

*Canada Oil and Gas Act*

resources, under the confiscation powers granted to the minister by this bill.

In addition, there is a 10 per cent base royalty on gross value of production of oil and gas in these lands, plus a 40 per cent progressive incremental royalty on additional earnings after costs have been deducted. Those costs include the 8 per cent producer tax, federal excise tax, natural gas tax if natural gas is being produced, plus federal income tax. Those industries are being taxed to death in a way that is totally unrelated to the realistic demands for a reasonable rate of return on capital to be invested in these industries. This form of socialism is killing the petroleum industry. We increasingly see evidence of that as each day passes.

These unconscionable levels of taxation and state intervention are going to lead to a very bleak future for all Canadians. The spin-off effect of this is severely impairing our whole economy.

As we approach the end of this century, oil and gas are becoming increasingly elusive. They are increasingly hard to find. One only finds scarce resources by prospecting, and prospecting has always been a very competitive business. It requires healthy competition and adequate rewards to risk-taking. These are essential prerequisites if we are ever to achieve self-sufficiency in oil supply. The price has to be right to reward that risk-taking. Exploration must be encouraged. The high costs of exploration in Arctic ice, on the Grand Banks of Newfoundland and elsewhere, and of this very sophisticated technology must in the final analysis be borne by the consumer.

What is Canada faced with today? What are the economic consequences of the policies of this government? I want to say a few words about how that is linked to the world situation. Again yesterday we had an announcement of increases in the price of oil by OPEC countries. That will make it more attractive for investment capital to go to other parts of the world where that price can be realized and a fair rate of return earned on investment in those sorts of ventures.

We are faced with escalating interest rates. The consequences of that, which result from Canada's dependency on imported oil, and the consequences for our national debt are horrendous. This must be coupled with the fact that our oil imports will be paid for with our collapsing dollar. It is now worth 82 cents. I believe that some time in January it will drop to 80 cents if this government does not take immediate action. Oil and gas stocks are declining in Canada. In spite of the denial by the Prime Minister (Mr. Trudeau) that investment capital, drilling rigs and jobs are leaving this country, this is what Canada faces.

If the interest rate is 20 per cent in the United States, that is because there is a shortage of investment capital and of oil. Intense exploration is under way within the continental United States for hydrocarbon resources which are dearly needed to replace their dependency on high cost imported oil. If investment, in searching for those resources, brings a return of 20 per cent in the United States, there is no way that investment capital is going to stay in this country, even though we may

have many more vast deposits and potential in the long-range future.

All of these factors are signs of movement in the wrong direction. We in Canada are doing something wrong. It cannot be denied, nor can it be blamed upon the Americans. I wish to refer to a graph found in the report released this past week by the Economic Council of Canada, entitled "A Climate of Uncertainty".

In chart 1-1 on page 8 of that report it is clear that growth in Canada's output or gross domestic product has been in a state of decline since 1967. In the period 1977-79, the growth rate was 3 per cent. When we compare with the other major industrialized countries shown on that chart, we find that since 1976 the United States has had an economic resurgence, as have Japan, France, West Germany, Italy, and the United Kingdom. They all reached a low point in growth rate from 1974 to 1976, as a consequence of the 1973 oil embargo. However, Canada's growth rate did not bottom out. We are still on the decline. In spite of all the accusations by the Minister of Finance (Mr. MacEachen) and others, about the Americans and the fact that their economy is the source of our problems in Canada, the facts are quite clear. We have a different kind of regime in this country, a socialistic, isolationist regime which does not understand how a free enterprise economy must work and how a government must conduct itself in support of that economy. We cannot blame the Americans for this serious economic difficulty we are having to face in the next few years.

● (1530)

I want to come to the question of Canadian ownership because this is a very central theme to Bill C-48. The desire to achieve increased Canadian ownership of our petroleum industry, indeed, of all our industry, ought to be an important objective of this nation. Therefore, it is with no reluctance that I give my total support to the objectives of clause 19 and other references in this bill which suggest we should try to achieve at least 50 per cent Canadian ownership of our oil and gas industries in all parts of Canada, including the Canada lands.

I want for a moment, however, to address this question of ownership. Who will own these resources, the people of Canada or the Government of Canada? We hear a lot of talk from the other side of the House to the effect that the government paid 95 per cent of the cost of developing projects like Hibernia, therefore it is only "just" the government should reclaim that, under the presumption that the government is the people. In fact the government is but the servant of the people. Nothing the government spends is earned unless the people earn it. Let us not forget that! We hear too much talk of this great generous government which is doing all these great things for the people.

We know by the provisions of Bill C-48 that the government wants to take an interest or a 25 per cent share of the carried interest in all exploration rights and permits approved under the provisions of this act. When those exploration efforts bear fruit, the government will automatically claim a 25 per cent