

case his answer will be more specific. In view of the current problem at the St. Jérôme detention centre, and it seems that the conditions demanded by the mutineers come under federal jurisdiction, could the Solicitor General tell the House what progress has been made in the negotiations to free the hostages?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, as the hon. member is no doubt aware, this is a provincial institution, and the provincial authorities have assumed this responsibility and are in charge of the ongoing exchanges. Now, as I have already indicated, the government intends to lend its full co-operation as regards the information on file relating to individuals under jurisdiction of the federal penitentiary system.

Mr. La Salle: Mr. Speaker, I should like to put a supplementary question.

Given the increased number of those hostage takings, is the Solicitor General considering more severe penalties to discourage those experts in hostage takings and to satisfy Canadians who are quite shocked by the deterioration of our system?

Mr. Blais: Well, I merely wish to indicate to the hon. member, Mr. Speaker, that it is a provincial responsibility. The specific event is a provincial responsibility. I wish to point out that during a recent debate in this House, the matter was raised and on Tuesday next I invite the hon. member to attend the sitting of the Committee on Justice and Legal Affairs to discuss that problem and learn about the progress made in connection with his concerns.

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[English]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF UNITED STATES FINANCIAL OFFICERS

Mr. Speaker: Order, please. Before continuing with the question period, I know hon. members would wish to join me in signalling the presence in our gallery of two very distinguished visitors representing our closest friend and neighbour, the United States of America, in the persons of Mr. Charles Schultze, Chairman of the Council of Economic Advisers to the President, and the Secretary of the United States Treasury, Mr. Blumenthal.

Some hon. Members: Hear, hear!

Oral Questions

● (1452)

THE CANADIAN ECONOMY

EFFECT OF INCREASED BANK RATE ON ECONOMY OF DEPRESSED AREAS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I wish to direct a question to the Minister of Finance. What steps does the minister propose to take to offset the disastrous consequences of an increase in interest rates on slow growth regions? I think specifically of the five eastern provinces which enjoy the distinction of having half of the total unemployment in the country.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the hon. member should know that the interest rate, even with the increase of yesterday, is still a point and a half lower than it was a year ago.

While I am on my feet, Mr. Speaker, I would like to reply to the question put to me today by the Leader of the Opposition.

Some hon. Members: No.

Mr. Chrétien: This morning—

Some hon. Members: No.

Mr. McGrath: Mr. Speaker, I would like to ask the minister, who seems to be blind to the fact that we have a serious problem of regional disparity in this country which will be even more exacerbated by the action he took yesterday in increasing interest rates, whether he has consulted his colleague, the Minister of Regional Economic Expansion, and if he will undertake specific measures now to offset the disastrous consequences that this move will have on investment in the Atlantic provinces and Quebec, which will seriously aggravate the already critically high unemployment situation. Let him answer that question.

Mr. Chrétien: Mr. Speaker, it is obvious that the opposition do not want to know the truth. They like to spread doom and gloom rumours, just as the Leader of the Opposition did when he said, when putting two questions to me—

Some hon. Members: Oh, oh!

An hon. Member: Answer the question.

Mr. Chrétien: Mr. Speaker, I reply to the hon. member by telling him that the interest rate as set yesterday by the governor of the Bank of Canada is 1½ points less than it was a year and a half ago. The hon. member does not want to recognize that. When the governor of the Bank of Canada administers the monetary policies of the government, the governor has to vary the interest rate from time to time; and I have great confidence in the governor of the Bank of Canada.