

Borrowing Authority Act

Earlier this year the manufacturing sector of the economy was operating at about 81 per cent capacity. I think 90 per cent would be full capacity, so 81 per cent is low. That gap has been more than halved in the last four or five months and we are now operating around 87 per cent capacity, close to the maximum level of 90 per cent. That is a very significant gain, Mr. Speaker, and is partly due to the sale of exports which were able to compete on the world market because of the depreciated dollar. Canadian domestic producers are also able to compete much more easily with imports. It is almost like saying to Canadian manufacturers selling on the domestic market that we have given them a 15 per cent tariff and telling them to do something about it. I think something has been done. Closing the capacity gap from 81 per cent to 87 per cent is very important.

When we consider the trade position we see that in the second quarter we had a surplus in commodity trade of \$176 million, to be exact. In the third quarter this had risen to \$600 million, a very significant increase. The third quarter, the mid-summer and early fall, is normally considered a slow period. It is significant that this happened at that time.

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There are those who spend a great deal of their time deploring the state of our economy, the low value of our dollar and how badly this reflects on Canadians. They should realize that we are getting into a very enviable position. When the Japanese trade deficit starts to plummet, we begin to see the advantage to Canada of having a low value dollar. We begin to see the effect this will eventually have on our dollar, probably pushing it up to 87, 88, or 89 cents.

Mr. Hnatyshyn: The Trudeau buck.

Mr. McRae: During this debate the hon. member for York-Simcoe (Mr. Stevens) referred to Crown corporations and Petro-Canada. I wish to make a few comments in this regard. We should very seriously look at where we are going in this area. The Leader of the Opposition (Mr. Clark) and the members of the Progressive Conservative party have said without question that if they are elected and become the government of this land, they will disband Petro-Canada.

Mr. Hnatyshyn: Not if, when.

Mr. McRae: They should another look at that position. I do not think Canadians want Petro-Canada disbanded. I fought for it from the beginning. I sat in on the 19 meetings of the Standing Committee on National Resources and Public works while it was considering Article II. I did so because I believe what we were doing was right.

There are three basic reasons for doing that. First, it is one of our most important resources aspects. Ninety per cent or more of those assets is owned and controlled by foreign corporations, most of them large corporations. We have less than 10 per cent ownership in those assets. I could not see how the private sector could turn that fact around. There is not one Canadian company that could move into the big four or five.

[Mr. McRae.]

The only way to do that was to create a national company. That was absolutely essential.

The second point is that, regardless of what is being said this year, we are being faced with a downturn in our oil supplies. We will likely be out of conventional crude oil if not by the middle of the next decade, by the end of it. It is essential that we secure a supply of crude oil, conventional or synthetic, for the future.

There are those who are concerned about debt and the legacy for future generations. They should be concerned about the fact that by the end of this century there will be virtually no oil. Early in the new century we may be out of gas. That is a fine legacy for future generations.

It is important that Canada get control of the situation and that we do the best we can to secure our supplies. This may mean drilling in areas where it will not be profitable. It will mean becoming very much involved in Syncrude.

The third reason I supported strongly, and will continue to support strongly, Petro-Canada, is simply this. In the mind of the public, the oil industry of this country has virtually no credibility. I do not say the industry is lying, but the public just does not believe it is telling the truth.

At one point they say we have resources that will last 123 years. They feed this information to the National Energy Board. The next time they say we will be out of oil by 1985. All of a sudden we are going to exporting again. There is no credibility in the mind of the Canadian public. In fact there is no credibility globally. That may not be justified, but that is the case.

For the sake of the industry, and the Canadian people, it is extremely important that the Canadian government own a company that is part of the oil industry in order that it can monitor the industry. One of the beneficiaries of that kind of monitoring will be the majors in the industry. If the majors are not lying, and I do not say they are, having a group with some credibility to explain the situation and put it in perspective will do good. If the majors are lying and the figures we are given are not correct, we will then know that.

This becomes very important in view of the fact that oil and gas prices have been allowed to increase very rapidly in the last three or four years. One reason for that was so that the industry could spend more money exploring for future supplies. This is another reason why we should be in a position to monitor. It is important that we have a company owned by the Canadian people in a position to monitor the industry.

Before suggesting that we eliminate Petro-Canada let us look at a parallel situation. There may be three or four, but I can name one or two companies, British Petroleum and Acquitains, both functioning in this country and principally owned by the governments where their head offices are located, Britain and France. I am sure there are other such companies, but possibly not as large.

I have not heard the opposition say that British Petroleum and Acquitains should get out of Canada because they are socialist operations. We accept those companies. They do