

Oral Questions

Minister of Finance. I am almost inclined to ask for his definition of crisis, if we are not facing a crisis now, but I will not ask him that question.

Yesterday the Prime Minister asked for more evidence of the government's budget and energy policy causing a substantial loss of jobs across the country and also a serious decline in exploration and production. Today we have reports that Premier Blakeney of Saskatchewan has reiterated that the budget is cutting back exploration and development not only in heavy oil but also in the area of conventional oil exploration. Hudson's Bay Oil & Gas Company Limited has suspended its 1981 drilling plans in the Lloydminster area and it has laid off half its employees there. Premier Blakeney has described the taxes in the minister's budget as being ruinous, and he is now saying that he will not pay that particular tax.

What is the minister's response to Premier Blakeney's position with respect to withholding the payment of taxes imposed by the budget? More importantly, what changes is the minister prepared to make to avoid the loss of thousands of jobs across the country resulting from the negative reaction to his budget and energy policy statement?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not accept the premise of the hon. member's question that the budget has had the effects he alleges in his comments.

Mr. Crosbie: Open your eyes, Allan.

Mr. MacEachen: He asked me what reaction I have to Premier Blakeney's objection to the production tax. All I would say is that Premier Blakeney is entitled, if he wishes, to contest the legality of that tax. He said that he was considering that. He might reconsider his own royalties, which I understand are about the highest in the country, if he is concerned about tax burdens. Maybe he could get together with the Leader of the New Democratic Party and devise some consistent New Democratic Party anti-inflation policy, because I thought it was the Premier of Saskatchewan who was calling for higher energy prices yesterday to add to the present pressure on the cost of living in Canada.

Mr. Hnatyshyn: Madam Speaker, not only is there a negative reaction to the budget; it is going down in Canada just like the *Titanic*. Does the minister not consider the following facts: the substantial cutbacks in exploration and development in Canada; Hudson's Bay Oil and Gas I have already mentioned; Norcen is reducing its exploration and development by 20 per cent; Gulf is reducing its exploration next year by 35 per cent; the industrywide figures are upwards of a 40 per cent cutback in exploration and development? Mr. Bill Menzel, chairman of the Alsands group, who has spearheaded this oil sands mega-project, has resigned his position. This has dealt a serious blow to that particular project. The Americans, notwithstanding what the Secretary of State for External Affairs has said, have indicated their deep concern with respect to the budget and the energy policy. The minister has been asked a number of times

today whether or not he will in January, when Parliament is recalled, bring in a budgetary statement or a budget.

● (1440)

I ask the minister, in view of these developments, whether he will bring in a new budget, or a budgetary statement, in January so that we can reverse the direction in which we are headed in this country.

Mr. MacEachen: Madam Speaker, the hon. member has again asked me whether I would reconsider and bring in a new budget. If my appreciation of the economic situation had altered, then there might be some justification for bringing in a new budget. But if the hon. member looks at the budget itself, he will realize that I have explained fully the troubled state of the world economy, the threat to the Canadian standard of living and the Canadian economy from rising inflation. I have put together a strategy in the budget which in my view, will bring about a steady reduction in inflation.

Mr. Clark: You planned all this, did you?

Mr. MacEachen: Madam Speaker, I want to agree with—

Mr. Clark: If this were happening in Quebec you would be worried.

Mr. MacEachen: I happen to agree with the report of the Economic Council of Canada, whose assessment has been quoted to me so often by members of the opposition, that there are no easy answers and that the struggle against inflation will be won slowly. That is a fact. To ask me today to try a quick fix to bring in a program for this group or a program for that group would be a totally false approach. It would do more damage to the future of the economy than hon. members realize. That is my general response to the hon. member's question.

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SOCIAL SECURITY**INCREASE IN CONSUMER PRICE INDEX—RELIEF FOR
LOW-INCOME FAMILIES**

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is also for the Minister of Finance. He talks about the fight against inflation being a slow approach, and in that regard I put this to him. One in five families in Canada, according to the latest Statistics Canada figures, need to spend over 82 per cent of their income on food, shelter, and clothing. That is 20 per cent below the poverty line as defined by Statistics Canada. The minister talks about indexing and this addressing the situation. I submit to the minister that when you take into account that indexing is based on the CPI and the major components within the CPI affecting the poor—and here we are talking about the working poor whom indexing does not really address, people who have to face a 15.2 per cent increase in food prices and a 26.9 per cent increase in home heating oil prices—I ask the minister what advice he has