

*The Budget—Mr. Forrestall*

on an emergency basis, to control any further move toward uncontrolled urban sprawl.

This proposal would bring about increases in taxes in areas such as Toronto if commercial buildings, and thus the tax revenue derived therefrom, falls off. We must recognize that the construction season is well under way and the impact on construction during the next several months will be small; it might, as a matter of fact, be unnoticeable this year. The initial reaction of the Canadian Construction Association on this aspect of the budget was one of questioning whether it will have any effect at all on the inflation we are experiencing.

If the demand exists, developers will still build, and these increased costs will show up in the form of higher rents. With regard to commercial construction, as I have mentioned, in a city such as Toronto it will affect only a relatively small proportion; only 8 per cent of the total construction in the province of Ontario will be affected. For Alberta the figure is 5 per cent, and for British Columbia it is 6 per cent.

Two types of projects which probably will be affected because of the difficulty of financing are marginal operations and large operations such as urban renewal schemes, and so on. Since the minister made his budget speech I have found no economist predicting a substantial hike in the total volume of construction; in fact, I have found it predicted that the figure will remain the same. There will probably be some transfer of funds from commercial buildings, as defined by the minister, to the area of high-rise apartments. Here again, rents will be increased and because of this the cost of living will rise. Many points could be made in respect of the budget but these are the four or five points that occurred to me and which I wanted to bring to the minister's attention. It seems to me that the minister would have been a great deal better off if, instead of introducing these proposals, he had taken positive steps to reduce prices and the cost of living index. Statistics issued by the Dominion Bureau of Statistics indicate that the price of ham has risen from 117.9, on the basis of the policy instituted in 1961, to 131. The same increase is seen in respect of a great many dairy products, beef, pork, various meats, fats, oils and bakery products. I notice that the price of hamburger has not risen too much; this is probably because it is all most of us can afford to eat.

Because we are limited to 20 minutes in this debate and there are other areas of concern to me, I should like to direct some

[Mr. Forrestall.]

observations to the question of maritime command and the intentions of the government in this respect. If we are to accept the principle of acting in our own defence, we must consider the first line of that defence to lie in the area where conflict would first erupt. Accepting this principle, I reiterate my concern for the continuation of forces in being in Europe. I qualify that by simply recognizing that because we are now limited to a defence budget of some \$1.8 billion, change has to occur. In my view this change must come through the orderly development of the area of our greatest expertise; that is to say, I hope the current defence review has taken into consideration, and will continue to do so, the military role in which Canadians have developed their greatest expertise and credibility.

It is true that our reconnaissance squadron in Europe is the best in the world, but this is only a small part of our defence make-up. Our peacekeeping forces in Cyprus and elsewhere have developed extraordinary skills, but again this represents only a small part of our defence posture. We have a highly qualified defence interceptor system in Canada. However, in none of these areas have we developed full credibility in the eyes of our allies. There is one area in which Canada has in the last 15 or 20 years emerged as a leader among the nations of the world. I refer to our expertise in the anti-submarine warfare role. I say seriously that if we are to achieve and maintain the trust and respect of our allies, then it seems to me that whatever we specialize in we must be capable, in the eyes of our friends, of accepting a full share of the responsibility for our nation's sovereignty and continental defence.

• (5:40 p.m.)

I suggest that it is within the context of maritime command that we have the only rational course of action open to us. I am not saying that we should abandon the concept of a highly mobile brigade or that we should diminish our contribution under NORAD. What I am saying rather is that it appears from the freezing of the budget and from statements that have been made by the Minister of National Defence (Mr. Cadieux), the Prime Minister (Mr. Trudeau) and other leading government spokesmen, that cut-backs are inevitable and that the specialization of Canada's military role into the 1970's is a necessary consequence.

It is a matter of personal regret at this time that I do not share the apparent immediate