

we would immediately have reached the point where the Minister of Finance would be pressing with his fingers on the municipalities and provinces. Of course, that would be constitutional nonsense today.

Mr. Rondeau: We agree.

Mr. Lambert (Edmonton West): What is the hon. member asking that I should do? He is asking me to support this motion, at the same time recognizing the provincial government's right, which it now has constitutionally, to spend freely the money which now falls under its own jurisdiction. Having said this, we are told that the federal government must now impose a direct or indirect control on the provinces by agreeing that it will buy from province "x" or municipality "y" so many millions of dollars in securities in each and every year. What is this but an immediate control on the pursestrings? The federal government would then be manipulating the policies of these governments—provincial and municipal.

I can tell the hon. member how this works. In the province of Alberta the municipalities, school boards and hospital districts have not had at all times to go on the market for their borrowings. They go to an organization called the Alberta Municipal Corporation which is a centralized financing agency supported by the government of the province of Alberta. That agency goes out on the market and borrows money at more favourable rates.

The province can then say it does not borrow any money but in fact it was the government of Alberta that guaranteed the loans. In actual fact it was the municipality, corporation or other agency borrowing the money which was guaranteed by the Alberta government. On the other hand, when the city of Edmonton and the city of Calgary wished to carry out programs for roads, utilities or educational works and sought financing, they submitted their programs to the Alberta Municipal Corporation. It was then that body which told them how much they could undertake. If that is not indirect control through the exercise of centralized borrowing power, what is it? That is what is envisaged by this motion. This is the only interpretation possible to be placed upon it. This is the interpretation put forward by the hon. member for Shefford in his motion.

I cannot see how else you could have control by the Bank of Canada in respect of borrowing programs in provinces and municipalities. Is the Bank of Canada merely to be a supine instrument reacting to

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individual actions and programs of municipalities and provincial governments? I hope this question will be considered seriously by hon. members. We will likely hear about these points. I want to know how deeply they are prepared to consider this matter. I suggest that as far as I am concerned their whole thesis completely disregards the role of the central bank. The Creditistes have completely forgotten the role of the Bank of Canada in relation to the International Monetary Fund and the World Bank. Of course, that is an attitude which—

Mr. Rondeau: National first, and then you starve.

Mr. Lambert (Edmonton West): They say national first and then we will starve. Why? Because we cannot then sell anything abroad. They can say that, but I want to come back to some of the things that affect the role of the Bank of Canada and the Minister of Finance. I have before me a copy of today's *Montreal Gazette* which has an article on the \$410 million roll-over issue the Minister of Finance has accomplished.

This afternoon the minister loudly proclaimed the foreign exchange fund holdings of the government and said that the Bank of Canada was in the best possible position it could possibly be in. This is not as a result of the minister's action or action on the part of the government. I suggest to the minister that we can believe him as much now when he stands up and says certain things as we could believe him last year. He is as believable or credible now as he was in mid-May when he said there was going to be a balanced budget. His colleague, the President of the Treasury Board (Mr. Drury), said in September that the government had missed the boat by \$400 million. Some five weeks later the Minister of Finance came into the house and said he was sorry that he had missed the boat by \$725 million. How on earth could he miss the target by \$725 million? How can we believe him now when he says that everything is equivalent to the best of the best possible worlds?

Let us look at what he has done in respect of the bond issue. The terms of this bond issue and the commentaries that have appeared amount to a clear indictment of government policy in respect of inflation. This is what we see in the papers. There is reference to \$410 million in government of Canada bonds dated April 1, 1969 made up in one part of one year and one month or 13-month bonds at 7.09 per cent due May 1, 1970. The issue price was 99.90 per cent yielding about 7.09 per cent at