

*Supply—Labour*

National Housing Act rate. In reply, he said, with a certain amount of obvious righteousness, that the government would not consider tinkering with the bank rate; that it must continue the bank rate; that it must not allow a change to take place which would increase the charge to the Canadian taxpayers for loans made to them by the chartered banks; and he imputed political motives to us for making this suggestion.

And yet, Mr. Chairman, here we have the Minister of Finance doing the same thing by the back door method. Instead of allowing the chartered banks to increase their rates he says, "If you do what we ask you, we will do your advertising for you so that it will reduce your costs of doing business". This is a very strange principle, indeed.

The government refuses to face the fact that the banks will not make a certain type of loan at the rates which they are allowed to charge by law; but in order to encourage them to make the loans which the government wishes to have made the government says, "We will take some money out of our back pocket and we will do the advertising for you so that people will come to your doors and ask you for loans, and in this way we shall be mitigating the effect of the statutory limitation on the interest rates which you are allowed to charge." This is a most surprising thing, Mr. Chairman. The Minister of Finance has done similar things with his obvious polish and sleight-of-hand in some of his bond savings campaigns. Therefore, he seeks to do by one indirect method what he refuses to do directly because of the political consequences of taking direct action.

Here we have the government of Canada spending the taxpayer's money to advertise private businesses, to advertise that private businesses are open to receive applications for business from the public at large. What principle could be more questionable than this one? I should like the Minister of Finance to explain to the committee why we should vote money to the government of Canada to enable it in effect to subsidize the rate of return which private institutions are able to obtain from the loans made to taxpayers who have to foot the bill for these expenditures on advertising.

**Mr. Fleming (Eglinton):** Mr. Chairman, this is one of the most ridiculous assertions, I think, that this committee has heard. I can only conclude that the hon. member has some animus toward the idea of having the banks launch with some vigour into a program of home improvement loans. I may say it was a matter of no little satisfaction to the government last autumn when, in discussion with the banks, we found the banks willing to

undertake an invigorated program of home improvement loans. This obviously was going to be a source of employment particularly during the winter months because this is the type of work that can be carried on indoors.

If it is a justifiable policy on the part of the government to seek to increase employment during the winter months, then I should think it is not only equally justifiable but equally a duty of the government to see that as much use as possible is made of the facilities thus created. That is why, within the scope of the promotional program to which I have referred and which was provided by parliament in the main estimates for this purpose, the fact that the banks were providing home improvement loans was made known as one of many matters that indicated to people throughout the country that facilities existed making it desirable for them to undertake these job creating programs during the winter months.

This program has been successful because the expenditure of money on this promotional campaign has unquestionably had the effect of creating jobs, and it strikes me that this is hardly an occasion for a rebuke to be administered to the government by the hon. member. If it is the wish of hon. members that there should be no more unemployment than can be avoided and if it is the policy on the part of hon. members that work should be provided in the winter to meet the problem of seasonal unemployment, then I should think it would be the desire of hon. members to make this effective without dredging up accusations out of whole cloth, out of imagination, sheer fictional suggestion, that the government is trying to help the banks. In this situation the government is trying to help to provide employment.

**Mr. Hellyer:** Mr. Chairman, I did not expect much business acumen from the minister but surely he knows that any private business will spend its own money on advertising if it can engage in a venture which is profitable for it, and the mere fact that the government has to subsidize the banks is an indication that what they have been asked to do by the government would not otherwise be attractive to them.

If the minister is correct in his contention that it is legitimate for the government to advertise the particular services that are available, he can extend this principle to any field whatsoever. Surely if the government merely wishes to provide employment and is interested in doing so, it can subsidize any business. It can provide back door benefits to any business. That is precisely the objection, that this is a back door subsidy, a back door arrangement, back door

[Mr. Hellyer.]