

in some sort of agreed program to moderate the pressure of costs on prices.

Some hon. Members: Hear, hear!

Mr. Benson: In these circumstances, I feel some additional specific restraints upon the economy are necessary to maintain the pressure against the price and cost increases. I am not proposing any tax increases in this budget.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Horner: You have your white paper. What more do you need?

Mr. Benson: I am terribly upset that the opposition wanted tax increases which I have not provided. I am informed that this will be the first budget since 1913 in which there were no Ways and Means motions.

Mr. Diefenbaker: When will be the next budget—in six months?

Mr. Benson: I am proposing, however, two measures of a special character that will help to implement our determination to bring inflation under control.

Proposals

The first concerns construction. This industry has been a leader in the inflationary spiral, even though the total volume of construction has not increased substantially since 1966. There are special characteristics of this industry which make it particularly prone to "cost-push" inflation. As a government we are encouraging the construction of housing on a large scale, and also industrial construction in those regions in need of expansion. We think both deserve priority in all parts of Canada. On the other hand we do not wish to aggravate the peculiarly inflationary situation in this industry—which was vividly in evidence last year. Last June we introduced a measure of mild restraint on commercial construction applying to the main urban areas of the three provinces of most rapid economic growth. This appears to have had some effect in deferring projects of lower priority or profitability, though it is hard to disentangle its effects from the many other influences at work.

The recent medium-term survey of the capital investment outlook published by the Economic Council forecasts a rapid expansion of commercial investment in 1970—a rate of increase several times that for business generally. This and other information leads me to the conclusion that we should maintain the

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force of the depreciation measure we introduced last June. Hon. members will recall that the right to claim depreciation for tax purposes was postponed for two years on commercial construction begun after budget night. The postponement applied only to construction costs incurred on these projects up to the end of 1970. Initially, then, it applied to work done within the following 18 months. However, now, in its present form, it applies only to work done in the nine months until the end of 1970. Consequently, the force of the measure has been reduced by the lapse of time. I am now proposing that, for projects commenced between tonight and the end of 1970, the postponement will apply to construction costs incurred up to the end of 1971. The effect of this change will be to restore approximately the same impact to the measure as it had when it was first introduced. It will apply only to buildings to which the original measure would have applied.

This decision will be implemented, as last year, by a regulation under the Income Tax Act.

The second action I propose is that Parliament enact a control over the terms of consumer credit similar to the act passed in another inflationary situation 20 years ago.

Some hon. Members: Hear, hear.

Mr. Benson: It would be a temporary anti-inflationary measure, intended, in the national interest, to safeguard the integrity of our currency. It would authorize the government to regulate the terms of credit extended to consumers by various kinds of lending institutions and merchants. It would apply to banks, sales finance companies, consumer loan companies and other lenders, and to department stores, automobile dealers and other merchants. In general, our intention would be to use this act to require a minimum down payment for large purchases being financed by credit extending for more than one year, and to limit the period over which such credits must be repaid. We would not propose to interfere with credit for small purchases—say under \$100—nor with ordinary charge accounts, payable within 60 days, nor with revolving credit or budget accounts requiring regular monthly payments that would repay them within 12 months. It would not apply to outstanding loans or the terms of purchases already made on credit.

● (8:40 p.m.)

The purpose of the action proposed is to limit the growth of consumer expenditures in