

bers would then see what form it would take. It would not be compatible with my decision to keep a low profile—

Some hon. Members: Oh, oh!

Mr. Trudeau:—if I were to try to scoop the minister on an announcement such as this.

* * *

FINANCE

REQUEST FOR ACTION TO ROLL BACK INCREASE IN MORTGAGE INTEREST RATES OR SUSPEND FOR STUDY

Mr. John Gilbert (Broadview): Mr. Speaker, I wish to direct a question to the Minister of Finance. On Monday of this week the hon. member for Oshawa-Whitby asked the minister whether the increase in bank rates would be reflected in increased NHA mortgage rates, and the minister assured him that there was no connection between bank rates and mortgage rates, and that in fact conventional mortgage rates had been going down during the last few months. In view of the announcement today that major financial institutions have increased their mortgage lending rates from 9 per cent to 9½ per cent, would the minister take immediate initiatives to roll back this increase or, like the Minister of Communications did with respect to Bell Canada, stay the action of the banks and lending institutions until further study is made with regard to the increase?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, when I said there was no connection it so happens that turns out to be true. My understanding is that the NHA move was made prior to the announcement of the Bank of Canada, and there was no prior knowledge by the national housing administration of the increase in the bank rate by the Bank of Canada. As for rolling back rates, I have already dealt with that so far as it relates to the banks.

BANK OF CANADA INTEREST RATE INCREASE—REQUEST FOR REVIEW AND STATEMENT ON ECONOMIC POLICIES

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I wish to direct a supplementary question to the Minister of Finance. As the action which the Bank of Canada took last week has started a general movement toward the tightening of credit throughout the whole economy, does the minister intend to review this action which the Bank of Canada took last week and would he, at the earliest opportunity on motions, outline to the House just what economic goals and just what economic policies the government is now following in this regard?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, the Governor of the Bank of Canada made it quite clear that the monetary policy of the bank and of the country remains expansionary. I said to the hon. gentleman the other day that when I appear again on my departmental estimates before the standing committee on Monday night, if there is no contrary engagement here in the House, I will be glad to expand on that.

Oral Questions

Mr. Hees: Mr. Speaker, does the minister intend to try to convey to the House that he believes rising interest rates do not tighten up credit and that this does not constitute a tight money policy, in effect and in action, whether it is his opinion or not?

Mr. Speaker: The hon. Leader of the Opposition.

Mr. Hees: On a point of order, Mr. Speaker, I have asked a very important economic question which the minister has not answered.

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

Mr. Hees: Tight money Turner! Tight money Turner! Here we go again with tight money Turner!

BANK OF CANADA INTEREST RATE INCREASE—DROP IN PRICE OF LONG-TERM BONDS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I wish to direct a supplementary question to the Minister of Finance. The other day he said in the House that the change in the bank rate would not be reflected in mortgage rates or in the interest rates structure generally. I would like to ask him whether he has taken notice officially of the fact that immediately following the increase in the bank rate the prices of long-term bonds fell, meaning that long-term interest rates went up immediately?

Hon. John N. Turner (Minister of Finance): I did, and so did the market, Mr. Speaker.

REQUEST FOR FREEZE ON INTEREST RATES ON CMHC LOANS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I would like to ask the Minister of State responsible for housing whether, since increased interest rates are now being charged on money lent on mortgages, he would be prepared to freeze interest rates on all uninsured CMHC loans, that is, loans not guaranteed, to make certain that public housing and low cost housing remain unaffected, because rent increases are now eroding the purchasing power of those on fixed incomes, particularly old age pensioners, from whom we are getting thousands of letters?

Hon. Ron Basford (Minister of State for Urban Affairs): Mr. Speaker, I have already made clear to the House that rentals for senior citizens under the control of CMHC have been frozen, and I have written to the provincial housing agencies with regard to rental rates in public housing developments and sought their co-operation in seeing to it that there are no increases this year. I have been receiving favourable responses from the provinces. However, the interest rates charged by CMHC for the type of loans mentioned in the question are established in the act relative to the government's borrowing rates. That is determined by the legislation.

Mr. Woolliams: I hope I understood the minister—