● (1532)

GOVERNMENT ORDERS

[*English*]

EXPORT DEVELOPMENT ACT

MEASURE TO AMEND

The House resumed, from Monday, April 24, consideration of the motion of Mr. Horner that Bill C-36, to amend the Export Development Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I welcome this opportunity to speak about this bill because I think it exemplifies some of our major problems in export markets. The intention to assist exporters is, of course, laudable and beneficial to certain small companies. Under certain circumstances that assistance is recommended. The idea of assisting a small struggling Canadian company to land an order in a developing country has much appeal. It appeals to our sense of trying to help the Canadian company find its way through the maze of external politics in foreign countries, often in competition with other countries much more export-oriented than is Canada, particularly in the manufacturing field.

Furthermore, when there is any question about our aiding exports in the very large amounts we are, the answer always seems to be that other countries such as the United States, Germany, Japan, the United Kingdom, France, and Italy all have their own forms of export development assistance, and unless we do the same our companies will be at a serious disadvantage.

When we look at our exports of manufactured goods and the locations of firms given assistance by the Export Development Corporation, we can easily come to the conclusion that nearly all our exports of manufactured goods off the North American continent are financed by the EDC.

Recent actions of the EDC call into question the value of much of what it has been doing. If it is necessary to give so much export assistance to many of our producers, surely it is questionable that this is a good way to go about promoting exports. The mere fact that so many of our exports are financed by the EDC and need to have that assistance, really means that that portion of our economy not assisted by government is being forced to help that portion which is.

Certainly the EDC in the broadest sense seems to be nothing more than an export subsidy program, albeit the intention is to assist our exports. There certainly are disadvantages. What about some of the loans the EDC has been making? From a social point of view, assisting developing nations and lending to companies involved in these markets strikes a responsive chord generally among Canadians. However, what about financing steel mills in Texas and New Jersey? Are those developing states in the great U.S.A.?

We have always considered our pulp and paper industry to be one of our leading exporters, yet on February 8, 1974, the EDC announced a $82.5 million loan for a forestry plant in Iran. Oil prices have quadrupled the income of Iran in the last four years. In 1976, $102 million went to a pulp and paper mill in Poland. In 1977, $1.8 million went to a pulp and paper project in Peru, which has a left-wing dictatorship and has just completed the purchase of many military aircraft from Russia, some of which passed through Dorval on January 19 of this year. In November of 1977 there was a $102 million loan for a new pulp and paper mill in Iran, and in December of 1977, $5.5 million went to a pulp and paper mill in Romania. In March $57 million was put up for two projects in Argentina. In Argentina we are building an atomic plant at a loss of some $100 million.

[Mr. Speaker.]

It seems that Canadian exporters have to be assisted to obtain export orders abroad. Many recipient countries, such as Poland, have the avowed aim of destroying our society as we know it, while others, such as Algeria, Iran, and Venezuela, are wealthy countries and have the capacity to be as stable and as wealthy as Canada, yet we see fit to lend them money at low rates of interest. Officials of the EDC have stated that the money is borrowed outside the country and that it does not constitute a burden on the Canadian economy, but the mere fact that the money is borrowed abroad does not absolve Canada from responsibility. In fact, the covenant of Canada is also on loan. It is almost the same as co-signing a note at the bank for a friend. EDC loans eventually are a charge on the Canadian economy and must be made good if the loans should be negated.

As I understand it, most of the money is borrowed in the Euro-dollar market. More and more this market, evidently, becomes less and less stable, and some suggest that that might create an economic recession.

The Euro-dollar has no backing. If a person makes a deposit of $10,000 in a bank in Europe and keeps that deposit in the form of dollars, the bank lends out those dollars to a creditor in Europe or in some other part of the world, who then re-lends them to someone else. The Euro-dollar is an American currency which has not been changed into the currency of the country of receipt. The United States does not owe those dollars and is not obligated to redeem them. If a person receives value for his goods, and if the money is held in the form of American dollars, those dollars still rest in the Euro-dollar market, and the United States Treasury has no obligation.

There are $350 billion to $400 billion Euro-dollars whose value has already been received, and there is no bank standing behind those dollars. This is where the EDC borrows its money. That money cannot be presented to the United States treasury for gold, for U.S. treasury notes or for U.S. greenbacks. There is an uncontrolled mass of money floating around in the world monetary sky. It has no home and no guarantor, and this is where the EDC is getting its money. This indicates that, in the final analysis, Canada is responsible for the loans made by the EDC, even though the officials of the EDC try to say it is not.