

Mr. Gillies: Is it the position of the Minister of Finance that the 50 per cent increase in the money supply in the last three years has not been a major factor in the inflation that has taken place in this country?

Some hon. Members: Hear, hear!

Mr. Turner (Ottawa-Carleton): Mr. Speaker, the monetary supply has been expanding only at a rate to accommodate the expansion in the economy—

Some hon. Members: Oh, oh!

Mr. Turner (Ottawa-Carleton):—and certainly the hon. gentleman's question is not consistent with his earlier—

Some hon. Members: Oh, oh!

An hon. Member: Sit down!

Mr. Speaker: Order, please. The minister is having some difficulty—

Some hon. Members: Hear, hear!

Mr. Speaker:—in being heard in the House because of the noise coming from different parts of the chamber. I would remind hon. members that there are only 40 minutes for the question period and if 20 are taken up with shouting and applause and cheers and jeers that will considerably reduce—I estimate by approximately 50 per cent—the length of the actual question period. Perhaps the minister might be allowed to reply briefly to the question, after which I shall recognize the hon. member for Oshawa-Whitby.

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I was saying that certainly the hon. gentleman's question is not consistent with his earlier remarks that there was tight money in the country. I wish he and members of his party, including his leader, could determine whether they want a tight money policy or an expansionary money policy.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. Would the hon. member resume his seat. I appreciate that the hon. member is anxious to continue the interesting debate he is having with the minister, but I would remind hon. members that a motion under Standing Order 26 has been accepted by the Chair for the purpose of having a debate this evening. I know that all hon. members are anxious that we proceed with this debate at eight o'clock this evening and would not want all the questions asked and all the answers given during the question period.

INFLATION—SUGGESTED SEPARATION OF MORTGAGE INTEREST RATES FROM OTHER INTEREST RATES

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Minister of Finance. While it may make sense to have a tight money policy to deal with inflation in general, it makes no sense to keep mortgage rates as part of that interest rate market situation because they affect housing primarily. May I ask the minister if he

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and his officials have given any consideration to changing the Bank Act or taking some other course of action which would separate mortgage interest rates from other interest rates in Canada?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, I may be able to deal with that more fully this evening. But in answer to the hon. gentleman I want to say specifically that yesterday the rate for certificates of deposit, that is to say, the rate which banks pay for money in order to obtain money to lend in turn, increased by one per cent. Against that, the bank rate increased by three-quarters of one per cent and the bank rate for loans under \$200,000, namely, loans for small businesses in particular, increased by only one-quarter of one per cent. The banks have given me an undertaking that the mortgage rate will not be raised and that a reasonable flow of money will continue to obtain in the mortgage market. In other words, the banks have recognized, in reply to a request from the Minister of Finance, recognizing the healthy profits of the banks at the moment—

● (1450)

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The hon. member for Oshawa-Whitby will be recognized for a supplementary. In fairness, following that I think the hon. member for Portneuf should be recognized, and I will recognize later the hon. member for St. John's East and the hon. member for Calgary North.

Mr. Broadbent: I accept that a guaranteed 10 per cent mortgage rate is not much help to Canadian home purchasers. In view of the rest of the minister's answer about guarantees from the chartered banks to provide loans for small businessmen and so on, will he advise whether he has obtained from the chartered banks a statement outlining in percentage terms the allocation of funds they intend to make to small businesses and so on? If so, will he present that to the House?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I just want to say, if I might, by way of preamble—

Some hon. Members: Oh, oh!

Mr. Turner (Ottawa-Carleton):—that it is one thing for Your Honour to allow a very wide-ranging question. It is another thing for Your Honour to allow me to reply distinctly and specifically to that question.

Some hon. Members: Hear, hear!

Mr. Turner (Ottawa-Carleton): I was saying that in view of the healthy state of bank profits the banks have agreed to narrow their margin on loans from one per cent to three-quarters of one per cent and to narrow their margin on small business loans under \$200,000 from one per cent to one-quarter of one per cent.

Mr. Speaker: Order, please. In spite of the comment or admonition of the Minister of Finance, I still feel his answer is in the form of a statement that ought to be made