

the effect that the Government does not intend to continue and expand the municipal development and loan legislation. Municipalities which have had applications before their respective Provincial Governments for some time, only to find that the funds allocated to those particular Provinces have been depleted, will now be rejected completely for no other reason than that they happened to be at the bottom of the list and their applications were not processed before the funds ran out. It seems to me most unfair that those municipalities whose applications were late in being dealt with, through no fault of their own, are not to have the benefit of this legislation.

The reason given by the Minister for not asking Parliament to increase the funds available under this legislation is that the unemployment situation is now satisfactory. This will be news to the people across Canada when the unemployment figure is still much higher than in most of the countries of Western Europe. If the Government are going to discontinue this plan on the ground that unemployment is not a serious problem, then at least they ought to continue the plan in those areas where the unemployment figure is above the national average. To wipe it out all across Canada on the ground that the Minister of Finance, sitting in his ivory tower, thinks that unemployment has disappeared will arouse a great deal of resentment in Canada.

The impression this Government gave, both prior to the election and at the time this legislation was introduced, was that the Municipal Development and Loan Act was a response to the requests of Provincial Governments and the conference of mayors and municipalities for a municipal loan bank or a permanent municipal fund upon which municipalities could call for assistance. This has certainly been the impression which the Liberal Party has sought to create in Canada. Now the Minister tells the municipalities this was only a temporary measure, that the funds have been exhausted and he does not intend to continue the program.

This will cause a great deal of discontent and dissatisfaction. The Government is now passing up a golden opportunity to participate in the improvement of municipal services in Canada. We in this party have been claiming throughout the years that Canada has starved its municipal and social services, and the fact that municipalities now will not be able to get the benefits of this legislation means that many municipal projects which otherwise

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would have been proceeded with will have to be forgotten.

I think, Mr. Speaker, that the municipalities will be extremely disappointed, and I am certain the Minister has not heard the end of this matter.

[*Translation*]

Mr. Maurice Côté (Chicoutimi): Mr. Speaker, it seems regrettable that the hon. Minister of Finance (Mr. Gordon) should announce that the loans to municipalities will be discontinued, in view of the number of such loans which were granted during the short period that the act was in force. In fact, 1,500 loans were granted to 1,000 municipalities. This shows that municipalities must borrow in order to carry out their plans for beautifying and improving their communities. Henceforth, they will be prevented from taking advantage of loans at reasonable interest rates.

On the other hand, we are aware of all the loans which are contracted through investment brokers. Naturally, a very small amount of money was borrowed through this act, because hundreds of millions were loaned through stock brokers. But to date, Mr. Speaker, the act has not gone far enough. We should have set up a municipal credit bank as advocated by us in this house. I think this would be the right time to set up such a bank in order to lower municipal taxes and provide for certain developments as suggested by the hon. Secretary of State (Mr. Lamontagne) in the wonderful speech he made yesterday or a few days ago, when he urged municipalities to make all kinds of developments and improvements in connection with the confederation centennial. Only a municipal credit bank could make such loans at the administrative rate to enable municipalities to carry out those projects.

Someone suggested a while ago that such a loan system should be maintained in underdeveloped areas. Of course, it is a very interesting suggestion, because underdeveloped areas need loan facilities at reduced rates more than others.

Mr. Speaker, I therefore urge the Minister of Finance to reconsider his decision and to take into consideration the setting up of a municipal credit bank which would assist our municipalities by lending them money at the administrative rate.

Mr. Réal Caouette (Villeneuve): Mr. Speaker, we are very pleased to hear the Minister of Finance (Mr. Gordon) tell us