Oil Export Tax

We do not have great reserves and whether windfalls go to international oil companies or not, they have to go to somebody to develop those reserves. Syncrude hopes to go on production by 1978, but they will be lucky if they are in production by 1980, and they are only going to produce 125,000 barrels per day. We need ten more Syncrude plants in the tar sands if we are to have enough for all of Canada. At page 45 of the committee report Mr. Armstrong emphasized again that if a pipeline were to be built to supply Montreal, another 200,000 barrels per day would have to be put through. That is the amount that western Canada could supply in view of the known reserves there. If the NDP, which is apparently running the government, believes that a national oil company is the answer—and that is one way in which we can prohibit the windfalls going to what we might call the wrong people—then we have to get into the business and get the national oil company producing oil.

In a recent column in the Toronto *Star*, Jack McArthur suggests that the government would have to pay about $2.5 billion to buy 51 per cent of the common stock of Imperial Oil at recent market prices. Referring to the government he said:

That would make you the leader in Canada but far from completely dominant.

He is quite correct and this is the choice that the government has to make. If they want to guarantee ample supplies of oil to all Canadians, they will have to get into development and that development will have to be speeded up. We have five or six years' supply for all of Canada.

Now, how do you speed up development? You entice and encourage somebody to do the development. But how do you entice and encourage them if you limit them to a price of $3.83 per barrel? It is commonly called $4 a barrel but $3.83 is what the companies in Alberta are getting today. How do you speed development at that price, particularly when development money will flow in the United States and when new oil is found there, the market price will be charged.

The Minister of Finance stated that the competitive forces of supply and demand are not responsible for the increase. At the time I said that point was debatable because, in a way, supply and demand are responsible for the increase. I have before me a pamphlet produced by the Petroleum Society of CIM dated September 30, 1970, the first page of which reads:

On Wednesday, September 23, 1970, Dr. Wilson Laird, Director of the Office of Oil and Gas, U.S. Department of the Interior, testified before a U.S. Senate Sub-Committee on the "current status of the American oil supply situation". In an abstract he said that the spare productive capacity for oil in the southern 48 states and in Venezuela is now almost fully being utilized.

In 1970 it was recognized that the oil in 48 states and Venezuela was being fully utilized! The paper continued:

Texas and Louisiana cannot raise production very much further and in fact, all ". . . the lower 48 states are approximately at their maximum production capacity at this time." He noted also very clearly that Venezuela the biggest overseas supplier of eastern U.S. and eastern Canada is producing almost at its maximum potential.

That was a statement made in 1970 by a man with full knowledge of the oil industry, and who was responsible to the United States government, when he testified before a U.S. Senate subcommittee. He pointed out that we will have to rely on some other sources if our consumption of oil increases. So supply and demand have played a part, Mr. Speaker. As early as 1969 and 1970 we should have expected that oil prices would increase.

[Mr. Horner (Crowfoot).]

Then what about the Arab situation? In a speech which I made in this House some time ago, I said that an oil expert had told me that in the North American market, oil consumption has increased by about 6 per cent per year for several years; that European and Japanese consumption has increased at a rate of about 12 per cent per year; and that to meet these increases the Arab countries would have to increase their production by at least 30 per cent per year. No matter who owned the oil, anybody increasing the production of a non-renewable resource by 30 per cent per year would start to wonder whether it would not run out some time. They have a legitimate right to increase their price somewhat, not as much as they have but as they have said, there are bigger fish in the water than higher oil prices and they are after the bigger fish. But, Mr. Speaker, they also cut back production by seven million barrels per day. Since they produce about 30 per cent of the oil in the world, this naturally creates a shortage. Therefore there is a tendency to say that supply and demand have had some effect on oil prices because of the Arab cutback. Whether that cutback was necessary is another question.

The question now comes up "What does the west want?". A socialist member from the golden triangle of Ontario said this afternoon that for years he had heard the expression "What does Quebec want?". Now, he is wondering "What does the west want?" That made people ponder. Richard Gwyn, a columnist for the Ottawa *Journal* interviewed Premier Lougheed of Alberta and Premier Blakeney of Saskatchewan and in an article on December 22, 1973, had this to say:

The affluence of Alberta is almost overpowering. New office blocks and apartment buildings tower upwards in Calgary and Edmonton. There is no sales tax, and home owners get a tax rebate.

The article continues:

"All of this comes from a depleting resource," says Lougheed. "The revenues won't last long. We have to use them to build a post-oil Alberta: petrochemical industries, steel, forestry products."

Blakeney says the same thing, only more cautiously.

That is to be expected from a Socialist, I suppose. That is what Alberta and Saskatchewan seek and will get. According to Gwyn's column, that industry must come from somewhere. He goes on to say:

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Ontario is going to be the loser. Both premiers believe that in the energy debate, Ontario has been hiding behind Ottawa's skirts.

I am not saying that is not right. Alberta and the west want more industry, more development and more people. We do not want to see only central Canada continuing to grow: I do not think it is wise to expect that. The federation of provinces, working under a federal system of government, want to divide up the spoils. The provinces are asking Alberta to do that. We are supposed to divide up our resources, not to be too greedy and to hand out our oil. Alberta says, "Fine; we will do that." But it says to the