

Inquiries of the Ministry

seeing two flags on parliament hill, the union jack and the so-called distinctive flag. Surely he can answer that question.

Mr. Pearson: Mr. Speaker, I answered the question the other day. I do not intend to debate the matter with my right hon. friend on orders of the day.

Mr. Diefenbaker: I am not asking for a debate; I am asking for an honest answer from the Prime Minister as to why he says one thing outside this house and a different thing inside this house.

INDUSTRY

AUTOMOBILE PARTS—ALTERNATIVE PLANS IF INCENTIVE PROGRAM DISCONTINUED

On the orders of the day:

Mr. Reid Scott (Danforth): Mr. Speaker, I have a question for the Minister of Industry in respect of something other than the flag. In view of the continuing press reports that the government's automotive parts incentive program is, in the words of one of the members of the press gallery "all but doomed", and in view of the widespread concern that such reports are creating in various business circles, can the minister on behalf of the government assure the house that the government has adequate alternate plans prepared to prevent any dislocation in the event the said program is upset by any decisions or actions taken in the United States?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, perhaps the hon. member will recognize that his question is slightly unfortunate in that it presupposes that the case being considered now by the United States commissioner of customs will be decided in a manner adverse to Canada. We cannot anticipate lack of success in this field, and I can only reassure the hon. member that the government, and my department, are devoting considerable thought to all possible contingencies that might arise, and to the steps which might be needed in the future to meet them.

QUEBEC—POSSIBLE CONFLICT OF FEDERAL AND PROVINCIAL INCENTIVE PLANS

On the orders of the day:

[*Translation*]

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I also have a question for the Minister of Industry. In view of the announcement made yesterday by the Quebec minister of revenue, Mr. Kierans, that the province of

Quebec intended to grant special income tax abatements to the companies who would settle in the depressed areas of the province of Quebec, does the Minister of Industry intend to meet with his colleague in the provincial government in order to discuss with him, and come to an agreement about the areas that will be so designated to avoid having some areas designated by the federal government and others by the provincial government, which would certainly cause confusion?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, in short, the answer is: yes, we had talks on this matter during the last weeks with the government of the province of Quebec and we hope that both programs will proceed together and without any conflict.

[*Text*]

EDUCATION

STUDENT LOANS—EFFECTIVE RATE OF INTEREST

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to address a question to the Minister of Finance. In view of the statement by Professor Shepherd of University College, University of Toronto, that the Canadian student loans plan is unsatisfactory in principle and ridiculously complicated in practice, does the minister not think the government should fulfil its 1962 and 1963 election promise in respect of 10,000 scholarships per year of \$1,000 each so that students might have a choice?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I did see the report in the *Globe and Mail* this morning, the substance of which seemed to be an accusation by one Mr. Gary Perly, that the rate of interest charged under the plan was greater than it was stated to be. I welcome this opportunity to emphasize that the interest rate payable by students under the plan is as stated, 5½ per cent per annum; that is simple interest, payable only on the unpaid principal amount of the loan. This is clearly stated in the regulations under the act, in the loan agreement between the student and his bank, and in all official information, pamphlets and advertisements on this plan.

The writer of the article in question, however, has based his argument on what interest rate would be involved if \$1,000 were repaid in 60 monthly blended payments. The example given for repayment in five years