

*Export Credits Insurance Act*

**Mr. Hees:** I have no idea, Mr. Chairman. All I say is that it is not on the COCOM list.

**An hon. Member:** What about bow ties?

**Mr. Benidickson:** I do not want to intervene if some members want to pursue the line of questioning that has been going on in this committee, but I do have some questions to ask before I, personally, would be prepared to see clause 1 carried. We had some discussion yesterday during which phraseology was used indicating that this financing was confined or related to capital goods. I am no expert on this act, but I have tried within the last couple of days, although I have had some other bills to look at, to find in the statute itself something which justifies people in saying that export credit facilities should be confined to capital goods.

Now, the Canadian Press in December put out a speculative story to the effect that we might have an amendment to this statute this session. They referred to the fact that there was a ceiling of \$200 million on the amount available for export assistance such as that contemplated under the act. Events have proven this speculation to be accurate, and the government is recommending to parliament a large increase in the authority of the executive to grant export credit, under certain circumstances, so that the ceiling on government liability will be \$300 million instead of \$200 million. I am not clear as to why the phrase is used, "capital goods". I find that the Auditor General, when he reviewed the operations of this crown corporation for the year ending March 21, 1961, picked up this phrase "capital goods" on page 85 of his report when he was trying to give a short outline of the purpose of the crown corporation.

I know that some of the largest transactions, both under this government and the former one, when utilization was made of this statute which was introduced by a Liberal government, have been related to financing grain sales on longer terms than commercial banks would make possible. I am going to look at another reference in the Auditor General's report, but that is my first question. Would the minister be kind enough, after I conclude, to direct my attention to the statute which in his mind justifies the use of the phrase "capital goods" as being the basis for the legislation before us?

**Mr. Hees:** Yes, I will be glad to do so. It is not specified in the statute; it is simply done by practice because capital goods are the only type of goods to which long term credit can apply. The sale of wheat and things of that kind is insured, but it is not sold on long term credit. I am sure the hon.

[Mr. Pearson.]

member will appreciate that long term credit is only granted on capital goods because that is an asset that lasts.

**Mr. Benidickson:** I am glad to have that explanation because I could not find anything in the statute that would justify the use of the term "capital goods", and yet reference had been made to it. The minister is saying, then, that when it comes to products like grain, which are consumables, utilization is made of the old, basic section 21.

Section 21B is relatively new, and I thought the hon. member for Ottawa West used a good definition yesterday in referring to it when he called it a guarantee of export paper.

**Mr. Hees:** Section 21A.

**Mr. Benidickson:** Last session, there was an amendment and section 21B was added to the act. Hon. members will be aware of the fact that under section 21B there was a clearer obligation placed upon the government to report transactions under this act to parliament. My recollection is that under this amendment of last year, the government is obligated to report within 30 days after the opening of a session, the decisions that the executive has reached under either section 21 or 21A, because they involve very substantial sums of money. The government is supposed to submit the orders in council to parliament. If parliament is in session when a transaction contemplated by these sections is agreed upon, the cabinet is obligated within 30 days to submit to parliament a record of the transaction.

We are here on February 16, and there are rumours that contracts have been entered into for the financing of wheat sales within the last week or so. This rumour was denied, I think, the other day.

**Mr. Hees:** Not under this act.

**Mr. Benidickson:** I take it from what the minister has said that part of the confusion arises from the fact that apparently utilization has been made of the Canadian Wheat Board Act rather than this act in connection with financing or facilitating the sale of grain to China. This is new information for us and, of course, comes as something of a surprise. Like the hon. member for Ottawa West I would have assumed that, having established machinery for export credit, that machinery would have been used to facilitate these sales. The opposition at no time has indicated any opposition to the sale itself. Indeed, it has pointed out that while a Liberal government was in power it facilitated, through this statute, sales of grain to countries behind the iron curtain. It is not on that basis that we have any objection to the actions of the