

budget, which I do not propose to do since we are now dealing with the Petroleum Administration Act. It might be useful, in the first place, to make some response to the various points the hon. member made in his argument so far as they relate to this particular bill and to put again the government's position with regard to this statute.

The hon. member made a suggestion which I am prepared to consider actively with my colleagues to see to what extent it provides a basis for arriving at a settlement which will not, as has been threatened, tie up the time of the House for weeks, and perhaps even a month or more. The hon. member addressed some remarks to the constitution. In speaking about taxing, I was not sure whether he was dealing with the income tax regime or the export tax regime. To the extent he was speaking about the income tax regime, I will not press the argument which in due course my colleague will undoubtedly want to refer to again. However, with regard to the export tax, not only is there a basis in the constitution for the export tax under the trade and—

Mr. Baldwin: I am not contesting that, Mr. Chairman.

Mr. Macdonald (Rosedale): I can only say I am not attempting to raise any income tax by the bill we are discussing. If that is not contested, that is fine. The hon. member referred to this regime as reaching into a province and dealing with a resource. That is obviously not a clear case under the constitution. Quite clearly, the management for the good or ill of a resource within a province lies with that provincial government. That is why, for example, although we think from a national standpoint it is of very great concern as to the kind of proposals put forward with regard to the development of the oil sands, this government has accepted the view of the government of Alberta that it is exclusively for that government to decide whether to set out on such development, and the federal government has not been encouraged to have any participation whatsoever.

I have within the past 72 hours made a suggestion which I hope will be helpful to Alberta in relation to the ARCO withdrawal from Syncrude. However, this government recognizes it is a matter of provincial jurisdiction, just as we have taken the position that except in so far as native rights might be affected by the James Bay development or except in so far as the James Bay Corporation or Hydro-Quebec may be applying in due course for an export permit to export any surplus power from that province, basically development of the James Bay area falls within provincial jurisdiction.

The real question is whether one is talking about inter-provincial trade in a particular commodity or international trade, that is, export of a commodity. Does the federal government not have a right, and in some circumstances a responsibility, to moderate the national market according to the national objectives? The examples I gave when introducing this bill are still relevant. To answer the hon. member opposite, I would have to say that while he was not a member of the cabinet, the hon. member for Qu'Appelle-Moose Mountain and the hon. member for Prince Edward-Hastings were; they were members of the regime which introduced the National Energy Board Act and a national oil policy. They provided a system whereby the

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price of and trade in a commodity within Canada would be restricted and controlled in such a way as to create a favourable climate for one part of the country, namely, the Alberta producers, so they could sell their oil over the years at between \$1 and \$1.25 more in the markets of Ontario than would have been the case had those markets imported from abroad. That regime came under attack after the Diefenbaker government went out of office. In the successive Cal-Oil cases the supreme court held that these provisions were directly within this trade and commerce power.

I argue, on the basis of regulating interprovincial and international trade, there can be no question about the right of the federal government to take this particular action. I would agree with the hon. member when he said there may be no question about the right, but is it desirable to do that? I want to deal with that point in substance after I have dealt with a number of his other arguments. There is obviously a matter for concern about supply of oil in Canada. We have had an analysis of the situation by the National Energy Board. It indicated that unless certain measures are taken with regard to restricting exports from this country, by the year 1982 existing Canadian production will not be adequate to meet the markets that are now projected to be supplied from Canadian production with the increase in demand including the addition of the Montreal pipeline. This, obviously, has to be a matter of concern for all Canadians at both the provincial and federal levels.

I think it is fair to contest the question as to whether the budget or any particular statute has been the basis for a slowdown in oil exploration, particularly in Alberta. The best witness I could call with regard to whether it has been the budget, and that there has not been a climate of reduced exploration, at least in federal territories, would be Premier Lougheed. The December 6 edition of the *Globe and Mail* reports a speech made by Premier Lougheed to his constituency association. The article is by Thomas Kennedy. I quote:

According to the premier, at the same time as the industry was urging Alberta to reach an accord with the federal government, ostensibly for the sake of domestic harmony, companies went ahead with spending on exploration and other commitments on federally held lands, even though "you didn't know what the rules are going to be".

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"Give us stability, give us certainty," Mr. Lougheed said the industry demanded of his government. "Yet you do not know what is going to happen on Sable Island."

It seems to me this is clear evidence—the premier seems to think it is—that there has been a substantial amount of exploration in federal lands and offshore. I would suggest the reason for the departure of the 40 rigs the hon. member mentioned has been given by the premier himself. He said: Regardless of the conditions here, the U.S. project Independence has diverted investments and rigs from this region.

That is the background of the situation. The argument that Canadian policy has in any sense been the basis for diverting drilling activity, and so on, from Alberta is, I maintain, a difficult one to sustain.

Mr. Baldwin: I am not saying it is the only reason. I am contending it is a factor.