

goals, and, in particular, in encouraging conservation? Would the shock, the burden, that such a move entails, be fair to Canadian consumers all across the nation, particularly to those low-income Canadians for whom my Tory friends are expressing such concern?

Is it not much more reasonable to launch a wide variety of new initiatives, and couple these initiatives with a steady, gradual, predictable increase in the price of oil in the years to come? These are measures which will not only encourage the development of new supplies, but will, in addition, make conversion to other energy sources both feasible and economically attractive.

We have been accused in this House of ignoring the west, of tossing it aside, in our refusal to link Canadian oil prices to international levels. But what of other, less prosperous provinces and regions in this country—provinces and regions which will be subject to an alarming increase in income disparities in the event prices rise to world levels? Albertans are the first to admit they are Canadians. I ask, not in a belligerent manner, but because I am truly puzzled, how can their position on oil prices be reconciled with their deep commitment to the principles of equity and parity? Why, one must ask, should we continue to play into the hands of the petroleum industry, at present consisting primarily of foreign-owned multinational corporations which earn excessive profits as it is?

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It has been said by industry spokesmen, by Premier Loughheed and by others, that the impact on industry of our scheduled price increases and new energy taxes will be to reduce the cash flows needed for further exploration of new supplies. The government has been fully aware of the billions the industry needs for exploration and development. I believe it has taken great pains to ensure that its proposals in no way impoverish our oil giants. First, under the new pricing schedule, a four-fold increase will accrue by the end of the decade in producer netbacks per barrel of conventional oil. Surely such an increase provides generous incentives to develop and invest in new oil and gas supplies.

Second, we are convinced that company profits are sufficiently high to warrant substantial, albeit gradual as opposed to excessive, increases in domestic oil prices. For example, in a survey carried out by the Department of Energy, Mines and Resources, it was found that the internal cash flow generated by the petroleum industry exceeded \$7.1 billion last year, an increase of 44 per cent from 1978. In 1979 profits were \$4.7 billion, up 54 per cent.

Given these figures, surely it is evident that a rapid increase in domestic crude prices will merely serve to fuel further increases in the windfall profits enjoyed by the petroleum industry, to say nothing of increasing the over-all inflationary pressures in our economy. I might add this is a move which would be in direct contradiction of this government's commitment, in co-operation with the Bank of Canada, to curb inflation by appropriate monetary and fiscal policy.

### *The Budget—Mr. Deniger*

I fully appreciate and sympathize with Premier Loughheed's concern that Alberta is being forced to sell its rapidly depleting oil resources at less than half their world value, resources which have been developed and tended only, in the words of Premier Loughheed "because of the efforts and the imaginations of Albertans". To this very legitimate concern, I would like to respond in two ways.

First, I do not for a moment doubt that Albertans have worked very hard to develop this resource for all of Canada. But I doubt in all fairness whether this development and exploration carried out over the past number of years, development and exploration which has enabled the people of Alberta to grow, to prosper and to improve their standard of living would have reached such an enviable plateau in the absence of the contributions made by our federal government. These amounted to 63 per cent of every exploration dollar in the oil and gas industry by means of tax incentives compared with 35 cents contributed by the province of Alberta. The point I am trying to make is that it has not, in the final analysis, been a one-way street. Alberta has had its "ups and downs", to use the words of its premier, as have all the provinces of this nation. All I ask is that Alberta not, in its good times, overlook the help it has had in its bad times.

Second, I must plead with Albertans to understand that the federal government's energy proposals, including the scheduling of price increases, in no way denies the producing provinces the opportunity—the financial wherewithal, if you like—to reap the benefits of what is indeed a depleting, non-renewable resource.

If one wishes to make comparisons among the provinces, and Premier Loughheed seems to be so inclined, clearly it is Alberta which stands to gain the most from the new energy proposals. Indeed, it is somewhat ironic in light of Premier Loughheed's statements that it is the province of Ontario which will be adversely affected by last week's federal budget. As the provincial treasurer of Ontario has painstakingly pointed out, higher energy prices will "cost Ontario residents an additional \$2 billion next year", a figure which will increase to \$5 billion by 1983-1984.

Every \$1 a barrel increase in oil will cost Ontario about \$300 million, says Frank Miller. Strangely enough, Ontario, the ostensibly favoured province, will get in return only \$1 billion in new federal initiatives, while the west will receive development funds to the tune of \$4 billion. It is all a very sad, if somewhat amusing, scenario when Premier Loughheed charges he is not receiving a fair deal, while Ontario cries that the western development fund ignores similar eastern priorities. But perhaps Albertans may say—indeed their premier has hinted as much—we understand the price increases, revenue-sharing formula, and so on are fair to Alberta; the proposals do not deny us the means to ensure in terms of financial flows that the basis for an enduring prosperity is protected and maintained. What is at issue is something which is essentially non-negotiable, namely, differing visions of Canada as a federal state and, consequently, differences of opinion regarding the respective "weight" jurisdictional claims should have, for