nomic Consultants. He put some perspective on the federal budget during a recent speech to an industrial relations conference in Banff. Let me quote:

—the potential economic implications of the federal energy policy for Alberta must be assessed against a backdrop of what must be described as a superheated economy . . . Although the rate of economic activity in Alberta will undoubtedly slow down from the hyper level of the past few years, the rate of growth and over-all level of economic activity will still be higher than the national norm and probably exceed that of most western industrialized countries—

That is what Mr. William Barratt had to say.

Jeff Sallot who was writting on this subject in Edmonton said:

A sector-by-sector look at the Alberta economy suggests continued real growth almost everywhere—forestry, manufacturing, petrochemicals, construction and even mining, a sector that includes the oil and gas business. Only the agricultural sector, hit hard by inflation, could have problems next year.

I would say a good part of the reason for that is high energy prices. Mr. Sallot went on to conclude:

In practical terms, the economic outlook means Albertans, who are already among the most prosperous people in the world, may have to lower their high expectations for a little while. It will be a bit tougher to get rich quick in 1981. But there will be no bread lines along Jasper Avenue, or cobwebs on oil refineries.

That is the situation as it is seen by people who live and work in Alberta and who are not guided by partisan views in reaching particular judgments on the present situation.

What is the situation in the industry? The Petroleum Monitoring Agency released a report as recently as yesterday. The hon. member for Broadview-Greenwood quoted from an edition of the *Toronto Star*. What do we find there from the Petroleum Monitoring Agency report? The heading is "Oil profits higher, but less goes into exploration". The article states, in effect, that for the first nine months of this year the profits of the oil and gas companies went up by 54 per cent over last year, which was again an increase in profits greater than the rest of the economy and the rest of industry. However, reinvestment in exploration fell, comparatively, from the first nine months of last year.

What have we seen since the national energy program was introduced? We have seen companies coming out announcing larger exploration budgets than they had foreseen. One of them was Norcen, a Canadian company. There may have been some multinational foreign companies who will be squeezed, relatively, out of some of their cash flow because of our taxes, but Canadian oil and gas companies, when you take into account the grants we are making available to those firms under our national energy program, are finding themselves better off than they would have been without the national energy program. That can be established by looking at the figures, firm by firm, and we have been doing this with a number of Canadian firms.

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If we look at the average for the industry, what do we see? The Petroleum Monitoring Agency has reported, not in this report but in the one previous, that the industry's cash flow increased by 67 per cent in the two years between 1977 and 1979. A further increase of almost one-third is projected for 1980. If we include the incentive payments which are mentioned in our program, the whole industry's cash flow in 1981 is estimated, not to decline, but to rise by a further 7 per cent over 1980, despite the imposition of higher taxes. Even if those incentive payments are excluded and even if the companies decide not to apply for the grants which will be available, the 1981 industry cash flow is projected to be 28 per cent higher than in 1979. That is the situation of the oil and gas industry under the national energy program.

There are firms which may be relatively hurt, and I have said before that we are looking at those situations individually with the firms. We are trying to see whether adjustments are required so that those which would be unfairly affected and hurt would find themselves in a position to carry on their operations. We are doing this especially having in mind Canadian junior companies.

The figures with respect to the future of the oil and gas industry, and the future of the economy in Alberta in particular, are not the ones the official opposition has been trying to put forward in the last few days and weeks. What is their solution? They say there must be more activity in the energy field. As we saw in their budget, their solution was substantially higher prices than those proposed in our budget. Hon. members opposite proposed that the price of oil should go up to 85 per cent of the Chicago, or world, price by 1984.

Mr. Wilson: Would you repeat that?

Mr. Lalonde: I said 85 per cent of the Chicago, or world, price in 1984. That is what the Conservative budget provided last year.

Tonight the Leader of the Opposition mentioned that Sheik Yamani was forecasting that next year the price of oil might even go to $80 a barrel from the current $32 set by Saudi Arabia.

Mr. McDermid: And you would pay it to him.

Mr. Lalonde: Canadians would have to pay 85 per cent of $80 per barrel. That is $68, and the Conservatives want Canadians to pay that for all production, including Canadian production. They want Canadians to pay that very high price. Canadians have no choice but to pay that high price for the 15 per cent of our consumption which we have to buy on the world market. We have no choice but to pay those extremely high prices which the cartel called OPEC sets for 15 per cent of our net consumption. However, we as Canadians do not need to pay OPEC prices or anything like 85 per cent of them for domestic production which belongs to all Canadians and which should be used for the benefit of all Canadians.

The Leader of the Opposition talked about the fisherman, the farmer and the worker. What would that policy mean for the fishermen, for the farmers or for the workers who have to travel to work? It would mean tremendously higher prices. It would not mean jobs. It would mean more profit for some oil companies, more money in their coffers and billions and