

Bank of Canada Act

administration of our country is a rather complex thing. However, there are also thousands of Canadians who believe that the Bank of Canada does not play the part it should in the economic, financial and administrative evolution and development of our great country.

For example, if I am not mistaken—I am not an expert in this field—I believe that since its establishment in 1934 the Bank of Canada has been empowered by its constitution to lend money to the Canadian provinces. If I remember correctly—and the hon. Minister of Finance can give us precise information on this subject—the Bank of Canada did lend money to our provinces during two years, from 1934 to 1936 but, according to statistics, it has not lent any money directly to the provincial governments.

In my opinion, this is an anomaly, and it is obvious that this important body, this financial and monetary nerve centre does not answer the needs of the provincial governments. The latter are often forced to borrow on foreign markets at excessive rates.

I remember, for example, a very dynamic and necessary event which occurred in the province of Quebec in 1962, when the government of that time decided to nationalize the electric power of the province, which was produced by several private companies, in order to direct and encourage industrial expansion and the development of the natural resources in the province. It was thought important, in the Quebec of 1962, that the state of Quebec should direct the development of the natural resources and the expansion of the industry in the province by owning and controlling the production of electricity in the province. There was a most dynamic and quite justified measure for developing the province of Quebec. In order to meet this provincial requirement, the Quebec government was forced to borrow on the American market \$300 million at excessive interest rates, considering the administration costs and the financial position of the province. In such circumstances as well as in all others where requirements of the various provincial governments in this country are involved, the Bank of Canada, this national institution whose prime object should be to serve the Canadian citizens as well as the governments representing the Canadian people—this backbone of our monetary and financial administration, does not adequately meet the needs of

Canadians and of the provincial and other governments in this country.

Mr. Chairman, this suggestion to increase the services provided by the Bank of Canada to the Canadian people, to the provincial as well as the municipal governments and to the school boards, as the hon. member for Trois-Rivières (Mr. Mongrain) has proposed, is most timely. It goes without saying that the Bank of Canada should serve the interest not only of the federal government, but also of the provincial and other governments in this country. It should extend its field of operations. Its constitution of 1934 does not prohibit such an extension and precedents exist to the effect that the bank did make loans from 1934 to 1936.

● (9:50 p.m.)

Obviously, Canada, through this organization that is the Bank of Canada, is even lending money to foreign countries, to foreign banks. I can understand that Canada, in the external affairs field, as well as in international affairs, as far as financial and monetary matters are concerned, cannot live isolated from other countries and other international organizations, such as the International Monetary Fund. Considering certain historic and economic bonds, obviously, the government of Canada has even loaned, in 1964, to the Bank of England a sum of \$200 million, I believe, without interest.

This is the service that our Canadian bank renders to foreign countries. But we must not forget that charity begins at home. The first to profit by this intelligent administration by the qualified personnel of this bank and by all the administrative machinery would certainly be the provincial governments and the other governments of this country.

I ask the minister to take into account the claims of many Canadians. I think that a body like the Bank of Canada would have to play a better, more obvious, and very useful role. And this would be an opportunity, among many others, to cement a kind of national unity, not in the realm of feelings, but in the field of the dollar which is very interesting for everybody, for all Canadians, whatever their ethnical origin.

For instance, if British Columbia, Ontario, the Maritimes, Newfoundland and the province of Quebec were to go to the Bank of Canada, managed by the federal government, to borrow the money they need to develop