

I believe the hon. member for Swift Current-Maple Creek (Mr. Hamilton) referred to the fact that certain constituents of his were revising their plans in view of the uncertainty caused by the policies of this government. These people are engaged in the petroleum industry at the very lowest levels, such as workers in the field; they feel insecure and are deciding not to proceed any further with capital spending. Entire companies are deciding to close their operations. In the past we have made reference to activities of oil companies having a multiplier effect, and I am afraid we are in for a division effect pretty soon unless some certainty can be injected into this particular area.

● (1710)

I was referring earlier to what will be required in the future. If we are to be concerned about a secure source of petroleum, the first thing we should consider is a pricing policy for oil in this country. That is the crux of this whole matter. Contrary to what many people believe, oil does not grow on trees like bananas and other fruit, ready to be picked when it is ripe. Oil is a hard commodity to find, exploration costs are high, and unless the price of the finished product is equated with the cost of exploration and production our problems will continue. I suggest that our problems are not related to lack of oil; most of our problems can be associated with difficulties of distribution, and those problems are not going to be solved by policies which will ensure greater expenditure in exploration.

Most of our concern is in respect of a shortage of supply in the eastern half of Canada, east of the Ottawa Valley line. I always understood that the Canadian government's point of view in respect of a pricing policy for oil is that it should be based on the price of crude landed at Montreal. It seems this policy has been changed in that the accepted price of crude will be associated with the price on the Chicago market.

When this policy was announced there was no dispute among the provinces of Canada because it was felt that in effect this pricing policy would lower the price of Alberta oil domestically and on the Chicago market. The province of Alberta, being a good Canadian corporate citizen, has and will go along with any attempt by the federal government to solve our supply problems. The first criterion expressed by the premier of that province is to make sure there is a sufficient supply of Alberta oil to offset any shortfall that might occur as a result of an interruption of offshore supplies. This is the attitude taken by the government of Alberta notwithstanding the fact that this might result in serious shortages in Alberta. In spite of that fact, Alberta is prepared to waive its conservation practices in order to provide a secure supply of oil to the rest of Canada. It bothers me very much to hear people such as the hon. member for York South (Mr. Lewis) refer to the Premier of Alberta as "Sheik Loughheed." I can only refer to that hon. member as "Sheik Down", because that is what he has been doing in the past year or so.

Some hon. Members: Oh, oh!

Mr. Schumacher: Let me remind hon. members what has happened in the province of British Columbia which now has an NDP premier. The price of natural gas has

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been increased by 81 per cent, with reference to no one. There has been a discussion among officials of the province of Ontario and of the province of Alberta in respect of the price of natural gas, but we have not witnessed unilateral action on the part of Alberta increasing the price of gas by 81 per cent, as was the case in the province of British Columbia.

Let us also consider what the premier of the province of Saskatchewan has done. He has effectively kept Saskatchewan resources in the ground. This has occurred without representation to the National Energy Board; and I suggest the premier has overlooked the fact that the vast majority of petroleum in that province is sour crude and can be used only in refineries in Minnesota. The premier of that province, in deciding upon this policy, said in effect that Saskatchewan would wait until a higher price was available before making its sour crude available. That premier has taken much stronger action than the premier of Alberta in that he has counteracted the federal export tax by a provincially imposed tax.

When considering tax policy, one must remember that the National Energy Board has a statutory duty to get the best price possible for Canadian oil. I wonder why the province did not operate under the provisions of this act in order to increase the price of Alberta crude, rather than allowing the federal government to impose an export tax to equate the price of Alberta crude with the price on the Chicago market. I suggest the reason is that the provincial government did not want to impose the Chicago price on all Canadian consumers. In any event, we are still left with no clear statement by the federal government as to its oil pricing policy. The best that can be said is that the days of cheap energy have passed and we will have to make sure that the price is not higher than necessary.

We must make sure that there is continuity of supply in respect of the Alberta oil sands. The maintenance of a reasonable price for energy is difficult because no one knows what a civil servant in Ottawa might do when pressured by hungry politicians to keep prices down. I do not think this is a very strong hook on which to hang an oil pricing policy which will ensure security of supply in Canada. Surely we must ensure continuity of supply, and in this regard we are lucky to have the reserves discovered by the private industrial sector. We are fortunate to have a known source of supply, not having to be dependent upon outside sources.

There seems to be a bone-headed approach by some in respect of this crisis. I believe this debate should continue for some time in order that some light might filter down to those who take such an approach to this problem.

Mr. Gilbert: You are breaking my heart?

An hon. Member: Where is your heart?

Mr. Gilbert: You are making me laugh all the way home.

Mr. Schumacher: I think it is important to note some of the requirements of assuring security of oil supply in Canada. We cannot accomplish this with a cash position backed up by the taxpayers of this country—and a lot of people would like to see that happen. Since 1947 the petroleum industry has made expenditures of over \$19.2