Excise Tax

imports by $3.5 billion. Why does Canada want to pay $5 billion of Canadian workers' wages, our wages, for imported oil from Saudi Arabia and Mexico? What in heaven's name are we thinking about when the Canadian economy is on the ropes? Why do we want to pay $5 billion to people outside our country? It is madness. Therefore, I repeat, Canada should move the price of oil to 75 per cent of the world price and so reduce our import subsidy by $3.5 billion.

Second, we should move the price of oil to 75 per cent of world price to stop the $4 billion or more flowing out of Canada. I suspect there is a great deal more money than that flowing out of this country as a result of the National Energy Program. I know that in the oil and gas industry alone because of the National Energy Program $3 billion is leaving Canada for the United States and being used to look for oil there. I also know that the Germans are no longer investing in oil and gas in Canada. I know many foreign investors do not like what is going on here. They do not like what is happening to the Canadian economy, nor do they like the interventionist approach of this government, and they want to get out.

Again I say that if we moved the price of oil to 75 per cent of world price tomorrow morning, the entire attitude toward investing in Canada would be changed, not only of foreigners, but of domestic companies, Canadian companies. Do hon. members realize that the National Energy Program hurts our own domestic Canadian-owned companies far more than it does the foreign-controlled companies? The larger companies that are foreign controlled and foreign dominated can ride the situation out. The situation will not hurt them because they have downstream operations and chemical operations. But the small Canadian-owned oil and gas independent operators cannot ride out the situation. The small companies are the ones going to the United States with their money, their people and their drilling rigs. Therefore, we should move the price of oil to 75 per cent of world price to stop this hemorrhaging.

Third, if we move the price of oil to 75 per cent of world price, we would reduce the federal fiscal deficit by $3 billion by increased corporate taxes on the oil industry. As I have said, moving to 75 per cent of world price, or $32.25 a barrel tomorrow morning, would allow the government to take 25 per cent of that price and increase its share of corporate taxes by $3 billion a year.

Fourth, we should move the price of oil to 75 per cent of world price, drop the petroleum and gas revenue tax and allow world price for the oil sands plant. Alsands and Cold Lake together amount to an investment over the next five or six years of over $20 billion. More likely that figure will be $25 billion or more. If we dropped the petroleum revenue and gas tax and gave the oil sands plants just what we are paying to the Mexicans and Venezuelans, we could proceed almost immediately with the two plants which are going to produce 280,000 barrels of oil per day for Canadians for the next 25 years. That means a $25 billion capital investment alone over the next 5 years, which amounts to another $4 billion to $5 billion a year.

In summary, we have four actions which the government could take right away, and I suggest those four actions would have the consequence of so strengthening the Canadian dollar that we would not have to keep Canadian interest rates at the same level as the U.S. interest rates since the need to defend the dollar would be at a minimum. I am absolutely convinced that if the government took those four actions, we could have interest rates 5 per cent below the level today.

● (1530)

We cannot solve our inflation or interest rate problems in this country simply by monetary means, by controlling the rate of money supply. That is impossible. What we have to do is to reduce the federal fiscal deficit. Until the government comes to grips with its own demands on the money market, inflation in this country will never be solved.

The effect of those four proposals I made would be a reduction in the federal fiscal deficit of $6 billion; a $3 billion increase in corporate income taxes and a $3.5 billion reduction in import subsidies. Inside one year we could reduce the federal fiscal deficit by more than $6 billion. I do not know how much the rate of inflation would go down as a result of reductions of those kinds, but I think it would be darn significant.

Furthermore, think of what would happen. Do you know that the government is paying out $10 billion a year in terms of interest costs on its debts?

An hon. Member: It is $12 billion.

Mr. Thomson: Pardon me, $12 billion. I stand corrected. It is $12 billion in interest costs on the money the government has borrowed. The government went to the bond market the other day and paid 16⅛ per cent for its money. Let us just assume we could reduce interest by 3 per cent. Think of what a 3 per cent reduction in interest rates would be on $80 billion. That is another means of reducing the deficit and thereby reducing the rate of inflation.

The current wellhead price per barrel of oil is $17.75. This is shared as follows: $6.42 of that goes to the producer, the fellow who goes out and finds it and puts all the equipment in place to get the oil to the surface; the Alberta government takes $7.56 out of that $17.75; $2.63 per barrel is paid by the producer in the form of corporate taxes to the federal government, and on top of that the petroleum gas revenue tax proposed in this bill will take another $1.14 per barrel, which I might add is non-deductible for tax purposes.

I can tell you now that I left the oil and gas business three years ago and I know that you cannot find oil for $6.42. Nobody is going to look for oil at $6.42 a barrel. Incidentally, a producer in the United States now, after windfall taxes, profits and everything, gets close to $25 a barrel. What man in his right mind would go and look for oil here when he knows he cannot make any money at $6.42 and he can go across the border and get $25 a barrel? That is the madness and the insanity of this National Energy Program.