

shared between the producing provinces, the federal government and the producers? A simple yes or no will suffice.

Hon. H. A. Olson (Minister of State for Economic Development): Well, a simple yes or no is not possible at this time. I would like to look at the import of the question, and I can assure my honourable friend that the government's policy with respect to an excise tax on gasoline and diesel fuels is clear. That will not be changed.

Senator Flynn: Give us a blended answer.

● (2025)

Senator Olson: There may be negotiations involving some aspects of this question and I will ask the Minister of Energy, Mines and Resources to look into that in a little more detail before I give an answer. My honourable friend knows very well that a yes or no answer to any question is not a complete answer.

Senator Balfour: I have a supplementary question. Is the honourable minister prepared to concede that such a tax, in whatever form it may be imposed, will necessarily be passed along to the consumer of petroleum products in the form of higher prices?

Senator Olson: I know that the minister is not willing to concede that.

Senator Balfour: By way of a further supplementary question, is it true that the implementation of the so-called blended price system proposed by the government will result in transferring the cost of the existing import subsidy program to the Canadian consumer? Again, I would invite a simple yes or no answer.

Senator Olson: The honourable senator can give the invitation but, of course, he knows very well that the price of domestic supplies, or any of the other factors in the formula leading up to the amount paid as compensation, could be construed as being paid by the consumer; there is no question about that. There is no question either, as indeed the previous government stated over and over again, that the price of crude oil and the price to Canadian consumers all across the country is going to increase.

Senator Balfour: Another supplementary. Is the Minister of State for Economic Development, on behalf of the Government of Canada, prepared to make a commitment now that the total increase in the 1980 price of oil, including all extra taxes in whatever form they may be imposed, will not exceed the \$4-per-barrel increase provided for in the Crosbie budget?

Senator Olson: Honourable senators, of course, we have never made that kind of a commitment. We have said that the total price to the consumer in the package that we are about to begin negotiating will not exceed the total price of what was involved in the previous government's proposal, including excise tax.

Senator Flynn: Did you consult Senator Davey?

Senator Balfour: I should like to pose another supplementary question to the Minister of State for Economic Develop-

[Senator Balfour.]

ment, but before doing so I would remind him that the Crosbie budget's excise tax increase of 18 cents did not apply to heating oil supplied to the Canadian consumer. Is the Minister of State for Economic Development, on behalf of the Government of Canada, prepared to acknowledge that a per-barrel tax, as compared to the 18-cent-per-gallon tax, means consumers of home heating oil will inevitably pay higher prices than they would have under the previous government's proposal?

Senator Olson: No, honourable senators, I am not willing to concede that.

Senator Asselin: What are you waiting to see?

Senator Balfour: As a final supplementary, will the honourable gentleman explain why it is in the interests of the economic development of Canada for the Government of Canada to contract for the purchase of 50 million barrels of oil daily from Mexico at the highest prevailing world price while, at the same time, repudiating its agreement to give Alberta oil sands plants world prices for their oil?

Senator Olson: If the honourable senator wants an answer based on that preamble to the question, I suppose I would have to say that there is no question left because I do not agree with the preamble. However, I will be a little more charitable than that.

Senator Flynn: Why do you not agree?

Senator Olson: I would suggest to the honourable senator that such matters as security of supply are to be taken into consideration. In case the honourable senator has not heard, the security of supply from the Middle East has been put in even greater jeopardy than it was some time ago. I think any responsible government has an obligation to obtain sources of crude oil from a more secure geographical position or political position, whatever you want to call it. That is part of the attempted negotiations that are now going on.

● (2030)

With respect to the relationship between that and the price for tar sands oil, it is a fact that that price is now about 300 per cent of what it was when the deal was negotiated. There was a provision in that agreement whereby there could be a limit to how much that could increase on the upside, and in the interests of those people who made investments in the plant there was also a limit so that it would not go down so far that they could not recover their investment. It seems to me that a 300 per cent increase is at least somewhere near the point where that ought to be invoked.

Senator Balfour: I thank the honourable senator for his aristocratic put-down. He has failed to answer the basic question. Why is it in the interests of the economic development of Canada to pay Mexico the highest prevailing world price for crude oil and at the same time deny the synthetic oil plants in his own province of Alberta an equivalent price?

Senator Olson: Honourable senators, we are talking about a mix of supplies. I am sure the honourable senator would agree that if we had the capability of bringing on enough Canadian supplies immediately, with the security necessary to make sure