● (1700)

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I think one should try to assess why the Minister of Finance (Mr. Turner) is unique in not having been subjected to more criticism during his tenure as finance minister in this government. Anyone reading the budget speech will learn the answer, I suggest. The minister is unique because he has discovered that if you want to keep out of trouble, you must do nothing. Anyone examining the minister's record will see that it is a record of drifting. It has been his policy that this country should drift aimlessly in its dealings on the world market, in its approach to modern economics, in allowing inflation to take its course and in allowing other economic pressures to take their course. He has done little to control the inflation ravaging this country.

When one deals in billions of dollars it is easy to lose perspective. Therefore, I think it is wise to look at what has been happening in this country in the last ten years. According to current estimates before the House, the government plans to spend in the current year almost $26 billion, compared with slightly under $10 billion which the government spent in the year before the present Liberal government assumed power. Total government spending in the 1974 fiscal year was slightly under $20 billion; this year it is to be slightly under $26 billion. It is to spend 30 per cent more in one year. Or, putting it another way, the government is to increase its spending at the federal level, in one year, by an amount equal to the total federal budget of the early 1960's. It is time members of the House asked for this trend to be arrested.

I was disappointed in the statement the Minister of Finance made on CTV. He said he would attempt to hold spending this year down to a 15 per cent increase and then he said, as reported in the newspapers:

> Now it's intensely difficult in the political process to hold these expenditures down.

Why is it so intensely difficult for the government of Canada to do what is prudent and hold expenses down, when virtually all other nations are trying to do that and are succeeding? The United States intends to hold its budget this coming year down to $300 billion. If our minister were, say, minister of finance in the United States he would increase that country's spending to $345 billion. They would spend $45 billion more than they intend to spend this year.

The actual situation is more alarming, Mr. Speaker. Estimated government spending in the current year, that is, the 1975-76 fiscal year, will run, according to the appendix to the budget speech, at $28,750 million. But there is a footnote which says that this is a mid-point range; in other words, expenditures could go up to $30 billion just as easily as they could go down to $27 billion. That is significant. If you add 15 per cent to the minimum of $26 billion the government estimates it will spend in the current year, you will add slightly under $4 billion and the total will be slightly under $30 billion. I suggest that if the Minister of Finance has been completely candid he would have admitted that the government intends to spend $30 billion in the current year, and not the more modest figure he mentioned on budget night. The formula can be expressed another way: the government has been spending at the rate of a 40 per cent cumulative increase per year at the federal level. How can we arouse the Canadian public to the dangers entailed by this spending spree being indulged in by Ottawa?

I wish to deal with specific items in the budget. Two particularly distressing points should be mentioned. The first is the government's persistent attitude concerning the taxation of resources. It is particularly unfortunate that the government has chosen to confront the provinces on the question of resource revenue sharing. The Minister of Finance, supported by the Prime Minister (Mr. Trudeau), has indicated that royalties paid to provinces with respect to oil and other resources are no longer to be deductible from income for purposes of income tax. The government's attitude on the payment of royalties to provinces is strange. The Minister of Finance confirmed yesterday evening that royalties payable to foreign governments can still be deducted from income before the federal income tax is computed.

What is the difference? Let me give an example. If a Canadian company is taking oil from Venezuela, it must pay approximately $2.28 per barrel in royalties and pay a profits tax of $6.31, for a total payment to the government of Venezuela of $8.59. Under existing Canadian law, both the royalty and the tax paid to the government of Venezuela can be considered as a business expense and may be deducted from income before calculating Canadian federal income tax.

But if the same company proposes to take oil from, say, Alberta, what happens? The royalty payable to Alberta is $2.62 per barrel. But the government says, "No, you cannot consider that royalty as an expense; you cannot deduct it from income in computing income tax." The company must pay 34 cents per barrel more in royalty to Alberta. I ask, how is the Minister of Finance justified in saying, "In no way will the royalty you pay to the province of Alberta be deductible as a business expense"? I believe this House deserves an explanation from the government. Why is this policy being followed? We need an explanation for the government's strangely changed attitude to oil taken out of the ground in this country.

I point out that while the Americans are striving to change their position from one of dependency on foreign oil to one of self-sufficiency, Canada appears to be drifting from a position of self-sufficiency to one of foreign dependency on oil. President Ford hopes to lead the United States to self-sufficiency in oil production by 1980. The Prime Minister of Canada appears to be willing to allow our country to become dependent on foreign oil by 1982. The American plan, named "Project Independence", anticipates that through better conservation measures and the development of as yet untapped oil reserves, the United States will be able to switch from being a net importer to being a net exporter of oil.

What is happening in this country? Last Friday the Minister of Energy, Mines and Resources (Mr. Macdonald) outlined an entirely different future for Canada. He released a pessimistic National Energy Board report which says that Canada will not have enough oil for domestic purposes in 7.3 years, and that we shall become dependent on oil imports in the relatively near future. Within eight months the present government has changed its position dramatically on this question. When appearing before the