

Export Development Act

● (1700)

Simply from that aspect alone, we believe in the amendments which have been proposed in Motions 3 and 5. Parliament itself must have more say in the direction of this funding. He compared our Export Development Corporation with like corporations and agencies in other exporting countries, and the conclusions which he drew were not favourable.

An extensive study was also done by the Economic Council of Canada, which examined the role of government in business and export financing, under the directorship of André Ryba, the director of the financial marketing group. There have been numerous studies, and the majority of them have been very critical of the activities of the Export Development Corporation. When we analyze why the corporation was originally organized, we find it was organized to insure export transactions, in other words, to sell credit insurance on Canadian products, insuring the creditworthiness of their foreign purchasers, together with insuring Canadians against problems with payments from foreign countries. The corporation presently carries on with this business, and in my view that is the most important aspect of the corporation itself. This portion of the business seems to be highly profitable. Indeed, the gross return on the insurance business in the year 1982 was \$10,535,000. When you consider that the gross profit before administrative expenses for the entire corporation was only \$26.5 million, the insurance business, with very little money involved, represented an excessively large portion of the gross profits of the corporation.

The corporation has been exceptionally hard to deal with for some exporters. First of all, it requires blanket coverage on all of the exporters of foreign business unless a particular country is excluded. Second, the corporation does little to give credit information and it is exceptionally slow in ratifying that information for the new customer of the exporter.

It would appear from the corporation's statement that the number of insurance policies outstanding for global comprehensive insurance was some 853. Presumably this global comprehensive coverage often involves other matters where there are specific insurance transactions, guarantees and the like. But if the total number of transactions or guaranteed arrangements for insurance are added together, there are only 963 policies at year-end. The people buying these policies paid about \$14 million in premiums to the corporation. Under no stretch of the imagination can this be deemed to be an extensive export guarantee insurance program. EDC is a small insurance company involved with a relatively small number of clients.

Let us deal next with the loan business. The loan business, financing capital equipment, is handled on two sides. It is handled, first, on EDC's own account and, second, in EDC's special account for the Government of Canada. Let us deal first with its transactions on its own account. Effectively, what happens is that an exporter sells a product like a Twin Otter to a purchaser. The purchaser wants to buy the aircraft on time. The Export Development Corporation gives favourable financing. This financing is concessionary financing, financing that is

certainly not available in Canada to any domestic purchaser. The money for the financing is organized by the Export Development Corporation, borrowing on the credit of Canada on the international markets to finance the sale of Canadian goods. With the Government as the guarantor, the corporation is able to borrow on the international market where money is cheaper than that which is available to any ordinary commercial borrower. Everyone knows that when you are selling a product, you not only sell the product but you also sell the financing. Financing and pricing are interchangeable. You may pay more for a product if you can finance it at a lower rate of interest. It is clear that the concessionary financing acts as a subsidy to the vendor of products and/or as an inducement to the purchaser of products, and if the concessionary financing in fact costs the exporting country or its citizens money, then the financing acts as a system of foreign aid. On the corporation's own account, the corporation has a total of 596 outstanding loan accounts on its own.

The second item of business which could be charged to the corporation is business which the corporation does on behalf of the Government of Canada. In this respect, the Government of Canada, under the provisions of the Export Development Act, can authorize activity up to \$2.5 billion by Order in Council. The consequence is that if the corporation does not like a transaction, then the Governor in Council can provide money by Order in Council up to that total of \$2.5 billion, and make the deal directly.

As other Hon. Members have pointed out, Mr. Speaker, the Export Development Corporation maintains classy office facilities in Vancouver, Toronto, Montreal and Halifax, together with its head office here in Ottawa. The corporation has some 613 employees, almost ten employees for each separate loan customer, or one and a half employees for each insurance account. Is this not a fine example of productivity? We should be ashamed of that. Again, with this legislation the present Government of Canada is not asking it to be more accountable to Parliament so that, hopefully, we could change that productivity cycle.

In many senses, Mr. Speaker, this corporation is a bureaucracy gone wild, and from that point of view alone we should make sure the activities of that Crown corporation are analyzed and scrutinized more closely by Parliament.

Mr. John A. MacDougall (Timiskaming): Mr. Speaker, it is a great honour to be able to speak today on such a very important Bill as Bill C-110. As most Hon. Members in the House have done, last week I returned from spending some time in my riding. We have had the opportunity of travelling to all parts of our ridings to listen to the concerns of our constituents.

I would like to say to you at this time, Mr. Speaker, that one of the questions which was asked of me was, "What power does a Member of Parliament have?" That is one of the concerns that was voiced, whether I was talking to people in the Moosonee area, or down in the Verner area, or in the central part of my riding. What can a Member of Parliament do? I must say to you, Mr. Speaker, at this time, with Bill