

Export Development Act

Canada. We agree they are not. If the EDC borrows money from some source not involving the government or direct government guarantee, that is not a direct obligation of the government. However, as our leader pointed out, it is incorrect not to reflect their borrowing in our national accounts.

Let us check and see if our leader is correct. If he is not, we on this side are willing to admit it. We are very willing to admit it. We have never come across an instance yet but, if we do, we will admit it.

Let us look at issue No. 29 of the Finance committee, page 29:18. Here we have the president of the corporation, Mr. MacDonald, answering questions. I am questioning him on borrowing and so on and so forth, borrowing short term and long term. I quote:

Are they lending the money just to you, EDC, or is there any government involvement in the guarantee of repayment of that money?

MR. MACDONALD: There is no guarantee, Mr. Crosbie, but we are clearly looked upon as a Canada credit, and we benefit from that.

EDC borrows the money because they are looked on as a Canada credit. I quote from further down that same page:

THE CHAIRMAN: Did you say you had the backing of the Consolidated Revenue Fund?

MR. MACDONALD: We have a legal opinion that says the corporation is an agent of Her Majesty, and that, in effect, makes us a Canada credit. But it is not a formal guarantee.

That is the president of the corporation stating he has a legal opinion that EDC is a legal agent of Her Majesty. When the EDC borrows money, it is the same as the Government of Canada borrowing money. It is the same as taxpayers borrowing money. If EDC does not repay the money, the Government of Canada will have to repay the money. We, the taxpayers, will have to repay the money.

The government is trying to pull the wool over the eyes of the taxpayers of Canada when it does not show the loans to EDC in the national accounts because the government has not formally guaranteed those loans. It does not matter where EDC borrows the money, it is borrowing it for you and me. We do not see that in their ads, Mr. Speaker. We do not see them putting that in the *Financial Post*. We do not see this statement in the *Financial Post*, exporting its debts to people like you and me. We are going to have to repay them. We do not see the EDC advertising that fact.

Once again, right from the horse's mouth, the mouth of the president of the corporation, we find confirmed that the corporation is an agency of Her Majesty, and that when the corporation borrows money it is the same thing as the government borrowing money. The government stands responsible for it. Again, the second point made by our leader in his speech of April 27 is borne out by what went on in committee.

Our leader made a third point, a point that many of us on this side have made, including members of the NDP, the unofficial opposition, or whatever they are. Our leader pointed out that we are realizing some short-term gains for Canada in terms of encouraging exports, but we are also gathering for this country very serious long-term harm. He said:

[Mr. Crosbie.]

● (1552)

What is happening is that Canadian money is being used to build plants abroad which will compete with plants which are already operating in Canada. Canadian money is being used now to build plants abroad whose existence outside this country may very well prevent the development and construction of plants and provision of jobs right here in Canada. In other words, we have a situation where we may be spending Canadian money now to create Canadian unemployment later.

In other words, Mr. Speaker, the EDC, with glee and wholesale abandon, is financing pulp and paper mills and mines and the like about the world, using Canadian credit and money, without a thought of any kind to the long term consequence for this country. Every time we make this point to the government, or the hon. member for Nickel Belt (Mr. Rodriguez) makes this point—and he is much exercised about it—the only answer given is: “If we don’t finance it some other nation will.” That is no answer.

Why should we use Canadian money and Canadian credit to help build abroad pulp and paper mills which will perhaps put our own pulp and paper mills in Canada out of work? Even while the committee was sitting we saw a fantastic example of this very thing. This is how arrogant that group over there is, Mr. Speaker. Even while we were considering this very issue, the government made a \$47 million loan agreement to support construction of a newsprint mill in Virginia. It was signed in the third week of May. The money will support the sale of Canadian equipment and construction services in Quebec and Ontario. It is being loaned to Bear Island Paper Company, a limited partnership which includes the *Washington Post*. In other words, people who now buy Canadian paper and pulp and paper products will no longer buy it because we are helping them to finance and produce pulp and paper in their own country. Is that short-sighted or is it not, Mr. Speaker? We say it is.

When Mr. MacDonald and the minister and his officials are asked about these things, all we meet is the same tired old refrain: “If we don’t finance it, if we don’t do it, some other country will.” Well, I say let some other country do it. Why use our money? Let us use our money here in Canada.

Just let us see the confirmation of what I say in the committee hearings. At page 31 of issue No. 29 we discover that EDC has never turned down any loans or deals. Here is the statement:

MR. CROSBIE: Have you turned down any loans or deals at any time because you thought that in the long run it is not in Canada's interest?

MR. MACDONALD: No, because we judged it would be in Canada's interest to export rather than cut our nose off because we could not prevent them having the project anyway.

Never had EDC turned down any deals because the corporation thought it would be in our long term interest to do it. In other words, they are short term thinkers. They are short-sighted. They do not consider the long term. It is fantastic, Mr. Speaker. They do not even consider the long-term future of Canadian industry when they are making these loans. I nearly dropped from my seat when Mr. MacDonald said they had never turned down a deal because in the long run it might not be in Canada's interest.