

When pressed by me today, the minister stated there was consultation. I cannot accept that. With regard to consultation with western Canada, Alberta in particular, I say this new, ad hoc oil and gas policy of the government is the biggest deception ever perpetrated on western Canada. There was no consultation. One recalls the western economic resource conference where the Prime Minister (Mr. Trudeau) put on a show to gain western votes with words, and ever since he has kicked the west in the posterior, all of which was confirmed by the western Liberal delegation at their own convention. As a learned Liberal Senator said at the convention, considering what this government has done to our wheat, our cattle, our natural gas and our crude petroleum, if the government does not revoke and repeal such policies the Liberal party will become a matter of factual history, lacking any national, viable force.

This lack of consultation with the provinces is astounding. It is the most high-handed policy of negative co-operative federalism ever devised. Yesterday they talked about building a pipeline to Montreal. Premier Bourassa stated that it would interfere with their refinery development of crude from international markets. He said no; and as soon as he said no, of course, the Trudeau government said no. This is what the minister of natural resources of Quebec said:

The pipeline project is absolutely unacceptable to the province of Quebec.

Mr. Lougheed, on the other hand, has complained about the mechanism of the surtax. His words are on record in this House. In his case the government said yes. The Prime Minister said yes. I ask, Mr. Speaker, what kind of economic discrimination is this to western Canada? This is economic alienation.

The utter confusion of the federal Liberal government policy has affected Canadian independent companies more than international companies. For it is they who must scramble for money, for investments in Canada and elsewhere. I was advised by one independent company today that the uncertainty of this policy will dry up funds and in the end all consumers in Canada will suffer. This drying up of funds will curtail development. It does not take a crystal-ball gazer to appreciate that because of the trouble in the Near East which could explode at any time, the price of international crude will continue to rise. The lack of development in Canada may make us dependent on others rather than being sure of ourselves. In the long run this policy will mean loss to the consumers of Canada.

In considering the price of a commodity such as crude petroleum, price has one of two functions. It may restrain consumption or it may generate supply. Those who are developing the tar sands, for example, have this to say:

Unless oil sands production is exempted from export controls and export taxes, then it is our considered opinion that the federal government's actions would effectively put an end to large-scale development of the oil sands.

I do not have the time to put the figures on the record tonight, but they were put on the record of the committee and show that the tar sands can produce the same amount of crude petroleum as the proven reserves presently known in western Canada. Therefore this is no time for the government to be monkeying around without full

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consultation. Will the tar sands development be ground to a halt?

Now let me deal with the question of compromise. In my question today I smoked out the minister when I asked him about the compromise spoken of and which was so fully reported at page 9 of this morning's *Globe and Mail* in Mr. William Johnson's column. The minister said, of course, that the compromise is a compromise resolution of the convention, and that the hon. member—meaning me—should appreciate that it is not binding on the government. Therefore I say the compromise reached at the convention was not a compromise of government policy. So there has been no compromise; that there is, is fiction.

All of these problems have resulted from the Liberal government's ad hoc policy in regard to endeavouring to control galloping inflation. Their policies have added to and aggravated inflation since the Prime Minister said that inflation was licked. The sad thing, as I see it, is that it has taken Alberta a lot of capital, exploration, and above all risk, to find and to develop its resources of crude petroleum and natural gas. Today this government has put the lid on that development. It seems to me that this government believes, if I may coin a phrase, that the nationalism propounded by the Liberal party is according to the price of a barrel of crude petroleum produced in Alberta.

● (2210)

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, as I indicated in my response to questions earlier today, I met with Mr. Dickie, Alberta's minister of mines and minerals, on September 13, and on that occasion put to him the situation placed before us by the decision of the National Energy Board the day before, that it could not grant licences for October oil exports because it could not, as required by the act, satisfy itself that the price for Canadian oil being sold to the U.S. was just and reasonable. The board considered that the price differential was generally of the order of 40 cents.

I then explained the choices to Mr. Dickie; that is, let the federal government abandon its policy of attempting to control the inflationary pressures on oil and allow the Canadian price to rise to meet the U.S. price or, alternatively, we would simply not allow the export of oil, which was unthinkable or, alternatively, we had to find a method of maintaining the Canadian price and obtaining prevailing prices for our oil in the U.S. market. The immediate imposition of the export tax or other control mechanism was required. I told Mr. Dickie I regretted that a circumstance had arisen where we had to act immediately.

With regard to the utilization of the funds which would be raised, I suggested to Mr. Dickie that we had only in mind that they would be employed for the purposes of developing secure and stable supplies of energy in Canada. I assured Mr. Dickie that we would consider the Alberta government's entitlement to whatever additional royalties would have been obtained by the sale of oil in the U.S. at the higher U.S. market price, and that we would discuss with Alberta the application of the proceeds to energy developments in the province of Alberta and frontier oil, particularly increased exploration off the Atlantic coast where a discovery is so badly needed by Canada for