

Oil

world. Overseas oil was available at the beginning of that particular decade at relatively low cost and, contrary to what the hon. gentleman said, it was available till toward the very end of the decade at even lower cost.

Let me say on behalf of the policy that was enunciated by the hon. member for Prince Edward-Hastings (Mr. Hees) and carried forward by subsequent governments that, on the whole, it made basic sense to put Canada in the position where we could buy cheaply for our market and sell abroad at higher prices. I think the policy at that time was good from the standpoint of Canadian consumers. Perhaps the only group of Canadian consumers who suffered from the policy was those that I represent in central Ontario. But from the standpoint of Canadian consumers east of the Ottawa Valley line, they were at a distinct price advantage in terms of cheaper off-shore oil; and from the standpoint of the producers in western Canada, the policy provided them with a protected market, which in the years of over-supply during the late 1950's and early 1960's had proved to be a substantial depressant on the growth of that industry. The industry has grown and prospered because of that policy, and on the whole I think it was a sound one.

The two principal external events which brought about a change in this policy, events which have accelerated in the last several years, were firstly the very substantial shift in North American demand, and principally United States demand, which theretofore was very substantially self-sufficient in oil; secondly, the combined action by the governments of the member states of the OPEC countries in getting together to agree to force up the international price of oil.

The hon. gentleman has referred to the fact that there were high profits made. I do not think there is any doubt that this has been a very profitable industry for the investors and companies involved. But the problems which the Canadian consumers have in the eastern Canadian market today, and indeed throughout the whole Canadian market, I think it is fair to say are not the result of company action but rather the result of foreign government action. I made a careful note of his reference to the OPEC action, and in terms of international relations I think it has been a very legitimate action.

The hon. member referred to the efforts of the OPEC countries to rebel against the low prices that had been forced upon the producers in those countries by the actions of the international oil companies. On the one hand, it may be commendable that this group of member states, most of them in the third world, should be able to recoup a better return for their resources; after all, this is what we in Canada say. On the other hand, it is fair to remember that the other side of the coin is that we, as Canadians, are going to wind up paying more money for our oil supplies. Judging by the motion that has been put forward by the hon. member, I take it that neither he nor his party is proposing that we should totally eliminate foreign oil from the Canadian market but should indeed remain dependent, to some degree at least, on supplies of foreign oil.

The fact of the matter is that for a period of time—and I think here of the OPEC action in combination with a price increase—there has been general collective action toward

[Mr. Macdonald (Rosedale).]

greater state involvement which has been taken in different ways, depending on the country concerned. For example, the action in Iran, with its history of struggle in the oil industry, has been different from the action taken in Venezuela. However, a precise trend leading to greater state involvement on the producing side has been taking place. There is, therefore, concern on the consuming side, in this case Canada, as to whether the structure of our market should be left to the internationals and their affiliates in the producing and consuming countries, or whether state action should now be taken.

● (1550)

As the House knows, I had an opportunity of reviewing this question in the very recent past with the minister concerned in Venezuela who indicated frankly it was their intention not to wait until concessions expired there in 1983, but to seek action and agreement with the companies requiring closer control of Venezuelan oil companies or producers in order that the public interest in Venezuela would control production. Venezuela made it clear to me that, in terms of security of supply agreements—and I will just interpolate here, whatever one might plan with regard to the Montreal refining market, it would appear that the effects of geography and economics would indicate some dependency in some parts of the eastern Canadian market on overseas supplies—in future planning for the Canadian petroleum market some portion of the petroleum will continue to come from overseas. It would be desirable if possible, as the hon. gentleman said, to try to establish that supply in terms of long-term contracts.

Indeed, Venezuelans indicated they would be prepared or interested in negotiating a long-term contract, but indicated that the primary vehicle for this purpose should be a national government entity rather than an affiliate or affiliates of various corporations in Canada. It is for that reason that this is one concept the government will have to take into account in its current consideration of policy to establish a national petroleum corporation in this country.

The term "national petroleum corporation" has become something of a pressman's cliché, being passed on from newspaper editorial to newspaper editorial without any real evidence in my opinion that the authors of the articles approving the concept have really thought about what substantive questions a national petroleum corporation would solve that other policy measures or private organizations in the market could not solve.

I should like to take a minute to comment on at least two areas which may be relevant in Canadian terms, and may be a cause for consideration in this country. The first possible role for a national petroleum corporation is again what I have just referred to, that is a vehicle for acquiring a government-to-government agreement to ensure the long-term supply for the Canadian market. I am quite confident that no OPEC country is going to tie its hands in respect of price. We in Canada in our export policy have at no time been prepared to tie our hands in respect of the price of export oil, and we cannot expect that they would do so abroad. I think we should be entitled to assure ourselves of whatever the reasonable international price may be as determined from time to time by comparison