

Bank of Canada Act

• (4:20 p.m.)

We recognize the fact that a number of attempts have been made to meet this situation in the past. First of all, the Municipal Improvements Assistance Act was passed in 1938. Unfortunately this piece of legislation was short-lived. In fact, in 1957 the late Mr. Irwin, who was a member of the Social Credit party, asked these questions as recorded on page 389 of *Hansard* for October 24, 1957:

1. Has section 8 of chapter 180, R.S. Canada, 1952, Municipal Improvements Assistance Act, 1938, been invoked?
2. If so, on what date?
3. How many applications have been received from municipalities under this act since 1940?
4. How many applications prior to 1940?

The answers to those questions were given by Hon. Donald M. Fleming, then minister of finance:

1. The power of the governor in council under section 8 of chapter 183, R.S. Canada, 1952, to fix and determine a date after which no loans should be made any municipality under the act, has not been invoked.
2. See answer to No. 1.
3. As loans were discontinued after December 31, 1940, no applications have since been entertained.

We note how short-lived this legislation was. The act was passed in 1938 but was discontinued after December 31, 1940.

4. 143 applications were received, of which 110 were approved for loans.

This simply shows that even back in 1938 some attempt was made to provide assistance to municipalities. As I have pointed out, it did not last very long. All the applications that were made were not approved. We find that later the Municipal Development and Loan Fund was established. I suppose it was established as the result of an election campaign promise. We were really expecting something wonderful to happen from the implementation of that promise. However, we discovered that the fund, rather than having as an objective the assistance of municipalities, was mainly to provide job opportunities. Nevertheless, some worth-while results were achieved and it was a matter of extreme regret on the part of the municipalities that this plan was discontinued. It could have continued to fulfil very important functions and could have had tremendously beneficial results for the municipalities and the people. For some reason or other the government felt the plan should be discontinued and therefore this legislation as well was dropped.

In view of the fact that the municipalities are providing services to the people and facilities in the form of hospitals, schools and other projects, we had insisted they should have access to capital at the cost of administration or at very low interest rates. I do not believe any valid argument can be voiced against this proposition. Considerable amounts of money are lent to countries abroad, and we are not complaining about that. The government is lending millions and millions of dollars to other countries without interest. Yet we find our municipalities trying to keep up with the demands for educational and health facilities and having to go out and borrow money at fantastic rates of interest.

I do not believe this is right. I do not believe it is proper. I do not believe it is just. We submit to the Minister of Finance once again, therefore, that a branch of the Bank of Canada be established, call it a municipal development bank or whatever you like, that will provide money for these capital social projects at the cost of administration or, if there must be an interest rate, the interest should be turned back into the consolidated revenue fund. Capital must be provided in order that our municipalities will be able to keep pace with the increasing demand for these facilities in their areas.

I believe such a program would have beneficial results. If capital at cost or a reasonable interest rate were provided, it would save the taxpayers of this country a great deal. Instead of paying twice the value of the project in accumulated interest the municipalities would be able to double the facilities that are provided. If a building were going to cost \$1 million rather than paying over \$2 million for it on the basis of amortization over a period of years a municipality could provide two such institutions at the same cost. In addition, such a program would release private capital for national development.

I believe this would have a beneficial effect upon our economy as well. There is a great deal of talk about the lack of adequate capital for investment and development. I submit that if municipal and other governments were taken out of the borrowing field, much of this capital would be available for productive enterprises and for the further development of our country. I have the feeling that this would tend to reduce interest rates and the capital available would be more than adequate to meet the needs of our people.