

Oral Questions

policy, the Minister of Finance who yesterday in the House said that it was the policy of the government to attack inflation by increasing the supply of housing, or the Minister of State for Urban Affairs who has said that this is not the best time to introduce a general stimulus to the construction industry because this would lead to a cost-push type of inflationary adjustment resulting from the low levels of unemployment in the building trades and the under-supply of essential building materials? Who is stating government policy, the Minister of Finance or the Minister of State for Urban Affairs?

● (1120)

Hon. C. M. Drury (Acting Prime Minister): Mr. Speaker, I should like to suggest that both can and do.

Some hon. Members: Oh, oh!

Mr. Drury: In this particular case, if the hon. gentleman examines those two statements he will see that they are readily reconcilable.

Mr. Stanfield: Mr. Speaker, will the Acting Prime Minister tell the House whether it is the policy of the government to encourage the expansion of the supply of housing or, on the other hand, is it the intention of the government not to stimulate the construction industry because of the shortage of materials?

Mr. Drury: Mr. Speaker, I think, bearing in mind the statements of the two ministers, it is quite clear that what is needed is an increase in the supply and availability of building materials, which is the current bottleneck. A general stimulus to house building, unless we can at the same time improve the supply of building materials, will not have the required effect.

Mr. Stanfield: I gather that it is the policy of the government, as I understand it, to increase the supply of housing and yet not increase the supply of housing. So I ask the Acting Prime Minister whether it is the deliberate intention of the government or, at least, perfectly satisfactory to the government to have mortgage rates rising, because this will achieve the effect desired by the Minister of State for Urban Affairs and not provide any inappropriate stimulus to the supply of housing. Is it fair to say that the government is perfectly happy to see mortgage rates going up because of this?

Mr. Drury: Mr. Speaker, I think the Minister of Finance has, on a number of occasions, dealt with the matter of interest rates both on mortgages and in general. He has made it quite clear, I think, that mortgage rates generally must relate to the general pattern of other interest rates.

REPORTED INTENTION TO INCREASE INTEREST RATES
FURTHER—REQUEST THAT GOVERNMENT ACT TO
PREVENT

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my supplementary question is not directed to the Acting Prime Minister, although, as the hon. member for York South indicates, it would be nice to have an "acting" Prime Minister, but to the Minister of Finance. There are some authoritative and rather disturbing press reports

this morning that the Bank of Canada will increase the bank rate and also increase the prime conventional mortgage rate to 10 per cent. Can the Minister of Finance indicate to the House today any guarantee that the government will not permit this to happen?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, I am afraid that those authoritative press reports to which the hon. gentleman refers are not authoritative.

Mr. Lawrence: I have had some indications from my riding late yesterday and today—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. Perhaps the hon. member might ask his supplementary.

Mr. Lawrence: Yes, Sir. As Mr. Leonard Rosenberg, vice-president of CNA Investors Limited, has said that, especially in rural areas, borrowers are already paying 10 per cent, would the Minister of Finance please investigate this and, at the very latest on Monday, make a statement to the House on whether it is government policy to permit this to happen.

Mr. Stanfield: It is government policy to slow down housing.

Mr. Turner (Ottawa-Carleton): Mr. Speaker, all I can say at this stage is that I think it is a very good idea that the hon. member keeps in close touch with his riding.

Some hon. Members: Hear, hear!

Mr. Turner (Ottawa-Carleton): I will certainly examine the statement of Mr. Rosenberg.

Mr. Speaker: Order, please. There are five or six members who want to ask supplementaries. I would hope an attempt would be made not to spend too long on the very first question that has been asked as this would have the effect of reducing the 40-minute question period to about 20 minutes. For the moment, however, we will have a number of supplementaries with the co-operation of hon. members.

Mr. Lawrence: Mr. Speaker I will not ask a supplementary. My point is merely that the minister should keep in touch.

RELATION OF MORTGAGE AND OTHER INTEREST RATES—
REQUEST THAT BANK ACT BE AMENDED TO CONTROL
MORTGAGE INTEREST RATES

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I wish to direct a supplementary question to the Acting Prime Minister with reference to his answer a minute ago. Is it government policy that the interest rate on mortgages must remain inextricably connected to other interest rates in the country?

Hon. C. M. Drury (Acting Prime Minister): No, Mr. Speaker.