

ing the oil, and the producers receiving the bounty, therefore the benefit of the bounty goes only to those who are directly receiving it, that is to say, the producers. Any one who takes a view of that kind surely has not examined the subject.

It is the bounty of 52 1-2 cents a barrel, spread over some 167,000 barrels, that accounts for there being any production at all. The cost to produce runs to about \$2.62 1-2 or thereabouts per barrel, varying from \$2.40 to as high as \$2.94. I am referring now to figures presented by one who certainly is familiar with the industry, and appearing in Hansard of a year ago. The sale price averages \$2.62½, and there are approximately fifty per cent producing below the cost, the others producing above. But to maintain the industry there is required what might be described as overhead—a tank system, a pumping system, a conduit system carrying the oil from the point of production to the tanks in Petrolia and thence to the refinery at Sarnia, I believe. To maintain this overhead a production at least equal, or approximately equal, to the amount now produced is essential. Diminish that by half and you have not enough to hold the overhead with the result that not only the half which is losing money at \$2.62½ but the half which is making money will suffer. At \$2.62½, without the bounty, the business will cease. So that all the money spent to purchase Canadian oil, approximately \$500,000 a year, will go elsewhere. If the farmer gets only one eighth of it his loss will be \$50,000; that is to say, he would have that much less revenue. My hon. friend shakes his head; I do not see where this reasoning is wrong and I should be glad to be corrected if I am wrong. Where is the mistake?

Mr. FANSHER: There is only about \$80,000 paid in bounties.

Mr. MEIGHEN: Apparently I have laboured in vain. What I am trying to make out is that if that assistance to the extent of \$80,000, which turns over \$500,000—

Mr. FANSHER: There is an "if" there.

MR. MEIGHEN: Yes, but I have supported that "if". I think I understand Mr. Speaker, why it is the hon. gentleman made the speech he did. I thought I had made the point perfectly clear; the bounty now certainly sustains the industry, for without it operations would cease. That is perfectly obvious if the figures are correct which have been presented in detail and which have never been refuted in this House. Nothing has been advanced to even modify them;

either by the hon. member (Mr. Fansher), the Acting Minister of Finance this year or the Minister of Finance last year.

Mr. McMASTER: May I interject a question?

Mr. MEIGHEN: When I finish the sentence. You know, the member for Brome (Mr. McMaster) always sees the result of a sentence a little in advance and wants to head it off. People do not produce oil to lose. Those, then, who produce above \$2.62½ quit anyway; with their stopping the overhead cannot be sustained; without the overhead the others cannot produce. So where is the industry? It is all gone.

Mr. McMASTER: No, no.

Mr. MEIGHEN: Let me hear from the hon. member for Brome.

Mr. McMASTER: If the bounty was discontinued, that might have the effect of allowing the less gushing wells to go out of existence, but would not the gushing wells which are making a profit without the bounty still continue?

Mr. MEIGHEN: I have just stated they could not, for this reason: the whole production is so small that it is no more than sufficient to warrant the overhead. Perhaps, "overhead" is not the correct word. I mean the pumping, tanking and conduit system necessary to carry the oil so many miles down to Sarnia. You cannot support that system from the production of what my hon. friend calls the gushing wells, those that make a profit without any bounty. They represent only fifty per cent of the total production; consequently they could not sustain the overhead. Unless you maintain the conduit system you cannot have any wells at all.

Mr. McMASTER: Yes, you can.

Mr. MEIGHEN: I do not think my hon. friend will venture to put his suggestion so that I can hear him.

Mr. McMASTER: Yes. I say the hon. member is looking at the situation as if it was one business with a number of wells of an equal capacity and productiveness. I think he is mistaken. I would say that in this district, as in all districts, there are certain wells which gush a great deal freer than others. The bounty may keep in a state of life certain wells which otherwise would close, but there must be a number of wells which would go on making wealth for their owners and lessees without any bounty at all.