Mortgage and Housing Corporation will have a $40 million expansion of its capital budget, all of this for 1971-72. So here again, there is nothing to help fight this winter's unemployment; this proposal is designed for the next fiscal year.

Then, there is to be an expansion of the industrial incentives program. I must be very careful here, Mr. Speaker, since an area that you know rather well is to be designated for special incentives. Also included is the city of Montreal and surrounding areas. I was told by one government official that in the province of Quebec 99 per cent of Quebeckers live in areas that are now designated for special incentives. I wonder why the other one per cent was not included. However, 99 per cent of the population presumably live in special incentive areas.

Direct loans will be made to the footwear industry, and these loans are to be available only in 1971-72. No help is to be given to the industry this winter. The sum of $5 million was previously announced for the shipbuilding program for 1971-72. Again, there is no assistance for 1970-71.

Old age pension and guaranteed income supplement increases amount to $200 million out of a fund that is earmarked for old age security. Those people who have contributed to the fund are told they will get their contributions back in greater quantities, but not until April 1, 1971. The change in the family allowance program represent merely a redirection of the money. It was said that there should be a redistribution of income to the lowest income groups in the weaker regions. I do not understand how anyone can say that old age pension and family allowance recipients live in greater numbers in weaker regions. I would think quite the contrary, and I cannot see how this is going to help the lesser developed regions of the country because old age security recipients and family allowance recipients are spread across the whole of the country.

• (3:40 p.m.)

Let us then look at the capital cost allowance supplement which would permit manufacturers and processors to value investment in new equipment at 115 per cent of the actual cost. It is suggested this plan will cost the treasury $25 million. In other words, there will be another $25 million presumably left in the private sector, but none of it in 1970-71 and precious little, I would say, in 1971-72. Frankly, all the adoption of this plan means is that the present economic situation is not good enough to entice manufacturers and processors to carry out normal business investments. There has been a lag because of the flatness of domestic economy. Now, a longer and a bit bigger carrot is going to be dangled for a period of about 15 months. There will be a windfall involved here for people who normally would be constructing new buildings and changing machinery. I cannot envisage a major industry being able to assess the market and come to the decision that it should construct a major plant, making the necessary acquisition for the plant and the new machinery by March 31, 1972. This is just not done that way by major industries. It cannot be done that way.

An hon. Member: You are wrong.

Mr. Lambert (Edmonton West): An hon. member on the other side disagrees with me. A major industry just cannot build a plant, purchase and instal the machinery within that period of time. There may well be a replacement of machinery and additions made to plants. This may well help to some degree, but let us not fool ourselves that a major industry will be enticed to come into a particular area and avail itself of the advantages of this provision.

The budget speech also contained this statement:

> In addition to the increasingly expansionary fiscal policy, monetary policy since late last winter—

I find that a most amazing statement. It talks about something in addition to the increasingly expansionary fiscal policy. Where was there any expansion in fiscal policy during the past year? Taxes were maintained at the same level and we now have the new proposal to increase taxes by renewing the surtax. As a matter of fact, that was the heart and core of the last budget. This was an ill-founded proposal. That budget also referred to increasing consumer credit control. If anyone can talk about that as being expansionary on a fiscal basis, he should start to explain the English language. There is no way the last budget should be considered as anything but an inflationary one. The government said consumer credit controls were absolutely essential and we were going to have them within a month. Of course, we saw their demise in June because there was only one result at the end of consumer credit controls and that was increasing unemployment in this country. In any event, somebody was misguided enough to indulge in the folly of thinking that consumer credit controls were necessary last summer to deal with the problem of inflation which existed then.

We are told there was an expansionary fiscal policy. On the contrary, there has not been one bit of expansion in fiscal policy. In so far as monetary policy is concerned, there has been relaxation of the bank rate and accompanying declines in the commercial bank prime rates. Even this morning, a further decline was announced by one bank. When I consider the effect of this so-called expansionary monetary policy on the average rate of interest on long term government bonds, I conclude that the people of Canada who are picking up government bonds just do not believe the government.

I invite hon. members to look at the Bank of Canada's statistical summaries which indicate the incredible position of this government having to pay an average of 8.13 per cent on its long term bonds. It is true that in the last month the rate has declined to about 7.5 per cent. If the government in this case is not believed by the public, how on earth can anyone ask for a lower interest rate? The farm improvement loan rate is set on the basis of that government long term rate. The Central Mortgage and Housing Corporation interest rate is set in relation to that rate. Farm Credit Corporation loans are set on the basis of the government's long term rate. This is sup-