

Petroleum Incentives Program Act

What we have is a tremendous lack of confidence in the mineral industry that is very important in regions like Quebec, northern Ontario and British Columbia. This is a direct consequence of the National Energy Program. I should point out that it is not only because of the National Energy Program, FIRA and the budget, but it is because many of these companies are affiliated with oil and gas exploration interests. Those oil and gas exploration interests have found mineral exploration to be a high risk. That is the part that has been closed down first. In the past few months we have seen Kennco Explorations (Western) close down in British Columbia. Shell Canada Resources, Gulf Minerals, Canadian Superior Oil, Norcen Energy and Union Oil have all withdrawn their exploration efforts in western Canada and elsewhere because, and they will state this very clearly, of the impact of the National Energy Program and FIRA.

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I should like to quote from a letter which was sent to the Minister of State for Mines by the president of the British Columbia and Yukon Chamber of Mines, Mr. Robert J. Cathro, wherein he indicated:

Our analysis shows that these federal Canadianization policies will reduce 1982 mineral exploration spending in British Columbia and Yukon from the petroleum companies and the small (junior) mining companies by about \$31.4 million (49 per cent below the 1981 levels). This sharp decline is hitting us at the same time that lower metal prices are causing a cutback by major mining companies of approximately \$17.6 million (18 per cent below the 1981 level). The total decline in 1982 is estimated at \$49 million (a 30 per cent drop from 1981). This translates into a loss of at least 200 professional positions and over 1,500 field and clerical jobs (including contractors). In addition, it will result in a substantial decline in revenue for aircraft and assay companies, equipment suppliers and the hotel, food and catering industry.

Then he went on to say:

The lofty aims of FIRA and NEP are resulting in reduced security and opportunity for the mining industry, which strikes us as a grossly unfair and foolish way to share the nation's rich resources.

We wonder why the government would not have considered a more constructive and gradual method to encourage more Canadians to invest in oil and gas and mineral exploration in the country. Why did it not first encourage foreign-owned companies to make more stock available for purchase by Canadians? Why did the government not negotiate a change to the bilateral tax agreements between Canada and the United States if it really wanted to effect a change in this area? Why did it choose to bring in a socialistic, bureaucratic solution to a problem which will ultimately hurt us all?

We must consider the impact of this legislation on Canada-United States relations. I am not only referring to the question of Canada-United States relations in terms of tax policy. I am talking about the over-all relationship with our strongest ally, closest neighbour and best friend—the United States of America. We must consider its impact in a political, economical and social sense. We must realize what we are doing to Americans who have regarded Canada for a long time as their closest friend and neighbour and as a source of secure supply of minerals, natural gas and other energy materials which are essential to the maintenance of their economy.

We are beginning to look like another banana republic to Americans. We have no one to fault but ourselves. One morning they may turn their backs on our country and say, "We will go it alone. We do not need offsets in the auto industry. We do not need concessions in the fishery area. We do not need to worry about how you feel about your water, the Garrison diversion, acid rain and various things, because of the way you are treating our genuinely motivated citizens who wanted to take some risk and make some investment in your country and to share in the adventure and the challenge it represents." Allan MacEachen, or I should say the Minister of Finance (Mr. MacEachen), will probably demand next year that the United States change its domestic policies regarding oil and mineral exploration because of the hurt those policies are causing us. Is that not what the Minister of Finance said about interest rates, that Mr. Reagan should solve the problems which his high interest rates are causing Canadians? Is that not ludicrous? Yet, because of the damage caused by the National Energy Program, we will hear the Minister of Finance and the Prime Minister saying, "Those dastardly Americans have done it to us again. Why do they not clean up their tax structure and stop encouraging Canadian investment to go south because we need it in Canada?"

The statistics in fact show that investment is flowing south because investment and risk taking is rewarded there. Here it is penalized; the only thing that is important is whether one is a 50, 75 or 52 per cent eligible Canadian. We find that Americans are opening up reserve lands, restructuring their tax policies, emphasizing more exploration in their offshore areas and making it much more attractive than it was previously. They are asking Congress to legislate in terms of geothermal leasing and shale oil development. They are opening up wilderness areas in order to respond to the need to be self-sufficient in minerals and in oil and gas, because they can no longer count on Canada. In some respects one might imagine that there is almost an element of plot to the program, an element of plot against our American friends, and that they will say, "There will be no more security of supply for you, even if it pertains to coal, minerals or other resources which you need as much as we do, as do the Japanese, West Germans, French and everyone else." The government would rather be borrowing from the Saudis and the French, from the financiers of Wall Street and Bonn, in order to finance the patriation of the oil and gas industry. It would prefer to go to those countries to borrow money at secured rates of return with no risk and agree to allow our children to pay off deficits at 15, 18 and 20 per cent rates of interest for who knows how many decades.

It is not only a plot against Americans. It almost smacks of a plot against Canadians. Certainly it is seen as a plot against western and northern Canadians. The provisions of Bill C-48 do not allow the northerners any say or control over the development of resources. No northern heritage fund is being set aside so that the benefits of resources can be enjoyed by northern people for many centuries to come. Certainly it can be seen as a plot against Newfoundlanders and Nova Scotians