

*Petro-Canada*

sector by this and other legislation will, in the very near future, destroy Canada's favourable position of being the only nation in the western world self-sufficient in petroleum and natural gas. Incidentally, I might say that this self-sufficiency has occurred in less than 30 years because at one time we imported about 95 per cent to 96 per cent of our oil and other energy sources.

It is beyond me to imagine how the government could develop such negative thinking. This government, like many other governments, is blinded by statism and control and will do anything to devise any excuse to create new Crown corporation empires, many of which we have seen and were dealt with by the hon. member for York-Simcoe. Many of these Crown corporations are inefficient, expensive and far from satisfactory. I want to emphasize that we are not dealing with ordinary commerce. We are not dealing with that kind of business, but rather we are dealing with a high-risk capital business. I said last night that Imperial Oil had drilled 133 dry holes before they struck oil which led to the discovery of the fields in Alberta and other parts of western Canada, which in turn gave us self-sufficiency.

We are dealing with high-risk capital and we are putting the taxpayers' money into this high-risk business. Apparently, we are to have Petro-Can. I should like to see the idea abandoned, and I do not know why the government is going ahead with it at this time of restraint. The government has said it is going to save \$1 billion, and I suggest it could start off by saving \$1.5 billion right away if it scrapped this idea. I make that suggestion because the government does not need this company. There are other vehicles. The minister has said the government is putting \$300 million into Syncrude. Panarctic has done a pretty good job and we could take advantage of it.

**Some hon. Members:** Hear, hear!

**Mr. Woolliams:** I am glad that some of my friends in the Liberal party agree with me. I know that some of them disagree with some of their ministers in caucus, because these things leak out once in a while. It is beyond me to imagine how the majority of members over there can think in this way.

The second objective of Petro-Can, to be financed by taxpayers' money without interest, is to keep down the price of gasoline. That is a very interesting objective, to keep down the price of gasoline. The facts are, of course, that because of a tax policy of this government, and because we are dealing with risk capital which likely will be handled inefficiently, Petro-Can will manage to discourage the private sector from development and exploration. Once we lose our self-sufficiency and our security of supply, then gasoline will increase in price. The fact is that the government can and should be named right now the "gasoline buck-boys". It will not be very long before the cost of gasoline at the pumps or at the retail level will be \$1 per gallon, and in some areas even higher, perhaps \$1.50 a gallon. I sincerely suggest that gasoline will be as high as \$1 a gallon throughout Canada by September or October of this year.

We have a situation now in which this government is asking us to advance \$1.5 billion interest-free to a Crown corporation, and the same government has just come along

[Mr. Woolliams.]

with a 10-cent a gallon tax on gasoline. This government is very kind to the consumer. It has also increased the price of crude oil by \$1.50 a barrel. Last week I discussed the situation with some experts in Calgary, and I think it is fair to suggest that Calgary is the capital of the oil industry in Canada. These experts in the oil industry say they will be lucky, if, out of the \$1.50 increase per barrel, they get 22 cents. They suggest the rest will go in taxes to the provincial treasuries or the federal treasury.

Taking into consideration this economic climate, together with the money to be advanced putting Petro-Can in a more favourable position, certainly exploration and development will not be encouraged. Without continued exploration and development, we will experience a short oil supply and up will go the price of gas, because then we must rely on the OPEC countries for our imports into Canada or their exports, whichever way you want it. Once we get into that position we will be in the same position as other countries, such as the United States, which is now spending about \$30 billion a year, an amount greater than our entire budget, for the importation of crude petroleum and other forms of energy.

If one of the objectives of this company is to bring down the price of gas, that objective certainly is covered by a cloud of hypocrisy because the price of gas is on the rise now, not only as a result of other government economic programs but because of its program to discourage exploration and development. Let me make that point once again, because of its importance in terms of this amendment. As a result of giving Petro-Can \$1.5 billion interest free and free of any charge, enabling it to compete with the private sector, which has to pay up to 9 per cent, 10 per cent, 11 per cent or 12 per cent for its money, you will discourage exploration and development. By discouraging exploration and development, you place energy of this nature in short supply and up goes the price.

Not only does this company get this money tax free, the Minister of Indian Affairs and Northern Development (Mr. Buchanan) has refused to produce regulations governing the leasing of land. I ask why this is the case. Spokesmen for this government say they do not want to draft regulations for this department because there are pools of oil and gas to be found in the north and the government wants the private sector to go in and start drilling. I suppose when the private sector finds a favoured field, the government will then pass these regulations, giving this interest-free company a favoured position in order that it can compete against the private sector.

Hon. members may say that sounds good because this will redound to the benefit of the taxpayers. There may be something to be said for that argument. From an academic point of view I can see some people buying that argument. What this will do is drive out the private sector. As a result, other fields will not be found and we will be back in short supply and the price of gasoline will go up again to every consumer in Canada. That is what we are talking about and it does not take much of an economist to figure that out, because the law of supply and demand always works, even when there are controls.

This government's policy is one of watch and wait. The private sector has the know-how and the expertise necessary to discover and find these fields of oil and gas. Once