

**Some Hon. Members:** Nonsense.

**Mr. Lalonde:** If they were sincere in their concern for the housing industry and home owners, they would make sure that we get approval of this Bill which will be of significant benefit to Canadian home owners.

**Mr. Lewis:** First, Mr. Speaker, I would point out to the Minister that it is the NDP who are against this Bill, not the Progressive Conservatives.

**Some Hon. Members:** Hear, hear!

**Mr. Lewis:** Second, the Minister went to the banks and the trust companies. If he went to representatives of the real estate industry at the level of CREA and OREA, the local real estate boards, he would know that they are unanimous in saying that this Bill will not strengthen the industry; it is only a safety net.

#### REASON FOR DECLINE

**Mr. Doug Lewis (Simcoe North):** Mr. Speaker, does the Minister not agree that the real reason housing starts are down and the housing industry is in a slump is the extended period of unemployment for the past four years under this Government?

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, the answer to the Hon. Member's question probably lies in a small comparison. Housing starts in the United States went down 26 per cent last month, more than in Canada. The Hon. Member likes to brag every once in a while that the U.S. has had a significant decline in unemployment. I would think he would have to look a little bit further than just the unemployment figure for an explanation of the question he has raised.

**Mr. Lewis:** We will not get it from you, that is for sure.

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#### GOVERNMENT EXPENDITURES

##### RESEARCH AND DEVELOPMENT TAX INCENTIVE PROGRAM— REQUEST FOR CHANGE

**Hon. Edward Broadbent (Oshawa):** Mr. Speaker, my question is for the Minister of Finance. Yesterday I asked the Minister if he would confirm that under the Government's R and D tax benefit program it was possible for a large corporation to obtain millions of dollars in benefits without doing any R and D. Essentially I suggested this was possible because of paper transactions, and I cited the case of Imperial Oil. The Minister denied it. Well, this morning I contacted Imperial Oil, talked to people in their tax department, and they have confirmed that what I said is the case.

Will the Minister admit that he was wrong yesterday and acknowledge that a company like Imperial Oil, under this program, can obtain not a thousand, not millions, but hundreds of millions of dollars in benefits without doing the R and D itself? Secondly, will he change the program to make it

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impossible for any company to gain a windfall from this program and make it impossible for R and D funds to be used for anything other than R and D?

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, the Hon. Member should know, and I am sure he does, that you cannot have the R and D performed before the credits have been acquired. Those credits are acquired to perform research and development. If no research and development take place, those companies are going to be liable to pay the taxes they would otherwise have to pay under Part VIII of the Act.

**Mr. Broadbent:** No, no.

**Mr. Lalonde:** I invite my friend at least to consult a lawyer or accountant if he cannot find the facts for himself.

#### IMPERIAL OIL CORPORATION—ELIGIBILITY FOR BENEFITS

**Hon. Edward Broadbent (Oshawa):** Mr. Speaker, the Minister not only gave us a wrong estimate in his Budget when he said this would only cost \$100 million, and it is going to cost \$1 billion, but he is now suggesting he does not know what he is talking about. I say that with care, because I have looked into it with care.

Is the Minister telling the House that it is impossible for Imperial Oil to obtain millions of dollars in benefits under this program without doing the R and D itself? Or is he saying that Imperial Oil has to do the R and D to get that benefit?

**Hon. Marc Lalonde (Minister of Finance):** The Hon. Member is hard of hearing, or something, Mr. Speaker.

**Mr. Blaikie:** We cannot believe what we are hearing.

**Mr. Lalonde:** I have indicated that before you perform the research and development you have to acquire the credit. That is what the companies are doing. They are acquiring the tax credits on the basis of R and D that they will perform. If they do not perform research and development then they become liable for the equivalent amount of the tax credit from which they would have benefited. This is quite clear.

**Mr. Blaikie:** Answer the question.

**Mr. Lalonde:** I have answered the question.

**Mr. Blaikie:** No, you have not.

**Mr. Lalonde:** Well, open your ears, my friend. I am sorry. If you cannot understand that, then there are lots of things in life you will not understand.

**Mr. Blaikie:** I do not understand Liberals.

**Mr. Broadbent:** Mr. Speaker, it is clear that the Minister is factually wrong. Imperial Oil can get a tax benefit even if the R and D he is talking about is performed by another company. The Minister should check his facts, because that is the case.