

*Oil and Petroleum*

the province of Saskatchewan, as quoted by the province of Alberta, and as quoted by the oil industry.

So I come back to this one conclusion, Mr. Chairman, that the minister's problem in getting the consensus he wants is that he must put the finger on the Minister of Finance and look to him to get out and end this quarrel over resource taxation, a quarrel which is patently irrational when the two levels of taxation, of the provincial governments in B.C., Alberta and Saskatchewan and Manitoba, added to the federal taxation, are greater than 100 per cent. That, of course, applies to mining as well as to the oil and gas industry. In respect of mining I include potash, which represents an average of some 87 per cent tax liability.

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It is a frightening thought that two levels of government can get themselves into a quarrel over resource taxation and impose a tax liability on private companies of greater than 100 per cent. I suggest this means only one thing, and that is that private enterprise has to go in the four western provinces. Private enterprise has a tax liability in British Columbia that is going up to 185 per cent in respect of some types of mining. That is why five companies have closed down, with hundreds of men being put out of work in B.C.

In Saskatchewan we are pretty small potatoes with only 18 oil fields in my district, and probably as many in the district of the hon. member for Swift Current-Maple Creek. In southwestern Saskatchewan they have probably closed down entirely. They are still working in my area in the hope that rational men in this House and rational men in the provincial legislature of Saskatchewan will force their governments to get together as Canadians and find some sort of resolution to the situation of tax liabilities greater than 100 per cent.

I am not entirely lacking in constructive ideas about what should be done. Let me remind the committee that we will have another conference. I have made this suggestion before, and I make it again. If any government, at the provincial or the federal level, is serious about making this federal system work then there must be a position paper or two before a conference assembles, and these position papers should contain alternative proposals.

The only province that came to this last conference with a clear-cut alternative proposal was the government of Saskatchewan. The federal government should come to these conferences with these proposals. If it does not have such proposals it should inform the various provincial governments ahead of time. I do not see how these governments can make agreements before the television cameras. You cannot have meaningful negotiations and settlement of national issues unless you have working papers beforehand, on which there is general agreement as to the facts and figures.

What we saw at the conference last week was not a meeting of minds, with people prepared to make conclusions on a common basis of fact. What we saw was a deliberate confrontation, with the federal government on one side taking a position right off the bat in the opening speech. I heard the hon. member for Nanaimo-Cowichan-The Islands put it very succinctly this afternoon. The

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

federal government came off the starting block with the words of the Prime Minister who said the government had looked the situation over, had examined all the facts, and had concluded that the price had to go up. When you have a federal government taking this position it is obvious that there is going to be a confrontation, particularly when the government knows full well in advance the position to be taken by Ontario. In this case we had the federal government standing for high prices and the provincial government of Ontario standing for low prices.

This reminds me of the circumstances we faced the last time we discussed this matter. Since we last discussed Bill C-32 we have seen the government switch directions three times. At first the minister told us we had to accept the Montreal price, or the world price. Then we entered the so-called anti-Arab period when you might have thought that every Liberal in this country stood for low prices. They were then zigging instead of zagging. The last change came during this recent period that I call the post-election period. Now the government is for high prices. The government was first for high prices, then for low prices, and is now for high prices again. It has been zigging and zagging in every direction, and I know why it has been doing so.

First we had the Syncrude deal which tied the country to high prices. We have the National Energy Board pressing for higher prices, we have the Economic Council of Canada pressing for higher prices, and we have the experts in the Department of Energy, Mines and Resources pressing for higher prices. I can understand why the government has changed its stand. It now has the election over and we are seeing a high-price type of zagging.

Let me repeat again what I said earlier when the budget was presented to us in May. That budget was just a bargaining position. The government was throwing its tough stand out. I paraphrase the Minister of Justice from Saskatchewan. He said that we have to teach these provinces that they cannot steal as much as they are stealing. The bargaining position that was set in the budget of May was not changed in the budget of October. All we have seen since the big declaration of that time is the government's position that it is going to make provincial taxes and royalties non-deductible, but if the provincial tax return is over 50 per cent then the government will bring in a federal tax of 50 per cent and we will then have a tax level of over 100 per cent. This means the end to private enterprise.

The NDP members to my left will shout hurrah to that suggestion, and the record of what they have said will indicate that. Why should a party calling itself Liberal also shout hurrah, and that is the question to be answered. They are not using this bargaining position. The Minister of Finance has been asked to go out and approach all these people, and lay down some positions which they might be willing to accept.

I suggested in my speech in response to the budget that the government should go out and suggest that the provinces were wrong in putting their taxes and royalties up so high. This government should tell the provinces that it wants them to bring the taxes down. It should present a figure in respect of which it will make taxes deductible, up to that figure and no more, and thereby get something on