

Inquiries of the Ministry

the Minister of Finance a question supplementary to the question directed to him by the hon. member for South Shore. Will the minister tell the house whether he received any indications from the banks as to whether they would accept the recommendation made by himself and the Governor of the Bank of Canada with regard to the non-rationing of credit in areas of slow growth?

Mr. Benson: Yes, Mr. Speaker, in my conversation with the chief general managers of the banks they indicated this was the policy they were following.

Mr. S. J. Korchinski (Mackenzie): A supplementary question Mr. Speaker. In his recommendation, did the Minister of Finance suggest that particularly the prairie regions be not restricted in their credit, even though the high interest rates may add to their difficulties later on?

Mr. Benson: Yes, Mr. Speaker.

[*Translation*]

Mr. Henry Latulippe (Compton): Mr. Speaker, I should like to put a question to the Minister of Finance.

Could the minister tell the house whether he deems it advisable to intervene in order to reduce the interest rates, since their increase has been of no avail and the government is taking other steps to restrict credit?

[*English*]

Mr. Benson: Mr. Speaker, the question of interest rates is not one that the Minister of Finance can determine by simply saying interest rates should be lower. As I indicated yesterday, the government of Canada would of course like to see lower interest rates. I would again refer the hon. member to the very learned statement in this regard by the Governor of the Bank of Canada, made before a committee of the house last week.

POSITION OF GOVERNMENT ON INTEREST RATES—CREDIT CONTROL DISCUSSIONS

Mr. David Lewis (York South): I have a supplementary question, Mr. Speaker. In view of the fact that the Governor of the Bank of Canada informed the committee that in the present circumstances a high interest rate was desirable in order to slow down the economy, would the minister explain exactly what he means by the government being in favour of lower interest rates at this time?

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Hon. E. J. Benson (Minister of Finance): I did not say "at this time", Mr. Speaker, I think interest rates—

Mr. Lewis: Oh, you mean ten years from now?

Mr. Benson: —at the present level are necessary at this time in order to protect the Canadian economy in the long run. When my hon. friend has co-operated with the government in its attempt to fight inflation, and when people such as him become conscious of the problem we really are facing, then we will have lower interest rates.

Some hon. Members: Hear, hear.

Mr. Lewis: You are fighting the poor of Canada, not inflation.

Mr. Barney Danson (York-North): A supplementary question to the Minister of Finance, Mr. Speaker. In view of the fact that the governor of the Bank of Canada did not say that high interest rates are desirable, but quite the reverse, and in view of the fact that he related this to inflationary pressures, would the minister consider semi-emergency measures such as meeting with the provinces to discuss credit controls, the possible imposition of forced savings and the delay of some major government programs?

Mr. Benson: This is a very complicated question, Mr. Speaker. To answer the third part of the question first, the government has taken steps toward curtailing and reducing expenditures where it is at all possible. With respect to meeting with the provinces regarding credit controls, I have no immediate intention of doing this.

[*Translation*]

INQUIRY AS TO METHOD OF SETTING INTEREST RATE

Mr. André Fortin (Lotbinière): I should like to put a supplementary question Mr. Speaker.

Since the Minister of Finance has stated that it is not the government which sets the interest rates and since the governor of the Bank of Canada said himself yesterday at a sitting of the committee that he did not do it either, could the minister tell us who does?

[*English*]

Mr. Speaker: Order, please. We are now reaching the area of debate and I would not think the matter should be pursued further.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I would like, in a non-debating way,