ance facilities were brought under a separate account for possible liabilities, namely, $10 billion on behalf of the corporation and $3.5 billion on behalf of the government. The previous government was motivated by its knowledge and awareness of the role played by EDC in our exports. In 1978 the EDC's volume of business was $6 billion as compared to $2.6 billion in 1977.

That is the dollar amount of exports supported partly or entirely by EDC. In 1978, loan transactions reached $3.7 billion; insurance facilities including security and guarantees for foreign investment covered $3 billion worth of exports; EDC's profits were $29.5 million. In 1978, EDC made all its financial requirements in its own name. That year, Canadian exports gave our country second place among exporting countries for the amount of per capita exports and eighth place for the dollar value of the exports. In 1978, EDC supported 50 per cent of our exports of goods and equipment as well as technical services to countries other than the United States. Unpaid loans stood at only $6 billion at the end of 1978; that same year, EDC loans and guarantees supported exports to 20 countries, which benefited over 300 Canadian companies. In terms of man-years of work created through the support of exports by EDC, we have an achievement of 162,000 man-years.

Mr. Speaker, as a member from the province of Quebec, I can only oppose any reduction in EDC's role because its activities are more important for Quebec than for any other area in Canada. Quebec is the only area where the EDC percentage of exports, 29 per cent, is much larger than its percentage of exports for Canada as a whole, 20 per cent. The reverse may be true for the prairies but that can be explained by the fact that a large percentage of the prairies exports is made up of farm commodities which are paid for in cash and which do not need the EDC facilities. This corporation meets the needs of Canadian businesses wherever they are. Though it cannot change Canada's industrial geography, it seems to make an effort to support efficiently the less industrialized areas.

Mr. Speaker, considering that less than 7 per cent of EDC loans had to be renegotiated; considering the EDC's role in all Canada and particularly in Quebec; considering that it is the only instrument through which the government can significantly transpose its international policy objectives in the trade area; considering that 50 per cent of all exports made outside the U.S. are subsidized by EDC; considering that from 64 per cent to 66 per cent of all insurance policyholders are small or medium businesses, and considering how flourishing the EDC is, we wonder why the minister insists on changing the structure and activities of the Crown corporation, especially at a time when all industrialized countries have become aware of the need for similar agencies to help their own exports.

Recently, in one of his replies, the minister told the House that he intended to increase the participation of the banks in the activities of the corporation. How will he do it? One possibility would be to subsidize the banks by 3 per cent to 4 per cent and even 6 per cent of the commercial interest rate. Such an approach would not significantly reduce the expenditures incurred by the consolidated fund. It would reduce the role of the EDC to an unacceptable level, that of accountant for the subsidies to be paid the banks. Such a change of direction would lead to the loss of several competent staff members of the Crown company, which in turn would automatically deprive the government of an essential element of trade, that is, financing.

Though I accept the argument that over the years the banks have acquired significant expertise in the field of international financing, I shall nevertheless remind the minister of the obvious: all banks are unanimous in being reticent about any financing that exceeds an eight-year term. They are also reticent about guaranteeing fixed rates of interest, and even more so when it comes to lending money, even with government subsidies under the bank prime rate.

● (1650)

Even more unfair would be a greater participation by banks if it were to take the form of a sharing in the financing whereby their participation would have to be achieved under the medium term and the last in, first out basis. This approach is quite costly especially since EDC has been financing all its operations on public and private markets at the same cost as chartered banks. Such an approach would be detrimental to exporters while at the same time it is not necessary to the banks operating on the international market.

Mr. Speaker, I am aware that the President of the Treasury Board can always raise the fact that the government must annually spend some $600 million to $1.1 billion for the 1976 to 1982 period. Yet I want to remind him that we are dealing here with an equity and that he must consider these amounts as an investment and not as money spent. In short, Mr. Speaker, a country such as Canada must support its exporters, and whatever the approach considered, whatever the policy it will choose to follow, its action will entail a cost. The financing of exports through the EDC is the least costly and the most effective, and at the same time best serves the interests of Canadian policy. Moreover, the privatization of this government sector of activity would occur in a most untimely context when more than ever deals are being transacted between governments, when political disorders in various countries of the world have reached almost record heights, which suggests greater participation by international organizations dealing with governments and not with private enterprise.

If the President of the Treasury Board means to create a better economic environment for the private sector, he should direct his attention away from the Export Development Corporation and especially try to be more receptive to the analysis of the industrial adjustment programs which his colleague, the