become our trump card. It could make our industry much more competitive and create jobs. There could be literally billions of dollars in profits for the Canadian people. This is the situation at its best. Taken at its worst, without any planning, I can visualize the ruin of our economy. Because of the balance of payments problem which the United States will have in 10 or 20 years, without a controlled or planned energy development program I can visualize the ruin of the Canadian economy, and perhaps annexation by the United States. These are the two extreme options we should bear in mind when talking about a fultime energy policy for Canada.

My concern is that the huge, multinational oil companies, with the complicity of this government and the United States government, are orchestrating the public of Canada to the fact that there is an energy crisis. If we do not do something about it there will be a real crisis in this country, and therefore they say we need a confidential energy plan. The United States does face a crisis in terms of cheap energy. According to United Nation's statistics of 1969, the United States, with 5.7 per cent of the world's population, consumes approximately 34 per cent of the world's energy. Canada is almost as bad: with 0.6 per cent of the world's population, we consume 2.9 per cent of the world's energy. India, with 15.2 per cent of the world's population, consumes only 1.5 per cent of the energy in the world.

Until the end of World War II, the United States was self-sufficient in terms of energy needs. Today the United States imports approximately 25 per cent of its energy and that percentage is rising every year. By 1980 they will be importing approximately 50 per cent of their energy needs. The Americans have many options. We have spoken about a number of these today. One is the Middle East. They can expand their take of energy from Middle East countries such as Saudi Arabia, Iran and Kuwait. However, the United States does not feel these countries are secure; there are many political problems. This makes the situation very dicey and shaky as far as the United States is concerned.

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The second source of energy available to the United States is Canada, but Canada could not supply what is needed by the United States even if we did have a continental energy policy. Today we export to the American market about 60 per cent of what we produce, and this accounts for only 5 per cent of the crude oil consumed in the United States and 3.6 per cent of the gas consumed in that country. If you take the current situation and project it into the future, you will see that the situation does not differ much even if the Mackenzie valley pipeline is constructed and in full operation. If it is constructed and in operation by 1977, for example, and producing two million barrels of oil a day for the American market, about all that would do is make up for the drop in production in the lower 48 states of the United States.

The same is true of Alaska oil. If Alaska oil is developed to its potential, the Americans by the time 1980 comes along will still be producing about the same amount of oil as it is producing today. They would still find themselves in the position of having to import about half their energy. By that time the price will have gone up to at least $5 a barrel, if not higher, compared with about $3.40 in 1972. And, as I said, Canada cannot fulfil the American demand for energy; we do not have the reserves, and if we did develop them our economy would be in serious trouble.

In 1972 there were proven conventional reserves of eight billion barrels of oil and 53 trillion cubic feet of gas in Canada. The Canadian Petroleum Association estimates that the conventional reserves in Canada which are recoverable amount to about 120 billion barrels of oil and 725 trillion cubic feet of gas. This would not be sufficient to satisfy American demands even if we wished to do so.

The world is currently using oil at the rate of about 20 billion barrels a year, increasing at an annual rate of 7 per cent, or doubling every ten years. By the year 2000, about 1,330 billion parrels of oil will have been used—that is, between the present year and the year 2000. Canada will have consumed about 30 billion barrels, the United States 300 billion barrels and the rest of the world about 1,000 billion barrels. Proven conventional oil reserves in the world at this time, according to an American geological survey, amount to about 634 billion barrels.

This, in a nutshell, is the situation which faces us at the present time. What will the solution be? There is extra oil and gas available, but it will be much more expensive to produce. For example, there are the tar sands in Athabasca, Alberta. Oil reserves there could amount to as much as 300 billion barrels. Other tar sands in Canada hold estimated reserves of 145 billion barrels. It is, as we all know, much more expensive to refine this oil, get it out of the ground, and so on.

In the 1980s the Colorado oil shale might become competitive, but here again we are into a much more expensive operation. The reserves in the oil shale show about twice as much as the reserves of the tar sands in Canada. But if a sequence of this kind occurs, we can see what is likely to happen to the price. Canada, if we are not careful, will have priced herself out of her own market; we shall find our energy resources are much too expensive for our industrial needs.

Canada can meet its energy needs until the end of the century, with cheap energy, only if the government steps in and exercises certain controls and restraints. But this is not happening. We find ourselves, instead, accidentally step by step moving toward a continental energy deal of one kind or another. We find, for example, that 99 per cent of the refining capacity in this country is foreign-owned; 82.6 per cent of the gas and oil industry is in the hands of foreign companies and corporations. And this is only part of the situation which concerns me. These are all capital-intensive industries; they do not provide much employment.

Moreover, Canadian tax laws reinforce foreign ownership in this area and encourage investment of capital in this area. Eric Kierans, when he was a member of this House, pointed out many times that in the three years between 1965 and 1968 the oil companies showed a book profit of $795 million. Their taxable income, after accounting for all exemptions, amounted to $45 million. This means they paid taxes on 5.7 per cent of their book profits. Compare this with the level of taxation applied to manufacturing industry—63 per cent—or with that paid by the retail trade, where small businessmen and others pay tax