

*Income Tax*

much time to the argument that this involves only money and really does not involve control of resources. The minister has suggested the government must have taxing room in respect of the matter of resource taxation. However, as a result of these tax proposals we seem to see an attempt to rewrite the law in a back-handed way.

Up until 1930 the resources of the prairie provinces belonged to the federal government, and up to that time those provinces were treated as second class in comparison with the other provinces in Confederation. It took a number of years, and pressure from western members, exemplified by Progressive Conservatives, to force the federal government to treat the prairie provinces as it treated other members of Confederation.

When the prairie provinces took over in respect of resources, particularly petroleum, it was found that the federal government had been a very poor manager and had made terrible mistakes in the area of conservation. The result was that new conservation laws had to be developed. It is a recognized fact that the province of Alberta now has the best conservation laws in relation to oil and gas of any jurisdiction in the world. This indicates that the province knows how to develop these resources, whereas the evidence shows that the federal government does not.

We now know that we will be running out of oil and gas within a short period of time without rapid development of the Arctic and offshore areas. In spite of that the federal government refuses to develop any land use regulations or rules regarding royalties in their relationship to the development of resources in these areas. This government sits on its hands in this regard, with the result that these resources are not being developed, and thus we will be forced into an energy supply shortage within a few years.

It is very interesting to note that many of our supply problems miraculously disappeared over the weekend. I suggest that is the case only in the mind of the Minister of Energy, Mines and Resources (Mr. Macdonald). The fact is that we are facing a shortfall situation in respect of petroleum supplies, and the government will not take the necessary action to come to grips with the situation. The minister suggests that the federal government is only involved in respect of the revenue, and is not interested in jurisdiction. I disagree with him.

The Minister of Finance (Mr. Turner) and the Prime Minister (Mr. Trudeau) have made little effort to reach any accommodation of attitude with the western provinces in the field of energy and resources. I note that the Prime Minister will be meeting with the Premier of Alberta tomorrow in Lethbridge. It will be interesting to see if any effort toward accommodation is forthcoming. I am rather pessimistic in that regard, but, hopeful, nevertheless.

It is no secret to any western Canadian in Alberta, Saskatchewan and British Columbia that had the oil and gas been found in the provinces of Ontario and Quebec the treatment afforded by the federal government would have been different. I suggest there would have been long periods of negotiation and meaningful consultation, rather than the kind of consultation we have become accustomed to when dealing with federal ministers.

It is interesting to note that the province of Quebec in many respects is acting like a separate state when dealing with foreign government. I have in mind the negotiations between the province of Quebec and France in dealing with nuclear materials. I observed in the Saturday, February 8, edition of the *Toronto Star* a claim by Richard Gwyn that Mr. Bourassa introduced a rather interesting piece of legislation in his province just before Christmas. This bill lost much of its newsworthiness when that legislature became involved in discussions about members' pay. Mr. Gwyn had this to say in his column of that date:

The second bill is quite new. It grants diplomatic immunity to representatives of foreign governments in Quebec and to the staff of the International Civil Aviation Organization which is headquartered in Quebec. All these consuls-general and ICAO staffers already enjoy diplomatic immunity, granted by Ottawa. The kicker is in Section 23: "The Lieutenant-Governor in Council shall also be entitled to restrict the application of this act with regard to consular officers of foreign states which refuse to grant to Quebec representatives advantages similar to those granted by the act."

Quebec thus claims the right to withhold diplomatic immunity already granted by Ottawa if countries with consuls-general in the province refuse to grant the same immunity to Quebec representatives abroad.

It is very interesting to note that the Premier of Quebec offered to go abroad to make energy deals, backing them up with his own consular arrangements, with the feeling that Ottawa is merely the keeper of the gate. This seems to be a different approach by the federal government to the approach it has adopted in developing the resources of western provinces.

I have already pointed out in this connection that it took a very long time for the western provinces to obtain control of their own natural resources. Since that time those provinces have continually had to fight to retain control. I suggest this budget is another step in that process. Before this budget is reduced to legislative form I hope another look will be taken at the government's approach and its treatment of natural resources.

The main reason there has not been much discussion about resources until recently is that these resources were not of much value. In fact great incentives had to be given to ensure their development. We learned, during our discussion of the white paper on taxation and the subsequent legislation which gave us the so-called tax reform bill two or three years ago, that we had to give foreign owned oil companies the same depletion allowances they are given in the United States in order to compete with petroleum energy sources in the Middle East. Whether or not we would have been better off not to have given these depletion allowances is debatable, but the fact is that at the time it appeared they were required and, as a result, we were turned into a country that was self sufficient in petroleum resources. As I pointed out, Mr. Speaker, it seems that we cannot stand prosperity because we are now going the other way. Apart from having poor policies, which can be lived with sometimes, we have no policy in large areas of our potential resource development, and that is an impossible situation.

● (2100)

When resource prices started to rise a demand was made by the federal government that the provinces should do more to husband the product of resources for their