

the moment it has an earned surplus of something in excess of \$1 million. I think that was the figure my honourable friend gave.

That was the first and, I think, the primary purpose of the legislation when it was introduced in the year 1948, but there was a secondary purpose which is to be found in section 21 of the act and which deals with large export transactions, or transactions of such a size that the corporation could not normally engage in them as a business risk, and particularly those where the terms of repayment are so long that there, again, it would not be an ordinary business risk to enter into such transactions.

Section 21 provides that the corporation can enter into insurance contracts with respect to these large and long-term export agreements only if the minister reports to the Governor in Council that the board of the corporation is of the opinion that a proposed contract of insurance will impose upon the corporation a liability for a term or in an amount in excess of that which the corporation would normally undertake in relation to any one contract, and that in the opinion of the minister it is in the national interest that the proposed contract be entered into. Under those circumstances the Governor in Council can empower the corporation to enter into insurance contracts in respect of these particular large and long-term transactions.

There was a limitation placed on the obligations which the corporation could undertake under section 21 of \$100 million.

In the session of 1957-58 the limit on that liability under what I might call section 21 contracts was increased to \$200 million, and in the amendment proposed in the bill now before us there is suggested a further increase to \$400 million. The minister explained that the present limit of \$200 million is almost used up, or is about to be used up, and that is the reason for the contemplated increase.

There is another function of the corporation, which is really quite apart from its original function of issuing policies of insurance on exports, and which was first enacted in the statutes of 1959 when section 21A was introduced into the legislation.

Section 21A authorizes the corporation to guarantee, and generally to deal in instruments such as bills of exchange or promissory notes given by foreign importers to Canadian exporters which, when so guaranteed by the corporation, are termed "guaranteed instruments". But, at that time in 1959 a joint limit was placed upon both contracts of insurance which the corporation could issue under section 21 and the liabilities of importers which could be guaranteed under section 21A of

\$200 million, which is the same figure that had been authorized for the corporation with respect to insurance contracts only in the previous year.

In 1961 that was changed. These liabilities were separated, and it was provided again that the corporation could incur liabilities under insurance policies under section 21 to the extent of \$200 million, but that it could also guarantee the contracts of importers on guaranteed instruments issued under section 21A for a further \$200 million.

In the earlier session of this year that was again changed by increasing from \$200 million to \$300 million the maximum liability of importers under guaranteed instruments which the corporation was authorized to guarantee.

So, honourable senators, if this legislation is adopted the corporation, under sections 21 and 21A, will be empowered to obligate itself to the extent of \$700 million; \$400 million by way of direct contracts of insurance, and \$300 million by way of guarantees on importers, instruments called "guaranteed instruments". That is a considerable increase in the last few years.

These guaranteed instruments under section 21A partake of the same nature as the corporation's insurance policies under section 21 to this extent and in this manner, that they, too, must be authorized by the Governor in Council, and all financing transactions entered into by the corporation in relation to these guaranteed instruments are entered into for the account of the Government and not of the corporation itself, and they form no part of the corporation's profits or its capital or its assets of any kind.

I think it is fair to say that since the amendment of 1959 the corporation has gone much further afield than the mere issuing of insurance policies to Canadian exporters under either section 13 or section 21, which was really its sole function for the first eleven years of its existence. The corporation is now actively engaged under the direction of, and for the account of, the Government in the financing of Canadian export trade, and the manner in which it can do that and its activities in relation to the financing of export trade are being further increased by section 3 of this amending bill.

I should say that heretofore the corporation has had the right, since the amendment of 1959, to guarantee the obligations of a foreign importer, but henceforth, as is proposed by section 3 of this bill, it will not only have the right to guarantee the obligations of a foreign importer but it will also have the right to advance money itself to the foreign importer. I suppose the way in which this will work—and I have tried to think it out