

Export Development Act

the corporation has failed miserably to interest the private sector in putting funds in the corporation. I do not know why this should be so. Certainly in the United States we find that their Export-Import Bank is financed 50 per cent from the private sector. Yet here we find that a comparable corporation is so wedded to the federal government's hand-outs that it has not even tried to raise money from the private sector.

I would have liked the committee to ask many more questions concerning the activity of this corporation, but I understand that the corporation officials can be required to appear before the Standing Committee on Public Accounts. With that in mind, I hope they will appear at regular intervals before the committee so they can be questioned further and in depth concerning their activities. I also hope that during those appearances we will receive more encouraging reports about the corporations' activities to help small businessmen in the country, as opposed to the favoured Liberal friends who have been benefiting through the corporation. I trust we will be assured that more restraint has been shown in the amount of lending by the corporation to individual countries. Surely, if there is risk attached to the amount that is lent, it is only prudent to ensure that that risk is spread among as many countries as possible.

Another rather disturbing fact which became evident during the committee hearings was that certain members of the board of directors of the corporation have, over the 11-year period between October 1, 1963 and September 30, 1974, actually had to declare their interests at board meetings concerning financing. In total, something like \$170 million of financing was cleared by the Export Development Corporation at the board level which involved directors of the corporation having to declare that they held an interest and, hopefully, refrained from voting. Is it a wholesome situation when we have directors of a corporation, which is now going to have financing available to them of over \$5 billion, in turn borrowing from or receiving the benefit of financing through the corporation as a result of lending activity throughout the world?

In this session of parliament a great deal has been said about conflict of interest. I believe that much more needs to be said, because I find it particularly disturbing that the Prime Minister (Mr. Trudeau), when speaking in the House on December 18, stated that he felt the guidelines that he had laid down earlier with respect to public servants should also be implemented with respect to employees of Crown corporations. I would like to refer specifically to the Prime Minister's words at page 8839 of *Hansard* for December 18, 1973. He said:

● (1440)

With regard to the employees of Crown corporations, whether appointed by order in council or not, we are of the view that standards similar to those which I am announcing today for the public service should be developed. Crown corporations and agencies will be urged to develop further standards and procedures within their own organizations, which in the view of the corporation or agency and the minister responsible for it, best meet the operational requirements of the corporation or agency and the employee positions within it.

Mr. Speaker, in spite of the Prime Minister's statement over a year ago, we found in the committee hearing, after—and only after—considerable, prolonged question-

[Mr. Stevens.]

ing that the president of the Export Development Corporation finally had to admit that he had done absolutely nothing to carry out the wishes of the Prime Minister. Surely this is alarming. When a corporation is dealing with funds of the magnitude of those of the Export Development Corporation, surely the least the executive could do is ensure that their internal conflict of interest standards are at least as high as standards laid down for the public service. That is not the case at the present time.

As my colleague has indicated, and with the caveat I have mentioned, we are willing to let this bill proceed. I do so, personally, with great misgivings because I believe that if we are fortunate enough to be in this House in subsequent years, we will hear some sad stories about certain loans which appeared to have merit at the time having gone sour and that the government had to write off tens of millions of dollars because of the unwise management of the funds and operations of this corporation. I think it is particularly unfortunate that the financing is going out so heavily to benefit the favoured few. If we are earnestly trying to promote our manufacturing and export trades we should do so with respect to the small businessman of the country to a much greater degree than has been done by this corporation.

My final comment, Mr. Speaker, is that to date this corporation has been run in a way that I feel few others would be allowed to run. Certainly no chartered bank in Canada would dream of making the type of loans that this corporation takes great credit for making. It is time the Canadian government became a leader among nations in trying to bring sanity back to this type of international loan activity. As most members know, some of the large exporting nations have been attempting to arrive at an agreement whereby they would limit the term of loans being made through the export credit type of system. They will set more reasonable interest rates for such loans, and will insist upon much better security than is obtained at the present time.

When we questioned the minister on this point, however, in true government fashion he was evasive and simply said that discussions had occurred and they were interesting. But he gave no indication that the government planned to participate and to ensure that the type of insanity that has virtually gone wild in the world with respect to export financing would be tempered and put on a more prudent basis.

In sharp contrast to the attitude shown by our government, we find in the United States that the statement of the chairman of the Export-Import Bank makes it clear that they have accepted a broad, new range of guidelines. For example, they have changed their interest rate on credits from 6 per cent to a band ranging from 7 per cent to 8.5 per cent. Instead of routinely authorizing loans equal to 45 per cent of the contract price, they are reducing that participation on a case by case basis to as low as 30 per cent. They have changed from the normal 10 per cent cash payment requirement to 20 per cent or more. They are scrutinizing the financial, economic and technical aspects of each transaction to weed out unduly weak countries and buyers, particularly in markets where Eximbank's exposure is high. They are examining each loan applica-