

*Excise Tax Act*

would also think that the Government would do well to learn from Saskatchewan's experience that it makes more sense to reward success, not merely effort, which is the basic problem with the PIP program. In that program, companies are encouraged to spend taxpayers' dollars drilling dry holes.

The Minister of Energy, Mines and Resources also took offence when the Leader of the Opposition said that few people realized that our oil production is declining at a rate of 30,000 barrels a day. The Energy Minister commented that our crude oil production climbed 3.4 per cent in 1983 and conventional crude by 2.4 per cent in the same year. Unfortunately, the Minister of Energy, Mines and Resources, like his colleague in the House today, uses selected statistics to hide the real truth.

The real facts are that since the NEP was introduced, production of conventional crude is down some 16 per cent. Our capacity to produce conventional oil has been declining since 1969, and we are now in our fourteenth consecutive year of decline. According to a Geological Survey of Canada forecast, total Canadian oil production, now around 1.46 million barrels a day, would decline to 1.35 million barrels a day by 1990, peak at 1.73 million barrels in 1996 when frontier production reaches its maximum, and then trail off again to 1.6 million barrels per day by the year 2000.

Currently, Canada is self-sufficient but this is a temporary situation resulting from the sharp 30 per cent drop in demand caused by the recession. That is hardly something to be proud of.

The Minister of Energy, Mines and Resources said that he applauded the statement by the Leader of the Opposition that the Progressive Conservative Party is in favour of Canadianization. But it is worth noting who first started the move toward increased Canadian presence in the oil and gas industry. It was not the Liberal Government of the former Prime Minister Louis St. Laurent, for between 1945 and 1951, Canadian ownership of the industry had slipped from almost 60 per cent to under 50 per cent and American ownership had actually increased by 10 per cent. Through the 1950s that position continued to erode until action was taken by the Diefenbaker Government.

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It was a Progressive Conservative Government which established the National Energy Board in order to control the quantities of oil and gas that could be shipped back to the United States by American controlled Canadian subsidiary companies.

It was also a Conservative Government, under the then Prime Minister Diefenbaker, which introduced regulations for northern development that required majority Canadian beneficial ownership of any oil and gas producing properties. It must also be worth at least a footnote in history to point out that the then Opposition Leader, Mr. Pearson, was concerned that those Canadianization regulations would discourage foreign investment in Canada.

So, of course, my Party supports Canadianization. We started it. We, however, believe in Canadianization that allows Canadian companies to flourish in an expanding oil and gas industry, not the approach of the Liberals which is to increase Canadian ownership by reducing the growth of the industry.

Nearing the end of his attack on the Leader of the Opposition the Minister of Energy, Mines and Resources said that the federal Government should actually continue its intrusion into exploration management. That is something on which we basically disagree. Energy policy is the role of a reasonable Government, but exploration, development and how capital should be reinvested should be controlled from the boardrooms of this country, not from the Government offices in Ottawa or Calgary. Perhaps the Prime Minister (Mr. Trudeau) should consider instructing his Government to get out of the boardrooms as well as the bedrooms of the nation.

The Minister of Energy ended his attack on the Leader of the Opposition by saying that he did not need to make promises about the need for co-operation between the federal Government, the provinces and the industry. He said he had already delivered. We beg to differ.

The current federal-provincial dispute over search and rescue off Newfoundland, which is endangering the lives of the men working on those offshore rigs, is a shining example of the kind of co-operation that Ottawa extends to the provinces.

The Industry's view of the Government's stand was recently summed up by the same Chairman of Gulf Canada Limited to whom the Minister of State for Finance referred earlier this afternoon and who is quoted as saying, in reference to the winter drilling fiasco:

—the greatest threat to development of the massive oil reserves is legal and political wrangling.

The Chairman of Gulf added that oil companies are afraid to invest heavily in offshore exploration because they do not know if the federal or the Newfoundland Government is calling the shot, or which rules should be followed.

I question the Minister's definition of co-operation. Since I was appointed energy critic last September, I have been crossing the country speaking with literally hundreds of representatives from the energy industry, provincial Premiers and the people who have suffered because of this policy. I have seen what this Government dares not talk about. The small towns which have been so badly hit, the shopping centres with empty stores, the for rent signs plastered on their windows, hotels boarded and shuttered and in receivership; all because an energy boom was snuffed out largely by this Liberal Government at a time when there were other adverse forces still to be taken into account. I have mentioned before in the House the problems faced by towns such as Grande Prairie, Alberta, which is one of the communities hardest hit by the NEP since it is heavily geared to servicing the needs of the exploration arm of the industry. The resulting shift of exploration to the Canada Lands which are under Ottawa's thumb, the crippling increase in taxation, which virtually dried up the industry's cash flow, and the weakening demand for gas in the United