

Of course, many factors have led to the shutdown of oil production and the sands being priced out of the market. However, I cannot help but feel that the National Energy Program would have served Canada better and led to less disappointment if it had been devised with the business spirit in mind, rather than too much vision and too little solid know-how and too few facts.

The changes brought in by the Minister of Energy, Mines and Resources in May are, unfortunately, too little too late. The global amount of \$2 billion might appear dramatic, but we must remember that this is not \$2 billion of new money which will come in, all at once, to revitalize the industry. The reduction of a tax which has not yet been levied does give the companies an improved netback picture, but this will occur over a long period of time, and the psychological damage has already been done.

In his column, Mr. Anderson adds that the price problems worsen the already substantial cash flow difficulties created by the NEP and the 1981 energy agreements. This cash position must be improved, but will not be if the NEP, which was conceived with rapidly rising oil prices in mind, is not changed. If oil prices do not reach the levels anticipated, producer netbacks will be inadequate to finance new exploration and development.

Mr. Lalonde's concessions have only produced a chance for oil companies, which are suffering greatly from the high interest rates and their own heavy debt burden, to pay off some of these debts. Although a reduction of 1 per cent in the PGRT does increase the netback, the industry is in such a slump and the economy so shaky that exploration will not increase. Without this increase in exploration activity, self-sufficiency eludes us still longer.

Some other people have even more dramatic complaints about the NEP as it is currently constituted. Mr. F. B. Lamont, managing partner of Richardson Securities of Canada, at a meeting of financial analysts in Winnipeg, was reported to have said that the energy program is doing dramatic and long-term damage to the country's petroleum industry.

The president and chief executive officer of Texaco Canada points to the 25 per cent carried interest in all rights on Canada lands which are reserved for the Crown under the NEP as retroactive confiscation of existing rights. He also feels that the NEP incentives contained in Bill C-104 discriminate against companies.

Since the Minister of Energy, Mines and Resources is anxious to console Canadians for the loss of Alsands by speaking of other projects which will go ahead in the resource industry, as well as the Cold Lake project, perhaps he should consider the remarks made by these experts in the field.

[*Translation*]

In this bill, Mr. Lalonde is talking about certification of Canadianization. Obviously, if the government is going to use state control for economic purposes, it will be using methods that are alien to common practice in the business world. He may think the end justifies the means, but I cannot help

[Senator Charbonneau.]

remembering another certificate that has scared off businessmen and greatly reduced economic activity in Quebec. Should we then abandon all efforts to increase Canadian ownership of the petroleum industry? No, certainly not. However, considering the negative reactions of the people concerned, the uncertain situation we are in now as a result of the economic recession and the basic characteristics of these job-creating projects, there may be a case for increased flexibility. Furthermore, it would certainly be more acceptable to investors, both Canadian and foreign, to have the petroleum industry Canadianized through fiscal measures instead of through caveats which seem to be far more doctrinaire than practical.

When he introduced Bill C-104, the minister also expressed the hope that we would achieve energy self-sufficiency by the beginning of the next decade. However, the majority of experts tell us that this is a pipe dream, considering the world oil situation, falling prices, the state of exploration in Canada and the massive capital input required for the mega-projects we would need. There is also a whole series of intangibles, including the danger that certain government policies may cause reluctance among foreign investors, and especially the increasing hostility shown by certain U.S. groups.

[*English*]

As for Canadian oil producers, although some welcome any incentives, many react as businessmen and wonder whether it is wise to play favourites amongst companies, in the name of Canadianization, when frontier exploration is already dominated by Canadian-controlled companies.

Panarctic is thought to be the most active player in the north. It is said to be 45 per cent owned by Petro-Canada, and the other 55 per cent, according to the annual report, is owned by "29 other largely Canadian companies." The next most active consortium in the Arctic is the Arctic Islands Exploration Group. That consortium is said to be already dominated by Canadians. Dome and Dome Canada, of course, are both Canadian controlled.

Moreover, while the government produces policies aimed at Canadianization, it also produces laws, regulations and taxes which discourage activity by Canadian companies in the oil industry. We have all read of the companies which have moved their rigs south. Although there are also difficulties in the United States, the climate there is still more welcoming to private enterprise.

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Meanwhile, the outflow of capital from these investments by Canadians in the United States is hurting our currency. This leads to the need for support operations by the Bank of Canada. Unfortunately, this is done by keeping interest rates high. We all know what these high interest rates have done to our weakening economy: they have caused bankruptcies, layoffs and an unemployment rate of over 10 per cent, and rising.

Perhaps the worst effect of the petroleum incentive grants, as designed, is the psychological one. Canadian companies feel that the government is trying to discourage oil production in Alberta in order to direct it to Crown lands, where it can