

would have to be determined by our desire to remain forever and a day self-sufficient in respect of energy. I think every Canadian must agree with this, and say that if we have the known reserves let us not ever be subservient to the Arabs in the Middle East. Let us never be placed in the position the United States is in now, of having to depend on others for 7 per cent of our consumption. That country is subservient to the Middle East nations.

If we should reach a decision that we will always, in Canada, be prepared to supply Canadians with energy at something less than the world price, I would not object, but let us not merely pick a figure out of the air as the Minister of Energy, Mines and Resources (Mr. Macdonald) has done. At one time he said \$4 was good enough. Then the figure was \$6.50, and finally the minister changed the criteria and other things.

We should tell those in the industry the criteria on which our decisions will be based so that they can go ahead with some degree of confidence that the rules of the game will not continually be changed. If they go to the United States, they know the rules. If they go to the Middle East, to the North Sea or to Indonesia, they know the rules. One major country in the world which can remain self-sufficient forever and a day is Canada. Yet we are creating a situation in which the industry does not have any confidence in our rules of the game because these are changed regularly.

Several months ago the price was \$6.50 for a 15-month period to end on July 31, 1975. Now we do not know whether the period will be shorter, longer or what. I say that the first decision we should reach on this oil question is that we will remain self-sufficient in respect of oil, and will price it for Canadians at something less than the international price, but that we will lay down some kind of criteria to which the industry can relate so that it will be absolutely clear concerning how that price is to be reached.

The National Energy Board was brought into being by the Conservative government some years ago. The board believed this was what should be done in order to create some kind of confidence on the part of industry. Today that board has become the tool of the present minister of Energy, Mines and Resources. It answers to him while it is supposed to answer to the Government of Canada. It is not supposed to answer to the whims and fancies of some particular minister who may be here this year and gone next year.

An hon. Member: One can always hope.

Mr. Horner: Yes, I had a great deal of hope that he would be gone after the second last election and also the last election, but he was able to survive. But the Prime Minister (Mr. Trudeau) might move him to the Department of Finance tomorrow, and he would be involved in something else. Of course Canada would also be into something else in that case. Again, the Prime Minister might drop him completely from the cabinet. That is an encouraging thought. In any case, the survival of any minister in the cabinet lies in the hands of God, in this case the hands of the Prime Minister.

Oil and Petroleum

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An hon. Member: He thinks he is God.

Mr. Horner: But I don't. What I am really trying to point out is that the whole concept behind the National Energy Board was to create certainty in the market and a degree of understanding as to what we are going to do with our energy. That understanding has been seriously eroded under the present minister. Regardless of whether I convinced anybody of anything tonight, I want that fact firmly established.

An hon. Member: Hear, hear!

Mr. Horner: Thank you. That should be clearly established in the mind of every Canadian. The minister has eroded the effective work of the National Energy Board. He has made the National Energy Board into his puppet, and that cannot serve the industry in the years ahead, nor can it serve Canada. It distorts completely the whole purpose of the National Energy Board.

If you have followed me so far, Mr. Speaker, then you will agree that you and I have reached the decision that Canadians should be self-sufficient with regard to oil, and that they may well deserve a lower price than the international price. How can we best arrive at that? By creating some degree of understanding between government and industry; in other words, letting industry know what rules should be followed.

I want to advance a theory as to how much lower the price should be in Canada. The various prices that we have heard mentioned have meant nothing to me so far as some kind of a price level is concerned. These were the prices that the minister pulled out of a hat and on which some agreement was reached between Alberta and Saskatchewan and the consuming provinces, namely, Ontario and Quebec. That is not good enough; it is only a temporary decision reached temporarily by a minority government.

We should examine our known resources. Our known resources and reserves are really the Alberta tar sands. We should examine very closely what it takes to produce a barrel of oil from the tar sands and how much those costs go up every year, because inflation plays a very important part in the development of the tar sands, which development is work intensive.

The development of the tar sands will not be a simple task such as drilling a hole and finding pools of reserves some thousands of feet below the ground. It is work intensive, which means that a great deal of machinery and a great amount of money will be needed. If you reach that conclusion, then in setting the price of oil, if we want to remain self-sufficient in energy, account must be taken of the falling off in 1983, and therefore the price must be such as to encourage development of the tar sands, and it must be a price that is adjustable, taking into account inflation.

The next question one should ask oneself is what is the cost of money, and what will be required in order to entice money for the development of the tar sands. That is the X in the equation. It is a difficult question to answer. Are there any answers today? Have we failed or have we