

### Oil Export Tax

**Mr. J. H. Horner (Crowfoot):** Mr. Speaker, in rising to take part in this debate on Bill C-245 I should like to point out that we have heard a number of terms used, such as "export tax", "export charge", regarding the exports of a resource industry. The minister has stated in his speech that this bill is of great significance to Canada. We have heard much said about windfall profits, who gets them and where they are going. Yes, the bill is of great significance to all Canadians. It is a tax on a resource. A member of the NDP wondered out loud in his speech as to why there should be a tax on only this resource. Why should there not be one on other resources as well. Is oil the only product of which we are short? We are short of steel, we are short of many things. We are exporting many other commodities as well. Perhaps, we should tax some of these other exports.

**An hon. Member:** Hear, hear!

**Mr. Horner (Crowfoot):** I hear a member of the NDP saying "hear, hear" to that idea. I think the government should make its position clear. Is this only the beginning of a new system whereby the federal government will raise money for its lavish ideas so as to gather more votes? Is this the beginning of a new turn that the government has taken? Will they be taxing oil as a resource, and what other resource will follow? Will they tax other manufactured goods? After all, steel is made from a raw resource manufactured in Canada. Perhaps we should tax steel as well as oil. Perhaps we should tax lumber of which we are exporting much. The exports of B.C. lumber went up 24 per cent this year, and the prices of building goods have gone up in Canada. Perhaps the government has that at the back of its mind as it spends money lavishly to gather votes.

These are the questions that the government should attempt to answer. They should pledge, before this bill is passed, that this is the one and only tax and that it will only be applied for a time. The bill does not specify that. It provides that the tax will end at the end of January and then it will be called an export charge. As one of the newsmen interviewing the Prime Minister (Mr. Trudeau) said the other day, it is all salami anyway, and the Prime Minister agreed. It is a tax, a charge, call it what you like; it is an export levy. The bill suggests that it will commence on the first of February, but no one knows when it will end. These things should be ironed out. Is this the only tax, and will it be applied temporarily?

With regard to the matter of where the windfall gains should go, and whether Canada has adopted the best policy, let me quote from an editorial in yesterday's *Toronto Star* which outlined some of these problems:

Energy Minister Donald Macdonald says the price of Canadian oil will have at least to double when the freeze comes off next spring, and may have to become only marginally less than the world price, now about \$10.50 a barrel.

Are we to believe that the tax is coming off on January 1, and the charge will come off in the spring, as the Prime Minister said in his speech to the House last month? On the strength of this editorial, one might believe that the Minister of Energy, Mines and Resources (Mr. Macdonald) believes that the tax will come off completely in the spring. The minister has not said that in his speech. I hope

[Mr. Gillies.]

he makes his position abundantly clear because we have heard so many conflicting statements on the subject. The Prime Minister says one thing, the Minister of Energy, Mines and Resources says another, and now the Minister of Finance (Mr. Turner) is in the game. He, too, has his own ideas about these windfall profits about which everyone is talking and about what would be the best oil policy for Canada. Certainly, we need further explanations. This editorial continues:

Second, the oil producing provinces are entitled to some increased return from their natural resource.

Even the *Toronto Star* admits that the oil producing provinces are entitled to some increase. We, from the oil producing provinces, would like a clear definition of the word "some". How big is "some" and how soon is it? The editorial goes on to state the following:

As we have lately discovered, oil and natural gas have been underpriced in past years in terms of their true energy value.

That is a pretty good admission and we believe that the government is now realizing the true value of energy and that "some" is substantial. The editorial goes on to read:

But third, the only long-term justification for price increases beyond covering higher production costs, if any, and giving Alberta and Saskatchewan a fair return, is to provide funds for exploration and development of new energy reserves.

I will deal with that a little later, but first I want to emphasize that even the editorial in the *Star* admits there is some justification for price increases, and one reason they give is the higher production costs. The *Star* believes inflation will affect everybody, but not the cost of finding oil. As I say, they disregard the higher production costs, but they do say there is justification to provide funds for exploration and development of new energy reserves. That is a very significant point.

• (1440)

In his speech the Minister of Finance (Mr. Turner) outlined three points that were similar to the points made by the *Toronto Star*. He said there were three important points and they were interrelated. According to him half of the total energy produced in Canada comes from oil, and that a sudden jump in price can cause grave disruption to our economy. If we are to believe the Minister of Energy, Mines and Resources (Mr. Macdonald) that \$10.50 per barrel will be the price in spring, then there will certainly be a sudden jump. Of course, we hope that in spring the heating season will have passed.

The second point made by the Minister of Finance was that the competitive forces of supply and demand have not been responsible for the increase in price. That is a debatable point, and I will deal with it later. Then, he went on to say that 2 million barrels per day are produced in Alberta, and that if we increased the price of that oil by \$6 or \$7 a barrel this would involve a great deal of money. That is certainly an understatement for the Minister of Finance to make, because it does involve a great deal of money.

When talking about oil we should remember that about 80 per cent of the world's reserves are in the Middle East and north African area. Of the Arab petroleum exporting countries, Saudi Arabia, Kuwait and Libya produce about 30 per cent of total world production, and hold