

*The Budget—Hon. M. Lambert*

● (3:30 p.m.)

Another question must be considered. In Calgary and Edmonton multiple-type buildings are in the process of being put up or in the works on an ever-increasing scale. For instance, you may have a shopping plaza or arcade surmounted by four or five floors of parking space and 12 or 15 floors of apartments. How is the construction of that type of building to be resolved? I suppose arbitrary figures will be imposed on those individuals developing such buildings. But until the minister is able to announce precisely how those individuals are to handle such projects, there will be uncertainty. I have indicated that if certain types of commercial buildings are restricted, those buildings will become scarce, and that will induce higher rents. We will have to watch this deferred depreciation very carefully. If there is a downturn in 1970, or if the indices indicate, shall we say, that a certain softness will develop in the economy by 1970, the minister will have to be in a position to move quickly and reverse the trend he may have induced by this proposal. On reflection, frankly, I cannot see that this proposal will have a great impact.

Let us deal with the proposed tariff changes, Mr. Speaker. Here again I think the minister indicated that the move toward tariff cuts was a good move. I think everyone in this house agrees that we ought to move toward more liberalized trade terms and that our tariffs ought to come down. Support for this idea was indicated in our support of the Kennedy Round negotiations. The principal feature of the Kennedy Round negotiations was that although Canada and other countries agreed to move toward lower tariffs, this would be done gradually in order to eliminate economic shock in many areas. The minister indicated that as of last June 4 all the cuts that were proposed to be effective by 1972 were already in effect.

There are many industries in this country, and they are not all in Ontario. The minister said he was doing what he was doing in order to take off the heat in Ontario. After all, 50 per cent of Canada's manufacturing industry is sited in Ontario, and it is in that province that the heat is to be taken off. In other words, the heat is to be turned down in the economy. Yet so far as deferred depreciation is concerned, the province of Quebec was not included, and Quebec is the second largest manufacturing province in the country. I do not know what its percentage of the total may be, but it is very considerable. Quebec will be

[Mr. Lambert (Edmonton West).]

affected very definitely by the Kennedy Round proposals. But it was said that the economy of that province did not require to be dampened down by the measures affecting capital cost allowances. There is a conflict of thinking on both sides so far as Quebec is concerned. There is no consistency in the thinking in this regard. I am not blaming Quebec for having escaped; I merely think that the government has adopted the wrong type of approach with regard to building construction. The people of Quebec may be thankful for their good fortune in not having been picked up, so to speak.

I wish to make some observations about the proposed tariff changes. First of all a solemn assurance was given to Canadian producers that the tariff cuts introduced under the Kennedy Round would be gradual. I remember the minister's predecessor as well as officials emphasizing that there would be a gradual rate of reduction so that people would not get hurt and would have time to adjust and make changes with regard to production facilities, labour supply or material supply. This was emphasized. Of course there have been few claims on the fund set up by the government and on ancillary facilities because of the gradual nature of the change-over. The minister cannot say now, on the basis of the last 18 months' experience under the Kennedy Round, "We anticipate nothing will happen." He cannot say, "These things move up one notch or in some cases two notches as soon as we go into the Kennedy Round. But if we bring in all the rest, nothing is going to happen."

I say to the minister that any producer faced with a long term wage agreement in which there are included escalation clauses or faced with a long term material supply agreement which may again involve escalation clauses is not in that flexible position of being able suddenly to lower prices as a result of that foreign competition which the minister hopes will come about. The minister said Canadian producers are going to have to sharpen their pencils. Apparently we are to bring in goods from the United States, Britain, the common market and elsewhere, and Canadian manufacturers, especially those in Ontario, will have to lower their prices and so contribute to the containment of inflation. I would feel a great deal more satisfied if the minister had not contradicted himself in his budget speech. He indicated in it that the consumer price index in the United States had increased at a greater rate than that index had increased in Canada. One of the