

*Export Credits Insurance Act*

capital. And yet it is this type of business which the corporation was originally set up to encourage.

Section 21 of the act permits the governor in council to authorize the corporation to insure where the board of directors is of the opinion that the insurance would impose on the corporation a liability for a term or an amount in excess of that which the corporation would normally undertake in relation to any one contract, exporter, commodity or country. It is felt that this section should not generally be used to insure normal business which the corporation would be prepared to handle were the capital sufficient. It is therefore proposed that the authorized capital be increased by \$10 million to \$15 million which, together with the \$5 million capital surplus, would give the corporation an effective government backing of \$20 million. It is also proposed that the additional capital be subscribed but not paid over to the corporation unless required.

One section of the amendment requires that the corporation credit the entire excess of its revenue over expenses and losses to an underwriting reserve. The nature of the corporation's activities is such that it is impossible to measure the results achieved by an examination of its accounts on a year-to-year basis or even over an extended period. Of necessity the volume of claims it has to pay will fluctuate more or less directly with economic conditions prevailing from time to time throughout the world. Since its inception the corporation has followed the practice of crediting the excess of its revenue over its disbursements to an underwriting reserve account. The proposed amendment makes it mandatory to continue this procedure until the reserve reaches \$5 million, so that as far as possible funds would be available to cover all future losses.

The other amendments in the bill clarify the position of the corporation as an agent of Her Majesty, provide for the appointment of alternates to certain of the directors, and change the title of the operating head to conform with the practice in other crown corporations.

**Mr. Macdonnell:** I have listened with much interest to the Minister of Trade and Commerce. I think he has given us a clear picture of the inception and of the course of business of this company. It is interesting to look back to the debate on August 1, 1944. I want to read just a sentence or two from it because at that time this corporation was evidently regarded as a most important cog

in the machine of post-war rehabilitation. I want to read these few words from *Hansard* of August 1, 1944, page 5758. This is the preamble:

Whereas it is desirable to promote the revival of trade by establishing a corporation to insure against loss caused by insolvency, delays in collection and transfer difficulties in connection with the export of Canadian-produced goods, and during the period of transition from war to peace by providing for loans or guarantees to governments of other countries or their agencies;

That is the preamble. At that time the debate, which was widely participated in, made it clear that in those days of uncertainty it was regarded as an extremely useful precautionary measure. I think it has carried out its usefulness to date just as the minister has explained. I think also he indicated to us why it needs more capital.

There are one or two questions I want to ask the minister. In particular it should be noted that the increase which we have—and which I shall refer to in a moment—refers to part I of the act. Part II of the act was a different affair and the transactions carried out there were not carried out under the auspices of the Export Credits Insurance Act in the same way as were those in part I. I want to ask the minister if he will tell us the present standing of one of the transactions which took place under part II—and it is one which has often been referred to in this house—namely the Ming Sung transaction which, as I say, does not appear in the accounts of the corporation because the corporation in that respect really acted only as an agent of the Minister of Finance; and, as I understand it, these accounts were dealt with in the consolidated revenue fund and do not come into the operations proper of the corporation.

There are one or two questions I should like to ask. The minister has already indicated the vagaries of this business. I want to draw attention to them by just referring very briefly to the operating statement of 1951, 1952 and the first nine months of 1953. It is the great variety in policyholders' payments that I want to direct attention to. In 1951 the payments under policyholders' claims are only \$1,703. In 1952 they were \$996,000. In the nine months of 1953 they were \$2,062,000. With regard to the 1952 figure, my understanding is that it was occasioned largely by exchange difficulties in Brazil. That is one of the hazards that the exports credits insurance corporation took care of. If the minister would refer to it, I should like him to tell us whether there was anything special in 1952 and in the first nine months of 1953. Perhaps I might take my