

called the Manpower and Unemployment Committee, which said in a June, 1961, report:

• (4:20 p.m.)

[English]

The scale of capital financing required in the future for municipal works is so large that a new measure of responsibility is required in the raising of such funds on the part of the provincial and federal governments. Here, perhaps, is the basis on which a solution to the other problems of better planning and the development of better machinery for co-operation might also be sought.

[Translation]

You will note, Mr. Chairman, that I do not claim nothing has been done, and I would not want my remarks to be considered as a criticism of any government we have had in the last 10 or 12 years. I would like it to be understood that I am now putting forward—at least, I am trying to—constructive remarks that could be helpful to all levels of government. Indeed, I feel that, to date, everything that could be done under the circumstances has probably been done. But I suggest that the problems have become so acute that it is essential to put forward drastic and comprehensive solutions. And let us not simply fill gaps, as we had to do in the past. I will not read all those quotations to the house. I have one here, for instance, an excerpt from the *Globe and Mail*, which said not so long ago:

[English]

Municipalities provide many services from which national wealth flows...If these services cannot be provided—

[Translation]

Because, for instance, they cannot afford to finance them. The comment is mine.

[English]

—if the municipalities are starved of current funds or of long-term capital, the flow will be checked and all three levels of government will be poorer.

[Translation]

Then, Mr. Chairman, I would like to make a suggestion to the minister or rather tell him that the government should probably consider the introduction of parallel legislation to the Bank Act or an amendment to that legislation. It is not for me to tell him how to proceed. I easily agree that in the financial field, he is much more qualified than I am. But as for municipal finances, I was one of those who had to put up with the situation for a number of years. I think I would be remiss in my duty as a member of parliament if I

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did not strongly emphasize the fact that that level of government does not have the proper tools to discharge its responsibilities.

I would like to illustrate my explanation to the minister by summing up briefly the operation of what is called the *Crédit communal belge*, the *Crédit Communal* of Belgium. Similar organizations exist everywhere in Europe, in the Netherlands, in Germany, in Norway. I believe that we would probably be best advised to follow the Belgian formula although, admittedly, we would have to adjust it to our requirements. I would still like to summarize its operation so that those of my colleagues who are not familiar with what was done over there may understand, with the help of supporting evidence, where lies the cure of the evils of this first level of government.

[English]

The *Crédit Communal* of Belgium was founded in 1860. Prior to that time small municipalities were experiencing great difficulty in obtaining loans for municipal improvements. As a rule, the only source available to them with the private banks and financial institutions and, on occasion, private individuals. It seems we are a century behind in this regard. Under these circumstances municipal loans were obtained under rather onerous conditions. Only the larger cities were able to issue their own securities and obtain capital funds at reasonable rates.

As a result, the greater part of the 2,600 communes of Belgium, as they are called over there, found it virtually impossible to obtain loans for their required municipal improvements.

Toward the middle of the last century several studies were made in an endeavour to solve the problem. The matter was taken in hand by the national government and the then minister of finance summarized the alternatives as follows. First, either the national government would have to intervene and provide loan funds direct to municipalities which would mean some loss of municipal autonomy inasmuch as the state would be responsible for the municipal loans or, second, a private institution might be established whose function would be to raise loans for municipalities with any profit from its operations accruing to the shareholders of the company. The minister made it clear that what he had in mind was the creation of an institution or private