

Export Development Act

alism is not to be ignored and is certainly very effective imperialism. Here is this little company, which is begging for funds, coming to the Canadian public for a substantial loan of some \$26 million, while at the same time it is making rather gargantuan profits out of its operations in Brazil.

The article goes on to read:

The high level of economic activity of south central Brazil served by Light S.A., the electric utility, is reflected in increased electric sales—22.4 billion kilowatt hours . . .

Company's Brazilian investment income in 1972 was \$7.5 million against \$8.2 million. During the year the Brazilian investment unit took on two major new ventures—meat packing and brewing.

It is into brewing in Canada, why should it not brew in Brazil? I take it that here they are talking about brewing alcoholic beverages, not just brewing business.

Mr. Deputy Speaker: I am sorry to interrupt the hon. member, but I understand that perhaps there have been some developments which will have him back on his feet in about 20 seconds from now. The parliamentary secretary to the President of the Privy Council (Mr. MacEachen) wishes to rise on a point of order.

Mr. Reid: Mr. Speaker, I have been in discussion with hon. members through the usual channels, and I think there would be a disposition to dispense with the private members hour today and to continue this fascinating debate.

Mr. Baldwin: The usual channels agree.

Mr. Knowles (Winnipeg North Centre): Agreed.

[Translation]

Mr. Henry Latulippe (Compton): Agreed.

[English]

Mr. Deputy Speaker: I understand there is agreement in the House that the private members hour be dispensed with today and that the hon. member for Scarborough West (Mr. Harney) continue his speech.

Mr. Harney: Mr. Speaker, it is a rare day when this house is caught in an act of flagrant agreement, so we should note it.

I was just going on to meat packing and brewing. Of course, we know that Brascan is involved in brewing in Canada and one of its major subsidiaries is a small firm called Labatt's Incorporated. We discover from more recent news items that Brascan operates in Brazil, and indeed has spread into meat packing in that it has taken over the Swifts (Brazil) meat operation, which again is no mean enterprise. I just want to put these points before the House so that we can understand that we are not dealing with an impoverished company, but with a very wealthy company which knows exactly on which side its bread is buttered, or at least where part of its bread is buttered, and can easily come to the Export Development Corporation for money.

● (1700)

It is interesting to see what has been happening over the past few years to the loans made by the Export Develop-

[Mr. Harney.]

ment Corporation. When I look at the annual reports for 1971 and 1972, I find some very interesting figures. In the report for 1971 we are told that the total signed financing agreements between the EDC and the country of Chile amounted to some \$24.68 million. This is not all the money actually lent, but the total of the agreements entered into. For some mysterious reason which I cannot understand the total signed financing agreements, as reported for the year 1972 and before, between the EDC and Chile, or between corporations and the E.D.C. amounted to \$24.67 million. I just wonder if it is possible for items to shrink. At least it is obvious that this one did, but it is not so much the anomaly in the figures which intrigues me as what has been happening to the direction in which money is lent, particularly to South America.

If we go back to 1972 and compare the moneys advanced to Chile and Brazil over the years, we find that Chile, which is a relatively small country, signed agreements with the EDC in the sum of \$24.68 million, whereas Brazil up to that time had only signed agreements in the sum of \$13.17 million. But in 1972 magical things begin to happen. Chile is still at the same figure but Brazil has suddenly jumped to \$62.4 million. Why the shift? What happened over that period of time? Could it be that the shift in lending patterns which we witness here has something to do with the political developments on the South American continent? Could it have something to do with the fact that Chile began to expropriate with, and without, compensation some of the international corporations involved in mining and development in that country? One is led to wonder.

One does not like to look for conspirators in these things, but one can be led to believe that there may have been some influence on the EDC which said, "Look here, Chile isn't a good bet any more because it has a Marxist president, and besides Chile has done the nasty thing of expropriating or nationalizing large American corporations in Chile. Brazil, on the other hand, is safe. Brazil has a fine, stable government. It is not a very democratic government but it is a very stable government, and we are going to lend our money there. Besides, we have Canadian friends who are operating there."

While I am on this point I want to underline one thing. We must not assume that the Export Development Corporation sits here in Ottawa waiting for customers to arrive from Brazil or Chile. That is not what happens at all. It is not the corporations or companies outside North America that come up to Ottawa to ask for a loan. As we all know, this has been stated and admitted. It is a matter of fact. It is the Canadian exporting company which arranges for the financing by approaching the Export Development Corporation. So, Mr. Speaker, what we are talking about here really takes place in Canada. The important part of it goes on in Canada and not in some far away country.

The Chilean situation is a particularly interesting one because, for one thing, the natural conditions of industry in Chile are very much like our own in Canada. It is a country which depend for its well being upon the proper exploitation of its natural resources, just as we do. As a matter of fact, much of the exploitation is like our own. It is an economy which is heavily dependent on extractive industries, mining in particular, and here I mention