

*Borrowing Authority Act*

things and in favour of tax assistance, which had the effect of helping companies in southern Ontario, in the region around Montreal, and in particular companies which are already making a profit and therefore are in a position to be able to benefit from tax expenditures.

We have said again and again that we feared that the Nielsen task force review would, in fact, enunciate a Conservative blueprint. It would come along and simply mirror what the Government would have a chance to say if it had the time to work it all out. That is effectively what has happened.

I accept that there are some things that make some sense in the report. They point out, for example, that when you are looking at a new economic activity which is created by Government grants you should also look at the fact that those grants have to be paid for by Canadians and may be affecting economic activity elsewhere.

If you are going to make that point you should also make the point, when you take dollars from ordinary Canadians and put them in the pockets of big businesses, allegedly to make them more competitive, that neither your task force nor the Department of Finance has any means of knowing and has not the least idea of whether or not these tax expenditures are effective I think that deserves looking at as well. We have the right to know whether or not these various expenditures are effective.

I note that in 1977, 1 per cent of the largest corporations got 64 per cent of corporate tax breaks. By 1981, that had risen to 72 per cent of the corporate tax breaks that went to 1 per cent of the largest corporations in Canada. I am sure there is no reason why that has changed since 1981, since we have had "Visa" and "MasterCard", two Governments that are essentially in agreement, although a lot of the essentials benefit the corporate sector in Canada.

● (1650)

Why was it that the study groups in the Nielsen task force did not look at that? Why did they not ask themselves whether a part of those tens of billions of dollars of tax benefits going to big business might be taken away? Of course, big business would say that that would be a tax increase, but all it would be a restoration of taxation which it has been forgiven for many years. There is no hope of getting the money back which was given in the past, but if we are talking about bringing the deficit down to a more livable level and giving Government more freedom to maintain vital social services, such as the support of universities and other things which are of particular importance to the regions, surely, then, these things should have been looked at. I am afraid that neither the Nielsen task force, nor the Government, has had the intellectual rigour or political courage to confront its adversaries, its friends in the corporate sector, and say: "We are sorry, boys and girls, but we are going to have to do this to you". That should have been done, and if it had been, it would have made us much more comfortable in terms of the whole deficit-cutting exercise.

**Mr. Russell MacLellan (Cape Breton-The Sydneys):** Mr. Speaker, I would like to continue where I left off this morning with respect to Bill C-99, the borrowing Bill. As I said then, I really do not feel we can trust this Government with another \$22 billion when it cannot even tell us exactly what the average price of crude oil will be for 1986 in U.S. dollars. Page 23 of the booklet *Towards a Sustained Expansion: Canada Economic Prospects, 1986-1991*, states, and I quote:

—that the average selling price for a barrel of oil of quality equivalent to Saudi Arabian light will be U.S. \$22.50 over the rest of 1986.

On page 20, Table 4, "International Economic Prospects", under the column "1986", states under "Oil Price" that Saudi Arabian price for light crude oil petroleum will be \$23.88 a barrel. So the Government cannot even tell us what the price will be. Not only that, but it is saying in one case that the \$23.80 will be the average price for all of 1986, yet the \$22.50 will just be the average price from the date of the Budget to the end of 1986. So not only do we have two different prices, but we have two different time spans during which these prices are supposed to be the average. In either case, we are going to need oil prices at either \$22.50 or \$23.88 in order to bring down the average price to the amount stated, because oil prices throughout the world have been down to around \$12 or \$13 a barrel for most of the first quarter of 1986, certainly around the \$15 a barrel level. Therefore, these figures are way out of whack and this, along with the 9.5 per cent interest rate for an average in 1986, indicates that the Government has greatly underestimated what this deficit is going to be.

The Government certainly has not told us—perhaps because it is not capable of getting its act together economically—exactly what we are up against in 1986. It is an extremely serious situation because the energy sector is predicting prices as low as \$8 U.S. a barrel. This \$8 U.S. a barrel in comparison with the projections in the budget papers, particularly the book, from which I quoted earlier, *Towards a Sustained Expansion: Canada's Economic Prospects*, plus the fact that interest rates could very easily be 3 per cent on average over what has been projected, could mean a difference of about \$4 billion over what the Government is predicting for the deficit.

Only the Government seems to believe the figures it has given as to what oil prices will be in 1986. What do other people think of the Government's finesse with numbers? Robert Reid, an oil industry analyst for McLeod, Young, Weir Limited, says: "Wilson's oil prices are wishful thinking". Gint Berius, an analyst for Merrill Lynch, says: "The unrealistic prediction about oil prices is probably one reason why the Canadian dollar has slipped on international markets". Don Braid, a columnist with the *Edmonton Journal*, says: "The Finance Minister has based his Budget on an oil fantasy".

What is happening in the oil industry? While the Government lives in a fantasy world with a Budget based on blarney, you might say, the oil industry in Canada is facing a disaster. Seven oil companies have announced lay-offs or staff cut-backs which total about 1,500 jobs. IPSCO, a steel pipemaker for the oil industry, will itself eliminate 695 jobs.