

Oral Questions

announced will be of significant help to the business community and the investment community as well as to the workers of the country.

I also want to refer the Hon. Member to statements which have been made by spokesmen for the business community since my statement of October 27. These statements indicate that the changes I have proposed are positive steps which will help recreate greater confidence and encourage more investment. Therefore I invite him to rely on the words coming from the business community itself with regard to this matter.

MANUFACTURING SOFT COSTS

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the Minister knows perfectly well that the business community was counting on him to be a Minister who would reverse some of those terrible provisions. After he gave his statement on October 27 he indicated that he might do something with respect to soft costs which are incurred when a manufacturer extends his plant or makes alterations or additions to his plant, thus creating new productivity and new jobs. The Ways and Means motion filed yesterday does nothing with respect to the soft costs issue here. The Minister knows it is a serious matter. If we want to have advancement and growth, we must have some assistance for business. The Minister has done nothing. When will he come clean?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I came clean on this subject several weeks ago. I refer the Hon. Member to a press release which was reported in the newspapers of this country, a copy of which he has received, in which I indicated that changes had been made with regard to MURBs and to soft costs. These changes were announced a few weeks ago and also appear in the Ways and Means motion and will find themselves in the Income Tax Act which I hope to introduce next week.

Following those changes, the Hon. Member can refer to press statements attributed to developers who have indicated that the changes I announced will likely stimulate some \$400 million to \$500 million of additional investment in the construction industry during the course of next year. I think that is a very positive development. I invite the Hon. Member to refer to that press release and to the press reports on that particular subject.

Mr. Blenkarn: Madam Speaker, I would ask the Minister to refer to his own Ways and Means motion. With respect to soft costs, it does nothing for someone increasing or expanding his plant.

REQUEST FOR CHANGES IN BUSINESS TAX PROVISIONS

Mr. Don Blenkarn (Mississauga South): The Minister knows there was testimony before the Standing Committee with respect to capital cost allowances. He knows that there are all sorts of innovative machinery that must be purchased, in the automotive and electronic industries particularly. Why does he continue with this half capital cost bankrupt theory of

November 12? Why did he not change the capital cost jurisdiction to make sure at least that those in high tech situations, those who must improve productivity to be competitive in the world, could take advantage of a fast write-off for their plant and equipment?

• (1420)

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am sure that my hon. friend will be able to point out a number of provisions that I have not changed. Indeed I have indicated that it was not my intention to agree to all representations that were made asking for a tax break or tax relief right, left and centre.

The Government has to be responsible, and the Minister of Finance has to carry out his duties in a responsible way. I have agreed, as I said, to a large number of changes which I felt were appropriate in the current circumstances.

As far as the capital costs allowances are concerned, I examined this question very carefully and very thoroughly. I compared it with the situation in the United States, and in other countries which are in competition with us. Over all, our regime of capital cost allowances with the provisions that are contained in the Ways and Means motions, compares quite favourably with the regime that is available in other countries. I think this is good enough in the current circumstances.

REQUEST THAT MINISTER TAKE ACTION

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the Minister says that the capital cost allowance system is satisfactory, but he knows that business profits this year from manufacturing retailing, et cetera are less than 50 per cent of a year ago, and a year ago they were terrible.

Why does the Minister carry on with this horrendous penalty against business and at the same time expect business to supply the jobs we need for our young people? Why does he continue with this foolish attitude expressed in last year's Budget, an attitude based on statistics that were totally out of date at that time and are now horrendously out of date? Why does he continue to penalize industry and business? Can he not do something to make his protestations around the country seem at least honest?

[Translation]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member is referring to a specific provision in the Ways and Means Motion that was tabled in the House. It is true that corporate profits were down considerably during the past year. I said that it was a matter of concern for all Canadians, for myself and for this Government. However, the changes suggested by the Hon. Member will not solve the problem. What is needed is a solution that will stimulate our entire economy, and with it, the demand for goods produced by our manufacturers. The general drop in profits in our economy is a result of the present slowdown in the international economy,