

Tight Money Policy

Let us consider the situation of municipalities. Some of them have to spend 25, 30 and 40 per cent of their budget simply to pay interest on their debt. A great number of Quebec municipalities must spend up to 40 per cent of their budget for the sole purpose of paying the interests on their debts. School boards are also in debt. The provincial government claims it provides the funds, but when a \$100,000 grant is paid for the construction of a school and \$10,000 are paid over a ten-year period, then the school board has to borrow \$100,000, pay from 5 to 6 per cent interest, and the \$10,000 yearly grant over a ten-year period is barely enough to pay the interest. There is something left to pay off a small part of the debt, but not too much.

In the field of education which comes under exclusive provincial jurisdiction, I admit, where costs are ever increasing nowadays, a public organization should be set up to finance the administration. What is being done at present? Taxes are increased. In the province of Quebec especially, taxes have increased at a quicker rate than in any other field. What has been increasing most in Quebec in the last six years, have been taxes, and especially school taxes. I am not against progress in the educational field, but I say there should be a public organization to finance public administration and development, at every level, educational, municipal, federal or provincial.

In conclusion, Mr. Speaker, I believe that with regard to public credit facilities, the federal government should implement three principles.

First, the Bank of Canada should be given the power and the privilege to become a public credit organization to finance public administration and development in Canada. Second, the funds issued by the Bank of Canada, a public organization should be debt free and not have to be financed out of interests or taxes.

I also claim, Mr. Speaker, that the Bank of Canada should issue all public funds required to enable the country to develop normally, to progress into modern times and to meet the needs of the population.

Now for private funds. By then, private funds would serve exclusively to develop private companies or to help individuals. Banks, insurance companies, finance companies such as we have today would no longer be required to invest their savings in the public area. Sufficient funds and credit would

[Mr. Grégoire.]

remain to leave them in a position to develop the private sector.

For instance, insurance companies would no longer be required to invest in Canada savings bonds because it would be the responsibility of the Bank of Canada. But insurance companies could lend for home building.

Mortgage loans will be available to Canadians the day the savings of the Canadian people are no longer used to finance the provinces or the country, the day when private savings are used to finance the needs of the citizens rather than the requirements of public bodies.

Let public credit sources be established such as the Bank of Canada and let all private savings and investments serve private development, trade, industry, and private housing.

Mr. Speaker, it is public knowledge that enormous and pressing needs exist for the development of private industry and especially in the area of mortgage loans for private housing.

Mr. Speaker, we only need to go into the large cities and even the small villages, Montreal, Jonquière, Chicoutimi, Trois-Rivières, to realize that there are families living in slums, in old, unsanitary houses where it is not proper, not logical nor decent and human to raise families in 1966. There is a widespread need for home construction, but for that purpose, credit should be made available to the individuals, for lending to individuals.

But today, everything is topsy-turvy. Private savings are financing governments and governments are forced to finance individual expenditures. Thrifty individuals, Canadian citizens are asked to invest their savings in Canadian bonds and then, the government is asked to set up special funds to make mortgage loans to individuals.

If we only had a government organization to finance public works, well, there would be enough savings in the private area to finance private expenditure in home, industrial, private construction, etc. But things are upside down. Individuals are asked to finance the government and the government is asked to finance the individual.

• (4:40 p.m.)

The governments issue savings bonds and give them to individuals so that they may finance the government. Then, as it holds all the savings, the government is forced to establish a public fund and put it in the