

Bank of Canada Act

adoption of an extraordinary formula liable to solve all the problems.

The hon. member for Shefford has read some figures—I should not say read because he seems to know them by heart—but he has forgotten many others and I would like to quote some of them.

There is certainly a sharing problem in Canada. Now an objective must be attained and there I might meet the hon. member. There is always the taxpayer who pays the bill. Of course the municipal and provincial governments have certain responsibilities as well as the federal government.

I think that if Bill C-14 could solve all our socio-economic problems I would be the first to support it. But, as I pointed out earlier, they do not even want us to discuss a problem for which they seem to have a ready made solution.

I want to talk about the sharing of public funds. We must check to see if the sharing is fair, if the provinces or the municipalities were really given the means they need to attain their objectives while taking ours into account at the same time.

I have before me a table which I would like to quote and which is a good example of provincial tax sharing, with detailed figures which do not provide all the answers, I agree, and do not set forth all the social and economic problems.

Now, in addition to the transfer payments to the provinces, I should like to quote some figures relating to the federal area. After tax sharing with the provinces, the federal government only has 40 per cent of the tax basis. Provinces and municipalities receive 59.6 per cent. I do not think anybody said during the debate on the estimates that we have the money, but that all the same it is impossible to do more than our means allow us to.

Reference was made to administration costs, to a magic solution, and it was added that the Bank of Canada, since 1935, has not played its role properly. However, we were told things today which are just the opposite of what the member of Shefford has just said: Canada is in a better position than almost any other country because its economy has been controlled, because the dollar was allowed to find its own value. Other countries which did not do so have not found themselves in the same situation. We have done it within our structures.

Moreover, we should at least admit that the Bank of Canada has allowed us to control the economy, to prevent exorbitant interest rates, as somebody said earlier, and to improve the lot of the people.

It was said a moment ago that we have a solution to all problems. I would suggest to the hon. member that he and the hon. member for Témiscamingue (Mr. Caouette), who are businessmen, sometimes need capital. I never saw either of them resort to the formula they are supporting because they too conform to the rules of the game, and I am not blaming them for it because everyone does it.

I should say, however, that there are banks today in Montreal, for instance, that lend money free of interest. I never saw a Creditiste lend money free of interest or at the cost of administration.

[Mr. Trudel.]

The Bank of Canada must operate within the limits of recognized structures. But it is claimed that this is not appropriate and that we should resort instead to some magic solution. It is suggested that the Bank of Canada, which lends money for periods of six months only, should make loans for periods of 60 years. This we have done with the provinces, lending them money interest-free and moreover, provinces and municipalities have obtained millions of dollars from the government and these debts were forgiven or at most recovered at 75 per cent of their value in some cases. This has not been mentioned, but this is done in respect of the provinces now but it is never mentioned. I have here a few copies of joint agreements between the provinces and the federal government. I will just name them because it would take too much time to quote the figures. Anyway, these agreements allow the provinces to manage their moneys and those which are transferred from the federal government.

The Canada Pension Plan was not accepted as such by some provinces and it was amended in order to allow the province of Quebec to use the payments made as contributions to which the provinces have direct access and which amount to hundreds of millions of dollars. That plan was established in co-operation with the provinces that wanted it, while the province of Quebec will have its own scheme. Under this arrangement, hundreds of millions of dollars are made available to the provinces which can use them where needed.

• (1730)

There are also family allowances, Mr. Speaker. These are not loans. I wish to emphasize that youth need loans; the federal government has provided youth, at a certain time with some financial means.

Family allowances, Mr. Speaker, amount to over \$600 million; this is money transferred directly to individuals so the provinces do not have to pay themselves allowances to the families which really need them.

Little has been said about the old age security, Mr. Speaker. Pensions amount to nearly \$2 billion. There are 1,700,000 people eligible for old age security and among those, almost one million receive the guaranteed income supplement, Mr. Speaker. It is a matter of funds which do not go through the Bank of Canada but are collected as income tax and transferred to the provinces which can draft their budget to satisfy the people, realistically if not always fully.

There is also the Canada Assistance Plan under which the government disburses 50 per cent for programs launched by the provinces. We do not mention this too often here, but 50 per cent is quite a lot and it is at the disposal of the provinces. It is not necessary for them to collect taxes representing half the capital. Half of what is being paid out by the federal government can be used for other purposes.

Mr. Speaker, all this constitutes a form of assistance to provinces, without the services of the Bank of Canada. There are several others. There has been the matter of interest rates which I talked about earlier. Budgets have been mentioned and the hon. member for Témiscamingue has used a somewhat different formula on television. He spoke about a \$18 billion budget. On several occasions he