

Inquiries of the Ministry

Minister of Finance. Have the sharp declines on Canadian and foreign stock exchanges—I refer particularly to yesterday—caused the minister to conduct a review of the government's policy of slowing down the economy? I ask this question in view of the report that these declines are due to the expectations of business regarding the future and in view of the already heavy level of unemployment in the country.

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, yesterday was a day on which stock exchanges throughout the world declined. I understand the decline in the New York market was greater proportionately than that in the Canadian market. I believe it was the influence of the New York market in Canada rather than the policies of the federal government.

Mr. Stanfield: A supplementary question. I am sorry to learn that the Minister of Finance does not have any understanding of the relationships between world events and those in Canada. I ask the minister whether these events in Canada and abroad have caused the minister to conduct any consultations with his counterparts in other countries in order to ascertain what this may signify in terms of international trends?

Mr. Benson: Mr. Speaker, I have recently talked to the Secretary of the Treasury of the United States in Korea and to the Minister of Finance in Japan with regard to the economic outlook in western countries. It appears to be relatively optimistic except for the great problem in all western countries of overcoming inflation.

Mr. Stanfield: One further supplementary. It looks as if the minister might have pursued the inflationary policies of 1929. I ask the minister whether it is still—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The Leader of the Opposition has the floor.

Mr. Stanfield: I apologize, Mr. Speaker, if I touched a raw nerve.

Some hon. Members: Oh, oh!

Mr. Stanfield: I ask the minister whether, despite these developments that are causing concern, based upon expectations in the business community, it is still the intention of the minister to proceed with his consumer credit regulations?

[Mr. Stanfield.]

Mr. Benson: Mr. Speaker, in 1929 I was six years old so I did not have very much influence then.

Mr. Hees: You were much smarter then.

Mr. Benson: Mr. Speaker, I answer the last part of my hon. friend's question in the affirmative.

Mr. Speaker: The hon. member for Nanaimo-Cowichan-The Islands.

Mr. Douglas (Nanaimo-Cowichan-The Islands): May I say to the minister that at least he is holding his own.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. Hon. members seem to be in particularly good voice today, but that does not make it easy for the Chair to follow the questions and answers. The hon. member for Nanaimo-Cowichan-The Islands has the floor.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): In view of the gloomy forebodings which are coming from Wall Street and which have resulted in the President of the United States announcing that he will be making a statement on economic conditions in that country, and in view of the effect that this situation may have upon Canada, I want to ask the Minister of Finance whether the government is assessing the situation in light of these events and is planning any change in direction in the policies that the minister outlined yesterday?

Mr. Benson: Mr. Speaker, the government is, of course, continuously assessing its policies from day to day. If there were to be any change in policy it would of course, be announced in the House in the ordinary way.

STOCK MARKET DECLINE—CONSULTATIONS
WITH BANKS ON CHANGING PRIME
INTEREST RATE

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I ask the minister whether any consultations are being held by him with the governor of the Bank of Canada and the heads of the chartered banks in regard to any change in the prime interest rate, in view of the situation as reflected in the stock market drop?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I meet regularly with the governor of the Bank of Canada; as a matter of fact, I spoke to him yesterday. The prime interest rate charged by the chartered banks