

*Suggested Interest-free Loans***EXTERNAL AFFAIRS****RIGHTS RESPECTING CONTINENTAL SHELF OFF ISLAND OF ST. PIERRE**

Mr. Walter C. Carter (St. John's West): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Has the government taken a decision yet to go to the International Court of Justice to determine our rights over the continental shelf off the French island of St. Pierre?

Hon. Mitchell Sharp (Secretary of State for External Affairs): No decision has yet been taken, Mr. Speaker. The matter of the conflict between the French government and ourselves is still under discussion.

LABOUR CONDITIONS**EXTENSION OF TAB BENEFITS FOR AUTO WORKERS**

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. Would the minister inform the House whether or not the TAB benefits for the auto workers, due to expire at the end of this month, have been extended?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I will have to check whether an announcement has been made or not during my absence.

Mr. Speaker: Orders of the day.

[Translation]

GOVERNMENT ORDERS**BUSINESS OF SUPPLY****ALLOTTED DAY, S.O. 58—FINANCING OF PUBLIC DEBTS THROUGH INTEREST-FREE LOANS FROM BANK OF CANADA**

Mr. René Matte (Champlain) moved:

That, in the opinion of this House, in view of the government's inability to effectively combat the frightening increase in the public debt, the public sector of the Canadian economy, including the federal government, the provinces, the municipalities and the school boards should be financed by direct interest-free loans from the Bank of Canada, repayable at the rate of the depreciation on the assets thus created.

He said: Mr. Speaker, it is a principle universally accepted by orthodox economists and applied by all governments that government expenditures can only be financed by charges and taxes or, still, by means of loans which

[Mr. Mather.]

finally turn into taxes when it comes to paying the interest on the amounts borrowed and paying back the capital.

The federal government, the provincial governments, the municipal administrations and the school boards need money to administer themselves, to pay their civil servants, to finance public works, public services, to build roads and bridges, schools, universities and hospitals. Now, since governments have no money, they must get it somewhere, in the taxpayer's pocket, by imposing sales taxes, excise duties, through the delivery of licences to individuals; they must also get money from the public by selling natural resources, by making a profit in Crown corporations such as the liquor boards, for instance.

The profits of public undertakings do not amount to much in terms of income for the governments, because most of them lose money instead of making profits.

The sale of natural resources is only a temporary source of revenue: it is a source of income only at the time of the sale or as long as those natural resources exist.

As for the royalties paid to the governments which concede certain rights to industries or individuals, they are nothing but deferred taxes, taxes paid to the government by the companies and the individuals which are then passed on to the buyers of the products when the transactions are made within the country.

Government loans are deferred taxes which will be paid by the taxpayers in five or ten years. They are taxes other generations will have to pay. And to pay the interest on those loans, taxes will have to be levied which, in many cases, will be greater than the value of the goods and services purchased through the loans.

To give you some idea of the amounts the taxpayers must pay in interest only on public debts, I will quote you statistics on certain elements of the public debt in Quebec.

As of March 31, 1969, the public debt in the province of Quebec amounted to \$2,022,858,854. The interest on that debt was \$120,507,300 or \$330,157 per day.

The Quebec Hydro, as at December 31, 1967, had a debt of \$2,213,263,653; the interest amounted to \$120,538,440 or a daily interest of \$330,242. The figures for 1968 reveal the equivalent of a daily interest payment of \$700,000.

In 1969-70, the Quebec government borrowed \$318 million at a 9 per cent interest