

The Address—Mr. Thompson

which might be left until later. But unless the government follows some orderly pattern of priority we will never get our work done.

First of all, it is self-evident that the re-institution of the new rules of procedure is imperative. We are already stalling on this question. If we do not make these new rules operative in this parliament immediately, we will never complete a quarter of the work outlined for us during this present calendar year. The excellent work of the various sub-committees in the last session with relation to procedural reform should be extended and implemented in this house now. I think this has number one priority.

● (12:50 p.m.)

Second, an urgent priority is the revision of the Bank Act. Already the decennial revision has been twice postponed. Not only must there be a completely new monetary policy spelled out as it relates to the chartered banks and the near banks but a new policy for the Bank of Canada is equally urgent as it relates to public capital. During the present fiscal year we will be paying more than \$1,100 million in interest on the national debt. Wisely, the government has chosen to follow the recommendation of the Social Credit party that the Bank of Canada could well be responsible for a good part of this debt. In fact, during this year approximately one eighth of our national debt was assumed by the Bank of Canada. This saved the taxpayers of Canada at least one-eighth of the tremendous load which is being paid in interest alone. It amounted to a saving or an income, shall we say, to the consolidated revenue fund in 1964 of something more than \$128 million.

If one eighth of our national debt can be assumed by the Bank of Canada, why cannot one quarter or one half? This debt does not all come due at once; it comes due gradually. With the taking over of the national debt by the Bank of Canada, paying present interest rates this dollar saving would revert into the Consolidated Revenue Fund and representing a direct saving to the taxpayers of Canada. This is just one way in which the responsibilities of the Bank of Canada could be extended.

There is still a tremendous need in this country for the public capital required to develop the public sector of the economy. So far as I can understand, the government is now planning to terminate the municipal development and loan fund. What will happen to the municipalities should this be done?

Where will the provinces get the funds necessary for their capital development, especially now that tight money restrictions are becoming more severe than ever, in accordance with the policies of the United States toward foreign loans? There is no reason why a municipal development bank as an integral part of the Bank of Canada should not be established to provide public capital for use in Canada as is done at present in another field by the Industrial Development Bank. The needs of Canada are such that there is no need to hold back in this sector of the economy; they are such that they will extend throughout the lifetime of all who sit in this house.

According to the Bladen Commission Report, the cost of capital development covering buildings and equipment for our universities alone in the next ten years will amount to something like \$5 billion. Where is this money coming from? If it is not forthcoming from a municipal development bank the cost to the taxpayers will likely reach \$10 billion before all the money is paid, because the cost of money under present arrangements amounts to more than the cost of the work itself.

There are many projects which might be mentioned. There is one in particular which has interested me a great deal though I have found there is considerable apathy toward it among the eastern members. I refer to the completion of the Alaska highway, so vital to the development of the economy of the northern and western parts of Canada. What better way is there of financing the construction and paving of this highway than through a municipal development bank? I could list a number of such projects and so could every member of the house.

I was surprised that the Speech from the Throne did not make some reference to the Carter Commission Report and the tremendous need for tax reform. It is in this area that the need for financial and economic policy today has grown so urgent.

The third point I would emphasize has relation to the question of co-operative federalism. The increasing interdependence of provincial and federal governments is a fact requiring continuous consultation and co-operation. So important is this in so many areas that I think the only possible way to meet this problem satisfactorily is by setting up a specific department of federal-provincial affairs headed by a minister who would be responsible not just for a closed-door type of negotiation but for continuing liaison between