circumstances at that time, the price of oil in Canada was something like $15 or $16 a barrel, and world prices were around $26 or $27 a barrel. We did not have the great disparity there is today, and naturally Alberta and the other producing provinces look at the world price and the Canadian price, and the difference between them. However, in spite of that, in spite of the political advantage they had of both governments being Conservative, they were not able to make that kind of deal. I think that if we look at where that money was going, that special excise tax which we talk about as 18 cents a gallon, which really turns out to be about $6.35 a barrel, we find that after the first year, the vast majority of that was going to pay for the mortgage interest and property tax deductibility, an important issue in the Conservative platform in 1979. Then we have to think: well, if those revenues were essentially to cover that mortgage interest and property tax deductibility, where was the money to come from for the compensation account, and so on? If we look through the figures, we see that there would have to be dramatic increases in the compensation program, the excise tax, or whatever mechanism the government employed to raise additional revenues. The 18-cent excise tax was pretty well fully committed after the first year to the mortgage interest deductibility plank which they promised. If we look at the projections in the Conservative budget, they used a figure of $32 per barrel for the world oil price by January, 1981. In actual fact, the world price was $43 per barrel. The amount of excise tax they would have to impose would have been something like $2.15 per barrel. This would have been an additional cost imposed upon consumers.

● (2130)

The hon. member for St. John's West (Mr. Crosbie) talked about a 10-cent per gallon reduction for farmers, fishermen and municipalities for their equipment or urban transit. He did not point out that a 15-cent per gallon excise tax would have been imposed on farmers and fishermen. For the first time in our history, a 15-cent excise tax would have been imposed on the production of food.

I think all these matters should be pointed out. An important factor which developed this year, in the absence of a signed agreement between the federal government and the government of Alberta, is that the federal government had to impose a $1.85 per barrel special levy to cover the cutback of 120,000 barrels per day.

Everyone talks glibly about a pricing agreement with Alberta. I have already pointed out that in the fall of 1979, the Premier of Alberta talked about cutbacks. He was not talking to a Liberal government in Ottawa; he was talking to a newly-elected Conservative government. So far it has taken six or eight months, and unfortunately we have not reached an agreement yet. I wish we had reached an agreement.

One of the objectives of the National Energy Program is to increase the revenues of the federal government from 10 per cent of the revenues of oil production to 24 per cent. If the federal government achieves this—and I hope it will—the revenues to producing provinces will drop from 45 per cent to 43 per cent. At the same time, the percentage of the oil companies will drop from 45 per cent to 33 per cent.

Can one imagine a more difficult scenario to achieve? Surely the oil companies, such as Exxon and the Seven Sisters, will fight day in and day out with their massive public relations departments, press releases and everything possible. Likewise, the producing provinces will fight; they want every nickel they can get.

I do not think there are many people in the House, certainly not on this side, who would deny the federal government a reasonable share of the revenues from oil production. Surely 24 per cent is reasonable. If the government achieves this, certainly the producing provinces will fight by cutting off oil. The Seven Sisters and the other multinational companies will pull out every stop with the Canadian Chamber of Commerce, the Canadian Manufacturers' Association and every other group in the country with which they have influence in an attempt to beat the federal government's share back down to 10 per cent. It is not surprising if there is a strike of capital or Alberta cuts off its oil. When one is fighting over revenue with the strongest and fastest growing industry in the country, one will be faced with such confrontation. Oil rigs will pull out and go to the United States; producing provinces will cut off supplies. Historically, producing provinces never give up anything to the federal government. It has been a case of the federal government always giving larger and larger transfer payments and tax points in any negotiation. It is a difficult time, but it is important for the federal government to move to see its reasonable share of revenues from this vital industry coming to the federal government.

Another point the hon. member for St. John's West did not mention in talking about the rapid price increases over the past few months, aside from the cutbacks by Alberta, the increases in the world price of oil and the exchange on the value of money, was that in the December 11, 1979, budget he put in place a price regime of $4 per barrel increase in 1980 and then $4.50 in 1981, 1982 and 1983. He did not point out that on January 1, 1983, the price in Canada would move to 75 per cent of the world price. This would have given a tremendous jolt to the price of energy in 1983. Likewise, on January 1, 1984, the domestic price in Canada would have jumped to 85 per cent of the world price.

We rejected that philosophy and said that we should put in place a blended price regime, combining a fair domestic price from the traditional conventional western basin production, a reference price for the tar sands and heavy oil of $38 per barrel indexed to the CPI or the world price, whichever is less, with another price for enhanced recovery and higher prices for oil coming from the frontier, the east coast and offshore. We did not propose that it be tied to world price, because few countries in the world have 85 per cent of their production tied directly to world price.

In the Conservative pricing regime, essentially there was a pricing of oil and an excise tax. In the National Energy Program there is clearly a blended pricing regime for oil but, just as important in my view, after the dust settles from the