

Export Credits Insurance Act

have been impressed, as I am sure all the rest of us have been with the success of this corporation over the ensuing years. I have already explained what we intend to do. Perhaps I should not, at this stage, answer some of the questions which were raised because obviously they could be better answered in the committee stage. However, generally, I can say this on some points raised by those who spoke: There was no question about—I use the phrase of the hon. member for Assiniboia (Mr. Argue) now—dropping the head of the Bank of Canada. My understanding was that the pressure of business precluded him from giving the close attention to this organization he desired to give it. I judge he knows best the time that is available to him and so we saw no reason to raise any serious objections to that.

The directors of the corporation have carried on very successfully and although the head of the bank will not be present in the future, you still have the deputy minister of finance attending directors' meetings.

This is a new departure under the present terms of the act but it is allied in some measure to part 2 of the original act which lapsed some years ago. When the act was passed in 1944 there was a part 2 which authorized the making of rehabilitation loans to foreign governments and that authority expired in 1947. So although this suggestion we are putting forward now is not exactly the same as that nevertheless we thought in view of that experience with the act we could introduce this other feature now of guaranteeing export paper without having to create a new corporation or set up a separate act for this purpose.

Mr. Benidickson: Would the minister permit a question at this stage? As regards long term credit, who does the minister contemplate will be the original lenders, the commercial banks?

Mr. Churchill: The chartered banks.

The hon. member for Ottawa West (Mr. McLraith) suggested that by this proposed amendment we were, as he put it, diverting the corporation from its main purpose of insuring. That does not necessarily follow. The insurance work of the corporation may continue to be the larger part of its work. We will know better a year from now as the experiment is carried forward, but the intention was not to change, alter or diminish the activities of the corporation, which in the past have been very successful insurance activities. We were not able to go as far as the Export-Import bank of the United States. That question was looked into very carefully. As has been pointed out on more than one occasion, we have not the capital for export

that the United States has. We are an importer of capital. The Export-Import bank has been able to export capital on very long terms which are at the moment beyond the capacity of our country. So having examined the activities of the Export-Import bank of the United States, we decided that at this stage in Canada's development we could not enter that field. We felt that this other plan would in the interval provide additional facilities to our exporters that they do not now have at their disposal.

Nor did we consider that we would be in competition, as I think someone suggested, with the export finance corporation recently set up. We may be dealing in different fields. The representations which have been made to us over the last two years have indicated that there is a field here for the guarantee of export paper that has not been adequately covered in the past. All sorts of investigations have been carried out. Consultations have been held with leading businessmen of this country, and we feel that by introducing this measure we have taken a step in the right direction. I think that with a year's experience behind us we may discover that perhaps more capital or more backing for the Export Credits Insurance Corporation is required. As suggested by the hon. member for Kenora-Rainy River (Mr. Benidickson), it depends how our export business develops. We are in a highly competitive world and other countries are supporting their exporters beyond the field of just insurance, and consequently we want to do that too.

The hon. member for Assiniboia gave an instance to the house of the difficulties faced. He used the example of wheat, where he mentioned that a proposed sale of \$28 million of wheat to Poland on a long term basis was being financed by West Germany. That is not the first instance which has occurred along that line, where the Export Credits Insurance corporation has been prepared to insure a sale of Canadian products abroad but the financing was not able to be done in Canada; the financing had to be done from, say, New York, or in this instance, West Germany, or perhaps Switzerland. Now our hope is that Canadian finances may be available under this guarantee plan so that Canadian exporters may take full advantage of the opportunities that come to their notice.

I listened with interest to the remarks of the hon. member for Welland (Mr. McMillan) who talked about the question of co-insurance and wondered whether some great change was being made there. That matter was dealt with when it was up before the banking and commerce committee of the