

Income Tax

This country possesses the resources and there are investors in other nations, as well as in Canada itself, who are ready, willing and able—I stress the word “able”—to search as they have done in the past for new supplies of petroleum. I urge the government not to continue to drive out capital with the result that federal and provincial funds are sucked in to rescue projects whose continuation is in the national interest.

I urge the government to come forward with a long-term plan for increased and meaningful incentives immediately to attract Canadian investors into the resource industries while at the same time making it clear to our friends in the United States that we welcome their investment in our natural resource industries. In the absence of foreign investment there is almost no way in which the tens of billions of dollars required in the years ahead will be forthcoming.

The most tragic feature of this whole scenario is that ever since the late forties Canadians have been urging ministers of finance to provide meaningful and important incentives so that Canadians could invest in the oil industry. We have been chasing out or, through various means, scaring away foreign capital but we have done nothing to attract Canadian capital. This is a risky business, but it should be realized that given the proper incentives Canadians are still ready to invest in the oil industry.

I cannot understand why the minister continues to hesitate about giving Canadians the same encouragement as foreign citizens enjoy when investing in this field of resource development. I urge the Minister of Finance to resist the expenditure of taxpayers' money on such ventures and to provide sufficient incentives by way of clear-cut rules, reasonable royalties and, if necessary, higher prices for crude oil and natural gas to ensure that investment by governments will not be necessary. I would remind the minister, again, that 90 per cent of the potential conventional oil and gas in Canada lies under federal lands. On federal lands there are no rules and no incentives. On federal lands royalties and all control rests with the federal government. There, too, lies our great potential. It is just another tragedy that has been brought upon this country and its citizens by a federal Liberal government.

● (1650)

I recall that in the projection we have seen there are some 10 to 20 plants to be constructed ultimately in the Alberta tar sands, which is one plant every two years. I think we agree, especially having heard the Prime Minister answering questions today, that this level of achievement has gone forever. If governments are to continue taking an interest in these kinds of plants, the annual sums required to match their investment in Syncrude is horrendous. I suggest that the government must figure out how funds from the private sector can be attracted. When projecting 10 to 20 plants over a number of years for synthetic crude alone, quite apart from the billions required to develop conventional crude, governments alone cannot begin to meet the demand for capital.

Mr. Nystrom: Are you critical of Davis and Lougheed too?

[Mr. Bawden.]

Mr. Bawden: The hon. member asks me if I am critical of Mr. Davis and Mr. Lougheed. Unfortunately, because of the total scenario in our country the atmosphere of despair and disincentive provided by the federal government, along with inflation which is fully within the responsibility of the Minister of Finance, these last minute rescue operations became absolutely necessary. But I think it was the wrong way to go about it.

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I wonder whether the hon. member would be good enough to let me follow up the question put to him by the hon. member for Yorkton-Melville (Mr. Nystrom). At the time that the Premier of Alberta raised the royalty rate and proposed the other charges as he did 18 months ago, was the hon. member in favour?

Mr. Bawden: The minister asks an interesting question which has been asked many times by many people. I think the important thing is that the Premier of Alberta altered the royalty rates in a meaningful way, and I know it was a way that the Minister of Finance agreed was reasonable during the autumn of 1974. But what Albertans and the people of this country are disappointed in is that the minister did not respond similarly. He made a response by making some reductions in taxes, but this was not enough because it did not bring about the required activity.

If I may just finish, Mr. Speaker, I will then permit another question from the minister. I think that the Minister of Finance has to respond to these serious threats to our economic future. He must tell us now what incentives he proposes to provide, or whether in fact he envisages the federal and provincial governments of this country picking up the tab every time private enterprise pulls out of a project. Will the minister and the Prime Minister urgently call an early meeting of first ministers to resolve this problem? Why should we wait until April? Will the Prime Minister, who is meeting the Premier of Alberta in the early part of February, take the opportunity immediately to seek some permanent and longrange solutions to the energy question? Why do we constantly put this off three, four or five months?

In conclusion, Mr. Speaker, it is too late to correct the energy shortfall in 1980; we cannot change that situation. But we can take steps now to improve the situation, and we must take action to head off the prospects that face Canada in 1985. I would be interested in the minister's response, particularly to the question of Canada's imbalance at that time as a result of oil imports.

Mr. Deputy Speaker: Is the Minister of Finance (Mr. Turner) rising for the purpose of asking a question?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I think the hon. member for Calgary South (Mr. Bawden) indicated that when he was finished he would be willing to entertain a question, and I put to him a preamble to the effect that the Prime Minister had offered to meet the premiers in February but that the premiers were not able to meet him on that date, for reasons not entirely beyond the hon. member's ken. He will recall that the standard royalty rate in Alberta was 22 per cent. I asked him whether he was in favour of the Premier of Alberta's raising of this