

the member for Three Rivers whereas the known designation of my constituency is Trois-Rivières.

[English]

The Chairman: The Chair apologizes to the hon. member for Trois-Rivières.

Mr. Mongrain: I hope I did not hurt the feelings of the Chair, and I apologize if I did.

[Translation]

Mr. Chairman, I cannot let the study of Bill No. C-190, an act amending the Bank of Canada Act, go on without pursuing a little further the matter I discussed the other day, at which time I mentioned that when we speak of finance or the banking system, it is absolutely necessary to refer to the situation of the Canadian municipalities which represent one of the three important levels of government and which are treated most of the time as poor relations, and which do not have the means to carry out their responsibilities to the people.

As briefly as possible, this afternoon, I should like to show further four main points. Canadian municipalities at the present time operate in a frightful state of stagnation, they have to assume their responsibilities in a sort of strait-jacket, and it is a nightmare for the mayors and the aldermen—whatever they are called, depending on the province—to try and balance their budget and meet the requirements of their constituents. Not later than this morning, I learned that my own municipality, like a great number of other Canadian municipalities at this time of the year, had to raise its property tax, which it had managed to avoid through some sort of miracle for several years.

Second, I should like to pinpoint one of the causes of the financial mess in which the municipalities find themselves in regard to such investments and capitalization as they are forced to make in order to meet pressing requirements.

They experience those financial difficulties because, first of all, they do not have sufficient sources of income to meet the cost of their loans; second, they are at a disadvantage in the bond market, in the loan market because the federal government borrows at privileged rates, followed by the provinces whose rates are advantageous. The municipalities come third and must borrow at higher rates.

Bank of Canada Act

Mr. Chairman, this new bank act should, therefore, provide the greatest possible measure of compensation for the difficulties experienced by the municipalities, because their responsibilities are growing in direct relation to the phenomenal development of our country.

Third—and with this I draw my submission to a close—I should like to propose a solution to the hon. Minister of Finance and Receiver General (Mr. Sharp), a solution which I originally intended to move immediately as an amendment. But I should like, first of all, to explain my point of view which is that of all the mayors in Canada.

This I know full well because much of what I have to say this afternoon is based on the surveys made in the last 25 years by "Mr. Municipality" himself the late George Mooney, executive secretary of the Canadian Mayors Federation, on the recommendations sent to me by its administrative secretary, Mr. Lawless, as well as on the briefs this federation which is in close contact with the provincial unions of municipalities, has published and submitted to the provincial government in recent years.

To support my argument, Mr. Chairman, let me mention the "Crédit communal" as it exists in Belgium since 1860. Similar systems can be found in Scandinavian countries, but I shall limit myself to Belgian organization. It might give the hon. Minister of Finance an idea of what could be done here in Canada, with certain adaptations.

I am not forgetting all through my remarks, that we must not lose sight of the constitutional responsibility of the provinces as regards the municipalities, although I do not agree that we should keep on calling the municipalities the creatures of the provinces. In my opinion, the municipalities represent the first level of government, since they are the closest to the people and they must face up to perhaps more urgent, more utilitarian needs than the federal and provincial governments. However, constitutional considerations must still be kept in mind.

I am not forgetting either that a sort of overall priority classification should be established with regard to the fiscal needs of the municipalities. When I refer to fiscal needs, I mean those for capitalization purposes, in co-operation always—and that has been the weak point of the governments in the past—with the authorized spokesmen of the municipalities who are the elected members to