

cent this week, which is the highest it has been in history, and the Euro-dollar rate is 8½ per cent. Interest rates throughout the world are climbing and the reason is that people believe inflation is going to continue.

We in Canada, through the Governor and the Bank of Canada on the one hand, and through the government's fiscal and expenditure policies on the other, are trying to do what we can to control inflation in this country. I should point out that last year we were the third best in the world in this regard, after Germany and The Netherlands. But this is still not good enough. We in Canada, and indeed all western countries, must combat inflation and all of us as citizens, including members of the Creditiste party, must remember that we cannot take more out of the economy through increased benefits to ourselves than results from increased productivity in the country or else inflation is going to continue. This is what the Leader of the Opposition and I have been preaching in this regard.

The consequences of an unsound inflationary monetary policy would therefore be not only to thrust further burdens upon the poor and create even more severe problems of equity, but by undermining real economic growth it would reduce total and average incomes of all Canadians, and increase their tax burden.

Several other points were raised during the course of the debate and perhaps I should deal with a few of them. There was some mention with respect to contributions to the provinces. Indeed, the proposition in the motion was that the Bank of Canada buy up provincial and municipal debentures, presumably by printing more money because that is

Use of Bank of Canada to Ease Tax Burden
the only source of funds they have. I think a better solution to this is for the federal government to stay out of the financial markets as much as possible and thus make room for the available limited resources to move to the provinces and municipalities. Indeed that is what we are trying to do. In fact, that has been our aim for some time and continues to be our aim.

• (9:20 p.m.)

However, I should point out that the federal government has made and continues to make substantial contributions to the provinces in order to lighten the fiscal burden on their taxpayers and on municipal taxpayers. It is estimated that in 1968-69 the value of the federal contributions to the provinces, under conditional and unconditional transfer programs, will total some \$2.8 billion. That is close to 30 per cent of provincial expenditures in Canada. Furthermore, over the years the federal government has vacated certain tax fields, principally the personal and corporate income tax fields and the estate tax fields, to permit the provinces to raise their taxes without, if they wish, imposing an extra burden on the taxpayers. It is estimated the provinces will raise an estimated \$1.8 billion in 1968-69 through federal tax abatements to them.

Mr. Speaker, I have here, if hon. members wish to have them printed in *Hansard*, tables indicating the amounts of federal contributions by provinces and by program for the years 1967-68 and 1968-69.

Mr. Deputy Speaker: Is it agreed?

Some hon. Members: Agreed.

[*Editor's Note: The table referred to follows.*]

FEDERAL AND PROVINCIAL FISCAL DATA

ESTIMATED 1968-69

A. Value of Federal Contributions to Provinces under Conditional and Unconditional Transfer Programs..		\$ 2.8 billion
Provincial Net General Expenditures.....	\$8,724 million ⁽¹⁾	
Add: Estimated Federal Conditional Grants.....	1,259 million	
B. Approximate Provincial Total Expenditures.....		\$10.0 billion
<i>Percentage A of B = 28%</i>		
C. Estimated 1968-69 value of General Tax Abatements.....		\$ 1.8 billion
i.e.—Federal tax reductions (made over period of several years) concomitant with provincial increases.		

⁽¹⁾D.B.S. Weekly Bulletin Cat. No. 11-002, Friday, December 13, 1968.

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