

*Income Tax*

What I would like to see with regard to resource development—I have exposed this plan before, and there are others—is that on the determination of what is a natural resource and the stages of development of natural resources, a Canadian taxpayer, be he an individual or a bona fide Canadian company, would be entitled to invest any amount therein, provided the investment were kept for five years within that ball park, and then there would be a total forgiveness of capital gains tax. If it were kept for four years, it would be 80 per cent forgiveness, and so down the line. Turnovers would be allowed within that field. What we are asking that Canadians be given as an incentive is a forgiveness of the total gains tax on those particular investments if they leave them in natural resources, and they have to be Canadian citizens and truly Canadian companies. Then we will be able to get the serious investor.

Today you have to get investments of from \$50,000 to \$100,000. Gone are the days when, as I well remember in the early 1950s, you could drill a well for \$75,000. We have lost out on that when that silly, exclusive principal business rule was brought in, a rule that the minister will not discard. Canadians got skunked right out of their place in the oil lease market. At that time \$75,000 could drill a well, but it was so easy for the Americans to come in. They did not have to contend with the principal business rule, so that all they lost was \$5,000, \$10,000 or \$20,000, with a small syndicate of fellows going it independently.

How do you think the oil industry was developed there—by the big companies? Nothing doing! It was being developed in the same way that drilling was being done this past year, and now is abandoned. It was being done by small Canadian independents who were doing the drilling for the big companies, holding their leases. People who say that it is the big companies that are being affected by this closedown are wrong. That is nonsense; they do not know the first thing about business.

It is Canadian oil companies, Canadian independents, Canadian drillers, Canadian service companies and catering companies, and prefabricated camps, that are being driven to the wall this winter because of the close-down of the oil business. The big companies have never brought in their capital. Remember that for every dollar they have, there is a \$5 demand. Conditions are tough in Canada. They have the North Sea where they can put their money. They can go somewhere else. The Minister of Finance will remember what happened to the oil industry at the time when the white paper came out. It took us two years to recover in the oil industry, to get the drilling and exploration programs back on the rails, simply because of the white paper and its idiotic provisions and recommendations.

The point is that this government and its predecessor were criminally negligent with regard to the oil industry. This is a fact of life. It makes me cry to listen to the crocodile representations being put forward by the Prime Minister, the Minister of Finance and others on behalf of the sacrifices made by eastern and central Canada for the development of the oil industry. They said that under the national oil policy they paid higher prices for oil. They could have had cut rate oil from Soviet ships. I remember

[Mr. Lambert (Edmonton West).]

the efforts of the former minister of national revenue to prevent the dumping of that oil.

There was much hot and bootlegged oil that could be sold in eastern Canada at perhaps \$1.10 or \$1.25, laid down on the docks in Montreal and Toronto. But it would cost a \$1.50 or a \$1.80 to get western oil down here, and the government of the day said that we were going to develop the western oil industry.

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

**Mr. Lambert (Edmonton West):** They said that that would be done at the expense of the people of central Canada. Nonsense, Madam Speaker. I would ask the people of Hamilton how many miles of drilling string went out, and ask the machinery companies in central Canada how much machinery was made for the development of oil, how many pumps for the pipelines that brought the stuff to eastern Canada? It did not all come out of eastern Canada.

**Some hon. Members:** Oh, oh!

**Mr. Lambert (Edmonton West):** I agree that not all came out of central Canada. At times the prices in central Canada were a little hoggish. There was a tariff. Also, may I say, there is that famous transportation policy under which manufactured goods coming from eastern Canada really paid the freight. Now we ask: who benefited? Sure, western Canada benefited from it, but not at the expense of central Canada. I have left out eastern Canada and the Atlantic seaports because they did not make provision of materials into western Canada.

**An hon. Member:** What about tax incentives?

**Mr. Lambert (Edmonton West):** You would not know a tax incentive if it bumped you on the nose. You can write off drilling expenses. The hon. gentleman has so much money that he could drill into three dry holes before he could get a producer. What happens to expenses on three dry holes? Should you not be able to recover them? Is that a tax incentive? Come on, the hon. member does not have the brains or the money to drill into one hole on that basis.

The oil industry, as well as gold mining and some of the other mining industries in Ontario and Quebec—my goodness, the Quebec members should know how chancy that is—are the high risk industries, and if people are going to go in there they will have to have a return, and not a mere 2 per cent on their capital.

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You have to get your capital, and then some, because all too often within the next six months not only your shirt but your pants will be gone. To the hon. member from British Columbia I say, ask your mining people how they are being taken to the cleaners now.

**An hon. Member:** Speak on the point and say something.

**Mr. Lambert (Edmonton West):** The hon. member for Sherbrooke (Mr. Pelletier) is not even aware of the point about this excessive taxation. I am speaking about excessive taxation for a particular industry, and if the hon.