development and further expansion, worth this lowering of cost?

I hold the view that in 1983 oil will be more expensive than it is today, and I do not think that is an illogical point of view. In spite of the best intentions of governments and banking institutions all over the world, the OPEC countries have learned one thing. They have learned that they have power, and they are going to exercise it.

I well remember last spring when the leader of the Liberal party in Alberta made a trip to Israel. Incidentally, that seems to be the popular thing to do, Mr. Speaker. He came back and told Albertans not to worry because the federal government had set the price at $6.50. He said that was not an unusually low price because by October, 1974, oil would be selling at $6 per barrel throughout the world. He said that countries belonging to OPEC were going to reduce their world price. He said we should fear not because the federal government had been very prudent and wise in setting the $6 ceiling on Canadian oil.

Well, October has come and gone, and in all fairness I think that even the experts would agree that OPEC is not going to lower oil prices. One interesting thing when you consider whether oil prices are going to be lowered is the recent find of an unusually large amount in Mexico. President Ford went to Mexico and wanted to be buddy buddy with those fellows right away, because they have new resources and riches. He wanted to acknowledge their wealth, and he hoped that they appreciated his great country, the United States. The people of Mexico, being the great hosts they are, extended President Ford a fine welcome, but before he left they made it abundantly clear that he should not expect any oil riches from them. They made it clear that they intended to join OPEC as soon as their new oil got into production.

What does that tell any thinking Canadian? I suggest it tells us that countries in OPEC know the power they have, and that they will exercise it. Whether we like it or not, those countries in OPEC will keep the price of oil where they want it. I do not like that, but I have the sense to realize this is a fact of life. I wish most members of the House of Commons would come to that conclusion objectively. Let us forget partisanship. Let us realize that OPEC is in power.

What can we best do to assure Canadians an ample supply of oil after 1983? This bill is to control price setting, supply and flow of production. Price setting has a great deal to do with the control of supply. It is obvious to me, and I hope it is obvious to everyone in this House, that oil is an international commodity. Whether I like it as an Albertan or a Canadian does not matter; oil is an international commodity. We must have additional exploration in Canada because we have to compete for investment dollars with every other country in the business.

● (2020)

The United States imports perhaps 6 per cent, 7 per cent, or at the most 8 per cent of its consumption. It does not want to be beholden to the Arabs. So, huge amounts of money are spent to encourage the international oil companies to spend large amounts of money in that country so that it will be less subservient to the OPEC nations. Yet we sit contentedly in our place and say that by 1983 some

[Mr. Horner.]

stroke of hope from heaven will save us from being subservient to the OPEC nations. We may not receive that hope from heaven. After 1983 we may be subservient to the OPEC nations, just as the United States is today.

What are we doing contrary to what is being done by the United States? It is not a matter of whether one hates or likes the United States; it is going all out to encourage exploration. What have we done? Just about the opposite. We have gone out of our way to discourage exploration, which is the worst possible course we could have followed.

Some months ago a newspaper article commented to the effect that Texas had been considered drilled out, and that there was no real need for exploration in that state. Today in Texas some 900 drilling rigs are drilling for oil and gas. We must scratch our heads and ask what brought in those 900 rigs. Perhaps 50 of them are from Canada, and maybe 25 of them are Canadian owned. What brought them from our country to that country? Did we feel that we had sufficient reserves and did not have to worry? Possibly it was because oil and energy are international commodities, and they were not aware they could get the best deal in our country.

Whether I, the government, or the Canadian people like it or not, Canadian money left Canada to be used in the search for energy and oil in the North Sea, in the United States and in the Middle East. It did not remain in Canada. I am not talking about the multinational oil companies which may have some loyalty to a parent company in some other country. I am talking about Canadian money which left Canada to be used in the search for oil in the North Sea, in Indonesia and in the United States.

We must recognize that oil, gas and other forms of energy are international commodities. I once argued for years against the social credit philosophy in the province of Alberta. I said it might work if we isolated ourselves completely from the rest of the world. I think it is generally conceded that as much as we might like to isolate ourselves, this is an impossibility. It is certainly an impossibility in respect of world commodities. So, let us recognize some of the basic facts in respect of the present legislation.

I would recommend that the bill be dropped completely, but if it is to be implemented it must be used with the greatest degree of understanding on the part of the industry. Whether or not the purists believe in the marketing board concept, price eventually will determine the supply. I do not like it, you may not like it, Mr. Speaker, and the members of the House may not like it, but it is a fact of life. What do we do from that point on?

We could say that price alone does not necessarily have to regulate supply for Canada. We could say that because of the tar sands our known reserves can supply Canadians with oil any time after about 1983, but we then would have to have a price not necessarily in step with the international price but a price over and above the cost of production in respect of the tar sands.

In other words, if some political party should decide that Canadians, because of our reserves, are entitled to a lower price than the international price, that would be well and good and I would not object to such a political decision. However, how much lower the price should be