

in my own mind—would be this: Suppose a Canadian exporter wishes to sell a million dollars' worth of steel rails to, let us say, the Government of Liberia, and that government desires to pay for the shipment on an extended basis of five years. As matters stand now, that government could give the Canadian exporter a promissory note for \$1 million payable five years hence and that note could be guaranteed by the corporation.

Under the proposed amendment, the corporation could go further than that; it could advance the money to the Government of Liberia itself to pay off the Canadian exporter and it could itself lend the money to the Government of Liberia and take the latter's promissory note.

As my honourable friend the minister (Hon. Mr. McCutcheon) pointed out yesterday evening, quite a number of these transactions now are apparently transactions between Canadian exporters and the governments of foreign countries; and the governments of foreign countries prefer to deal directly with a government authority in the country of export. One can well understand that that is a logical reason for making the necessary changes.

There are some features of section 21A which I do not understand too well, in relation to the financing of these guaranteed instruments and which are still further extended by section 3 of the bill. It would almost seem as if the corporation were taking the power to become an issuing house for securities and to sell guaranteed instruments of this kind to the public. Whether that is intended or has ever been done, I do not know. That is a point we should discuss when the bill goes to committee.

Hon. Mr. Macdonald (Brantford): Where does that appear in the bill?

Hon. Mr. Hugessen: It is in section 3. The corporation is entitled not only to lend money to an importer but to guarantee the payment of an instrument, to purchase a guaranteed instrument, to lend money to the holder of a guaranteed instrument and to sell to any person a guaranteed instrument.

Hon. Mr. McCutcheon: That, of course, is in the present act.

Hon. Mr. Hugessen: That is true. I am not saying that has changed. It is enlarged in the bill. I think we should have some explanation in committee as to what forms of transactions take place now and are contemplated under these wide powers that are conferred upon the corporation in this respect.

I think the bill is one which generally speaking deserves the support of honourable senators. As so often happens in these cases,

when the bill goes to the appropriate standing committee we should have before us the heads of the department of government which actually administers and operates this most interesting legislation, so that we will be able to satisfy ourselves on the general way in which the intentions of Parliament are being carried out.

Hon. W. Ross Macdonald: Honourable senators, I think we all agree that the bill has been very well explained to the Senate by the honourable gentleman who has just spoken (Hon. Mr. Hugessen). The minister who introduced the bill (Hon. Mr. McCutcheon) suggested that it should go to the Standing Committee on Banking and Commerce, and with that we would all agree. I feel that in committee we should have as full an account as possible of the business which this organization has been carrying on.

Reference was made this afternoon by the honourable senator from Inkerman (Hon. Mr. Hugessen) to the fact that this has been a very successful financial organization and that a profit of \$1,400,000 had been made.

Hon. Mr. McCutcheon: After income tax.

Hon. Mr. Macdonald (Brantford): That is most commendable, but probably there have been losses and perhaps we could get information in committee as to where those losses have occurred. Moreover, there seems to be a large number of accounts outstanding at present—a large amount in dollars, in any event. Are any of those accounts at present in arrears? I feel that information should be before the committee and no doubt the minister will arrange to have it presented.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. McCutcheon: I move that the bill be referred to the Standing Committee on Banking and Commerce.

With reference to what the honourable Leader of the Opposition (Hon. Mr. Macdonald, Brantford) has said, I may say that the president of the corporation will be present in the committee and all the information which honourable senators desire will be available.

Motion agreed to.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY— DEBATE CONTINUED

The Senate resumed from Thursday, October 18, consideration of His Excellency the