And further on he states:

> Apart from the very important field of long-term project loans, where she gives a real priority in the interest rate, Canada gives less priority to exports of manufactured goods in its financial policies than do most of her competitors, including Britain, France, Japan, Germany, the United States and even Australia. The purpose of export insurance and credit arrangements is to encourage the healthy development of the Canadian economy by promoting exports. It is not to assist needy countries; that is the purpose of the Air Program. It is not to support weak Canadian industries but rather to encourage the development of strong ones. Canadian financing activities in this area should be seen as an integral part of a policy for growth of a strong industrial economy.

Those are wise words from a very wise man.

Turning now to the bill, in the first place, it sets up a new corporation called the Export Development Corporation, which is to be a successor to the existing corporation, the Export Credits Insurance Corporation. The change of name is significant. The existing corporation is purely and simply an "insurance credit" institution. The new corporation continues to have that function, but it also has investment and credit-granting powers.

In addition to this major change in its powers, it will have increased capital and therefore increased ability to assume risks of greater size and hazard; it will have a wider field of activity; and it will be changed in its corporate set-up.

The board of the existing Export Credits Insurance Corporation consists entirely of civil servants, and good men they are—the top men in the field of finance and trade at Ottawa.

To give you some idea of the size and manner of their direction of the Export Credits Insurance Corporation, let me tell you that in the calendar year 1968 the Export Credits Insurance Corporation insured $247 million worth of exports, as well as another $94 million for the account of the Government; it had a net income of $427,000 and it has an earned surplus of $4,270,000 as well as its original capital and surplus of $10 million. Since 1945 the Export Credits Insurance Corporation has insured export sales totalling $2,687 million. Out of this very successful operation this bill will create the new, enlarged Export Development Corporation.

By section 38 of the bill, the new corporation, the Export Development Corporation, is declared to be the successor to the Export Credits Insurance Corporation, and all property, rights, obligations and liabilities of the Export Credits Insurance Corporation are deemed to pass to and be assumed by the new corporation.

But whereas the former corporation's powers were confined to insuring export credits, the new corporation has all those powers and additional ones. It may make loans and guarantees in connection with export transactions, and under sections 33 and 34 there are additional powers to which I shall refer later.

By section 11, the corporation will have an authorized capital of $25 million, and also an authorized capital surplus, or reserve, account of $25 million. It will be able to borrow up to 15 times the aggregate of its capital and surplus amounts, in other words, a maximum borrowing power of $750 million.

By section 26, the total liability of the corporation in its normal insurance and guarantee business is limited to 10 times its subscribed capital and surplus.

By section 27, a further liability may be incurred in special cases, if authorized by Order in Council.

Section 29 gives the corporation power to extend credit to a foreign customer in connection with an export transaction, and here the over-all liability is limited to $600 million.

Section 33 gives broad powers to buy, sell or otherwise negotiate export paper. I understand that it is not at present intended to use this section for rediscounting paper held by banks, but the power to do so will be there.

Section 34 confers a new and important power. It is a power to insure foreign investments against certain risks of loss. It is a power that is not to be exercised except under the authority of an Order in Council, and it is safe-guarded by other appropriate provisions. While not specifically spelled out in the bill, I understand that it is intended to confine this type of investment to developing countries, and to use it for the purpose of assisting Canadian exports.

By section 37 the limit of liability at any time is not to exceed $50 million for contracts under section 34.

One must warn that these new powers and the extension of existing powers do increase the inherent danger of losses being suffered by the corporation and by the Government. As one safeguard against these risks, there is