cooperation in an effort to convince government authorities of the merits of our requests.

An exchange of ideas on the subjet should take place between the central government and the provinces.

Yours truly,
André Nadeau, notary,
Secretary general,
Beaurivage, Lotbinière, Quebec.

What does l'Union des conseils de comté want exactly? The following is a quotation of the annual brief presented by that body to the Premier of Quebec on March 26, 1969:

MUNICIPAL BOND ISSUES

The government of the province of Quebec is asked to pass legislation exempting from tax interest yields on municipal bonds whenever bonds are issued for utilities purposes.

The Quebec government should also undertake without delay negotiations with the government in Ottawa so that the latter may declare free from tax interest yields on municipal loans already declared free from tax by the Quebec government.

The second resolution, that requesting the government to exempt from taxes some kinds of bonds deserves more attention, for the experience made in the United States seems conclusive. As an example, I recall that the last United States government $4 billion issue (April 1969) bore an interest rate of 6.40 per cent. To this must be added discounts and issuing expenses, which means that the actual borrowing cost was roughly 6.60 per cent. This is the highest rate of interest ever paid by the American government over 105 years, that is since the War of Secession.

Now, at that time, for tax-free municipal or school board issues maturing on the same date, the yield was about 5 per cent, the short-term and long-term yields being 4.40 per cent and 5.75 per cent respectively. If such bonds were not tax-free, the municipalities involved would have to float loans yielding at least 1 per cent more than those of the American government. Therefore, one can readily conclude that the American tax system enables municipalities and school boards in the United States to borrow at a cost nearly 50 per cent lower.

If Quebec municipalities, school boards and hospitals could borrow under the tax-free bonds system, their savings would be substantial. In fact, total borrowings by our municipalities range between $125 and $150 million.

The school boards' borrowings represent similar amounts. Since last year, and for many years to come, CEGEPs must borrow from $50 to $100 million a year. Quebec hospitals will have to borrow at least $1 million per annum within a few years from now. The grand total of such loans may therefore reach a level of $450 to $500 million per annum. Therefore, for a single year, a saving of 2 per cent on interest rates would be the equivalent of about $10 million.

On the total of their outstanding loans, these public bodies could save over $100 million in interest each year; of course, these figures are only approximations. It is difficult to obtain the figures showing that aggregate debt of all our public bodies. With a 2 per cent difference in interest rates, $100 million would mean total debts of about $5 billion, and this is a conservative estimate.

One has only to recall that the debt of the city of Montreal amounts to about $680 million and that of the city of Laval is of the order of $140 million. As the debts of the school boards are nearly as high, the debts of those two cities alone amount of $1.5 billion.

If you add to that all the debts of the cities and towns, school boards, CEGEPs, regionals, hospitals and universities, the total debt of all those bodies can be safely estimated at roughly $4 or $5 billion. So, with annual savings in interest of roughly 2 per cent it can be reasonably said that our public bodies would save approximately $100 million per year if the interest on their bonds was tax free. On the other hand, with present market conditions, the saving in interest might even be greater than 2 per cent.

What are we suggesting, Mr. Speaker, since we always want to be constructive and positive?

All those proposals as well as the policy outlined in the motion now before the House, Mr. Speaker, can be found in a resolution carried by our national council in Ottawa in March 1971, and approved at our national convention held in October 1971, in Hull. That is what is contained in our document entitled "Constitutional Positions".

However, the Social Credit party of Canada believes that we must go beyond the present status quo which satisfies no one and empower the provinces to be themselves, to develop and flourish in accordance with their needs and aspirations.

Therefore, the Social Credit party of Canada proposes that a new constitutional framework be considered and implemented, within which the provinces or groups of provinces would participate through their representatives or their governments in the formulation of policies affecting the country as a whole and in the best interest of all Canadians.

The Social Credit party of Canada therefore proposes that a new constitution made in Canada, by Canadians and for Canadians be drawn up in order to do the following things.

First, to revive the spirit of a true confederation in which the components, that is to say the provinces, will recover and assume the powers which belong to them, so as to protect and preserve their identity.

• (1220)

Secondly, to aim at insuring an effective participation of the provinces in monetary, fiscal and commercial decisions in Canada since decisions made at the federal level have serious effects on provincial economies and policies.

Provincial governments should have their say in the development of a monetary policy. The exclusive control of monies and its corollary, the credit facilities granted by the central government, the action of this government in matters pertaining to exchange rate, fluctuations of currency in circulation and prices and inflation, have a direct bearing on provincial finances and on the opportunities for local economic development.

This is why the provinces should participate in the establishment of such a policy. They should be able, in consultation with the central government, to cash in on