Foreign Investment Review Act

The picture becomes crystal clear. Foreign corporations are concentrating in those areas where they can make the most money. This is natural. Mr. Kierans summed it up neatly in the following paragraph:

> If foreign ownership dominates the mining and petroleum industries, our tax system has clearly invited this concentration. We have not only extended a warm invitation to foreign capital, but we have told it where to go. If you invest in the service industries, we say, you will have to pay taxes on 87 per cent or 90 per cent of your profits. On the other hand, in metal mining you will only have to pay on 13 per cent and in petroleum on 5.7 per cent of your profits. The invitation says, in effect: Come and get us.

It has been the taxation system and the concessions by a series of governments over the years which have led to the overwhelming control by foreign investors in these two key sectors of our economy.

Some changes have been made in our taxation system since 1968 but the corporations involved in the petroleum and mineral field still maintain their privileged position. Over the years, the NDP has urged a succession of federal governments to initiate legislation of a type which would ensure Canadians exercising effective control over their economy for all time, and we call upon the government to move in this direction without further delay.

The present energy crisis in Canada, and the close relation it bears to our own supplies of oil and natural gas, should help bring the whole picture of foreign control, as well as our own failure to give adequate direction in this regard, home to the Canadian people. It is not only the problem of foreign control which we find disturbing at this time: it is the complete lack of a viable, national energy policy. As we drift from crisis to crisis, it becomes increasingly obvious that the present administration does not know in which direction to turn, simply because it has neglected to lay down any longterm policy for the nation. Conservative spokesmen have demonstrated time and again in this House that they are the mouthpieces of the multinational oil corporations which are firmly in the saddle as far as oil and natural gas supplies in this country are concerned.

We find the Province of Alberta, under a Conservative administration, planning to hand over to the multinational oil corporations for development one of the greatest oil deposits left in the world, the Athabasca oil sands. This valuable resource should be developed under public ownership, and in so doing Alberta should seek financial support not only from the federal government but from other provincial governments and from the Canadian public in general. It should be obvious to all Albertans that under the present plan to develop this rich resource, those who will make real profits out of the undertaking will not be the general public but the foreign-controlled oil corporations.

Since the spring of this year, the world has seen an unprecedented increase in the price of crude oil, natural gas and their by-products. There was an exceptionally sharp rise in the market price, especially in the United States which uses about 38 per cent of the world's total energy. There was really no need to import this inflationary trend in oil and gas from the United States to Canada. At the same time, it did not make sense to sell our oil and gas in the United States market at prices far below their going rate. The only way this could be done effectively, without importing more inflation to Canada, was to impose an export tax on both oil and gas. The government finally took this step a few months ago and imposed a 40-cents-a-barrel export tax on crude oil exports which, in effect, set up a two price system in Canada. It meant our domestic oil would be 40 cents lower that the going price in the United States.

[Mr. Harding.]

This export tax is to be raised to $1.90 as of December 1, 1973 and will carry through to the end of January. This move has helped to check the severe inflation in the price of oil products which will be passed along to other spheres of economic activity unless the export tax remains.

● (1510)

It is interesting to see the tremendous opposition to this form of tax by the multinational oil corporations, the Conservative government of Alberta and members of the official opposition in this House. There has been a great deal of misinformation spread throughout Canada about the imposition of this export tax, so perhaps I could briefly examine the oil situation in Canada and the role played in it by the multinational oil corporations which primarily control it. The anguished cries of the Conservative party over the alleged mistreatment of the oil companies by the government should be a clear warning to the Canadian people of what we can expect from this group if they ever take over the reins of government in Canada.

Last year the oil companies in Canada had their best year profit-wise in history. This year their quarterly profits are up sharply over 1972. Over the past year there have been sharp increases in the prices of all oil products, including gasoline. This increase was not based on additional production costs in Canada but on the rising cost of oil in the international market.

On November 1, 1972 the price of western Canadian crude was increased by 10 cents a barrel. On May 1, 1973 another increase of 25 cents a barrel took place. This was followed by further increases of 20 cents a barrel on June 1 and 40 cents a barrel effective August 1, 1973. This means that over a nine-month period the price of western Canadian crude jumped a total of 95 cents a barrel. This was a 37 per cent increase in oil costs and would increase the annual revenue of the oil companies by $700 million over a full year.

These price increases forced the government to take action, and on September 4 the Prime Minister (Mr. Trudeau) called for a freeze on further price increases. He indicated that the 40 cents a barrel export tax would be levied as of October 1 on all crude oil leaving Canada. This export tax will be raised to $1.90 a barrel as of December 1, and will last until the end of January. I might add that our NDP group will oppose removal of this export tax at that time.

Let us now look at this export tax and the alternatives to it. An export tax of $1.90 means that Canadian oil will be sold in the United States market at going world prices. It also means that oil in the Canadian market will be sold at domestic prices, which will be $1.90 below the inflated prices in the United States. The federal government has guaranteed that the producing provinces will not lose one penny in royalty rates through the imposition of this tax.