

Export Development Act

reasons, although people can object to certain aspects of this bill, it must be understood that it is a scheme to support our export industry, to support industry across Canada and thus create jobs.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, on motions nos. 2 and 4 I want to refer again to the history sheet as I did on the other amendment and remind the House that the present limits under the insurance section are presently \$1 billion. The amendment is proposing they go to \$2 billion rather than the \$3.5 billion as proposed in the bill. We think the extension of double the present limits should be adequate for the government, the reasons for which I partly stated earlier.

The other amendment, being the increase from \$850 million to \$2.5 billion, seemed somewhat excessive so therefore we are suggesting that we amend that increase to \$1 billion. The over-all effect of changes or increases given to the EDC since it was incorporated in 1969, a short nine years, as taken the total government commitment from \$1.5 billion to the now proposed \$26 billion. As I have already mentioned, the profligate spending ways of the government opposite are nowhere better displayed than in the expansion given in the EDC. I may have something else to say about the spending habits of EDC in a moment or two.

I am glad to see that the minister has been able to join us for the continuation of the debate because he was involved in many of the committee hearings. I referred to some of his remarks and his refusal to help us out in the committee on some of the points we felt were important in this debate.

● (2132)

I note also that the parliamentary secretary informed the committee that the Export Development Corporation would be returning in the fall with a rather more complete overhaul type of bill. At that time we repeated our wonderment as to why they felt it necessary to get this huge increase in such a hurry when they would be well able to live within the limits until the fall. In the fall they could have had all this done under the new bill that they are going to be presenting to the House; that is, if we are not involved in an election campaign or do not have a new government by then.

Why should we not take the cautious approach and live within our guidelines? The government was told there are many ways it could exist for the time being with the limits that are there. It is probably impatience on the part of the government. Having been so used to doing things in its own way for so long, it does not want to change its ways and take any kind of reasonable course.

Why should parliament be asked to approve this enormous increase now when the government has told us it is going to change the rules later? Why would any government expect any investor to be willing to put up money now, not knowing what changes in the rules are going to be coming later? The limit is now going to be increased from \$8.8 billion to \$26 billion, an increase of some \$17 billion. It is interesting that in committee and in earlier hearings it came out that the involvement in the

[Mr. McRae.]

EDC per capita is away out of whack. It is much higher than the EX-IM Bank in the United States which has an authorized ceiling now of \$25 billion. That is less than we are being asked to approve for EDC. On the basis of per capita comparisons, the difference is even more pronounced.

The official support expressed as a percentage gross national product in Canada is now just over 1 per cent at 1.05 per cent. In the United States it is .04 per cent. A comparison like that brings home better than straight numbers the extensive overinvolvement that EDC has in the business affairs of this country.

It is pertinent to note at page 61 of the annual report a section on the loans payable. Divulged there is that the loans payable to the Government of Canada and other lenders, and there is no breakdown, totalled \$1.5 billion at the end of the fiscal year. The interest rates vary from 5 5/16 per cent to 9 1/2 per cent per annum.

The government has made a big point of the fact that EDC operates independently of subsidies, that it is a profit-making institution and the taxpayers do not subsidize the operations of EDC. However, I ask hon. members to consider how EDC is able to borrow money at 5 5/16 per cent, albeit that maybe the portion to be paid back during calendar 1978. No one can borrow money at 5 5/16 per cent from the Government of Canada without admitting there is a real subsidy from the taxpayers of Canada. Money at 5 5/16 per cent just is not available to us today.

We know the government will say that is what it was borrowed at a long time ago when rates were lower and it did not have to pay it back until now, and that it is paying it back on schedule. I cannot deny that is within the terms of the borrowing and they are paying it back on schedule. However, to claim that 5 5/16 per cent interest is not a subsidy by the taxpayers of Canada is not being truthful to the House or the committee.

We are not told how much of that \$1.5 billion has been borrowed from the Canadian government, although that question was asked in committee. We are only told it is being repaid to the government and that new borrowings are being made in the open market. We do not know where it is coming from, whether it is from superannuation funds or what. It may be significant to note, as is noted in note 4, that some 20 per cent of the amount outstanding in loans of \$1.5 billion is borrowed from the United States sources. It is expressed here in U.S. dollars. We do not know whether it was borrowed in U.S. dollars, but certainly the recent action of the Canadian dollar is going to make that more expensive for the Canadian taxpayer when it comes time to repay that loan in American dollars.

I want to say a word about the expenses of EDC. We have been saying a lot about the expensive nature of this company. The president is known to be able to throw a pretty good party. He seems to have a reputation in Ottawa as being one of the big spenders. I know the president told us he only drank 7-Up, but everybody else was drinking champagne. In any event, a \$75,000 party must have provided a lot of champagne for a lot of people.