

Export Credits Insurance Act

one that I think will commend itself to the house. I believe it is reasonably clear from the minister's explanation that there is every prospect that the applications for guaranteeing payment of these instruments, which really has the effect of granting long term credit, will be sufficiently great before another year goes by to use up all the funds that have been made available by parliament. Therefore so far as we on this side of the house are concerned we are quite prepared to grant approval in this regard, so that an additional \$100 million can be made available for this very desirable objective.

With respect to the first point I raised, the increase in the number of directors from five to six, no explanation has been given as to the need for that change, but I presume one will be given at a later stage. I am not disposed to raise any objection to the proposal at the moment, because I assume that when we get to the committee stage we will be given an explanation. On the assumption that the explanation will be satisfactory, I am quite prepared to approve this proposal. But I do want to raise one question of a general nature with regard to the administration of the act.

Mr. Speaker: Perhaps the hon. member would agree that it is one o'clock, if he has further comments to make.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. McIlraith: Mr. Speaker, when the house rose for the noon adjournment I had indicated that there was one matter of principle relating to the general administration of this act that I wanted to raise and place on the record. It is simply this. The Export Credits Insurance Act, since its enactment in 1944, has worked very well. It has, I think, been clearly demonstrated over the years that the act has made a substantial contribution towards aiding the exporters of this country, either by insuring the credit risks on exports or, as a result of later amendments, by guaranteeing the export paper and thus enabling the exporters to discount it. In other words, this has had the effect of granting long term credit to the exporters. These two things have been needed by the exporters over the years in order to carry on their activities.

The practice has been for the exporters, when they require long term credit, to apply under this legislation for a guarantee of payment, thus making the instruments of sale readily negotiable. It is true that we have

[Mr. McIlraith.]

private corporations dealing with this subject of export credit financing. These private corporations have not, as yet, occupied a very large sector of the field available to them. On previous occasions, I have expressed the hope that no use will be made of this act that will interfere with the private export credit financing that is available. I have no reason to suspect that there has been anything done under this act that would interfere with the private firms engaged in these activities. As a matter of fact, I am satisfied that up until the present at least, there has been no clash of interest between the two. I may say that if there is any evidence of public funds being used improperly under this public act to interfere with the activities of private concerns who are available and ready to render service in this field, I shall be the first to object. I would expect that on that occasion I would be supported by all hon. members in the house.

The particular point that concerns me today is the government activities in this field outside this legislation. This legislation was intended, at the time of its enactment, to be legislation that would provide the insurance support for exporters who were exporting commodities from this country. There was general use made of it throughout the years since its inception. Recently, something has occurred that has caused me great concern and which I feel should be examined carefully by the house. I will try to deal with the particular item I have in mind in order to identify it clearly.

We have from time to time over the last number of years had sales of wheat to communist countries. These sales, in general, have commended themselves to this house as they occurred. The payments of these accounts have all been insured or guaranteed under this act, up until the last one about a year ago. I think this will be found to be a correct statement if one examines the records of the sales of wheat to European communist countries. They were dealt with under this legislation. The significance of that is that the government is then restricted in its granting of export credits to the form and extent approved by parliament. In addition, the actual orders in council providing for that guarantee of payment have to be tabled and made available to all hon. members of the House of Commons who, in effect, have the responsibility of passing on the extent to which public funds will be made available to the government for use in transactions of this type.

Within the last year we had a sale of wheat to China but when it came to insuring and guaranteeing the payment and the granting of credit it was not done under this