

(Mr. Drury) commented when the Main Estimates for 1969-70 were tabled in the house. For that period, the estimates totalled \$11,858 million as compared to \$10,826 million for 1968-69, an increase of \$1,032 million. The minister added:

There may be a need, as in the past, for supplementary estimates in the course of the year to meet urgent and unforeseen requirements.

So, that means, Mr. Speaker, that, when money is scarce, the government will be compelled, for the 1969-70 period, to ask for \$1,032 million more from the Canadian taxpayer.

For its part, the government of Quebec announced last week estimates of \$3,176,323,000 for 1969-70, an increase of \$384,708,000 over the previous year. The Minister of Finance of the province of Quebec (Mr. Dozois) has not yet made known the rates of the new taxes that he will be compelled to levy and of which the taxpayers of the province will hear soon enough.

In Ontario, the government announced, a few days ago, estimates of \$2,998 million as well as new taxes on cigarettes, liquor, meals, hotel rooms and production equipment. It also made known its intention to invade the field of personal and corporate income tax.

Those are a few examples of the urgent needs of the higher levels of government. Municipalities, corporations and individuals are not safe from similar worries. Far from it.

In Montreal, for instance, the property tax recently went up by 24 per cent and the municipal authorities, shorter of money than ever, had to negotiate a \$26 million loan on the money market in West Germany. It is not the first time that governments or corporations have to resort to foreign financing to make up for the lack of Canadian funds needed to ensure the social development of the country.

The Ontario and the Quebec governments had to get loans from Germany during the year. The city of Sherbrooke had to apply to German interests to obtain \$1 million. Hydro-Quebec is regularly negotiating with West Germany, and its commitments with German bankers now exceed \$100 million. Why? Because money is scarce and costly in Canada.

We can therefore assume, Mr. Speaker, that all these loans negotiated by the governments, these sales of government bonds, of savings bonds especially at high prices have as a result incited the holders of municipal bonds or of corporations' preferred shares to sell them and to buy federal government bonds.

Use of Bank of Canada to Ease Tax Burden

This puts the municipalities in a bad situation and compels them to apply to foreign financial enterprises.

The Minister of Finance (Mr. Benson) clearly recognized this on January 7 last when in a speech before the *Canadian Club* in Ottawa he expressed his worry about the slackness of the bond market. No wonder, therefore, that the Montreal newspaper *The Gazette* published on January 9 the following rebuke aimed at the Minister of Finance. I quote:

● (3:00 p.m.)

[English]

The state of the bond market, especially the market for bonds with longer terms, is exactly what one might expect as the result of the government's policies over many years. The government has never really controlled its spending. And when it has spent heavily in a period when inflation was general, it has only spread inflation on its way, almost with its blessing.

The most that the government has done in recent budgets is attempt to reduce the yearly rate of increase in its spending, never to cut back the spending from what it was the year before. But even this has not been successful. The government, in the spring, promised a balanced budget. But in the autumn it faced a fantastic deficit.

[Translation]

And the editorial writer concluded:

[English]

Without bonds and without long-term bonds neither governments nor businesses can function properly. But the credibility gap in the bond market will have to be closed. And it will not be closed until the government closes the credibility gap in its own policies. So long as present policies continue, no one can trust the money values of the future.

Mr. Benson does well to weep. But he weeps for the wrong reasons. And, surely, he must know it.

[Translation]

Mr. Speaker, the situation is not any better for individuals and corporations. The minister does not seem to have acquainted himself with the unemployment statistics published by the Dominion Bureau of Statistics last Thursday, and he does not seem to share the concern of the industrial and business sectors about the federal policy in connection with the recommendations of the Carter Commission.

From mid-January to mid-February 1969, the number of unemployed increased by 6,000, from 467,000 to 473,000. Even if the statisticians say that the unemployment rate decreased from 6 per cent to 5.9 per cent, that does not solve the problem of the 6,000 newly unemployed, nor that of the 473,000 Canadians now without work.