

Interim Supply

It says also:

to control and to protect—trade, prices and employment so far as may be possible within the scope of monetary action.

The bank has the exclusive right to issue notes which are to be used in Canada.

The bank is operated by a board of directors consisting of a governor, a deputy governor and 12 directors. The deputy minister of finance sits on the board of directors...

The Bank of Canada, therefore, comes under the federal parliament through the Minister of Finance, and it is governed by a piece of legislation passed under the terms of the constitution.

The role played by the bank is defined in the Canada Year Book. The bank deals also with the monetary question, not only with regard to the stability but the international and national value of the currency.

When it comes to determine the amount of goods that the Canadian citizen can buy with a dollar which may be available to him, there is a whole accounting force which affects and establishes the price which the purchaser of any goods will have to pay.

The federal government should also take into consideration the need of new credit and I think that matter should be the subject of a discussion at a federal-provincial conference where monetary problems and tax questions are dealt with at great length.

Since it was suggested that the provinces should meet again in March to study the taxation problem once more, I think it would be appropriate for the Minister of Finance (Mr. Gordon), who is responsible for the administration of the Bank of Canada, to be at that conference. In fact, I see that the role of the Minister of Finance is also explained in the Canada Year Book. Here is what can be found on page 95:

This department was created by act of parliament in 1869 and now operates under the Financial Administration Act. The department is responsible for the financial administration of Canada including the raising of money required for the various government activities by way of taxation or borrowing. The comptroller of the treasury, an officer of the department, is responsible for all government disbursements. The work of the department is organized in six principal divisions: administration, economic and international affairs, federal-provincial relations,...

Mr. Chairman, since it is stipulated that the Minister of Finance is concerned with federal-provincial relations, I wonder whether it would not be appropriate, at a meeting of the provincial premiers and the Prime Minister of Canada, that the federal Minister of Finance and the ministers of revenue of the ten provinces be also present. There, a study could be made of an equalization system based not on the richest province—because after all, this only means taxing the haves under the pretext of giving to the have-nots

[Mr. Perron.]

—but a system to give the provinces the funds they need for the development of their natural resources.

It would also be possible to use existing criteria as a basis. It would be logical, it seems to me, to redistribute money among the provinces according to their natural resources, since they are responsible for them.

The available manpower should also be taken into account. As a matter of fact, statistics readily show which provinces do not make full use of available manpower so as to increase the national gross product. Last September, the province of Quebec held the unenviable record of having 40 per cent of the total number of unemployed in Canada. And yet, natural resources are not lacking, but they remain undeveloped.

In the last few years, the province of Quebec has been going through a period of full development. It needs new access roads to natural resources.

In view of the work which should be done for the world fair as well as the labour requirements of the steel complex which has been widely discussed these past few months in Quebec, would it not be possible to use a very large part of this manpower potential available for the development of natural resources in Quebec? What prevents such projects from being carried out except the limited financial means made available to the departments concerned in the province of Quebec?

I think that we could also extend the framework of the Bank of Canada and establish district offices in every province with officials responsible to the governor. By so doing and following meetings between the federal Minister of Finance and the provincial ministers of revenue and after having considered the possibility of providing credit to the provinces in exchange for provincial bonds, the credit could be made more easily available to the provinces, in order to help them develop their natural resources.

Mr. Chairman, the province of Quebec borrowed \$300 million on the American market, on behalf of hydro Quebec, in order to help build the Manicouagan dam. Now, through a branch of the Bank of Canada, hydro Quebec might have issued bonds to this amount and obtained the necessary credit to carry out the project. And, instead of undertaking to pay an interest of 6½ per cent, it would only have had to pay the carrying charges on this credit with the Bank of Canada.

Moreover, considering the devaluation of the Canadian dollar, which is now 8 per cent less than the American dollar, this means, for the first year, an interest rate of 13 per cent which hydro Quebec has undertaken to pay.