ment will no longer be effective in view of the increased price of oil coming to our eastern seaboard. Our own oil coming from the west to the eastern provinces will be cheaper than oil coming from outside, under the new price agreement. Certainly, the time has come for us to consider extending our oil transportation system, at least to Montreal. The facts of economics dictate this. No longer does the argument that this course is not economically sound hold water. Above all, the present agreement has forced the United States government to realize, and it ought to force this government to realize as well, that we must depend more upon our own oil resources than upon those of the Middle East or South America. The agreement, I am sure, will have a tremendously stimulating effect upon the expansion of our own oil industry. The industry will undertake more exploration and develop more pipelines that will supply our own markets with our own oil. We must be thankful that we have such oil to develop.

You know, Mr. Speaker, of the thousands of oil wells in Alberta, Saskatchewan, Manitoba and British Columbia, it is difficult to find many that are actually owned by Canadians. More than 90 per cent have been drilled by, and are owned by, subsidiaries of United States companies. My purpose in bringing up this matter at present is not to condemn the United States because the financial interests of Americans and their tax policies have allowed them to do for us something that we did not do for ourselves. That being so, we do not really have too much reason to complain.

Some hon. Members: Hear, hear.

Mr. Thompson: In this country there are thousands of oil wells. More will need to be drilled. Who will carry out this exploration and this development? Because of the present tax policies of the government, it will not be Canadians. It is almost impossible to find Canadian financial backing for any venture that is based on the search for much needed oil resources. There are at least $12 billion in the savings accounts of the Canadian people. In addition there are billions of dollars in the hands of insurance companies, trust companies, and mutual funds. The money is here. We have the know-how as well. Perhaps the exploration ability of the Canadian mineral resource industry is unsurpassed by any country in the world, including the United States. The tragedy is that the resources are there and Canadians do not develop them. With regard to the petroleum industry, the oil is there but something is lacking. What is it?

• (3:20 p.m.)

There is a complete lack of concern, vision and action on the part of the Canadian government, the Canadian financial authorities and the securities commissions which have the financial responsibility. If they did have the concern, the situation would not be as it is at the present. Furthermore, the discriminatory tax laws of Canada place Canadian investors in an inferior position to American or European investors. If there are losses involved in risk investments, the Canadian investor is not allowed to deduct them in calculating his income tax. Although mineral exploration is a high risk venture, the opportunity is not there for Canadians. However, it is there for American and European investors. They can afford to invest in Canadian oil development. Canadians cannot because of the tax policies that are presently followed by the federal government.

Mr. Woolliams: And the fear of them.

Mr. Thompson: The tax reform recommendations in the white paper on taxation do not do anything to correct the situation. In fact, they make it worse. They destroy confidence and incentive. This is why Canadian money is not being put into our investments.

Some hon. Members: Hear, hear!

Mr. Thompson: I want to ask the Minister of Finance and the Minister of Agriculture (Mr. Olson), who know as much about this as I do, if investment in Canadian development is good for Americans, why is it not good for Canadians? I would like the answer to that question.

Mr. Olson: We do not reach that conclusion.

Mr. Thompson: The money is available in Canada today. The monetary supply has doubled in the last few months since the government reversed its monetary policy. The banks have more money available than they can find people to borrow. They are even advertising for borrowers. Yet, the Canadian investor is afraid to invest. He lacks confidence in the policies of the present government.

Some hon. Members: Hear, hear!

Mr. Thompson: An independent, fully Canadian-owned oil company recently drilled two producing oil wells in central northern Alberta, thus establishing a new field. To drill out this area, the returns from which are now just as certain as catching fish in a barrel, this company needs $7½ million to drill some 40 wells, the estimated number of wells necessary to adequately develop this particular area. Where does this independent company go for the $7½ million capital? It wants to obtain this money from Canadian sources rather than sell out to American interests. The financial resources are there if they can find them. If this company seeks to obtain this money from Canadian sources, it will have to wait from three to five months for the Alberta Security Commission to grant approval for a new issue of shares. That is the first obstacle it will meet. Then, the company must go to Canadian financial houses in Toronto or elsewhere and literally beg on their knees for investment in their project.

This is what happens when a company tries to sell a Canadian low-risk development investment proposition to Canadians? The company does not have money available for such a procedure. As a result, it goes to Houston, Dallas, New Orleans or Denver where it gets the money within 48 hours. The representative of the company does not have to physically make the trip. He can make all arrangements on the telephone. Bay Street brokerage