

minister say if this increase will encourage bankers to raise their own interest rates while tightening credit restrictions?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, this is a rather debatable question and I would gladly answer the hon. member in more details on another occasion.

Mr. Latulippe: Mr. Speaker, I have a supplementary question.

Would the minister not agree that this is one of the first sectors where interest rates and prices should be frozen in order to prevent investment restrictions, economic paralysis and spiralling consumer prices?

Mr. Speaker: The hon. member's supplementary is rather a recommendation to the minister and he must assume that the latter will consider it.

[English]

SUGGESTED CONSIDERATION OF TWO LEVEL RATE OF INTEREST—PROFIT POSITION OF CHARTERED BANKS—GOVERNMENT POSITION

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is also directed to the Minister of Finance. Since he did not discuss with the Secretary of the Treasury, Mr. Shultz, the guaranteed exchange of international reserves, I wonder if he is considering with the Bank of Canada the problem of a two level rate of interest, one rate for large corporations and a different rate of interest for loans to small business and small farm people?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, I met with the Governor of the Bank of Canada today and with the chief executive officers of the Canadian chartered banks, and reiterated the wish of the government, and I suspect of parliament as well, that priority be given to Canadian-owned small business in the allocation of loans. We did discuss the potential of a two level rate of interest but there are some difficulties, particularly in view of the fact that the Chairman of the Federal Reserve Board in the United States was forced to make that type of arrangement because of price control in the United States.

Mr. Nowlan: Mr. Speaker, without debating with the minister that part of his answer, has he given very strict terms of reference to the banks as to their potential profit level, and what are the guidelines for the profits of the chartered banks in view of their flexibility under the amendment that we had?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, after the bank rate was raised, I indicated to the Chairman of the Canadian Banking Association that if they were to raise prime rates I would like to see the spread remain the same. That was done, so that the profit potential of the banks has not been increased by virtue of the rise in the prime rate.

Oral Questions

SOCIAL SECURITY

PROPOSED COMMUNITY EMPLOYMENT PROGRAM—POSSIBLE EXTENSION OF LOCAL INITIATIVES PROGRAM

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. It refers to Proposition 3. Here I feel I am talking to Euclid. This has reference to the community employment program, which I find in the orange paper, followed by a number of questions and a reference to LIP. Has the minister anything in mind more than an extended Local Initiatives Program when it comes to the matter of the provision of community employment?

[Translation]

Hon. Marc Lalonde (Minister of National Health and Welfare): Mr. Speaker, this is a matter which I would like to discuss with the provinces. In fact, I have already had the opportunity of discussing it with my colleague, the Minister of Manpower and Immigration, and we are now working at it together.

[English]

PROPOSAL WITH REGARD TO PENSIONS OF RETIRED RAILWAY AND ROYAL CANADIAN MOUNTED POLICE PERSONNEL

Mr. Heath Macquarrie (Hillsborough): I have one more supplementary from the orange paper. Could the minister advise what he has in mind to alleviate the problem of pensioners who are retired railway men and retired RCMP men?

[Translation]

Hon. Marc Lalonde (Minister of National Health and Welfare): Mr. Speaker, this document deals with the establishment of a guaranteed income plan for all those who are unable to work, whatever their condition or the nature of their previous employment.

[English]

SUGGESTED ADVANCEMENT OF DATE FOR FAMILY ALLOWANCE PROGRAM—GOVERNMENT POSITION

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. It has to do with the family allowance program. In view of the fact that the program, as announced, is simplified, and in view of the need of those children in this country who are living in poverty, could he at least consider advancing the date from January 1, 1974?

[Translation]

Hon. Marc Lalonde (Minister of National Health and Welfare): Mr. Speaker, first I will have to discuss that matter with my provincial counterparts, have legislation passed in this House and, on top of that, obtain from the provinces a statement of intent as to how they would like to vary the payments made by the federal government. I think that the implementation of such a program and the consultations that will have to take place with the provinces in that respect will surely take a few months, and I