint.

How can we argue with a fellow who is in the corporation and right on the ground? The government has sought to assure

Export Development Act

us that no matter how many pulp or newsprint mills we build overseas, Canadian business will not have to meet increased competition. The evidence does not support that statement.

● (2142)

What we would like to see was well expressed by the hon. member for Edmonton-Strathcona (Mr. Roche), when he said:

What is badly needed is a national policy for development which harmonizes our interests in Canada with our interests in developing markets abroad.

That is a quotation from one of the committee reports. My hon. friend from Esquimalt-Saanich (Mr. Munro) has argued that Canadian business also needs help from the Export Development Corporation. This may sound contradictory but it seems ridiculous that Canadian companies wishing to expand in Canada are often unable to obtain financing at prevalent rates, yet if they chose to expand their plants across the border somewhere they would seem to qualify for loans from the EDC. We on this side question whether such treatment for Canadian business is right or proper.

There are many businesses which rely on EDC backing. We recognize this but we believe the government has moved much too recklessly in permitting the EDC to expand as it has. The figures speak for themselves. I do not understand how the minister can sit over there and agree with the policy the government is following. The bill before us indicates that the government increasingly believes that it knows better how to do things than does the private sector. It is increasingly putting into place interventionist policies. The fact that its programs have not been working over the past ten years, as evidenced by the present lack of confidence, business dislocation, inflation and all the rest, makes no difference to those who sit on the treasury benches opposite. Finally, I suppose the government will wish to do everything itself; there will be no room for individual entrepreneurship at all.

I will conclude on that note. The direction of government policy as shown by its treatment of EDC over the last nine years must be viewed with great suspicion, because the trend which is being established is one Canada cannot live with.

Mr. Jake Epp (Provencher): Mr. Speaker, I intend to raise some points which have been dealt with by other members but I want to relate them to the region of Canada from which I come. I am pleased the minister is in the House this evening. During the afternoon he was represented by his parliamentary secretary and the silence which greeted comments from this side of the House was rather obvious.

Now that the minister is here, with his reputation for silence both in this chamber and throughout the country, I am sure that after we are through speaking he will want to make some comment on the report stage of the bill. Indeed, if the minister wishes to speak at this time I would be willing to yield the floor to him. Perhaps he could answer some of the myriad of questions which have been raised. I feel, however, that the minister is not ready to answer questions—either he is afraid to do so or he does not know the answers. Instead of speaking in the House as was his wont, he keeps silent. I recall the days