

*The Economy*

effect that we should not make changes to the capital cost allowance rules that have been put into effect.

**Mr. Nelson A. Riis (Kamloops-Shuswap):** Madam Speaker, I carefully listened to the statement by the Minister of Finance (Mr. Lalonde) yesterday and his concern about fairness and equity. Soon the limit on earnings of contributors to unemployment insurance will be at the \$20,200 level. Those earning incomes beyond \$20,200 will not contribute to the fund. In the essence of pursuing a fair system which could be called progressive as opposed to regressive, would the Minister give some consideration to raising funds to assist building the base of that very important fund these days by making the system more progressive, asking those people who earn incomes \$40,000, \$60,000, \$100,000 and \$200,000 per year to pay a little larger share to the UIC fund?

**Mr. Lalonde:** The Hon. Member is making a suggestion that concerns budgetary matters and also fundamental reform of the UI program. As he knows, there have been discussions about revisions to the Unemployment Insurance Act. I will pass the representations of the Hon. Member on to the Minister of Employment and Immigration for consideration in the review that he may want to make of the Unemployment Insurance Act.

As far as the other aspect is concerned, I will consider it as a representation for the forthcoming budget and I will bear the Hon. Member's representations in mind.

**Mr. Sid Parker (Kootenay East-Revelstoke):** My question to the Minister is with regard to the \$400 million that has been allotted to the railway system in western Canada. Will the minister ensure, if this program comes about, that the railways will not be laying off workers to the extent that they have? They have given notifications in Calgary, Winnipeg and Montreal of 3,500 lay-offs in their shops.

I would like to have the assurance from the Minister because these railways have received many benefits from the six and five program, saving literally billions of dollars. If we are now going to put \$400 million into a railway fund, will we have the assurance that there will not be any future lay-offs and that they will upgrade their equipment, bring about those things which are needed and available at this time to get our people back to work? Will they ensure that their equipment is ready when the economy does pick up?

**Mr. Lalonde:** Madam Speaker, our intention is to try to speed up the railways' operation, rehabilitation and modernization in the west. If we can succeed in getting the railways to spend the \$11 billion that is talked about in terms of capital investment for railway improvement over the next nine years in the west, that will obviously have a significant impact on jobs.

However, I am sure that the Hon. Member recognizes that I cannot give him a guarantee that there will not be lay-offs of certain types of employees while other types of employees are being hired. This is a matter for the railways to decide.

I would also like to draw to the attention of the Hon. Member that while he says that the railways have benefited significantly from the six and five program, he must also realize that the railways are incurring very large deficits at the present time, like many private companies, because of the recession. They are not laying off people because they like to do it, but because there is no work for them.

**Hon. John Wise (Elgin):** Madam Speaker, I know that time is running short and other Members want to ask questions of the Minister, so I will try to be as brief as possible. The Minister concluded his financial statement yesterday with some reference to the agricultural community. I believe he was speaking sincerely and with some compassion, but what was disappointing was that there was actually nothing in the budget for the agricultural community, a sector which is extremely important. It is the largest single employer and it is going through one of the worst financial situations since confederation. We talked about the six and five program. I am sure that my farming friends in the House would be happy if all segments of the agricultural community could even achieve that six and five goal. In fact, farm income will be down by some 17 per cent this year.

Referring to his statement, the Minister indicates that he is accepting the recommendation of his blue chip committee and the fact that the agribond concept will not be implemented. That will be very sad news to the agricultural community. I would like him to comment about that.

Second, he indicated that the Small Business Bond provision would be extended, which is fine. However, the real problem with the Small Business Bond is the same problem which existed with the Farm Improvement Loans Act, that is, that the banks will not participate. What does he plan to do with respect to that?

The other problem which the agricultural committee was looking at was for some easement or relaxation in the capital gains legislation. I say to the Minister through you, Madam Speaker, that it was his Government who promised to update evaluation day values from 1970 to 1974 during the last election. The Government has four opportunities to do so and has not taken advantage of any of those occasions.

I have other questions but I will yield the floor to the Minister so he may respond.

**Mr. Lalonde:** I would first like to tell the Hon. Member that I indicated in my statement yesterday that I intended to present a budget in early 1983. I did not intend to cover the whole taxation sector in my statement. I did not perceive my statement as a budget.

Second, I would like to remind the Hon. Member that the \$400 million which we have allocated for railway improvement and the settlement of the Crow issue in the west is in addition to the \$3.2 billion that my predecessor, and the Minister of Transport (Mr. Pepin) have already announced. We hope that these measures will significantly benefit the western farmers.