*Hautes Etudes commerciales,* said in the brief he submitted to the Quebec royal commission on constitutional problems in 1956.

However, that last subversion was not a matter of course, even with the total nationalization of the Bank of Canada by the federal government, although it was greatly to be feared. In spite of its nationalization, the central bank should follow its own policy to follow, in agreement, of course, with the general policy, but not necessarily and immediately with all the views of the government. Even nationalized, the bank should be able, always in agreement with the general policy, to deal directly with banks and through them with the business world.

**The Acting Speaker (Mr. Béchard):** Order. I regret to interrupt the hon. member, but his time has now expired. Does the house unanimously agree to allow the hon. member to carry on his remarks?

**Some hon. Members:** Agreed.

**Mr. Lambert (Edmonton West):** Not too long.

**Mr. Rondeau:** I thank you, Mr. Speaker, as well as my hon. friends for allowing me to pursue my remarks.

Mr. Angers stated further, and I quote:

It should buy a large number of provincial bonds according to the requirements of their fiscal policy in harmony with the country's general policy. After all, provincial governments are Her Majesty's sovereign governments, responsible to their own people. There is no more reason to put them under guardianship than to put under guardianship the central government itself or the businessmen, all of them being patrons of the banking system.

Technically, there is no objection to it at all and it is in no way detrimental to federal jurisdiction in monetary or banking matters.

• (3:30 p.m.)

The central government still retains control over the monetary and banking system. It determines the general direction of policy. However, such direction having been determined and involving, for instance, a fiscal policy that shows a deficit, one can hardly see why the Bank of Canada could not buy the province's bonds to help them finance their public works or their unemployment insurance, as it purchases those of the central government for identical purposes. In such a light, it would be comparatively easy to convince the provinces to try and avoid increasing taxes in periods of crisis. Electoral interests would contribute to make them accept both the idea and the financial facilities, because governments which tax heavily in difficult periods are never very popular.

Monetary expansion for public financing in emergencies is therefore allowed. But too many writers still consider it as using the printing press. Such an expression should certainly not be avoided. It is colourful. At least we should know that it can only be used now as a figure of speech.

In a system like the Canadian one, it is not the printing of money which constitutes monetary circulation. On the contrary, the latter calls for bills issued on request for withdrawal from banking deposits. Such deposits constitute today the real monetary circulation and permit us to settle most of our exchanges without using money. Money itself comes into it only for small current operations.

The solution arising out of these findings would enable each level of government, under the general direction of the central government as exercised in terms of its jurisdiction over banks and money, to resort to the policy of cyclical budgets and deficit financing. It would have multiple advantages, firstly with regard to the real independence of the provinces and then in connection with the realistic requirements resulting from the various conditions in Canada.

As Mr. Roland Parenteau has shown in the study already quoted, the economic conditions peculiar to each province vary extremely from one region to another in Canada. Some provinces, like British Columbia and Ontario, are really much more powerful and wealthy relatively speaking than the federal government; the latter partakes of their wealth but also of the poverty of some other provinces and sets the average.

Those two provinces are well able to finance all their needs without exception. Other provinces, such as the Western provinces, come next with regard to average income. Quebec follows, half-way between the two extremes, then come the Maritimes at the very bottom.

The case of each province can be studied later if this should prove necessary, at which time some national compensation can be provided if circumstances warrant it.

Nothing could be simpler than to transfer any provincial deficit to the national debt. Such questions, however, should be settled at interprovincial conferences, to start with, (possibly through a Council of provincial States that could be created along the same lines as the American Council of State Governments), and then at federal-provincial conferences.

Thus, interested parties would be made thoroughly aware of the problem facing the provinces in need of help and it would be possible to avoid a return to the senseless system, from the standpoint of autonomy, which consists in favouring (sic) all provinces, at the cost of their own financing and their freedom of action, on the plea that some of them are in a difficult situation.

Such are the solutions, Mr. Speaker, which the government should apply in order to solve the financial problem facing the government of Canada, the provincial governments and the municipalities that are looking for capital.

Such solutions would help private enterprise to reassert itself, to finance its own needs, and would allow private savings, once again, to look after the industrial needs of the country, instead of being used as a screen to hide the mistakes of the federal government.

For all those reasons, Mr. Speaker, we believe the government does not deserve the confidence of this house any longer.