

Winnipeg-Birds Hill (Mr. Blaikie) said the other day that everybody who is for his particular constitutional package is a good Canadian and everybody who is against it is suspect. Somehow that begins to smell. It now appears to be almost unpatriotic to disagree with the Liberal party and the Liberal government.

● (2205)

Mr. Ron Irwin (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Mr. Speaker, in responding to the hon. member for Surrey-White Rock-North Delta (Mr. Friesen), I take it that his main point is the non-bilingual billboards because the other matters to which he referred have been dealt with by the Speaker. I do not want to go back to issues which have been debated day after day in the last week or so.

Billboard advertising was under the auspices of the Canadian Unity Information Office. There was a national campaign. At the time it was felt that the whole country wanted patriation in some form. The billboards did not indicate that the Liberals wanted it, nor did they indicate that the Progressive Conservatives and the New Democratic Party were against it. The billboards were more or less straightforward. They advertised patriating our constitution—"one constitution"; "make it ours".

As for the matter of bilingualism, billboard advertising was in both French and English.

Mr. Friesen: In different places in the country.

Mr. Irwin: Let me get on with that. For instance, outside of Quebec where there is a high concentration of French-speaking Canadians, in such places as St. Boniface, Bathurst, Campbellton, Dalhousie, Moncton, Sudbury, Timmins, Windsor and Cornwall, there were two separate billboards, one in French and one in English. In my riding of Sault Ste. Marie with perhaps 2,000 to 2,500 French Canadians, which is not a high concentration, there were bilingual billboards. There were not many, but I believe I saw some. There were French and English billboards on Montreal Island.

On September 8, radio and television advertising was stopped. Billboards were rented on two-month contracts, and on October 15 most of them were removed. If they have not been removed, it is because the space has not been rented, but our responsibility ended on October 15.

As my hon. friend knows, government is not perfect. Everything was done that could be done to remedy the situation when the issue was raised. It is not the intent to continue along these lines. Obviously we are not a single mind even on such a basic issue as "one constitution; bring it home; make it ours."

FINANCE—GOVERNMENT POLICY ON INTEREST RATES

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, on June 3 last, I asked the Prime Minister (Mr. Trudeau) the following:

Adjournment Debate

Is the government's policy at the present time to keep interest rates higher than the market forces would normally indicate?

If one examines the interest rate structure in this country since this government took office and after the flurry of high interest rates immediately following its taking office, through the months of June, July and up to now, it would seem that interest rates have been deliberately kept higher by the government than market forces would normally indicate. One begins to wonder why this is and what, in fact, is happening. To refresh people's memories, the Bank of Canada, lending to commercial banks, is prepared to lend at 25 bases points over the average rate of 90-day treasury bills as determined at the weekly auction. This week the Bank of Canada is prepared to lend at 11.6 per cent. The rate was slightly different when I asked the question in June. However, there is no question that the rate charged by the chartered banks to their most preferred borrowers is to some extent related to the Bank of Canada rate.

● (2210)

During the period through last fall when the Progressive Conservative government was in office, the difference between the Bank of Canada rate and the chartered bank rate was somewhere around one-half per cent or about 50 bases points, sometimes extending to as many as 100 bases points, but not more. Since this spring, the rate has rarely fallen as close as it is today. Even today the difference is 115 bases points. When the question was asked, it was 120.82 bases points.

One wonders why this is happening. One would have to look at a series of Bank of Canada statements, which are produced weekly, to see what in fact is taking place. It is clear that the Bank of Canada, in order to keep rates up, reduced its holding of treasury bills in one week alone by \$424.5 million, and further in order to keep rates of interest up and to keep the Canadian dollar at a lower figure than it would normally go if rates were allowed by the market forces to justify themselves, increased its holdings of foreign currency in one week by \$325.9 million.

Dealing in treasury bills alone, year over year, while the amount of treasury bills placed by the government on the open market has been \$5.36 billion, the administration opposite has reduced its holdings of treasury bills by \$110 million. In other words, the government has been operating the money markets in such a way as to influence those markets, paying more for its treasury bills than it needs to, or raising prices for treasury bills higher than necessary, enabling it to dispose of all its treasury bills on the private market.

That would not be so bad if it were not for the suspicion of myself and others that this government is in bed with the large chartered banks. While this year the chartered banks have increased their deposits by \$15.8 billion, their holdings of government securities have not increased markedly at all. In effect, the government has been operating its financing in such a way as to absorb almost all of the private funds available in the marketplace and has not been leaning on the chartered banking system to supply its funds. The parliamentary secretary will know from his experience in the field that the Bank of