

Bank of Canada Act

which will be in force for at least ten years, we should not forget that municipalities are facing tremendous problems, that they are ill represented in the discussion on legislation, since most of the time the distribution of electoral areas in the provinces is not done on a fair basis. Urban municipalities are poorly represented and have greater needs than rural municipalities, since the federal government even compels municipalities to pay taxes on materials they buy, while the federal and provincial governments are exempted from that. And double taxation is levied on the citizens.

Third, the municipalities are handicapped when it comes to getting funds and paying them back because the federal government takes its share first and then the provincial government does the same, and if there is anything left the municipalities will get it, but otherwise they do without it.

And fourth, the municipalities are handicapped with regard to their borrowing possibilities and indirectly their burden gets heavier each year as the country develops thanks to the efforts made by our governments to ensure prosperity throughout the country. So they must prepare new housing sectors, provide sewer systems and water mains, new roads, new parks new schools, new hospitals.

Of course, they get generous contributions from the governments, but I say that they do not solve their problems to the extent that the responsibilities of the municipalities have increased in the last few years. A drastic and comprehensive solution must therefore be found.

What I find most reprehensible is that the municipalities have no say in the matter. They are treated like poor children, orphans, and they are forced to accept the crumbs of the wealthy. They should be consulted, allowed to take part in the discussions between the federal and provincial governments about tax sharing, at least as observers to know what is going on. And when they submit well researched briefs, as they have been doing for over 25 years, to the governments concerned, partisan considerations should be forgotten—it is not done enough in the provinces, although the federal government does it—and the municipalities should be listened to and taken seriously.

[Mr. Mongrain.]

The Acting Chairman (Mr. Richard): Order. I regret to inform the hon. member that his time has expired.

[English]

Mr. Olson: Mr. Chairman, I wish to ask the minister a couple of brief questions about the report issued yesterday by the Organization for Economic Co-operation and Development. I am rather alarmed that such a report should have been made by an organization of which a number of countries are members, including Canada.

Has the O.E.C.D. asked the Canadian government to take steps to adjust its monetary policy through the Bank of Canada in order to provide some additional control over the rise in wages and prices? Apparently in last year's review of the Canadian economy the O.E.C.D. experts advised Ottawa to establish some wage and price guidelines. I do not know if this was done and I would like the minister to advise what steps Canada has taken. Were these steps taken through monetary and fiscal policy, and did the O.E.C.D. make even more severe suggestions to the Canadian government with respect to achieving control over wages and prices? It seems to me that this is something which should be discussed when we are considering the Bank of Canada because it is one of the instruments which in the past has been used to exercise some measure of control over prices and wages.

Mr. Sharp: Mr. Chairman, as the hon. member rightly says, Canada is a member of the Organization for Economic Co-operation and Development and participates with other member countries in trying to achieve the objectives we hold in common, principally a steady expansion of output.

The committee will recall that some years ago the O.E.C.D. fixed targets for member countries. I am very happy to say that in general these targets have been exceeded, and certainly they have been exceeded here in Canada. We have in fact achieved a larger increase in output than was thought reasonable a few years ago. The Organization for Economic Co-operation and Development, the International Monetary Fund and other international agencies have, however, drawn attention to the tendency for demand to outstrip production and have pointed, I think quite rightly, to the grave dangers that exist if we try to do too much too quickly.