

If the minister has noted these facts, would he tell us whether he has inquired as to why prime rates are not coming down in a more direct relationship to the bank rate?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member seems to find some difficulty in accepting the notion of decreasing interest rates. The fact of the matter is that in the last number of weeks there has been what one might call a phenomenal decrease in interest rates, in the bank rate and in other rates in this country. I regard that as a most welcome development. The hon. member asked me to relate the bank rate to the prime rate. He knows that from time to time there are lags in these adjustments.

● (1125)

Mr. Crosbie: Quite a lag.

Mr. MacEachen: But the trend is downward. That is the important thing. The rates now are much lower than the high rates I inherited from his government.

Mr. Stevens: Madam Speaker, my supplementary question is directed again to the Minister of Finance. He must know that the only meaningful interest rates for consumers in Canada are the prime rates and the rates they are paying on their mortgages and consumer loans, not the bank rate to which the Minister of Finance is referring.

Has the minister inquired from the chartered banks why, in fact, their prime rate structure has been static? It has not gone down over the last month; it has been static at 13.75 per cent, notwithstanding the bank rate drops in Canada and the rather sensational prime rate drops in the United States where prime rates are now lower than they are in Canada, whereas during the Clark years prime rates in the United States were higher. He knows that, because he is grinning.

Some hon. Members: Hear, hear!

Mr. MacEachen: Madam Speaker, I had the opportunity last night to spend several hours at a meeting with the Canadian Bankers' Association.

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): That is where you get your answers.

Mr. Stevens: We know whose side you are on.

Mr. MacEachen: I discussed these and other questions with members of the banking fraternity. I want to assure the hon. member that the same vigilance this government has exercised with respect to establishing policies to bring about a decline in the bank rate also will be applied to the prime rate.

Mr. Andre: At least blush when you say that.

Mr. Stevens: Madam Speaker, my supplementary question to the Minister of Finance is—when?

Oral Questions

Mr. MacEachen: Madam Speaker, the proof of the pudding is in the eating. The hon. member has been served it every day in the House in the way of lower rates.

Some hon. Members: Hear, hear!

MONITORING OF INTEREST RATES CHARGED BY CHARTERED BANKS

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, I have a question for the Deputy Prime Minister and Minister of Finance concerning the food he has been feeding us for the past two months. It follows directly on the questions of my socialist friend from York-Peel, the ones he picked up from us yesterday concerning the problem of the rates being charged to consumers.

If the minister is serious in the answer he gave to the hon. member for York-Peel, when he said he will be vigilant in following the interest rates charged to consumers, the prime rates and the rates charged to small businessmen, could he please answer the question I put to him yesterday? Why have the Minister of Finance and the Minister of State for Finance specifically rejected proposals from this party which have been forwarded to him and which I am sure he has seen? They would give the minister the power and ability under the new Bank Act to monitor interest rates charged consumers and small businessmen by the chartered banks. They would give the government responsibility for assessing whether they are reasonable and whether excess profits are being made by the banks, in light of economic conditions.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, perhaps the hon. member would be prepared to wait until the banking bill has come out of committee before raising these questions in the House.

Mr. Rae: He has rejected them in committee.

Mr. MacEachen: If I wanted to raise a point of order, I would have a valid basis against the hon. member in raising questions which are presently under discussion in committee.

Mr. Crosbie: What a joke.

Mr. MacEachen: I want to tell the hon. member that all the amendments he has proposed with respect to financial disclosure—and I would gather this is part of his over-all series of amendments—are still under consideration by myself.

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INDUSTRY

REBATES ON CANADIAN-MADE CARS

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my supplementary question to the minister is no surprise.

Miss MacDonald: The poor consumer.