

Hon. Mr. Macdonald (Braniford): I suppose the commitments are being reduced from time to time?

Hon. Mr. McCutcheon: Yes. I mentioned that the total liability currently was \$138.8 million. The total loaned under this section from 1945 to date has been \$428 million, so that the liabilities have been reduced. There has been repayment of \$290 million out of a total of \$428 million during the period from 1945 to date; but the current situation is that in addition to \$138.8 million in liabilities there is a firm commitment of \$34 million, and there are prospective commitments which will use up the remaining \$27 million.

Hon. Mr. Hayden: Is it intended to increase the subscribed capital?

Hon. Mr. McCutcheon: No, it is not, because the commitments under section 21 are commitments for the account of the Government. I would refer the honourable senator to section 21 subsection 2 of the act. It reads:

(2) All moneys required by the Corporation to discharge its liabilities arising under any contract of insurance entered into under this section shall be paid to the Corporation by the Minister of Finance out of unappropriated moneys in the Consolidated Revenue Fund.

The corporation in effect is acting as agent for the Government.

Hon. Mr. Hayden: The corporation's authority to insure is not being increased beyond the \$200 million limitation, is it?

Hon. Mr. McCutcheon: Not beyond the \$200 million limitation provided for in section 14, which is arrived at by multiplying its capital surplus plus its authorized capital by ten.

Subsequent amendments are to section 21A. Section 21A of the act is designed to authorize long-term loans for capital equipment and, again, these are loans for the account of the Government. The total liability authorized under this section at the moment is \$300 million, and that is not being increased. But there are certain amendments being proposed with a view to facilitating administration.

Section 21A subsection 2 of the act authorized the corporation, when approved by the Governor in Council, to guarantee the payment of an instrument given by an importer under or in respect of an export transaction, or to purchase a guaranteed instrument, or to lend money to the holder of a guaranteed instrument, or to sell a guaranteed instrument. The main amendment, and the others consequential upon it, is that when the corporation is authorized by the

Governor in Council it may lend money to an importer on the security of an instrument given by an importer in respect of an export transaction. In effect, the corporation has that power now. As the act stands, when the exporter obtains approval from the corporation and from the Governor in Council, the exporter takes a note from the importer in the other country, whether that is a government or a private corporation or individual, for the amount of the credit. The corporation, with the authority of the Governor in Council, then guarantees the note, and the corporation is then authorized to buy the note.

The amendment would enable the corporation to deal directly with the importer, and it accomplishes two things. In the first place, it simplifies what is otherwise a somewhat cumbersome transaction and, in the second place, it enables the corporation, which is an agency acting on behalf of the Government of Canada, to deal directly with another government. Many governments would prefer, and have so indicated, to deal directly with the corporation, giving their note in hand to the corporation rather than giving it, say, to the company from whom they might be purchasing machinery in this country.

Hon. Mr. Hayden: Is my friend suggesting that in these circumstances the importer of the Canadian goods would be the government of that country?

Hon. Mr. McCutcheon: Yes. I would refer my friend again to the annual report of the corporation, at page 5, where it deals with the contracts under section 21A. This, I am sorry to say, does not spell it out clearly, but I can say that there have been direct credits to at least two countries under this section where the governments have indicated they would prefer to deal directly with the corporation rather than go through the motions that are now required under the act.

Hon. Mr. Hayden: It is odd phraseology, calling such a person an importer.

Hon. Mr. McCutcheon: When I say importer I am thinking of the purchaser.

Hon. Mr. Hayden: It would have been a happier choice to use the word purchaser.

Hon. Mr. McCutcheon: I yield to my friend in the matter of semantics.

Hon. Mr. Hayden: It is nice to get some concession.

Hon. Mr. Hugessen: I suppose from the point of view of prestige, if the corporation is dealing with the foreign government, which is going to be the importer, the foreign government would prefer to have money lent