

create jobs, but we are also committed to a basic fundamental principle that there must be some degree of ownership, control, and management within our own country.

**Mr. Baker (Nepean-Carleton):** Do you have criteria?

**Mr. Axworthy:** Yes, I do, that 90 per cent of the oil industry should not be owned by foreigners. That is the criteria I start with. I do not believe that with a valuable, essential resource like energy we can afford to have decisions made by people outside the country.

**Mr. Baker (Nepean-Carleton):** No one is arguing with that. Tell us about your criteria.

**Mr. Axworthy:** I believe the government must be able to establish certain rules and to have a certain degree of accountability to its citizens, whether corporate or private. But we have no reach to Pittsburgh, Dallas or Houston. We are simply vulnerable to those decisions. We are trying to establish some rules which will give some certainty to private industry, at the same time providing some incentive for Canadian owners and managers to create wealth in the country and to be accountable to their own elected representatives.

The hon. member for Calgary Centre spent a great deal of time, to the amusement of his colleagues, scorning the activities of PetroCan. Yet he ignored one very fundamental consequence of the development of PetroCan in Calgary itself. Because of PetroCan, and the legislation brought in by Mr. Macdonald, Mr. Turner and Mr. Gillespie, we gave an enormous incentive boost to private Canadian operators to become active in the oil industry. It was Petro-Canada that took a bunch of small oil companies, and by allowing them to become a consortium and to get access to Crown land, they for the first time were able to get into the exploration and development field, a field which had been dominated by multinationals up to that point in time.

**Mr. Baker (Nepean-Carleton):** Will the hon. minister accept a question?

**Mr. Axworthy:** Certainly.

**Mr. Baker (Nepean-Carleton):** The minister indicated that he was concerned about 90 per cent foreign ownership in the oil industry. That concern is shared by all Canadians. Would the hon. gentleman tell us how that occurred over the last 13 years? Who was in government when that occurred? Why was it allowed to occur? Has the government explored other ways, in addition to the ways the minister described, in which that may be alleviated?

**Mr. Axworthy:** Mr. Speaker, I would be very happy to try to provide an alternative history lesson to the one the member received from his honourable colleague. We are talking about a major change in the nature and composition of the oil industry beginning with the OPEC prices of 1973. At that point in time we met a turning point in our history and in the

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history of the world. All of a sudden we were creating vast windfall revenues and enormous economic grants that had no relationship to cost of production or development, but were simply created artificially by the decision of a group of governments which had the ability to command and control the world market. Once that began to take place, enormous power was given to those who were acquiring the wealth.

**Mr. Baker (Nepean-Carleton):** Did you see that coming over 13 years?

**Mr. Axworthy:** No one saw it coming. I mean, I would like to think we were all born in possession of crystal balls. I do not make any claim to prescience and foresight. We simply said that we had to react to events, like the Japanese, the Germans and the Americans did. I do not want to be unkind, but I suppose I could say to the hon. member opposite that if his crystal ball was so good, he might have avoided December 13 more effectively than he did.

**Some hon. Members:** Hear, hear!

**Mr. Baker (Nepean-Carleton):** Will the hon. minister permit another question?

**Some hon. Members:** Oh, oh!

**The Acting Speaker (Mr. Ethier):** Order, please.

**Mr. Axworthy:** I have tried to answer the member's first question. I would like to be allowed to continue. If there is time left, certainly I would be prepared to consider it.

**Mr. Baker (Nepean-Carleton):** I thought you had forgotten what the question was.

**Mr. Axworthy:** The fact of the matter is that we have gone through a major change, and it was this government which brought in Petro-Canada as an alternative based upon its energy policy of 1974 and 1975. We are simply saying now, as the industry grows and expands, that we want to ensure a balance between the public and private sectors.

One important result of the establishment of Petro-Canada was the incentive it gave to the private, small, independent Canadian oil and gas industry in Alberta. That is a part of history which is conveniently forgotten by members opposite, by Mr. Lougheed and by members of the oil industry. They were given incentives, they were given assistance to develop and expand their operations, but now the time has come where we must take another look at changing conditions. Perhaps that is one of the things which makes us different from members opposite.

We are prepared to change policies and programs as conditions change. We do not etch them in stone and keep them there for 40 years simply because it is the Conservative way of doing things. We are prepared to respond if something happens. Also we are prepared to admit mistakes and to say that as the world around us changes, and as our own country changes, we must have the flexibility to respond.