of this government to realize that not only do we require an energy policy but that we must make a comprehensive examination of the problems facing this country and the world.

This government took office some five months ago. Since then the Minister of Energy, Mines and Resources (Mr. Lalonde) has attended a number of international conferences. It has been my impression, and that of many other people in Canada, that our participation in those international conferences has been minimal. Our representatives have sneaked in and out of those conferences as the proverbial Arab slips across the desert, without participation in events and without any real knowledge or understanding of the problems that face us.

I would reiterate the point made by the hon. member for Kingston and the Islands in opening the debate when she pointed out that the OECD issued a report today which castigated Canada on its record of oil importation and oil conservation. It is the second worst record of all industrialized nations. That is an indication of the severity of the problem we face as a country and a participant in international dealings on the energy front.

Between 1960 and the mid 1970s world demand for oil almost tripled, while production in the United States, the world's biggest producers, began to decline in 1970. A large body of opinion believes that in 1975 the world reserves began to turn down. The world is now burning some 20 billion barrels of oil a year, and the drills are only adding in the vicinity of 11 billion to reserves. This basic truth has been masked by the fact that recession reduced oil demand, and new oil from the North Sea and Mexico cause a temporary glut. This has now been worked off. Demand now exceeds supply, perhaps by a million barrels a day; no one is quite sure. It is a good guess there is a lot of oil still in the ground. But a guess has no market value. Available oil is a dwindling resource.

In the past technology has baled us out, but our problem today has no precedent. Earlier transitions—from wood to coal, from whale oil to gas—came about because a superior fuel was attainable. This time, I regret to say, there is no bail-out in sight. Research can certainly help to develop new energy sources but, ironically, high energy costs leave less money for research.

In fact the belief that we owe our affluence to our technological breakthroughs seems, in retrospect, to be no more than a half truth. The whole truth is that abundant resources, especially cheap petroleum, made everything from mass air travel to high yield agriculture, possible. Energy-intensive machinery skimmed the cream off high grade resources and gave us the money to fill our homes with appliances and gadgets that give us the energy equivalent of 80 manservants a day. We are now putting out five to ten calories of energy to produce one calorie of food, and already we are looking back on cheap food with nostalgia. It is cheap and abundant energy, not the magic of technology, that has been the essential dynamo of progress.

Now we stand at the end of an awesome discontinuity: the beginning of the end of the petroleum era, the end of living off capital, the end of rising expectations. We will still be using petroleum well into the twenty-first century, but even our optimists realize it will not be cheap. The price of OPEC oil in Montreal is now in the vicinity of $36 per barrel. The higher prices have slowed demand. World recession could bring a brief glut. But the Iranian cut-off revealed how narrow the margin of surplus is. Any serious shortage could bring a surge in price. What are the chances of this happening?

Prophecy, of course, is even riskier than politics. Which of our economic projections considered the Ayatollah Khomeini, or the Arab oil boycott, or the accidental break in the Trans-Arabian pipeline? When you are looking at the mid-east supply and demand—and that is where the crunch will come, because that is where 80 per cent of the oil for export is being pumped—the incredible often looks only too much like the probable.

The main key to supply is Saudi Arabia. The Saudis have had, until recently, enough spare production capacity to hold down the world price if other producers tried pushing it too high. Between 1974 and 1978 they dropped the real price of oil by 20 to 25 per cent. Even now they have set their selling price at something like $28 or $30, well below the price asked by other producers.

The Saudis are concerned about the economies of the western nations, their chief customers and chief investment outlets, and they are afraid that a deep recession would strengthen the communist parties of Europe. As demand has risen, the Saudis have run into pressure problems in trying to raise production capacity and have in the past year reduced the level 10 per cent to their present 9.5 million barrels per day. As the financial cost of controlling OPEC rises, conservation looks even more attractive. Like some other Arab producers, they have more income than they need, and there is no economic reason to deplete their oil so quickly when later it could be worth so much more. After seeing how too fast development brought corruption and chaos to Iran, they might well want to slow their massive industrial development program.

Most OPEC producers hold similar but even stronger views, and it is anticipated on the basis of announcements now made that we can look forward to a reduction of some three million barrels per day. Right now OPEC is producing about 30 million barrels of the 51 million barrels per day the world is burning. The best we can hope for from OPEC in the late 1980s in an increase of 20 to 25 per cent.

This is not too reassuring when we contemplate future demand. The Third World is expected to grow by six or seven per cent. By 1985 this could add 40 per cent to their oil needs which are now about five million barrels per day. For example, the Mexican economy is growing so fast that by 1985 it will probably need half its estimated output of three million barrels per day. By then the OPEC countries, with their huge development programs, will likely be using another five million barrels per day themselves.

Production growth has slowed in the Soviet Union. The Soviets supply nine-tenths of the oil used by eastern European countries, and have told the eastern Europeans not to expect