

The Budget—Hon. M. Lambert

suppose some other things the government may have in mind.

Nevertheless, as I say, we are still paying 2 per cent, subject to the ceiling and the tax is therefore not progressive to that extent. I am told, on the basis of the best statistics we have, that the take from the social development tax would be up by \$100 million if the ceiling were removed. This is the figure arrived at on the basis of the 1964-65 statistics. In any event, the minister indicated in October that his take from the social development tax in the first year would be some \$440 million. He told us his projections were a little low and that he would likely get about \$450 million. Removing the ceiling from the tax would raise the social development tax take by 25 or 30 per cent, and the increase would then amount to about 18 per cent of the total take. This step was open to the minister and it would have been most welcome to the house generally; I do not think he would have experienced any difficulty in proposing an amendment to the Income Tax Act which would have removed the ceiling from the social development tax.

Let us recall what he did say in his budget presentation. First, there was the deferral of the capital cost allowance on commercial buildings. My reaction to this was simply bearing in mind that it would apply only to centres of 50,000 or more, largely in the provinces of Ontario, British Columbia and Alberta, some 19 cities in all—why knock success on the head? This is precisely what the minister is doing. There is the idea that it is desirable to help areas of slow growth, areas which are less advantaged economically than others. But this is not done by taking the more successful areas and cutting them down to size, as it were. These are the areas which must provide not only the political but the financial muscle which allows us to assist areas in need of some assistance. After all, why tell cities like Calgary and Edmonton: we propose to hold you down because we need capital, materials and labour in some other cities in eastern Canada, or even in some centres in the province of Alberta? There is not one iota of economic justification for making a similar type of investment in the areas the minister has in mind. For one thing, they lack the necessary population.

Then again, does the minister propose to take money, materials and men out of Edmonton, for example, and send them up to one of the less favoured areas of our province, of which Alberta has many, regrettably? Perhaps the Minister of Regional Economic

[Mr. Lambert (Edmonton West).]

Expansion (Mr. Marchand) believes that along with the Department of Manpower and Immigration he can say to people, simply because they happen to have a social security number: you are going to move 125 miles because we plan to inject capital into a certain area for construction and so on. I do not think the people of Canada are prepared to accept such a situation. Yet this is implicit in some of the thinking which gave rise to this proposal to restrict the growth of certain areas.

• (3:20 p.m.)

Having said that, I am nevertheless pleased to see the acceptance of the principle that problems can be attacked regionally without using a national weapon such as a tight money policy to dampen the ardour in certain overheated economies. The broad sweep of such a policy usually accentuates such problems in areas of slow growth and hardly affects the areas that are really active. As a result, the ills in some areas, such as in the maritimes, are compounded. The infusion of tight money into the economic policy of the country has a greater impact in the maritime provinces, say, than in central Ontario. By the same token, you get far more results with a policy of economic stimulation in central Ontario than you would in Gaspé. I cite those two regions merely as examples.

What is going to happen as a result of this deferral? I say that its effect will be difficult to evaluate. We have had some contradictory reports both from the west and from Ontario. We have heard the mayors of the cities of Calgary and Edmonton denounce this proposal, quite rightly so because I think it is wrong to use this type of policy to discriminate against cities. The president of the Canadian Construction Association has also commented on the proposal.

Let us look at the effect of the deferral in Ontario. I say that in 1969 the impact will be very modest. We are already into June and a large volume of existing commitments is already being fulfilled and projects started. I do think there will be a great deal of uncertainty in this situation. For one thing, the minister has yet to define just what will be the cut-off point, whether a new building should be regarded as a commitment or as a completion. I should like to know what is going to be the precise point at which the deferral of depreciation will apply in a given project.

Many commercial projects are more sensitive to interest changes and to the anticipated future cost of construction than they are to