

Income Tax Act

just like the foreign multinational companies. Those who sit in this corner ask what is the use of replacing David Rockefeller with Conrad Black? They act in the same way. They want to maximize their profits against the long-term energy interests of the Canadian people.

Unfortunately, that is what some Canadian companies are doing. Some have problems with cash flow. Some small Canadian companies find the 8 per cent wellhead tax difficult. I do not sympathize with some of them; they have made a lot of money. They think they have a God-given right to make millions and millions of dollars, but they do not have that right. We need that energy for the ordinary people of this country.

Some companies have justifiable complaints. It would have been better if the government had not proposed this wellhead tax, but had concentrated instead on a fair system of taxation for the country. The government is in the midst of a strike by the industry. I predict the government will back off and give in to the hon. member for Calgary Centre and his Conservative friends in the oil industry and the multinational oil companies. They will give in because Liberals traditionally give in. If you are going to have a socialist program, you have to be prepared to go the other way, and I do not think this government is prepared to do that. I wish to refer from an article by John Twigg in the Regina *Leader-Post*.

Talking about the government's National Energy Program, he said, "While there are some moderate incentives for activity by Canadian companies and for preferred activities such as heavy oil, tertiary production, tar sands and frontier and gas substitution, the underlying price structure is clearly inadequate. As well, the tax measures are merely grabs of revenue from the provinces and companies with too little reform—" I underline this. That is what is lacking in this bill, "—too little reform of the lucrative deductions in the federal tax system and no new taxes on the refining sector which has emerged as a profit centre for the oil companies."

What the government is doing with its National Energy Program, putting on the wellhead tax of 8 per cent and the gas export tax, is forgetting one of the areas where the large multinational companies make money, what they call the downstream, the wholesaling and retailing of gas. That is where they make their big money.

I predict this government will not only cave in on the National Energy Program, but will cave in soon on the oil and gas bill. It will change that. It will cave in on the tax after the Ontario election. With regard to the price of oil and the great Liberal promise of cheaper oil than the Clark government's promise of \$4 for 1980; \$4.50 for 1981; \$4.50 for 1982 and \$4.50 for 1983, the government will cave in and the price will be raised in order that it can make a deal with Alberta. All those people in Ontario and Quebec who voted for this government because they thought they would get lower energy prices will be sold out. I think the government should come clean about that and tell the Canadian people now that it is going to put up prices. I can tell the Minister of Finance that the ordinary working people in my riding are prepared to pay

more for oil and gas, but they want a fair deal. They do not want all the profit to go to the oil companies which have been making a lot of money; they do not want the money to go into the Alberta Heritage Fund and they do not want it to go to the federal government because they do not believe the federal government knows how to use it.

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In western Canada, that is a generally accepted feeling. The western Canadian people do not want the Minister of Employment and Immigration to deal with the western development fund because they know where that will go. That is the problem. Canadians know if they pay more for oil and gas that it will come out of their own pockets. Nothing will go back to the ordinary people. There will be no financial benefit for the low-income people and that is the problem with the proposal to increase energy prices.

Before I sit down I want to talk about two programs which are the real "people programs", namely, the program to insulate houses and the program to help people to convert from oil to gas, both of which are in the National Energy Program. They are good ideas in principle but the government is not going about them in the right way.

You cannot have a program for people to convert from expensive oil to cheaper gas when you are going to sell out all the gas to the Americans. There is a new book out by Bruce Wilson called "The Energy Squeeze". The Walter Gordon committee which studies economic policy said that we do not really have that big surplus of cheap gas that we think we have, and that we are going to sell it out like our oil. I finally found Joe Greene's speech, the former minister of energy. In 1971 he said this: "Canada's total oil reserves were 469 billion barrels at the end of 1970 while natural gas reserves were 726 trillion cubic feet. At the 1970 rate of production these reserves represent 923 years supply for oil and 392 years for gas."

Mr. Chairman: Order, please. The Chair hesitates to interrupt the hon. member, but according to Standing Order 55(2) speeches in Committees of the Whole House must be strictly relevant to the item or clause under consideration.

Mr. Baker (Nepean-Carleton): I thought he was doing fine.

Mr. Chairman: I just draw that to the hon. member's attention.

Mr. Knowles: Mr. Chairman, I hope you have not forgotten the tradition, though, that on clause 1 of a bill a general discussion, provided it is on the bill, is still in order. Certainly, when we had discussions about getting into Committee of the Whole, that was the understanding among House leaders.

Mr. Chairman: It is a question of judgment. The hon. member is talking about a statement of a former minister of finance as to the oil reserves of the country. In terms of the taxation measure before us, the Chair would simply call to the hon. member's attention that a good deal of tolerance has been