

*Canadian Commercial Corporation*

Commercial Corporation. If contracts can be financed and deliveries obtained merely by descending on the consolidated revenue fund without the specific authority of this house, then certainly such operations could be continued, as long as there was money in the fund, without coming to parliament. This is one more stage in the progressive loss by this house of its control over the expenditures made by the executive.

Instead of the minister having to place an item in the estimates, in this case, of the Department of National Defence, and obtain approval of the expenditure, he was simply given \$10 million which he could obtain from the consolidated revenue. He is now asking for another \$2,500,000 which would make \$12,500,000 that he could spend without the specific authority of parliament. I suggest that is a serious step for us to take. It is going to require considerably more justification by the minister before I personally would be prepared to accept this amendment.

If one examines the balance sheet appearing in the annual report of the Canadian Commercial Corporation for 1948, one will see that there had been advances under section 8 of the Canadian Commercial Corporation Act at that time of \$2,500,000. In reply to a question, the parliamentary assistant to the Minister of Trade and Commerce today gave an answer from which it appears that up to the present moment the net advances made under section 8 of the act have been \$3,500,000, so it varies slightly from time to time. If I am correct in my interpretation of how this works, it means there is a balance on hand still to be advanced of \$6,500,000. If any portion of that were repaid, suppose \$3 million of that were repaid, then a further \$3 million could be advanced so long as there was not more than \$10 million outstanding at any one time. Mr. Chairman, \$10 million is a great deal of money, particularly when it comes out of the pockets of the taxpayers. I cannot see why the minister needs another \$2,500,000.

Operations have been conducted for three years, and there is a sum outstanding of \$3,500,000. If that is not the case, I hope the minister will correct me. He may tell us if there has ever been the whole \$10 million outstanding and, if so, how long it has taken to repay it so that the corporation would be in a position to get more. For instance, the fact that he was able to finance this purchase of butter and repay it with only \$3,500,000 outstanding at the moment is quite a strong argument to indicate that they do not need this \$2,500,000 extra. And when one sees what has been happening—as was pointed out in the auditor general's report, the money was paid to contractors over a year ago for

[Mr. Fulton.]

goods which have not yet been delivered—I think it is going to take considerable justification for coming to us and asking for a further \$2,500,000 of advances to be paid out for projects without the authority of parliament; that is to say, advances which may be made without the house knowing anything about it.

**Mr. Howe:** I think I can relieve my hon. friend's mind regarding two or three matters. The first is that no money under the control of the Canadian Commercial Corporation is involved in defence purchases. The moneys referred to in this order in council were not paid by the Canadian Commercial Corporation; they were not paid out of any fund of theirs. They were paid directly by the services. No money is involved in purchasing for the services other than the actual cost of purchasing, which I think ran last year about six-tenths of one per cent of the value of the purchases, the lowest cost of purchasing that I know of in all Canada. Therefore the question of capitalization is not wrapped up with defence purchasing. The capital was arranged for originally so that the Canadian Commercial Corporation would be able to purchase goods required for UNRRA or for governments abroad, pay for them, ship them and recover the funds later from UNRRA or from governments. It is still doing that business, and we have certain transactions—I mentioned sisal from India and potash from inside the iron curtain, and butter from Denmark. This financing required large sums of money. Money has to be paid when the purchase is made in the country of origin. Certain purchases can only be liquidated after the goods have been landed in Canada and resold to the Canadian trade. Around the end of the year we had drawn down from the Minister of Finance the full \$10 million which we were authorized to draw, and it was only because of the fact that the shipments were fairly well spaced and goods were sold immediately on arrival that we were able to keep our funds sufficiently liquid to carry out the undertakings into which we had entered.

These undertakings are growing larger. We have had to finance a large purchase of tin. That transaction was entered into for reasons which were urgent. The reason that we are asking for more capital is that we have a full appreciation of the fact that in order to take care of situations which arise, temporary situations, we may require more than \$10 million. We may require more than the \$10 million capital that we have today. We drew the \$10 million which we were entitled to draw from the treasury, and as we finished the transactions, we paid \$6 million of it back a few