

Oral Questions

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it is encouraging to see that the hon. member opposite, perhaps alone in his party, is encouraging this government to take an activist and interventionist role in the area of private housing.

BANKS' PROFITS ON PROPERTY TAX COMPONENT OF MORTGAGE PAYMENTS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I hope the Prime Minister believes in intervention in relation to the subject of my next question. In relation to the hundreds of thousands of mortgages held by banks, moneys accumulate for the property tax component on which the banks pay 3 per cent compared with 15 per cent, 16 per cent or 17 per cent on savings deposits. The banks are using that \$1,000 or \$2,000 at 3 per cent and making unconscionable profits. Will the government take action to make sure that the banks will not rip off the mortgagees and that the banks will pay comparable prices for that money, as they do for any other kind of saving?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am sure the Minister of Finance will be happy to see that he has the support of the hon. member for the representations he made to the banks last week, and I think this added argument will be drawn to their attention.

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SMALL BUSINESS

TREATMENT BY BANKS

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my supplementary question is also directed to the Prime Minister. On Monday night a three-generation family firm in the heart of my riding, E. R. MacMaster and Sons, went out of business and locked its doors the next day, due directly to the high cost of short-term money. The bank called its loan.

I now ask that the Prime Minister undertake to call the Minister of Finance on his undertaking, to which the Prime Minister referred earlier in answer to my hon. friend, that the banks start to exercise some humane treatment in such situations as the one in my area to which I referred. Sixty-five households are now without breadwinners due to the calling of a bank loan at usurious rates of interest. Is the Prime Minister going to do something about that when the Minister of Finance comes back?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member realizes that the undertaking of the minister was particularly related to the problem of mortgages. The hon. member raises the question of small businesses. He has been reminded many times that there is a special bond available to small businesses which permits them to pay only about half of the going commercial rate of interest.

Mr. Nowlan: Madam Speaker, I hope the Prime Minister begins to talk to the Minister of Finance, wherever he is and whenever he comes back, because the bond to which the Prime Minister refers is for new businesses. I am talking about businesses which are typical of my area and of my province. I am talking about small businesses, many of them family firms which have always been able to operate successfully, but they just cannot carry these usurious, unconscionable interest rates.

REQUEST FOR TRIPARTITE CONFERENCE

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my supplementary question to the Prime Minister is to ask whether, in view of the government's insane policy of double-digit inflation and double-digit interest rates, the Prime Minister will consider, when the Minister of Finance comes back, asking the Minister of Finance immediately to convene a meeting with ministers of finance from the provinces and bank officials so that these three components can get together and so that innocent small businessmen, farmers or mortgage holders will not be caught in the squeeze in which they are presently caught because of the fiscal policy of the government?

● (1420)

[Translation]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the hon. member should read again the provisions concerning the small business development bond in the Income Tax Act. He would see that they apply not only to businesses wanting to expand, but also to those that are hard-pressed. The particular case to which he has referred falls in the latter category and could be considered in that context.

As concerns farmers, the Minister of Agriculture has mentioned on many occasions that the system of farm loans is very generous to the farmers. If there were an especially hard case, I would be happy to refer it to the banking association for special consideration.

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[English]

EXTERNAL AFFAIRS

EL SALVADOR—COMMITMENT TO HOLDING OF DEMOCRATIC ELECTIONS

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Secretary of State for External Affairs. In debate in this House yesterday the minister indicated that the government has confidence that the Duarte government in El Salvador has earned the right, to use his words, to our belief in their intention to carry through with democratic elections. Well, I have a series of photographs which clearly show security forces under the control of that government turning over to the death squad two individuals who were subsequently murdered.