

1974, the Canadian petroleum industry has supported net capital outflows of \$2.1 billion. If dividend and interest payments are added, the net outflow over the 1975-79 period was about \$3.7 billion, contributing to inflation in Canada and contributing to the lack of control of this most dynamic sector of our economy.

Our preference in those circumstances has been a policy to accelerate the process of Canadianization with three specific goals. We aim to achieve a 50 per cent Canadian ownership of petroleum production within ten years. Second, we want Canadian control of a significant number of larger petroleum firms. Third, we look for an early increase in the share of the gas and oil sector owned by Canadians.

The achievement of those three goals will go a long way toward retaining the benefits of greatly increased oil and gas revenues in Canada. It will reduce our vulnerability to the fiscal and monetary policies of our powerful neighbour to the south. Greater Canadianization will stimulate more activity by Canadian-owned firms, with resultant energy and employment benefits. Greater Canadianization will also mean that more and more of the highly technical research work will be carried out here so that both the quality and the quantity of jobs for Canadians will improve.

The renewed role for Petro-Canada will mean that the benefits of Canadianization in terms of equity ownership and control will accrue not only to larger Canadian firms and wealthy individuals but also to every Canadian taxpayer.

I was pleased to note recently that the Right Hon. Leader of the Opposition (Mr. Clark) has reversed his position on the privatization of Petro-Canada, but in that policy, as in so many other cases, there seem to be several factions within the official opposition. Another part of that same party seems to be led by the hon. member for Calgary Centre (Mr. Andre), from whom we heard earlier. According to *The Calgary Herald*, the hon. member for Calgary Centre stated recently that "Petro-Canada is here for the moment, but we will see what the situation is if we are back in power". Despite what his leader has said, he added, "There are already more than 400 Crown corporations, and that is just far too many. Petro-Canada would be one place to start cutting that number".

If there is confusion among the factions within the official opposition, the situation does not seem to be much different in the New Democratic Party, where we see some of the same lack of consistency respecting energy policy in Canada. One of the factions in that party calls for greater federal spending to aid Canadian consumers, but another faction demands that the provinces have all resource revenues from east coast development and that we slow or cease exploration and development in northern Canada.

One faction demands greater revenues from the petroleum industry, yet another faction in the same party rejects the 8 per cent petroleum gas revenue tax. The New Democratic Party certainly seems to have a surplus of suggestions on these matters, but on oil pricing its members are strangely silent.

Interest Rate Policy

Since inflation is basically a structural phenomenon, it can best be abated by structural remedies. Much has been made during the course of the debate today and earlier about what is seen as the economic interdependence of Canada and the United States. The long-term solution of the New Democratic Party to our problems is to declare our economic independence, but what do members of the New Democratic Party advocate with such a vague phrase? Surely they favour our very successful efforts to export goods and services. The United States accounts for two thirds of our exports. In 1980, for example, our total receipts from trade with the United States alone amounted to more than \$55 billion.

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Now in this sense Canada cannot and will not withdraw from the international marketplace in search of some ephemeral economic independence. We are a trading nation. We are a winner in international trade. In terms of merchandise trade alone, the 1980 balance was in our favour by some \$8 billion. However, in terms of our service account, Canada suffers a large and growing deficit which last year was more than \$10 billion and which more than eliminated our merchandise surplus.

I believe the implication is clear, Mr. Speaker. Canada must continue its vigorous trade efforts to sell abroad while allowing our competitors fair and equal access to our domestic market. At the same time we must strive to reduce our dependence on foreign investment which contributes substantially to our current account deficit. However, if the NDP means economic independence in terms of controlling foreign investment and providing incentives for Canadians to invest in and own the dominant Canadian industries, then indeed they are supporting many recent government initiatives, of which the NEP is an outstanding example. The government, Mr. Speaker, has moved recently to patriate the Constitution. We are gradually moving to patriate significant sectors of our economy.

Let me allude for a moment to other structural causes of inflation, having touched on the major impact of world oil prices and our immensely important connection with the international trading community. In part, high inflation is a symptom of economic inefficiency which reduces Canada's competitiveness and productivity. One such inefficiency is the lack of a strong indigenous research capability and specialized technology. Canada has a secure resource base, a fairly strong secondary manufacturing sector, but we add little value to the resources nature has so generously bestowed on us. Borrowing someone else's technology or even just copying the products of other countries and producing them on a world scale was enough perhaps at one stage. However, the day that someone else's technology will give a country a major lead in international trade is fast passing. Major technological events are the reordering force behind changes in market competition.

The industrial strategy of Japan and several European countries has been forged through government leadership and co-operation with industry. Public policy has become a major factor in the traditional concept of competitive economic