

Export Development Act

whether these loans that are now being made in the hundreds of millions of dollars, soon to go into the billions of dollars, will be repaid 100 per cent. The honest answer is that today nobody knows. In answer to a direct question put to the president of the Export Development Corporation, Mr. Atkins, he said that if they were forced to liquidate the loans they had on their books at the present time, the loss, to use his word, would be astronomical.

It is always interesting, when a word such as "astronomical" is used, to refer to the Oxford Dictionary to see just what is meant. According to the Oxford Dictionary, astronomical figures are said to be as enormous as those familiar to astronomers; that is, an astronomical figure is as enormous as the figures familiar to astronomers. We have been told that if the Export Development Corporation were required to liquidate the loans on their books at the present time—which, I would emphasize, run for an average of 9.5 years—there would be an astronomical loss. Judging from the dictionary definition, that means a loss in infinite terms, in light year terms—virtually an unlimited loss.

I do not believe there are more than half a dozen members in this House who realize the magnitude of what this government is doing. They are not content to live within a range of \$1½ billion with respect to this type of financing; in this bill they are asking that it be increased to \$4½ billion. In committee we proposed that there be a limitation on the amount that could be loaned to any country. We were voted down. Our proposal was that no more than 10 per cent of the total lendable fund through the Export Development Corporation should be routed into any single country. I felt that was a very liberal, if you will pardon the expression, limitation. It would have meant they could lend up to \$425 million in one category and still be within the ceiling. The minister turned it down out of hand. He said he wanted no limitations. They wanted to forge further and further ahead than they have to date.

The number one country they have lent money to is Mexico. I refer hon. members to the current issue of the *United States News and World Report*. It states that on behalf of the government of Mexico, delegates at the United Nations are heading a committee which has come up with some absolutely startling resolutions concerning the treatment of foreign investment in countries throughout the world, including loans that may be owed by those countries to others.

In short, the government is taking us—with no limitations being tolerable, from their standpoint—into a very tricky area of finance. I suggest that undoubtedly loans now on the books of the Export Development Corporation, and loans that will go on those books, will end up in severe losses to Canadians. In spite of that fact we find, if we review the corporation's annual report of last year, that their reserve for possible losses through bad debts was actually less last year than the year before. In spite of the fact they had on their books \$541 million in loans, the total amount they chose to transfer to reserve for losses on notes receivable was \$1¼ million. That is just not prudent. When the great day of write-off comes, surely Canadian taxpayers should not be subjected to a \$10 million or a \$100 million write-off without forewarning.

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Surely it would be more prudent for this corporation to do what most bankers do, that is, to set up a proper reserve against the riskiest loans in the world. I say they are the riskiest loans in the world because the hard fact is that the only reason the Export Development Corporation is able to lend funds of the magnitude they are lending is that commercial banks refuse to get into this type of operation.

Already there has been trouble in the lending portfolio of the Export Development Corporation. In their last annual statement they point out that over \$5 million in loans as of December 31 was already overdue and, oddly enough, we find that the corporation is doing what is often done in corporations and is generally subject to great rebuke by government, that is, covering up the bad debts that are on their books. For example, in the statement it is pointed out that negotiations are under way with the governments of Chile and Pakistan to reschedule \$5,575,000 of the notes overdue on December 31, 1973. This is the classic way in which those in trouble with loans on their books try to cover their tracks, rather than accept the fact that some day a loss will likely be suffered.

I am disappointed that the government would not accept the limitations we suggested. I believe it is dangerous to place any corporation, especially one whose president plans to resign, in a position where they have up to \$5 billion available to them and yet that money can be lent without any standard being set by this parliament as to the country that should share in that amount, the maximum amount they might share, or who in Canada should benefit from that type of financing.

Another very disturbing element—and one or more of my colleagues may deal with this—is the question of financing nuclear reactors throughout the world. This question was raised in committee. We received little satisfaction regarding the way in which the Export Development Corporation will attempt to ensure that such reactors will be used only for peaceful purposes. We know that they plan considerable financing. I suggest this is a matter in respect of which we in this House should be constantly on guard.

In committee, under questioning, the minister stated that while certain nuclear reactors would possibly be sold to Iran, he believed it would be an all-cash deal. The question, of course, arises whether we should be selling nuclear reactors to Iran. I simply ask the question. I would point out that the *U.S. News and World Report* last week pointed out that the Shah of Iran, loaded with oil riches and ambitions for a larger role in the world scene, is the nominee of many international experts to follow India's Madam Gandhi as the next member of the nuclear club. Surely, all should be done in our power—certainly in the power of the Trudeau government—to ensure that if we are to finance nuclear reactors, they are financed only for countries which we are 100 per cent sure will not use this type of equipment in a nuclear holocaust in the future.

Another question that we asked in the committee last year was, why do they not borrow from private sources as opposed to simply asking the Minister of Finance for another hand-out? We were assured that the corporation would go boldly into the short-term market and raise funds in the private sector. That operation has floundered;