

*Export Development Act*

a member of that task force, I listened for a period of about a year to the views of various Government agencies and a great many private corporations and individuals on all sorts of questions affecting our international trade.

Among others, we heard at considerable length from the Export Development Corporation. In fact, EDC gave an excellent briefing to the committee on its role and functions, as well as on its organization and history. I would like to indicate for the record that the officers of EDC who spoke before the committee showed an excellent and proper understanding of their assigned role and seemed well aware of both the nature and the reasons for the legislative restrictions placed upon EDC by Parliament.

The Export Development Corporation as presently set up is a proprietary Crown corporation. That is, it can be sued in its own name, although it is an agent of Her Majesty, and it has authority for autonomy over its own operating budget. These features distinguish it from some other kinds of Crown corporations. One of its powers is to decide at the board level whether to accept or reject an export financing proposal put before it, even if that proposal is put to it by the government of the day.

Let me quote from the testimony of the senior vice-president for corporate affairs for EDC when he spoke before the special committee of this House just over three years ago. As he explained the feature of EDC's relations with government, he said:

If a proposal were to come to us and it were to be a size or an amount or there was some other aspect of the contract that would present a liability beyond that which the board of directors judge prudent to undertake in light of the corporate resources, but in the opinion of the Minister of Industry, Trade and Commerce it was in the national interest to enter into this kind of contract, there is a facility for the government, through the Export Development Act, to take on these kinds of risks and loans.

There have been a number of these. They have ranged from contingent liabilities from sales of wheat on protracted terms to atomic reactors where there is a questionable capacity of the borrower to discharge its debt.

It is clear to me that a conflict of wills between the government, with its aims and wishes, and the board of the Export Development Corporation, with its mandate and aims, is not only possible but was contemplated in the framing of the Act as it presently reads. Furthermore, we have the assertion of a senior officer of this corporation that such conflicts have in fact actually resulted in the government having to assume a risk which the EDC board refused to assume. Let me quote again from the same officer of the EDC about the role and function of EDC. In outlining the intent of EDC in providing export insurance, he said the role of EDC was, and I quote:

—to foster international competitiveness to exporters of Canadian goods that are competitive in terms of price, quality, delivery and service. What we are talking about here is putting Canadian exporters in a position of competitive equality.

They are supposed to be able to compete in terms of the excellence of their product and selling activities and the like, and we follow on by providing a financial facility. The objective of this is to improve Canada's balance of payments. There has to be a net benefit accruing to the Canadian economy as a consequence of this.

Let me emphasize that last statement: There has to be a net benefit accruing to the Canadian economy as a consequence of

what EDC does. Already it is clear that EDC has, as it should have, a responsibility to ensure that its activities are of public benefit. That is what is meant by benefiting the Canadian economy. It means that EDC is not in the business of providing benefits to private companies for their own sake. Rather, it has a clearly assigned public responsibility to provide benefits to private companies, if they are competitive producers, only if such benefits are also public benefits. To this extent, the corporation does exactly what we would want it to do. It administers money on the Crown's behalf to secure a public benefit.

At the time EDC appeared before the special committee of this House on a national trading corporation, its board of directors included several public officials, including the Governor of the Bank of Canada. This fact does not disturb me, nor do I think it disturbs my colleagues. When public money is being administered, responsible public officials should scrutinize its expenditure, just as we do here in Parliament.

The vice-president who explained EDC's role and structure also told the committee that these individuals, meaning the public sector directors on the board of EDC, were balanced by private sector directors. He said:

These individuals are representative of a general constituency in which we engage, but this is augmented, indeed it is a major contribution, by the private sector directors, who present a regional aspect, if you will, throughout the country. You will find representatives from Toronto, Montreal, Vancouver, the East Coast, in a variety of industries, and they lend their business experience. When the board of directors acts, it acts as a board of directors, and comports itself as a board would in the private sector. They separate their departmental activities, if you will, from those of the corporation. They act as corporate directors in all respects.

In light of what I have recalled for the benefit of Members who may not have had the time to follow deliberations of the special committee of this House which examined the feasibility of a national trading corporation, it should be clear why my colleagues and I are urging an amendment to the present Bill which would ensure that the Board of EDC is primarily composed of appointees from outside the public sector. Let me list the reasons very briefly.

First, as several of my colleagues have said, the private sector is a more likely sector in which to find the kind of expertise in assessing business needs and economic benefits than the public sector. However, I would like to add that this is by no means to underestimate or undervalue the wealth of talent available in the public sector. It is still true that the private sector trains its members to assess economic benefits straightforwardly and without the tendency to compromise with competing public policy aims.

Second, as the EDC officials explained to a committee of this House in the words I quoted earlier, the directors should be able to resist Government pressure to act like a private board of directors in the interests of the corporation and its shareholders. What better way to ensure that they are able to do so than to make certain they are not civil servants, that their careers do not depend upon pleasing the Government, and that when a conflict arises between the proper goals of the