

in that capacity. I look forward to hearing many more speeches, particularly of this nature, when we are adding something positive to the Government's program. Let us hope that it is a harbinger of good things to come.

I do not know if you remember back in 1948 when this whole discussion began. It was then that the idea of an international insurance scheme was first suggested. In the 1960s, serious study was given to the concept of encouraging international investment, particularly in the developing countries. The idea was then shelved in 1972 by and large because of lack of interest by the various member states. Perhaps the real reason was the profound ideological differences between the northern countries and the southern countries, the well-to-do and the lesser developed. Those ideological differences really set this whole concept of an international commercial insurance scheme on the back burner for a number of years. In 1981, the then World Bank President, Mr. Clausen, raised the idea again and found relative acceptance.

I think it has been a surprise to most of us to see the relative haste with which various countries got on board and said that now is the time. I have asked myself what on earth led to this enthusiastic response after so many years of receiving little support. I think it may have to do with the growing international debt which causes extreme economic hardship in the developing countries and has caused us some concern as well. It affects international financial institutions and, more specifically, Canadian banks which have become very seriously exposed as a result of many loans to the developing countries which were unsecured.

● (1630)

Although I am not sure it is all that altruistic, we have decided to come on board. In April of last year the Minister of Finance (Mr. Wilson) indicated that Canada was willing to participate in the Multilateral Investment Guarantee Agency. The Minister of Finance agreed at that time that Canada would be a participant, which would require legislation passed by the House of Commons. We are aiming at an October 30 deadline and it looks as though we are pretty well on target.

The purpose of Bill C-68 is to amend the Bretton Woods and Related Agreements Act to provide the authority for Canada's membership in the Multilateral Investment Guarantee Agency with a target date of October 30, 1987. If the legislation is approved the Minister of Finance will be allowed to purchase shares under the convention for up to \$6,416,260 U.S. It will also amend Section 6 of the Bretton Woods Act, the articles of agreement of the International Bank for Reconstruction and Development. That is a very important amendment for obvious reasons which do not necessarily require elaboration at this point.

The Multilateral Investment Guarantee Agency will provide foreign investors with insurance against non-commercial risk in developing countries such as currency transfer risk,

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expropriation, breach of contract, war and civil disturbances. It will also carry out other promotional activities to facilitate investment in many of these developing countries. The agency will also supplement Canada's Export Development Corporation which already provides insurance and guarantee cover for non-commercial risks. It will be able to give guarantees in countries the EDC will presently not cover.

Many people have been asking why Canada needs to participate in this international agency when we have the Export Development Corporation doing, in a sense, the same work. There are some areas of the world in which the EDC is very reluctant to operate and some areas in which it simply refuses to offer insurance because of the high risk nature of those areas. If Canadian investors are interested in participating in those countries they will now be able to have the appropriate insurance.

New Democrats support this initiative. Canada's participation in this proposal of the World Bank to guarantee activity in developing countries is not costly to the Canadian taxpayer and we believe could be of some assistance, albeit small, in encouraging investment activity by less developed countries.

In real cash terms, our investment will be only a little more than \$3 million U.S., with a total commitment of \$30 million U.S. To make a comparison, that is a small percentage of what it would cost to construct a new prison. As this would be a step in the right direction in terms of facilitating Canadian investors, developers and enterprises to participate in third world development, I think it would be \$3 million well invested by the federal Government.

Canada's EDC already has extensive coverage for investment in developing countries. Therefore, we do not expect to see a very large change in Canadian investment patterns as a result of MIGA's activities.

I think all Members of Parliament have been involved in a variety of activities of Canadians overseas. Canadians in many developing countries have taken advantage of what the EDC has to offer. Therefore, I do not think we can expect a major shift in investment or a major increase in economic activities by Canadians overseas as a result of this initiative. However, we believe it is a step in the right direction and an appropriate initiative to be taken at this time to widen insurance coverage and to widen the promotional and development support which the EDC provides in some countries. We will now be able to have the same support in other countries.

The benefit of MIGA derives not so much from what it will do directly for Canadians and Canadian companies in their foreign investments; it is more important in that it is an international organization and Canada is able to confirm its long-standing commitment to participate and encourage participation in world organizations. We will, at relatively small cost, be encouraging further much needed collaboration on this front by countries working together to assist those countries which find themselves in dire economic straits.