

prime rate? Given that yesterday he had an opportunity to allow the prime rate to go considerably below the level at which he set it, that that could have had a very beneficial effect on consumers all across the country, and that that would have affected the mortgage interest rates of people who are required to renew their mortgages today, tomorrow and next week, why would he hold it up artificially? Why would he go into the marketplace and buy in order to hold it up for an hour or two in the afternoon to establish a rate higher than necessary?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member is aware that the bank rate is established as a result of a weekly auction of treasury bills.

Mr. Knowles: A manipulative auction.

Mr. MacEachen: Yesterday the bank rate declined, as it did the preceding Thursday. I have no knowledge of what trading took place with respect to these treasury bills, but I assure the hon. member, if he is concerned on that point, that the governor of the Bank of Canada does not have a policy of maintaining interest rates above what is possible as a result of market operations. The hon. member knows as well that in this particular year there has been a rather unprecedented roller-coaster in the interest rate field, particularly in the United States.

Mr. Deans: Madam Speaker, I confess the minister is right. There has been an unprecedented roller-coaster, particularly in the United States, and we have followed it.

If the minister does not know what went on yesterday with regard to the purchase and sale of treasury bills, he should be made aware of the facts and he should be concerned that the Bank of Canada moved in and involved itself in the marketplace in a way to hold the rate artificially high. Does the minister not feel it is time for him or someone in the government to assume the political responsibility for the actions of the governor of the Bank of Canada, to take a look at what he is doing and to decide whether he is suitable to carry on in that role in the future?

Mr. MacEachen: Madam Speaker, the government, and particularly myself, certainly are taking a look at what is going on. In the very uncertain circumstances with which we are presently faced it seems to me that the policy of the bank to adjust rates in accordance with market changes is a very sound one.

Mr. Deans: But they are manipulating the market.

Mr. MacEachen: The hon. member is talking about activities of the Bank of Canada in the market. That is a matter of his knowledge, not of mine.

Because I think it is important, I would make a comment with respect to the hon. member's suggestion that we have persistently followed American trends. The fact is that at certain particular periods Canadian interest rates, particularly

short-term ones, have been considerably below those existing in the United States. If he looks at the trend he will find that, while we are obviously subject to influences from the market in the United States, for obvious reasons we are not following and have not followed, and the market does not consistently follow, movements in the United States.

Mr. Deans: Definitely not.

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[Translation]

CANADIAN PACIFIC RAILWAY

ABANDONMENT OF CERTAIN DAILY SUPPLEMENTARY SERVICE

Mr. Marcel Roy (Laval): Madam Speaker, my question is for the Minister of Transport. Has the Canadian Transport Commission approved the decision made by Canadian Pacific to abandon, on October 26, the commuter train service between Farnham, Sainte-Thérèse, Laval and Montreal, and if so, this decision should mean that the service will be incorporated in a metropolitan transport system operated by the Montreal Urban Community, such as the one the provincial government announced in 1979 for the Lakeshore service between Montreal, Vaudreuil and Rigaud, and such as was stipulated in the press release made by Canadian Pacific Rail?

Hon. Jean-Luc Pepin (Minister of Transport): Last May, the Canadian Transport Commission rendered a decision which made a distinction between regular passenger service and commuter service. In the second case, the CTC simply stated that it did not have jurisdiction, and therefore CP is free to abandon certain lines in urban areas if they are not profitable.

Furthermore, I have entered into negotiations with the Quebec transport minister with a view to assisting in the upgrading of Montreal's rail transport equipment. We have come to an agreement in principle in this area and this agreement should be finalized in the days ahead. However, there is one important thing to remember. Although the agreement will provide for a substantial federal contribution to this upgrading program, it will also state the responsibility of the province and of the municipality as far as operations and future changes are concerned. It will therefore be up to the province and the Montreal Urban Community to decide which urban lines are to be maintained.