

Another paragraph reads:

The corporate tax deferrals include a wide range of special write-offs for depletion, depreciation, and exploration and development investment and equipment.

The provisions became steadily more numerous and generous in a series of Liberal budgets from 1974 to 1978.

According to a report published by the energy department last November, the tax concessions "reflect a concern with providing incentive to develop new energy supplies".

In a practical way what does that mean? Let us just look at the big five oil companies. Imperial Oil's profits increased in the first nine months of 1980 to \$481 million from \$309 million in 1979, an increase of 56 per cent. Texaco's profits increased from \$169 million in 1979 to \$278 million in 1980, an increase of 59 per cent. Shell's profits increased from \$174 million in 1979 to \$267 million in 1980, an increase of 54 per cent. Gulf Oil's profits increased from \$206 million in 1979 to \$286 million in 1980, an increase of 39 per cent.

That is what has happened in the oil industry. But to listen to our Conservative friends, particularly to our Conservative friends from Alberta, one would think that government policies are starving the oil companies, that they are putting them out of business. Nothing could be further from the truth.

I want to talk about what our tax policies have meant to the banks of Canada. The continued life of income debentures beyond 1978 means that the banks' effective tax rate is down to about 18 per cent. Large holding companies whose only revenue is dividends are receiving a substantial public benefit. The public treasury is short some \$400 million a year in lost revenue. The banks paid \$256 million in taxes on \$492 million profit in 1970, and paid even less taxes, amounting to \$230 million on \$1,272 million profits in 1979.

If my colleague from Kamloops says it is unfair, it is not only unfair, it is scandalous that a government concerned about the welfare of the people of this country would permit that kind of situation to go on.

I want to talk for a few moments about what we ought to be doing and on what we ought to be making expenditures. One of the most serious problems in this country is that we have no industrial strategy. Our manufacturing industries are being decimated. The most recent tariff negotiations which took place resulted in the lowering of tariffs. They are finding it increasingly difficult to compete not only in international markets, but in our own Canadian market. We have no industrial strategy. The Minister of Industry, Trade and Commerce (Mr. Gray), when he was on the opposition side of the House, talked continuously of the need for an industrial strategy, the need to redesign or reorganize our manufacturing industries so they would be able to compete not only in the Canadian market but in the international market.

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That has not happened. The only thing we have had from the Minister of Industry, Trade and Commerce, is desperate, stop-gap measures to prevent companies like Massey-Ferguson and Chrysler from going bankrupt and shutting down completely. We have no industrial strategy. The government has

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failed, partly because, like the Progressive Conservatives, it does not believe that it should intervene in the economy, that it should sit down with the business community, sit down with the workers in this country and try to assess what our natural advantages are, what our natural resources are, what our human resources are, what our scientific and technical resources are, what our natural advantages are and in what field we should expand. That has been completely lacking, despite all the speeches made by the Minister of Industry, Trade and Commerce and despite all his protestations since he became minister in the present government.

That lack of an industrial strategy cannot be demonstrated more vividly than in the failure of the Liberal government to deal with the fact that there is hardly an industrialized country in the western world which has as dismal a record in expenditures for scientific research and development as has Canada. For a variety of reasons, which I cannot go into in detail tonight, Canada is at the bottom of the totem pole amongst the OECD countries in expenditure for research and development. That has been true for close to 15 years. We are now spending less than 1 per cent of our gross national product on scientific research and development, at a time when every other country in the western world is spending at least 1.5 per cent, and some of them as much as 2 per cent, and more than 2 per cent, of their gross national product on scientific research and development.

During the term of the former Liberal government, we were told by the then minister of state for science and technology that the government had drafted a plan so that by the year 1983 we would be expending 1.5 per cent of our gross national product on research and development. That was in 1978, and the then minister was projecting that we would spend 1.5 per cent of our gross national product on research and development in 1983, by which time nearly all the other countries in the western industrialized world would probably be spending 2 per cent to 2.5 per cent of their gross national product on research and development.

What do we find? We find that the present Minister of Industry, Trade and Commerce just a few days ago announced a new goal. He said that the 1.5 per cent of our gross national product to be expended on research and development will now not be reached until 1985. That goal, and the way in which the minister proposed to reach it, has been criticized by every agency involved in research and development. In the *Montreal Gazette* issue of January 20, there is a news story entitled, "Industry cool to research policy". It reads:

Canadian businessmen showed little enthusiasm yesterday for a federal government program whereby it promises to increase spending for research and development but will ask industry to increase its share of total spending.

It goes on to point out that:

—under the five-year program, industry will be asked to increase its contributions by 17 per cent a year to \$3.7 billion from \$895 million.

Robert Long, president of the Canadian Advanced Technology Association said that the policy "makes one wonder whether the government is serious".