

*Income Tax Act*

much. That has been the history of pricing all the way along. If we went from \$4 to \$8 in 1974 we would have had an 800 per cent increase in reserves of conventional crude oil. Every time there is another big jump, and we are now at \$18, reserves are down, and they have been reduced by 35 per cent.

I want to conclude at this particular point by wondering whether there are not many things about this industry that must be severely corrected, and whether there is not a need for a company like PetroCan, which provides an eye and an ear on the industry, to get to know these things and find out what is going on. I wonder if there is not a strong place in the industry for the government and the industry to work hand in hand. I do not think we can just rely totally on an industry which is providing us with this faulty kind of information, and has been for the last 15 years, with the government saying, "You do it, you are the only ones who can; the public sector has no business being involved in this."

Basically I think Canada has always grown as a country with a private and public mix. We are in a situation in this industry where there is a real crisis, and when that kind of crisis comes on in the petroleum, gas and energy industry, it is incumbent upon the governments of the country to take control of the situation and work the problem out along with the private sector.

**Mr. Shields:** Mr. Chairman, it gives me a great deal of pleasure to continue with this debate. I should like to make one small observation in response to the previous speaker, the hon. member for Thunder Bay-Atikokan. I have been wondering for a long time what the attitude of the government was to oil rigs leaving Canada and going to the United States. Now we have heard it very strongly put by the previous speaker who has said, or asked, is it really bad that rigs are leaving Canada? Let me suggest to the hon. member that it certainly is bad.

Each rig one sees out drilling for oil in western Canada in the prairie provinces represents an individual factory employing 25 to 30 people. I would like to ask the hon. member for Thunder Bay-Atikokan what he would say if 75 small factories from his province were leaving the country and going to the United States. I would like to ask him how he would feel about that. His view is that it is really not bad. He asks the question, is it really bad? You are damned right, it is bad, it is a shame, it is deplorable, and it is the result of the policy of the present government.

● (1630)

The previous speaker said that tar sands and heavy oil are probably the future for Canada. I agree with that. They certainly are. The hon. member referred to oil pricing. He implied that with the National Energy Program we cannot tie the price of this commodity to the world price; we must bury our heads in the sand and ignore the fact that we are part of the western world and that other countries are all raising their prices for this commodity. If we search through the national energy policy, we find that the price of neither conventional nor synthetic oil is tied to the world price when the world price

goes up. However, the National Energy Program does tie that price to the world price if the world price goes down.

The National Energy Program clearly states that the price of synthetic crude or heavy oil from plants in northern Alberta will be \$38 per barrel tied to the consumer price index as the world price goes up, but as the world price comes down the price will be \$38 tied to the consumer price index or the world price, whichever is the lesser. In other words, the government opposite wants to tie the price to the world price if the world price goes down but not if it goes up. Why in God's name do hon. members opposite not make up their minds? I suggest to the members of the government that this is history. They need only look back in history to see exactly the same thing.

Hon. members opposite talk about not trusting information we get from the oil industry. I suggest that the people of western Canada are not prepared to trust the information they are getting from the present government, which is dominated by central Canada.

Let us look back in history for a moment. Let us look back to the First World War. The price of a commodity produced in western Canada was frozen. It was frozen with the same excuse that we could not tie the price of cereal grains to the world price. It was to be a made-in-Canada price.

**Mr. McRae:** It has been tied since, though.

**Mr. Shields:** During the Second World War exactly the same thing took place. History repeats itself time and again, and I suggest it is being repeated right now. If hon. members look through the national energy policy and read it again, they will see that the price of production from synthetic crude plants—I am talking about Syncrude, GCOS, Cold Lake, and any other plant which will come onstream in that area—has a ceiling of \$38 a barrel tied to the consumer price index, which has no relationship, but if the price of oil goes down on the world market lower than \$38, to hell with the cost of production; the price will go down with the world price. The price is being tied as the world price goes down, but this government will not tie it to the world price when the world price goes up. That is not very logical.

With respect to increases in prices I point out that inflation has robbed us of more than half our cost of living dollar in the past ten years. For gasoline our dollar is worth 33 cents in 1980 compared with what it was worth in 1970. With respect to our utility bills it is worth 38 cents; for food it is worth 46 cents; for home purchases it is worth 35 cents; for used cars it is worth 54 cents; for university education it is worth 50 cents; for rent it is worth 58 cents; for new cars it is worth 60 cents; and for clothing it is worth 66 cents. That is what inflation has done to our dollar. And we wonder why prices go up!

Between 1970 and 1980 over half the purchasing power of the Canadian dollar disappeared because of inflation. What has the government done about it? It has done absolutely nothing. It creates more inflation by purchasing offshore and by subsidizing. I shake my head at the ridiculous situation we find ourselves in today. I cannot help but wonder whether we have lost our marbles completely. We are prepared to import