

beginning an upsurge. In these conditions the budget we are considering, one showing mild restraint, is likely the only one possible.

I should like to deal for a few moments with this notion of restraint. The government is certainly in a difficult position when it comes to exercising restraint, because, out of the \$29 billion or \$30 billion allotted in our estimates, only about \$10 billion is really controlled by the federal government. The other \$20 billion reflects payments of a statutory type, payments to provinces and so on. When the Minister of Finance talked about reviewing the whole of the health services of the country he was thinking in terms of a longer period, trying to do something about the \$20 billion. But in terms of the present budget the \$9 or \$10 billion was the area he had to work in and he did achieve a cut of around a billion dollars. Some hon. members may say this is not true because so far we really have not cut down anything. Nevertheless, the minister has done something by taking a billion dollars out of what would have been spent.

An hon. Member: What would have been spent?

Mr. McRae: But that is the nature of the enterprise. I might point out that hon. members on the other side spend a good deal of time suggesting projects we should spend money on; as near as I can figure the cost of those suggestions adds up to something like \$2 billion.

There are some advantages to the budget. There are some good things in it. But I think they are limited.

Mr. Munro (Esquimalt-Saanich): Hear, hear!

Mr. McRae: As the hon. member for Vancouver South indicated, the extra \$200 million directed to housing represented an increase of 20 per cent as compared with \$1,200,000,000. This is for the balance of this calendar year.

An hon. Member: Fiscal.

Mr. McRae: I would have liked to have seen more money allocated in that direction. However, this would probably have meant abandoning some other concepts, possibly the concept of restraint. If there is any way of extending government expenditures I believe it should be in the direction of housing and that these allocations should be made as soon as possible.

I was very pleased to learn of the increased funding made available for employment. This extra 450 million to be spent over the next two years will be spent almost directly on the creation of jobs. I hope the orientation will be directed to a much greater extent to communal projects, and that communities will come together with the federal government and develop worthwhile schemes.

There is one point which seriously concerns me. Missing from the budget was any mention of additional sums for senior citizens. We have still not solved the problem of the senior citizen who is in trouble. I am not talking about the senior citizen who manages to get to Hawaii during the winter and so on; there are still senior citizens who basically are in trouble. For instance, I think the supplement to senior citizens could be shifted. Perhaps more people could become eligible for it and the amount could be

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increased. On the other hand I realize the constraints within which the minister has to work.

● (1550)

I should like to spend the last few minutes of my speech talking about energy, a matter that interests me a great deal. If I may say a brief word about natural gas, I think the increase in natural gas prices from 82 cents to \$1.25 per thousand cubic feet is inevitable, certainly in a province like Ontario. Without this increase the extra gas needed would not have been allocated by the Alberta government. I do not see how we could have avoided this kind of increase.

However, I am very concerned about the long term energy problem this country is going to face. In 1970 the industry said that we had 727 trillion cubic feet of natural gas reserves. These reserves have now been reduced to something like 50 or 60 trillion cubic feet, quite a substantial reduction in view of the fact that we have only consumed 10 trillion cubic feet in the interval. But we are in a bind here. We must increase exploration and become far more conscious of the fact that energy is going to become more costly, more scarce, and that it will have to be used with care. This applies not only to natural gas but to all petroleum products.

With regard to the \$1.50 increase on a barrel of oil, from \$6.50 to \$8, this was the amount that members of the opposition said they wanted. A year or a year and a half ago when that statement was made, at no time did anybody ever say it was not correct. Here again the problem is the very great oil shortage for the future. In order to become self-sustaining in oil, if that is possible—and I am not at all sure it is possible—we will have to put a lot more money into development and exploration.

The 10 cents a gallon increase on gasoline also bothers me a great deal. I do not think that any member of the House, in any party, would say that there should not be a single price for oil across Canada. I think that is a basic element in our energy policy, one that I hope is accepted by all members of this House. I hope the fact is also accepted that we had to reduce our exports to the United States. At the time when we set up this price mechanism in order to equalize prices, our exports and imports, roughly speaking, were about equal. We were exporting the same amount of oil to the United States as we bought off the east and west coasts.

However, the position has changed, and it has changed partly because of our own doing. It has changed because belatedly—I think there is no excuse for this—the National Energy Board declared that we do not have the amount of oil we thought we had. I think there is negligence there that is almost criminal in terms of the energy board's telling us this at this late date. Nevertheless, that is the situation.

There is no question that we must cut back and that we must raise taxes some place to pay for a single price. A further reason for the single price is that the U.S. price is now lower than the price we pay off the east coast. This is why we must raise about \$350 million a year.

The hon. member for Vancouver South indicated that he would have preferred to get these funds out of general revenue. The government decided to put a 10 cents tax per