

Dominion-Provincial Conference

taxation to the federal government has been renewed from then on.

It is strange to note on November 4 and 5, 1968, there was another federal-provincial conference in Ottawa. The Minister of Finance, (Mr. Benson) asked the provincial delegates for a five-year renewal of the authorization to levy taxes for the provinces.

It is a well known fact that the agreements referred to were lapsing on December 31, 1968. We thought that the Quebec government would oppose the renewal of the agreements, since, for twenty years, the two traditional political parties had been vying with one another to obtain from Ottawa the return to "la belle province" of her tax fields.

Therefore, we could expect that our officials at the conference would oppose the rental of these tax fields for another five-year term, but, oddly enough, what happened was just the opposite.

On November 6, 1968, the hon. member for Roberval (Mr. Gauthier) asked the Minister of Finance whether he had obtained unanimous consent from the provincial delegations on income tax collection for another five-year period. The minister's reply, to be found on page 2484 of the official report, was as follows:

No one disagreed.

That is, opposed the renewal of the agreements.

Now, on the one hand, the federal government took over tax fields that belonged to the provinces, the provinces having agreed to rent them for a while. On the other hand, now that the federal government has taken over such tax fields, the provinces would like to receive the amounts collected in the form of taxes.

We believe that conflicts between the federal and provincial governments concerning taxation powers will not be solved before some time. Therefore, it is incumbent on the federal government to settle the problem, since it has now sole jurisdiction in financial matters.

Provinces can levy taxes only in accordance with the constitution, while the federal government has the right and duty to make available to the provinces the money they need to insure their own development.

I have here yesterday's issue of *Le Droit*, and strange enough, on the first page, one can read:

Cry of distress from the Maritimes.

[Mr. Rondeau.]

On the right of the first page, there is also: \$10 million for Tunisia.

While the provinces beg for assistance from Ottawa, the Minister of Industry, Trade and Commerce (Mr. Pepin) offers millions to Tunisia. Assistance is still being given to foreign countries, to Tunisia, as has always been done. Last year, we made loans under the assistance program to developing countries in the amount of \$163 million. On the other hand, the government says it is unable to help the provinces which are now facing an economic problem.

Créditistes have for a long time denounced the federal government's lack of foresight in money matters. Our opponents always answer us: But money must be found somewhere. Here is what Social Credit has always advocated because there are several ways to govern a country and to put money into circulation. I quote:

—there may be differences of opinion about the order of priority, but we shall not dwell on them. There are two or three main methods which could be briefly mentioned.

In his testimony before the banking and commerce committee in 1939, Mr. Graham Towers, former governor of the Bank of Canada, made the following statement:

A government may find money in three ways: by taxation, by borrowing people's savings or by combined action through a vast monetary policy, namely by loans which create additional funds.

● (3:10 p.m.)

I should now like to quote a proposal about government financing.

The procedure today, when the government needs more money to meet its expenses than the taxes collected is to borrow it from the people, from chartered banks or finally in New York. Loans obtained from chartered banks are exactly the kind of borrowings referred to by Mr. Towers which "create additional money".

Let us not forget also the fantastic amount borrowed abroad to be used for the development of our natural resources.

It is still a mystery for many who wonder: How come a country, such as Canada which has tremendous natural resources and manpower is compelled to borrow foreign capital to develop those resources and make them available to its citizens? It is still a greater mystery to note that provincial and municipal governments, in order to build roads, schools and other public utilities, must go on foreign markets to obtain the funds required to carry out their projects in Canada.

But the greatest mystery still, is to see a sovereign government, our own Canadian government, which has the unique and exclusive authority to regulate, control and issue money, handing over such sovereign prerogatives to profit making private institutions, and then ask them—those banking