porated in the budget. This budget is insipid; it is not going to answer the problem but will only create new problems.

The people of Canada want to see unemployment cured in Quebec and every other province. The measures proposed in this budget, the capital fund that is suggested, will neither cure unemployment in Quebec nor do anything of significance for the rest of Canada, Mr. Speaker. The dimensions of the problem are too great to be overcome by the picayune proposal of $40 million or $50 million to be pumped into Quebec some time in the future.

On various occasions Premier Bourassa has said that he must have at least 100,000 new jobs for the province. The record shows that in a modern society every job created costs almost $30,000. For the province of Quebec alone, fast arithmetic shows that the cost would be $3 billion. Even under the designated area program, which pays 20 per cent of the cost, that means pumping $600 million into one province immediately—and the problem is not confined to just one province.

How can we accomplish any kind of intelligent objective with the type of program the government has presented? For the whole of Canada, $150 million is available. That is a lot of money but not enough for dealing with a problem of the magnitude of the one that exists. The money is a teaser, because there is not enough to deal with the problem. Questions will be asked about it. Some will say that it is well and good for the government to make available this money, but they will want to know where it is to come from. I will deal with that point as I progress.

• (4:20 p.m.)

On budget night everyone was expecting a tax cut, or, if not a tax cut, at least a dropping of the 3 per cent surtax. I think everybody had a reason for expecting that. A tax cut would have been the sensible thing to bring in, and opposition critics might have been hard put to find reasons for condemning the government for its actions. The government would not have found that intolerable. But there was no tax cut. There was not even a dropping of the 3 per cent surtax. One wonders, why did the government not drop it? It seemed like the best thing to do. Removing the surtax would have pumped money into the economy and, apart from the economic benefits of such a move, the boost in terms of psychology would have been enormous.

We have often heard ministers of finance say, when defining their economic objectives, that it is equally important for us to attain certain important psychological objectives. Why were taxes not cut? They were not cut because the government had put intself into a box. It could not afford to do so. It did not have the money it needed, because it has been giving away money in many areas. I suggest that the government's action in allocating this money to certain areas is not as useful or as helpful as either a tax cut or a removal of the surtax would have been, because that action would have stimulated the economy directly. Actually, the government has closed off, through its policies, many of its available sources of revenue. Let us look at what is being done.

One measure being proposed is increasing the depreciation allowance up to a maximum of 115 per cent. The depreciation allowance has been suspect for a long time. No one has suspected it more in the past than the Minister of Finance (Mr. Benson). I should like to refer to an article that indicates the minister's thinking on the question of depreciation allowances. These allowances, according to this article, constitute a great give-away program and the federal government will probably take steps to reduce the size of this program. Instead of following that course the minister, in his budget, has introduced an accelerated program. The article was printed in the *Monetary Times* of September, 1968. It is entitled, "Ottawa—and deferred taxes". The subheading is: "The question is: Can the Federal Government today afford to grant capital cost allowances as a means of stimulating growth?" The Article reads:

> Big business may soon have reason to examine a further dimension of the Just Society: The Federal Government, with ample cause to do so, is almost assuredly taking a hard long look at capital cost allowances—the rates of depreciation allowed for tax purposes.
>
> Projections made on the strength of a study done for the Carter Report suggest that since 1949 tax deferrals, arising from capital cost allowances, are now close to $6 billion. That is $6 billion which Ottawa never got and which had to be made up in other ways, notably by increasing taxes paid by individuals—hardly tolerable for a government which has been so chronically strapped for cash.

The article then refers to reporting and reads:

> The report to the tax authorities can understate actual earnings to a degree that is totally misleading of their value. DBS, for example, uses the returns made to tax authorities in calculating profit trends. Would the trend have declined so vigorously (if at all) last year if corporations hadn't been writing off new investment of the preceding years at the maximum rates?

Later, the article continues:

> This is one major cause for another look at capital cost allowances. Another is the consequences for the company that makes maximum use of them. It is, in effect, overstating cost of expansion and understanding return, distorting its balance sheet and building into its operations a windfall benefit as a permanent fixture—
>
> The estimated $6 billion of deferred taxation since 1949 would have permitted a corresponding reduction in other forms of taxation. Suppose it had been lumped into reducing the personal income tax? The effect of such an action would have been to increase potential spending power of individuals to some extent, no small inducement to growth itself and, by far, of a healthier nature.

The writer of the article interviewed the minister. It was his impression that since the minister was a former accountant, he was well aware of some of the abuses connected with capital cost allowances. He thought the minister wanted to take a more realistic approach to capital allowances. As so often happens, when people become ministers they forget some of their previous good intentions. The point is that the capital cost allowance is not a good way to stimulate the economy. It is good for two things. First, the capital cost allowance improves the profitability of some corporations; second, it enables a