

● (1125)

Mr. Speyer: I say to the Prime Minister, Madam Speaker, through you, that he is defending the indefensible and justifying the unjustifiable.

RETENTION OF LEGAL COUNSEL

Mr. Chris Speyer (Cambridge): Madam Speaker, my supplementary question is to the Minister of Justice. Will the minister confirm that the Deputy Attorney General wrote to the Clerk of the Privy Council and the Deputy Minister of Energy, Mines and Resources advising them to retain separate counsel for potential prosecution as a result of the uranium inquiry?

[Translation]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I believe that the international aspects of the uranium problem differ from what may have happened on the domestic market. I cannot give a specific answer to the hon. member for the moment. I shall inquire and give him the information requested when I have it.

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[English]

THE ECONOMY

IMPACT OF REDUCTION IN BANK RATE

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my question is for the Minister of Finance. Before the minister breaks his arm patting himself on the back for yesterday's announcement that the Bank of Canada rate is going down .38 percentage points, could he tell us what he is doing to ensure that reductions will also be afforded to consumers, to home owners who are facing mortgages of 18 per cent and 19 per cent, and that farmers, small businessmen and fishermen will also be the beneficiaries of this reduction in the Bank of Canada rate?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member obviously knows that these rates are established in accordance with the law which was recently revised, namely, they are not established by the government or the Bank of Canada; they respond to market forces. In the normal course there are usually—not always, but often—readjustments following changes in the bank rates. The hon. member will have noticed that yesterday the prime rate dropped in the United States. It is quite possible that similar action will be taken here, but that remains to be seen.

PROFITS OF CHARTERED BANKS

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, the minister's commitment to laissez-faire is unbelievable in

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the circumstances. The fact is that the banks are prepared to use the Bank of Canada rate to justify their increases, but when it comes to decreasing their rates and passing that on to consumers, they do not do it. Now that we have had the announcement of several six-month figures which show the same trends as were available in the first quarter for our chartered banks, when is the minister going to act to prevent the kind of profiteering that we have seen and the kind of windfall benefit that simply goes to the largest financial institutions that have played on the backs of consumers when the rates have gone up, but have done nothing for consumers when the rates have gone down?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has referred to data that is becoming available with respect to the earnings of banks for the second quarter. I have not completed my analysis of all this data, but I would suggest to him that his conclusion that the trends are precisely the same as the first quarter is not accurate. There are a number of ways in which the trend that is observable in the second quarter is quite different from the first quarter. Nevertheless, the hon. member has raised a very important point. It is my intention, as I have stated to him on previous occasions, to take this matter very seriously and, based upon some further experience, to determine whether any action is necessary. I think it would be premature at the moment to indicate action on this matter.

INCREASE IN ASSETS OF CHARTERED BANKS

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, if the minister wants to have a longer time-frame, I will give him a longer time-frame. Between 1970 and 1980 the assets of the five largest chartered banks went up six times, their profits went up three times to \$1.2 billion, and their taxes stayed exactly the same at \$200 million. The minister has these figures, he has the facts, and he has the time-frame that he needs. What we need now is action to provide some fairness for Canadian consumers.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member puts a lot of alleged facts before the House. I want to draw to his attention that current profit rates in the banks, based upon the return of assets, are in line with those of the last five years. One has to keep all of the facts in mind before reaching a conclusion and that is what I propose to do. But I want to reiterate again my concern that the banks will not be, or be perceived to be, making an undue gain as a result of this present difficult matter.