ing to a Canadian price ceiling somewhat below the international price.

The Canadian people are intelligent enough to know that if it costs more to produce oil, or if we have to pay higher prices for imported oil, no one can keep the price down. But in my opinion the Canadian people will not stand for this government or for any other government raising the price of oil when an increase is not needed, merely because the oil industry can get a better price somewhere else.

Some hon. Members: Hear, hear!

Mr. Douglas: The oil industry needs to be reminded that this oil is not their oil; it belongs to the people of this country and to the people of the province where it is produced.

Mr. Clark (Rocky Mountain): What about the oil in Saskatchewan?

Mr. Douglas: Saskatchewan is selling its oil, which as the House knows is sour oil with a large sulphur content, in the main to the United States.

Mr. Clark (Rocky Mountain): How did you treat the oil companies when you were there?

Mr. Douglas: We were not using domestic oil at the time. We exported it. We got our domestic oil from Alberta, which is sweet oil, the kind of oil our refineries are equipped to handle.

What I think this House and the Canadian people have to recognize is that every time the price of oil goes up the Canadian economy loses money. Professor Bruce W. Wilkinson of the University of Alberta, a well known economist, has pointed out in an article in the *Canadian Forum*, and also in many other articles that he has written, that there is a net loss to the Canadian economy of 7.73 per cent when there is an increase in the price of oil. He has pointed out that the higher prices paid by Canadian consumers more than offset the revenues that the federal and provincial governments collect from taxes or royalties and dividends and retained earnings received by Canadian shareholders. As a matter of fact, only 14 per cent of the dividends and retained earnings derived by the oil industry stay in Canada; the other 86 per cent goes across the line. That means that if the price of oil is raised by $1.50 a barrel and revenue is increased by $1,100 million, the Canadian economy would be the net loser by $80 million.

Mr. Nystrom: You mean $800 million.

Mr. Douglas: No, $80 million—it is 7.73 per cent. He further points out that the 95 cents a barrel increase already granted this year with respect to the oil now in place will cost the Canadian economy $450 million over the life of those oil reserves. If the price is raised by $1.50, it represents a loss of over $1 billion during the life of the oil field. The Canadian people will not get the benefit of the increased price for oil; they will pay more for their oil and the Canadian economy as a whole will be out of pocket by nearly 8 per cent of the increase.

I know all the arguments, Mr. Speaker. I have heard them from my friends to my right and I have listened to them as briefs were presented by oil companies. They say "We need the money. We cannot make a case on the basis of increased costs, but we do need the money for future development". They say they need the money to go out and find more oil wells and bring in more oil reserves. I have listened to the hon. member for Calgary South (Mr. Bawden) say that ad nauseam. There are two things to keep in mind. First of all, we have no guarantee they will use the money to search for oil. Mr. Joseph Yanchula, a petroleum consultant in Calgary, wrote an article in which he said that $1,000 million goes out of Alberta each year; that $300 million has gone to the Arctic and $700 million went elsewhere, but that Alberta had a net loss of $1,000 million. We must remember that we have no guarantee the extra money the companies get for oil is going into research in this country. If that is their only argument for increasing the price the government should take that extra money, put it into a fund and use that in conjunction with the provinces to develop the oil sands on the basis of public ownership.

● (1700)

Some hon. Members: Hear, hear!

Mr. Douglas: The other fallacy of that argument is that the oil companies do not need money to look for oil, drilling 6,000 to 8,000 feet below the surface. Our main reserve of oil for the future will be the oil sands and we know where they are. This is a mining and refining proposition, and the companies do not need the extra $1.50 per barrel in order to take over control of one of Canada's last great energy resources.

I hope the government will give serious thought in the next couple of days to what it is going to do when the present price freeze ends.

An hon. Member: It has only two days left; 48 hours.

Mr. Douglas: I know the government is being pressured by the oil industry, being pressured by the government of Alberta and being pressured by our friends in the official opposition to raise the price of crude oil at the end of January. That will mean a substantial increase in the price of gasoline and home heating fuel as well as diesel fuel. I would remind the House that the largest single consumers of diesel products in Canada are farmers and fishermen, and when you raise the price of diesel fuel you automatically raise the price of food in the supermarkets.

Some hon. Members: Hear, hear!

Mr. Douglas: I say the government ought to think about this matter very carefully. The government has a duty to tell us within the next few days what it proposes to do about this price structure which will be put into effect when the price freeze ends.

An hon. Member: You will support them no matter what they do.

Mr. Douglas: I say that the price which must be set is a price which will be fair to the oil industry.

Mr. Yewchuk: And what is that?