

Because it will not work we will not get the kind of development the country needs, and because of that we will not be self-sufficient, we will not have the kind of economic benefit that could come from that kind of development. We will in fact continue to be under-achievers compared to our potential and we will continue to do a little bit worse than we could do. We will continue to have the drag of an economy that is not working as well as it should, given our potential, because of the consequences of this bill.

The fiscal regime—that is, the sharing of revenues between the Crown corporation, the government directly and the industry—is probably not going to be satisfactory. I say “probably” in that it is very difficult to know what the fiscal regime ultimately will be. There is so much ministerial discretion in terms of price, who you can sell to, when you can sell, how fast you can produce, etc., that there is no economist alive who can tell you in fact what the fiscal regime is. But the best estimates that have so far been produced indicate it is probably not satisfactory, and there is probably not going to be enough left by way of a reward to make it worth while.

The 25 per cent confiscation by the federal government is something that will take a long time to live down. There is nowhere a precedent in the democratic world for a government confiscating privately owned assets without some form of payment, without some expropriation procedure which provides for an adequate and proper payment in return for the seizure of those assets.

The Canadian government has established a precedent for supposedly democratic countries, and it is a terrible precedent. It is going to colour our relationships with other countries for a long time. It will colour the attitude people have toward this country, and it is going to colour the attitude of investors.

The Royal Bank of Canada recently did a study which indicated that we as a country are going to need some \$300 billion for energy developments over the next decade, and of that we will require some \$60 million from offshore or foreign sources because we will not be able to produce that much capital within Canada. If we are going to get that \$60 billion, with the kind of precedent established by this confiscation we are going to pay through the teeth for that money. The investment world now has proof that Canadians cannot be trusted to keep their word, that the Canadian government will in fact confiscate and expropriate without repayment.

An hon. Member: That is nonsense.

Mr. Andre: That is the tragedy. I hear the hon. member from Moncton over there saying it is nonsense. I refer him to a study by Frost and Sullivan, a New York based consulting firm in the business of assessing political risk. It is a well-known company which puts us in the same category as Algeria, Ecuador, Columbia and the Dominican Republic in terms of the risk of expropriation. That is the view of the experts who assess the risks of this sort of thing vis-à-vis other countries in the world. That is the category we are in now. Of course, he does not really care. If the people in the city will not be able to take VIA Rail any more, I guess he can swallow this too.

Canada Oil and Gas Act

The ministerial discretion in this bill, involving some 57 areas, makes it absolutely impossible for anybody to plan. How can anybody sit down and assess whether an investment is justified? We are talking about hundreds of millions of dollars in any one of these plays, and nobody makes this kind of decision strictly on faith. They must have some justification or some sense of what the rules are going to be under which they operate, but how can they with 57 different areas of ministerial discretion, discretion exercised by a minister who has demonstrated that he will seize private assets? That is a severe detriment to investment. As Husky Oil has said, it “is forced to add an element of risk.” That is certainly not going to increase investment; it will slow it down.

Finally, there is no recognition in this bill of the role of the Yukon and Northwest Territories governments. In some way the bill almost sets up a kind of a new East India Company. In the old colonial days the British set up the East India Company to look after commerce for their new colonies and to be a kind of government to the colony as well. Under this bill that is what Petro-Canada is; it is a kind of new government in the Yukon and Northwest Territories.

I come from a part of the country which for the 30 years of existence as a province was denied its natural resources. The prevailing view was that those country bumpkins, those clodhoppers, farmers and ranchers really could not be trusted to have natural resources under their jurisdiction, that the federal government must keep them under a national umbrella.

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That is exactly what the government is saying to the Northwest Territories and the Yukon. It is saying that although it likes them well enough, it does not trust them enough to give them a say in how the land they live on will be developed. Big daddy in Ottawa will look after them. Big daddy is a lot smarter than they are and more capable. The government is saying: “Because it is dark all winter and you probably drink too much and eat too much caribou, it affects your brains. You cannot be trusted and we will look after you from Ottawa.”

Perhaps worse than that is the fiscal regime which is giving so much of the potential rewards of economic rent, to use the latest jargon, to Petro-Canada. It has effectively put any future income that may come to the Northwest Territories and the Yukon beyond their reach. If these territories were to reach provincial status and try to gain for themselves what other provinces have, they would find it impossible because the economic rent which normally would accrue to their government has been taken up by Crown corporations and is no longer available to them.

That is one of the fundamental reasons why I think it is a serious mistake to give Petro-Canada this 25 per cent gift. I believe it is a way of denying the people of the Yukon and Northwest Territories access to the economic rent which Petro-Canada is taking. The transference of 25 per cent of all the land to Petro-Canada or some other Crown corporation means that 135 million acres will be under its jurisdiction for exploration. That is the same amount of land which the Exxon