

Export Development Act

government disapproval of the decision of the millions of policy holders.

Surely people with investments are entitled to move their investments to whatever location they feel is safe and will bring them the best return. Obviously the fear expressed by many policy holders of Sun Life, that they will be unable to collect their pension should the company remain in Montreal, is very real to them.

Indeed, many parts of Canada would benefit from the movement of head offices out of Montreal, particularly the movement out of Montreal of Crown corporations. So far as western Canada is concerned, both Air Canada and CNR, with their headquarters in Montreal, are totally oblivious to the needs of western Canadians.

Now I would like to return to some of the problems facing the Export Development Corporation. In 1968 its budget was \$2 billion. Now the minister is asking for \$26 billion. Even taking into account the high rise in inflation, this increase is of great magnitude. Obviously the minister does not expect any export of industrial goods from our country to take place unless it is subsidized by the EDC.

Let us consider again the pulp and paper industry which is one of our largest money earners, with a high level of efficiency. In spite of this, we are lending money all around the world at low rates of interest to countries such as Iran, Poland, and Peru—we have made further loans to Iran this year—to Romania and Argentina, presumably because the EDC believes that the Canadian pulp and paper industry is not going to prosper and that it is better to sell pulp and paper machinery at subsidized interest rates to other countries. But what about our own industry? It will have to modernize its pulp and paper facilities at the going rate of interest of 10 per cent to 15 per cent, while its competitors around the world can get Canadian loans at low interest rates.

Small business can be analogous to big business. Every small businessman could expand his business if he could get his friends to co-sign a note at the bank. Occasionally a small businessman might get an order as a result, but if he persists in following this practice, his business will depend on other people co-signing. This is not a good practice, and it might cause the business to collapse in the long run.

According to EDC reports, many of our exports of manufactured end products from this country have to be financed by the EDC. The question arises as to whether or not the EDC has been successful and whether we have not reached the stage where we will only be able to export our manufactured goods with the assistance of EDC. What will happen then is that the EDC assistance will be a form of subsidy, and the cost of Canadian goods will rise to cover the subsidy. Industries which have exported goods on their own might find that they can no longer compete because the goods are subsidized by EDC at the cost of those that are not. In short, the EDC has a role and a place, and we must question whether or not the role it is playing has become so large that its activities are detrimental to the export community.

[Mr. Ritchie.]

When EDC first came into existence there was a need for assistance to Canadian firms wishing to export. No one questions that, and this need continues. However, the activities of EDC might become detrimental in the case of certain exports. We seem to have a passion for exporting manufactured goods at all times, but we must remember that we can only export as much as we import over a period of time. If our export of manufactured goods increases, other products such as grain, raw materials, and pulp and paper, must decrease as, relatively speaking, one cannot go on exporting more than one imports over a period of time.

I will follow with interest some of the matters I have raised when the bill is considered in committee. I believe that as a nation we must consider how much we want to finance and subsidize our exports. Certainly EDC has a subsidizing role to play without damaging the competitive ability of our industry. This is a matter of judgment which is not easily defined. Perhaps some answers will arise when it is studied in committee.

● (1552)

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise in order to point out a few simple facts relating to the bill before the House and its relationship to the Canadian economy.

Opposition has been expressed by members of parliament to the extension of funds to the Export Development Corporation. That corporation claims it needs those funds in order to fulfil its objectives. Generally parliamentarians, including myself, suffer from a lack of understanding, or perhaps there has not been enough openness concerning the activities of the Export Development Corporation. There is some confusion surrounding the prime objective of EDC.

In any institution which grows and is an appendage of a department, there comes a time when the original purpose evolves into other types of things which were not originally intended in the legislation. The Export Development Corporation is an appendage of the Department of Industry, Trade and Commerce. When the Export Development Corporation was established, it was to assist Canadian exporters. Economic historians have written great tomes about staple exports, particularly since the famous Toronto economist, Mr. Innis, forecast a period of such growth for Canada. He indicated, from an economic point of view that Canada had many natural resources, what he called staples. Our resource industry began with the fur trade and expanded into such things as wheat, minerals, and oil. Economists indicate that Canada has a comparative advantage. Perhaps it is not an economic rule. Perhaps it is just logic which has been taken over by economists, this notion of comparative advantage. The development of Canada has stressed both renewable and non-renewable resources. In the natural course of our development, we became an exporting nation because of our primary resource industries, both renewable and non-renewable.

As time went on, other countries discovered similar resources or substitute resources which could be sold on world