

The Budget—Mr. Winch

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I am not a professional economist. I am not an expert on high finance. I am not a constitutional lawyer. But, as a down-to-earth citizen of Canada with an experience of almost 36 years as an elected member of parliament I believe that I know Canada. I claim to have a knowledge of the Canadian economy and to understand the possible and probable results which will follow the fiscal policy enunciated by the Minister of Finance (Mr. Benson). Therefore, I want to make a few comments on the budget speech.

Many of us were most disappointed when the Minister of Finance, in what we anticipated would be an attack on inflation in Canada, announced the bringing in of discriminatory legislation so far as the construction industry is concerned. It has always been my understanding that discriminatory taxation was not only unparliamentary but unethical. Yet, here we have the Minister of Finance stating that in an attack on the inflationary tendencies across Canada he will bring in discriminatory taxation against the provinces of Ontario, Alberta and British Columbia.

I did not believe that it was possible for this taxation to have the effect which he had in mind. I always like to speak on the basis of facts when I rise to my feet in the House of Commons. So most of this morning I was in conversation with people in British Columbia. I telephoned the B.C. Trades and Building Council; I was in touch with the B.C. Chamber of Commerce; and I was in touch with a top executive of one of the biggest corporations in British Columbia. What was the result of the conversations? The B.C. Trades and Building Council informed me that they did not expect any major impact on construction in B.C. for two years because the major buildings now under construction or committed in financing were sufficient to keep the majority of the skilled tradesmen of B.C. and Vancouver working most of the time. As a matter of fact, they anticipate a shortage of skilled tradesmen this fall. When I spoke to officials of the chamber of commerce I was told they could not foresee any impact on construction in British Columbia for reasons similar to those given by the trade unionists, though the proposal might have a small impact on some projects—nothing of an important nature, however. No one to whom I spoke thought the proposal would have any serious impact during the next two years and no one, certainly, believed it would have a dampening effect on the inflationary spiral.

[Mr. Forrestall.]

• (5:50 p.m.)

It was also the general opinion that any alternative capital investments to be made by industry would not in any case go into the depressed areas which the minister has in mind. But the important thing I learned from my telephone calls this morning to the chamber of commerce, industrialists and trade unionists was this: it is not the next two years which will be important, but the third and the fourth years. This is because it is necessary to plan two years ahead.

Those who are directly concerned with these projects ask: what will the situation be at the end of two years? They do not know, because, some say, they cannot trust a Liberal minister of finance. Mr. Speaker, less than two years ago the former minister of finance brought in a 3 per cent surcharge on income tax and corporation tax to expire at the end of this year. Now, the government has broken its word. It has broken faith with the Canadian people. The tax is to be renewed for another year. What people are asking in British Columbia is this: how can we trust a minister of finance who will break his word with regard to taxation? Will he also break his word and break faith when it comes to this discriminatory fiscal procedure against British Columbia, Alberta and Ontario? Will it not be extended as the surcharge was? This is a serious matter and we have to take account of the attitude expressed by spokesmen for the construction industry, their fears for the future of the industry and its economy. Account must be taken of this loss of face, or loss of faith inasmuch as the Minister of Finance and the government are ready to break their word and extend legislation beyond the period set when it was introduced and accepted by parliament.

There is one other matter which I find most interesting; it is the proposal to impose a tax on airplane tickets. I find this proposal most intriguing and I should like somebody to tell me whether or not it is constitutional. I suppose the minister has gone into this aspect, but I still wonder whether it is constitutional to place a tax on airplane tickets. I know that under the British North America Act the federal government has jurisdiction over interprovincial and international communications and transportation. But when it comes to finance, the act says that direct taxation is the field of provincial governments while indirect taxation is the field of the federal government.