

selling gas cheaper to the U.S. market than the Canadian market. Would the Hon. Member for Athabasca (Mr. Shields) comment on the Toronto citygate price by which no gas exports can leave this country at less than the Toronto citygate price? This means that there is no situation in which we are exporting gas to the U.S. market at a lower price than that of Canadian gas.

**Mr. Shields:** I thank the Hon. Member for Calgary North (Mr. Gagnon) for his question. He is absolutely right. The Toronto citygate price includes the prices of the gas commodity and the transportation costs from the fields in such places as the Peace River country to the Toronto city gate.

No gas can be sold across the U.S. border for less than the Toronto citygate price. The fact that it seems unreasonable that we have gas fields in Suffield in southern Alberta and a market across the border in Montana is a very contentious issue among the gas companies. One can understand why. However, an artificial price has been set, which is the Toronto citygate price. The Hon. Member is correct in stating that we are not selling gas to the United States market for less than the price at which we are selling to Canada as a result of the Toronto citygate price.

**Mr. Steven W. Langdon (Essex-Windsor):** Mr. Speaker, I would like to begin by paying tribute to the very people that the Hon. Member for Athabasca (Mr. Shields) has been talking about. In fact, I believe that he makes a valid point that entrepreneurs, both from outside Canada and from Canada, have made a tremendous contribution to the development, expansion and successful presence today of an extremely important oil and gas sector in our economy.

However, I think we should look at the history of that development somewhat more carefully than that given by the Hon. Member. I think, first, we have to recognize that at the beginning there were a great many Canadian entrepreneurs who were involved in early exploration and development. If we look—and I hate to point it out to Hon. Members—at the economic history of this industry, we see that in the first five years of its development a very significant majority of the oil wells drilled were drilled by Canadians. The point at which the industry began to shift is in the context of successful wells that were dug. Even in that context a significant number of Canadians were successful, but the great majority of them found it necessary to sell their discoveries to large international companies in order to develop the resources to a point where they could serve the country. That is not a problem, but that is the history, and I think we should get the history right.

● (1540)

Second, we should recognize that although the United States now may be incredibly interested in importing gas and oil from Canada, that has not historically been the case. Anybody who has looked at the history of the petroleum industry will know that there have been, at different stages since World War II, important import barriers which the United States put up to the sale of Canadian oil and gas within

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that market. It was in the context of those import barriers and the financing difficulties that Canadian entrepreneurs were having in developing their resources in the West—because the banks on Bay Street were no more sympathetic to Alberta then than they are now—that we adopted a strategy in this country to provide prices well above the world level for all the oil that was produced in western Canada.

I have to put it very bluntly, Mr. Speaker. The constituents of Essex-Windsor for 25 years paid the price to keep the oil industry in Alberta growing, developing and prospering. It is because of that historical contract that took place within this country in the 1950s and 1960s that the people of my constituency and the people of the Province of Ontario in 1970 and 1980 said that they had the right to some say in what was happening to the Canadian resources in oil and gas which they had helped develop.

We as well as the other Parties in this House have had to wrestle carefully with the difficult principles involved in trying to reconcile, on the one hand, the concern of the Province of Alberta which had been poor and then had become rich on the basis of oil and gas, with the interest of the province of Ontario based on manufacturing which had itself sacrificed through consumer prices for 25 years in order to build up that oil and gas industry. As have the Members in all Parties, we found that sorting out that dilemma was not an easy process. We found certain principles which helped us to establish a policy that at least had some consistency.

Let me outline to the House a few of those principles. The first one was to recognize what the history of the industry taught us, that we could not rely on the market system to decide what happened to gas and oil in Canada. As I said earlier, if we had done that, we would not have seen the kind of development in Athabasca, to which the Hon. Member referred. We would not have seen the kind of development in Calgary which is the source of so much prosperity in that community. We would not have the prosperity of Edmonton created throughout the years which occurred because we in Ontario paid significantly more than the marketplace would have provided for oil and gas. We said it was absolutely correct to take a strategy into this policy area which said, "Let's use the market system to some degree, but let's not let it rule the future evolution of such a crucial part of our economy".

**Mr. Thacker:** I never bought a tractor for less than world price and a tariff.

**Mr. Langdon:** If we look at the case of tractors, we will see that historically we have prevented farmers from importing tractors from England so that Massey-Ferguson, among others, could maintain a market here in which it could sell at a higher price. There is a royal commission report on farm machinery to which I refer the Member. Let him trace it back and he will find that he has made a mistake in this area as well.

Let me continue. We are talking about points of principle. If we move away from this first point, that the market cannot be