

of Venezuela. Venezuela wants to deal with either a Crown corporation or an agency of Canada, it does not care which.

This type of feeling is expressed by nearly all the oil producing countries. For reasons of nationalism they wish to avoid as much as they can dealing with international oil companies, which they consider to have dominated them over the last 50 years.

I think that the minister could make a very good argument on this score, but when I raised this question in the House a year and half ago and pleaded with the minister to establish some form of national structure, it turned out that there was one in place already. During the war the then minister of trade and commerce, the late C. D. Howe, had set up such a Crown corporation with the purpose of buying oil or the other products that we needed to carry out the war effort. That organization has sat idle for all these years, and we only discovered it at the time of emergency a year and a half ago.

I think that if we simply want this type of structure to deal with other countries, it is already in place. Of course it needs strengthening in terms of its personnel so that they are not babes in the woods in the tricky dealings connected with oil and energy resources. But the fact is that that is the reason for having some form of state structure to deal with other states.

The second argument one would advance—and of which I gather the minister was not aware—is related to the fact that under the oil and gas regulations of 1961—if the minister could persuade his colleagues to restore in particular the regulation dealing with how the value of the soil will be shared—approximately 60 per cent of all the oil and gas found in federal lands outside the provinces reverts to the people of Canada. Therefore one could argue that there must be some institution in place to handle this huge volume of oil and gas. If it is in the form of land to start with, decisions must be made as to whether it should be farmed out or dealings undertaken with the company that is the original finder. We must have some government machinery to handle all these choices.

At present we do not have such an organ of the government trained and able to calculate the value of an oil field that is partially developed. One could argue that we need a skilled group to handle this, but if you do have such a skilled group that is part of Petro-Can, and Petro-Can is simply one of the five or six major competitors in finding and distributing the oil, the other five companies will call foul play. So it is not fair competition if the 50 per cent of 60 per cent goes automatically to one company which has not even found the resource.

I think that this argument is sound in theory, that we must have some institution to handle the 50 per cent or 60 per cent that goes back to the people, and we must handle it in such a way as to prevent criticism that we are giving advantage to Petro-Can over other companies.

I put these two arguments to the minister in the hope that he will look at them, with his officials, and not let us be caught in a position that when a major oil or gas find is made we must make a decision on land choice, and are caught with our pants down. That in the north is a serious problem. You have to keep covered up, but we do not have

Petro-Canada

an institution in place to deal with this. We must have an institution right now whereby, if one company wants to lease, we have the machinery for handling our share of the land which comes back to us, and the interests of Canada are protected. But I suggest that that institution will not and should not be Petro-Canada.

● (1740)

I indicated earlier that I wanted to come back to the question of what is good for Canada. In response to the concern of the United States government about the tremendous utilization of resources to carry on the war effort, 23 years ago a group of Americans under the leadership of a man named Paley issued a five volume report telling the American people, according to a list of strategic resources, including both oil and minerals, that their country would soon be helpless and in a desperate position. The target date they estimated for this was 1980.

This same report indicated to the American people, if they wanted to read it, that the oil regulations set up in the United States, which had grown up like Topsy from the early days in Pennsylvania, were wasteful to the people's interests, and the report recommended that oil regulations be changed to give a larger share of the economic rent from these resources to the people of the United States. Not many Canadians read that report, but some did, and I was one.

When I came to this parliament in 1957 I was asked to be the resource minister. Within days after I took over we put through an order in council throwing out the old oil and gas regulations which, in the days of the previous administration, said that all the oil and minerals found went to the party finding them. Then I went before the industry with new regulations based on how the maximum amount of return could be given to the people who owned these resources, the people of Canada, and yet get the money invested to bring them to public use. The oil and gas regulations which were finally promulgated in 1961 ostensibly are still the oil and gas regulations of Canada.

These regulations eliminated all the front end loading charges which add tremendously to the costs of an oil company. They stipulated to the oil companies that in return for taking off all these charges we wanted them, when they came to the production stage or the lease stage, which is ownership, to agree that approximately 60 per cent of the value of this oil and gas would go to the people of Canada, compared to about the 12½ per cent or 15 per cent the provinces were charging.

The oil companies, after a long debate, accepted that because they found out that if we took off these heavy front end loading charges, even though they received a much smaller percentage of the oil and gas value, that gave them sufficient return in capital to keep them operating. The return estimated to keep them operating was 14 per cent, but the people of Canada, through efforts made in those years between 1957 and 1961, were assured under those regulations of receiving the value of 60 per cent of resources found in federal lands. This, to me, was probably the most I could do for my country. Instead of spending all the money paying interest on charges built up over 15 or 20 years, this money would be paid to the people of