

The Economy

will certainly make sure that the municipalities are aware of the program so they can make the necessary arrangements to accommodate themselves within the guidelines to be issued.

Miss MacDonald: Madam Speaker, could I ask the Minister to give us a clear idea right now when the municipalities can get that information? I cannot underscore enough how necessary it is to have this advance information as quickly as possible in order to prepare for the difficulties that are going to face so many people in the months ahead. That is all I am asking for. The municipalities need that information now.

Mr. Lalonde: Madam Speaker, I presume the Hon. Member is referring to the program I announced yesterday.

Miss MacDonald: No, Madam Speaker, what I am asking for is for the Minister to supply the municipalities with an estimate of the number of people who will be coming off UIC benefits and going on to welfare week by week and month by month for, say, the next six months so they will know what revenues they will have to raise for their share of the payments.

Mr. Lalonde: Madam Speaker, I will certainly raise the matter with the Minister of Employment and Immigration who is administering the UIC program.

Miss MacDonald: The municipalities have nothing.

Mr. Lalonde: I suggest the Hon. Member could raise this matter directly with the Minister, but I will pass her suggestion on to the Minister. As a matter of fact, I know of municipalities that have arranged to get that information already.

Miss MacDonald: They cannot. The Minister will not give it to them.

Mr. Lalonde: The hon. lady says that they have not. I am telling her that to my knowledge there are municipalities who have similar arrangements. Nevertheless, I will bring the matter to the attention of the Minister.

Mr. Don Blenkarn (Mississauga South): Madam Speaker, in the statement of the Minister of Finance (Mr. Lalonde) yesterday he said:

Our productivity performance continues to lag. New production techniques must be developed and implemented. This requires development of our technological base, increased investment—

The Minister knows that in the November 12 budget the most antiproducer productivity measures were measures that cut back on capital cost allowance and affected soft costs, particularly soft costs in connection with money expended to extend productive plants, factories, office buildings, and so on, by existing businesses. Why did the Minister in his budget not make some changes in the capital cost allowance structure to take into account particularly that soft cost issue that affects the extension of existing industrial plants? Why did the Minister not also at the same time take into account, by some change in the capital cost structure, capital cost allowance arrangements with respect to the purchase of production

machinery and that type of thing that would increase productivity?

On the basis of representations made very eloquently by the Canadian Manufacturers' Association and the Canadian Chamber of Commerce to the Standing Committee on Finance, Trade and Economic Affairs, this would not have completely upset the Minister's capital cost structure or his soft problem, but it certainly would have gone a long way to increasing productivity, and also adding some credibility to the Minister's statement. Could the Minister explain his attitude?

Mr. Lalonde: Madam Speaker, in my statement yesterday I left out a number of issues that are still to be considered in terms of the amendments to the Income Tax Act arising out of the previous budget. I have not gone through all the details of that particular amendment. The issue of soft costs is one that I am addressing. When the bill is introduced I hope that the clauses in the Bill will be to the satisfaction of the Hon. Member. I thank him for drawing my attention to it.

Mr. McDermid: Why don't you scrap it and start again?

Mr. Wilson: More changes.

Mr. Lalonde: As far as capital cost allowance is concerned, I answered a question in the House yesterday posed by the Hon. Member for Etobicoke Centre (Mr. Wilson).

Mr. Blenkarn: Madam Speaker, the method of dealing with capital cost allowance was a brutal one, whereby capital cost allowance in the first year was treated at 50 per cent of the regular rate. There have been some amendments to the capital cost allowance already. I believe it is contained in Schedule 29. Why could the Minister not also change some of the features with respect to that across-the-board sweeping measure to make sure that there is really something in his speech yesterday with respect to productivity? I thank the Minister for the soft cost matter. But on this question, it should not be too difficult to come up with something that would make it possible for people to buy new productive machinery, new technological equipment, so that we can compete as a nation with the Japanese and others in the automobile industry particularly and perhaps in the electronics industry. Sure there must be a method by which the Minister can create another schedule of capital cost allowances, change the system slightly and ameliorate the effect of the rather blunt method that the former Minister had in his November 12 budget.

● (1600)

Mr. Lalonde: Madam Speaker, in my statement in the House yesterday, and in answer to a question, I indicated that I had studied this question of capital cost allowance. I found that the measures put forward by my predecessor were fair and adequate and that I did not intend to make any changes to them. The Hon. Member is making representations in that regard. If he wishes to put them in writing and send them to me I will promise to examine his point of view again. However, I must tell him at the present time that my conclusion is to the