

Possible Takeover of Home Oil Company

Mr. Brown and his directors are to be congratulated for their efforts in creating up to now such a viable corporate force in Canada. This is a company owned by Canadians, developing resources for Canadians, developing trade for Canadians and producing a product which adds to the growth of our gross national product and to the employment of thousands of Canadians, not only in Alberta but elsewhere, particularly in view of the industrial side-effects when you consider its by-products and the manufactured goods that are purchased from central Canada by the oil industry, which brings wealth to this part of the country.

● (8:30 p.m.)

This is a government of crisis. It moves only when something comes up that makes it move. That is why the Prime Minister has been getting so irritated lately and has been losing his cool: it is because he has crisis after crisis in his cabinet and in this House. When we ask questions seeking information, what does he do? I leave that question to you, Mr. Speaker.

Whatever answer is worked out to solve this problem, it must be a formula that is fair to the shareholders and fair to the company. But there have been no guidelines to date. What have we been doing since 1963 in this field? What has the Liberal government been doing since then? While it tergiversated, procrastinated and vacillated in this as in other fields, an uncertain atmosphere has been developing in the business community everywhere. I believe that Mr. Arnold Hart, the chairman and chief executive officer of the Bank of Montreal, put the matter in its proper light when he was dealing with this uncertainty. He said:

One of the most unsettling aspects of the past year's discussion of the white paper on tax reform was the strong impression it created that officials in Ottawa are convinced that governments cannot perform their functions without taking an increasing share of the national output in taxes. This impression was not dispelled by a recent speech by the Minister of Finance in which he strongly implied that a reduction in taxes to promote economic growth could not be contemplated if it meant that existing government programs would have to be curtailed.

Is it not fair to ask how changing needs and priorities can ever be accommodated if existing programs cannot be considered candidates for curtailment? And is it not especially important in present circumstances to have a hard look at these programs to see whether resources cannot be more effectively used to assist in the creation of employment opportunities in those regions of the country where slack economic growth is the source of much discontent and social friction?

My first point is that the white paper has scared away Canadian investors. It has frightened away those who were ready to invest in risk ventures. Mr. Bryce, the economic adviser to the Prime Minister, who never pays any attention to this place, said when I examined him in committee that of course the white paper on taxation would scare off investors but that Canadians were ready to pay. Yes, Mr. Speaker, they are paying tonight: they are paying through the nose because one of the last Canadian oil companies is being forced into the hands of foreign investors because of the fear being created by the white paper on taxation.

[Mr. Woolliams.]

Canadian companies are placed at a disadvantage when competing with American and other foreign organizations in the exploration, development and indeed in the finding of crude petroleum and natural gas and all the by-products that go with them. The white paper on taxation has done nothing to correct this disadvantage. We should at this time create tax incentives and advantages for Canadians and Canadian corporations, not only to put them on an equal footing with American companies but to give them an advantage over foreign companies. This would encourage the Canadian investor to invest in these industries. The sins of the government are now coming home to roost. This is due to the fear created by the white paper on taxation.

The government should come out with a clear cut statement as to what taxes will be implemented, whether there will be special advantages in respect of depletion allowances, what the capital gains tax will be, if any, how it will affect the Canadian investor, and indeed how it will affect Canadian corporations developing resources here as well as abroad. Here was one of the problems. Home Oil went into Alaska to drill wells, and came up with dry holes. Supposing it spent a \$6 million on drilling there, although I do not have the books of the company on my desk? If it is bought out by a foreign company, the foreign company can write off those losses, whereas if Canadian Pacific Investments or any other Canadian corporation were to buy Home Oil it would not have that privilege. Surely there must be provision for equal competition; but what has happened here is unequal competition which is working against all Canadians.

There are many other tax advantages which foreign corporations have when operating in Canada and Canadian corporations do not enjoy. This is particularly true in the resources field. If such a corporation buys shares in another company, the interest on the money it borrows to buy those shares is tax deductible. I could go on ad infinitum. Yet the Minister of Finance (Mr. Benson) talks about the assets of the white paper on tax alien and his puppets around him support the statements he makes not only in this House but in committee.

The *Globe and Mail* of today's date carries a story about the long negotiations concerning the purchase of controlling interest in Home Oil by Ashland. It states that according to sources in Calgary and Ottawa, last-ditch efforts to save the company from foreign control have failed. Why did they fail, Mr. Speaker? They failed, not through lack of capital in Canada but because of conditions imposed by the government which drove Mr. Brown, Home Oil president, into a foreign field to get the necessary capital. What were those conditions? Why have those conditions been kept secret from members of the opposition?

My leader, myself, other members of this party and, indeed, members of the NDP have been asking questions, seeking information, but we have not been getting it. All we get is evasive answers, dishonest statements, ending up with a fictitious fuddle-duddle. That is what the government is doing—fuddling and duddling around. I want to know those conditions. If the Canadian government—