

terms of its dealings with its own employees, in negotiations that are now taking place will implement the kind of policy he seems to be talking about in vague terms? Specifically, would he assure the House that the government will offer to its own employees a contract that, as a minimum will guarantee them a full increase in the cost of living between the present time and the time of the last contract, and, second, will the government include a clause that would provide increases in the future corresponding to increases in the gross national product?

Hon. John N. Turner (Minister of Finance): I suppose that that question should more properly be directed to my colleague, the President of the Treasury Board. Whatever understanding is mutually evolved, of course, will have to involve the government as well in the treatment of its own employees.

Mr. Broadbent: I ask the Minister whether he believes, in terms of his discussions with the trade union movement alone, if he wishes to gain their acceptance, that vague talk will gain any agreement, or is he not convinced, as are any of us who have talked to trade union leaders following his own discussions, that the whole business will be a sham unless the Minister of Finance himself is prepared to make some specific commitment on the part of the government?

Mr. Turner (Ottawa-Carleton): Among the union leaders who have participated in these discussions are leaders representing public service employees in all three levels of government, and I do not happen at this stage to be discouraged by the way the talks have been going.

FAILURE OF INTEREST RATE ON CONSUMER LOANS TO FOLLOW DECLINE IN PRIME RATE—GOVERNMENT ACTION

Mr. Edward Broadbent (Oshawa-Whitby): My final supplementary goes back to the general question of equity in another sector referred to in the previous question on the matter of interest rates to consumers. The Minister suggested that he expects a spin-off effect corresponding to the decline in the prime rate going to consumers. I point out to the Minister that there has been no corresponding decline in the interest rate to consumers. We have had a decline in the prime interest rate from 13.5 per cent to 10.5 per cent, but no equivalent decline in the rate to consumers. Will the Minister take specific action to make sure that the consumers of Canada get some benefits from these declining interest rates in other sectors?

Hon. John N. Turner (Minister of Finance): Interest rates move up and down at different rates of speed.

Some hon. Members: Oh, oh!

Mr. Turner (Ottawa-Carleton): Short term rates are more volatile, followed by medium and long-term rates, including the bank rate, followed finally by mortgage rates, both up and down. I would expect that in response to the lower prime rate the interest rates structure would reflect lower rates throughout.

Oral Questions

[Translation]

EXTERNAL AFFAIRS

SUGGESTED MEASURE TO CONTROL EXPENDITURES OF CIDA

Mr. Eudore Allard (Rimouski): Mr. Speaker, I have a question for the right hon. Prime Minister.

Following the release of different information that CIDA will spend more than \$117 million during the next three months to obtain a bigger budget next year, could the Prime Minister assure this House and the Canadian people that his government will develop the necessary controls to avoid a needless wasting of public moneys by an organization whose main concern seems to be obtaining more money to spend?

Right Hon. P. E. Trudeau (Prime Minister): I cannot agree with the conclusions of the question, Mr. Speaker. On the contrary, CIDA has been created to express and embody the generosity of Canadians towards less favoured nations. As to wasting, as my colleague the Minister of External Affairs said, the House itself will have the opportunity, in the coming months, to review CIDA's estimates, as those of other departments, and, at that moment, we can examine the criticisms that will be made.

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[English]

THE CANADIAN ECONOMY

INFLATION—MINISTER'S VIEW ON POSSIBLE SUCCESS OF VOLUNTARY GUIDELINES TO CONTROL—WILLINGNESS OF MANAGEMENT AND LABOUR TO ADOPT VOLUNTARY GUIDELINES

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Minister of Finance. He said several times in the House that he is investigating a voluntary method of controlling inflation. As the government tried such a method four years ago of bringing in voluntary guidelines and as this effort failed completely, I wonder if the Minister could indicate whether his conversations in the last few weeks or months give him any reason to believe that his efforts today to control inflation by voluntary method will have any more success and, if so, what are those reasons?

Hon. John N. Turner (Minister of Finance): I am not in any way willing to adopt the vocabulary of the hon. gentleman. The situation in 1969, 1970, and that in 1975 and 1976 are different. The gravity of the situation here and abroad in terms of the rate of inflation and in terms of the threat of slower growth and even worldwide recession, taken into account with the effect on the economic policy of conservation policies in energy, and the necessity of finding new sources of energy, made it an unusually complicated, delicate and difficult situation. Because of that, I find that all quarters of the economy are conscious of the risks. So far I am not at all discouraged with the way the conversations are going.

Mr. Hees: In his talks with management and labour on this very important matter, has he received any indication from either management or labour that they will go along