Since the Premier of British Columbia changed the ground rules, as he does periodically, this winter something of the order of 55 holes were cancelled in British Columbia. In Saskatchewan, if they are lucky, 150 holes will be drilled in 1975. This would be terribly optimistic forecast. In years gone by, the province of Saskatchewan had something in the order of 1,000 holes drilled each year. There is no question but that these provincial socialist governments are seriously affecting the people in the rest of Canada.

Late in 1974, the Premier of Alberta took positive steps to ease the burden of royalty on Alberta producers. However, in the absence of action by the federal government to do their share, the industry may very well continue to die on the vine even in the province of Alberta. Statistics on the movement of drillings rigs, which indicates a meaningful percentage, have left Canada and are continuing to do so, are only an indication of the far more serious flight of capital to countries which are providing incentives. Most countries of the world are working frantically to improve their balance of oil exports and imports.

• (1640)

We are on a 180-degree course compared to every other country; we are the only country in the world which people, machinery and capital are leaving. Every other country is importing this kind of expertise. I would like to deal briefly with the consequences of this flight of capital and the effect on the balance of payments position in Canada over the long term. This is something which could lead our country to the brink of bankruptcy, and the Minister of Finance is responsible.

The figures I am using are those of the National Energy Board. They indicate sizeable shortfalls and show that Canada will be deficient in oil in the relatively near future, and that imports of oil by 1980 will cost the country more than $2 billion a year. By 1985 the cost will have risen to well over $5 billion a year for oil imports. If we look at deficits other than those involving energy, we find that Canada is facing a deficit in current account in 1975 of some $3.5 billion, $500 million of which will arise as a result of trade deficits; the $3 billion will result from invisibles such as shipping, travel, interest and dividends—this latter amount is growing by approximately 7 per cent a year. If we project over five years the contribution of invisibles to our current account deficit it will be in the order of $4 billion by 1980. I am sorry the minister appears to be leaving; I am getting to some of the crunch figures.

Mr. Turner (Ottawa-Carleton): I am not leaving.

Mr. Bawden: If we add to this deficit on our current account the deficit incurred through the importation of oil, we arrive at the figure of $6 billion for the annual total deficit in the year 1980.

The figures are even more frightening if we presume that the deficit in invisibles will reach over $5 billion by 1985, in which case the addition of the deficit incurred as a result of oil imports will bring the total to approximately $10 billion. This is based on projections by the National Energy Board which allow for a reasonable number of new discoveries as well as for the development of the tar sands. This scenario places Canada in virtually the same position as that in which Britain and Italy find themselves today. By 1985 the Canadian economy will likely approach the size of the economy in those two countries, and a deficit in our current account of the magnitude which can presently be estimated would place our country in the same hopeless position.

Canadians have the right to ask what would be the result of the federal government spending billions more than we can afford on oil imports. They have the right to ask how these accounts are to be settled; how the government will deal with the balance of payments position in the years ahead. Hon. members should bear in mind that the situation I envisage is likely to arise as early as 1980, leaving little, if any, time for remedial measures to take effect. The lead time is simply not great enough.

We cannot make any serious dent in the problem by increasing exports. Statistics Canada indicated recently that the volume of Canadian exports declined seriously in 1974. It was also indicated that in the fourth quarter we actually incurred a deficit of $363 million, the first in many years. The outlook is gloomy. In the past, our oil exports placed us in a credit position; we enjoyed a very favourable position in 1974 in relation to other countries because we were not subject to cost escalations arising from oil imports. The Chancellor of the Exchequer in Britain has stated that for Britain the higher oil prices could only mean a lower standard of living and increasing unemployment. Canada is not a bit different: it could happen here. In fact, I suggest this is one of the most serious problems which has ever faced this country.

The Minister of Finance has an obligation to act, since all the measures he proposed in his budget of May 6, and again in his budget of November 18, 1974, were directly contrary to those he should have introduced as a means of dealing with this problem. Perhaps it is fortuitous that he is the chairman of the special committee within the International Monetary Fund which will be doling out assistance to countries who are going broke as a result of their energy imbalance. I say to you, Mr. Speaker, that at Canada's level of shortfall by 1985 we would use up in the short space of 2½ years the entire amount of the $30 billion of financing set up by the International Monetary Fund. In the communiqué tabled in this House by the Minister of Finance on January 16, the hon. gentleman stated:

> Participants requesting loans under the new arrangement will be required to show that they are encountering serious balance of payments difficulties and are making the fullest appropriate use of their own reserves and of resources available to them through other channels.

Perhaps the minister could tell us whether failure to develop our natural resources fully might have an adverse effect on Canada's ability to participate in the fund as he envisaged it functioning. The result is apparent. If we could not continue to borrow, our country would be extremely vulnerable; we would be forced to sell land, industry and business in ever-increasing amounts to foreign buyers; our currency would be threatened by serious runs against it, and the upshot could only be devaluation with the most serious economic consequences.