

*Income Tax Act*

obsolete and no longer meet our present needs. Mr. Speaker, the complete removal of the provincial sales tax is somewhat close to the Social Credit theory that governments should set up a system of compensated discount. Had we set up such a system, which is under federal jurisdiction, we would not have this conflict between governments about the retail sales tax.

Our position is that governments should initiate a compensated discount system to encourage the consumption of Canadian goods and, at the same time, increase the production of Canadian industries, which would create jobs for Canadians on the labour market. So, the number of unemployed would decrease. This compensated discount system is essentially oriented towards the poor within our society. The \$186 million of the Minister of Finance will certainly penalize the poor and fail to boost the production of Canadian goods.

Mr. Speaker, why does the Minister of Finance still refuse to negotiate the transfer of this money directly from government to government? If the federal government has funds to give the provinces, that is fine, but it should respect provincial jurisdictions. The sales tax area falls under provincial jurisdiction, and if the federal government wants to foster Canadian unity and set the economy in motion again, it should respect the authority of the provinces, of all the provinces, not only that of Quebec, and stop infringing all the time on their jurisdictions. This bill would have been a lot more useful if the minister had introduced a series of measures aimed at stimulating the economy.

Mr. Speaker, I see time is running out, I shall shorten my comments. I would like to say this: federal-provincial conferences have been going on for many years. Spokesmen for the provincial and the federal governments have certainly always shown a great desire to co-operate. But the same issue always pops up: the rights and the responsibilities of the federal government, the rights and the responsibilities of the provincial governments. The federal government keeps on saying that it is unable to yield any source of income to the provinces because it does not have sufficient income to face its responsibilities, its obligations, and likewise with the provinces. I have attended some conferences where I heard premiers express their desire to co-operate, but say that, in view of their responsibilities towards the people of their province, their government was not in a position to yield any more fiscal rights to the federal government, as they themselves did not have enough. Conferences always end on the same note, premiers or finance ministers return home faced with the same problems, and the same holds true for the federal government. Which means, Mr. Speaker, that the problem is one of money, of dollars, and it will never be solved as long as the federal government, which under the constitution holds the authority to legislate on monetary matters, will be dominated by financial interests, by a monopoly which through legislation can cash the credit of the nation. When we borrow money, be it from Germany, New

York or Italy, the Canadian government enters into financial agreements which are based on the credit of Canadians.

Mr. Speaker, your own work represents a credit. The hon. member for Rivière-du-Loup-Témiscouata (Mr. Gendron), who sits in front of me, creates a credit by his own work. All our activities put together constitute a credit. When industrialists produce the goods needed by the population and when farmers produce milk, butter, cheese, vegetables, all these things, they are actually creating credit. And when the government borrows abroad, it is all that credit that it is incurring in our name. That is why I suggest that the solution is not solely to be found at conferences. The solution has to do with the fact that the Canadian government and the Canadian parliament is not assuming its responsibilities in this matter.

I said earlier that our disputes are due to the fact that we do not have enough revenues to meet our responsibilities in each of the provinces and in parliament. Therefore, because of our disagreements and a lack of money, the solution is to use the means at our disposal and which rightly belong to us to cash in on our own credit at lower interest rates than those we are now paying. Mr. Speaker, why borrow from Germans, Italians, Americans at 10, 12, 15 per cent interest rates, when we could borrow from ourselves in Canada at much lower interest rates? I see that the hon. member for Brome-Missisquoi (Mr. Grafftey) finds this funny. I guess he has never been in need of money, but those who have been and are still short of money and have to go to finance companies to borrow at 20 and 30 per cent interest rates find it less funny, and you can be sure that those people understand what we are saying. So, it is the same with a government as with an individual.

When one borrows at nonsensical interest rates, no wonder, you end up creating uneasiness and discord in a country. That is the cause of our problems. The best proof is that a sum of \$186 million has been keeping us busy in this House for the past two months and is the cause of all our wrangling. Yet this money that we so badly need comes neither from heaven nor hell. It was invented by men. It was created somewhere. And the government and all of us together should look fully into this serious problem of the creation of money which causes trouble even for the most intelligent people. It cannot be said that the Prime Minister is not intelligent. He is extremely intelligent and he knows the problem, but he is not able to find a solution to it.

I have already said this in the House, and I repeat it for the benefit of government members. Their responsibilities may be greater than ours, only the future will tell. Their responsibilities in caucus are not only to discuss sales tax and those \$186 million, but also to suggest solutions to the Prime Minister and to the Minister of Finance. It is not only a matter of nationalism, it is a matter of plain common sense, not only for today but for the years to come. I believe that if only they took the trouble to heed the suggestions I want to put forward very seriously, and being completely free from any financial hin-