

conclude quite rightly that what would have been wrong to do, in a time of extreme demand upon housing and an all-out construction program, as existed only half a year ago, was in fact right in circumstances when the housing industry had slowed and where an encouragement to purchase was in fact desirable.

The budget, after the election, also showed the impressive fact that whether winning or losing, it is possible to obtain certain messages from the electorate. I think we understood the general concern of the country about restraint in government spending as a major kind of approach. In a rather different area, the improvement in the position of persons on private pension reflected the continued concern of the government, a concern reinforced by discussions and contact with people throughout the campaign.

In the way in which the government can, we have moved to put people on private pensions in a better position to protect themselves against the deterioration of the value of their pensions. We are allowing them a deduction on a certain part of their pension benefits. Where there is not a second income in the family and both pensioners are over 65, we are allowing them to claim the full over 65 special deduction against private pension earnings.

These are significant and important steps along the road to improving a budget which was already sufficiently good that it could be stood upon and campaigned upon successfully in the country.

In the budget as it stood in May there were also certain significant approaches and proposals with regard to the taxation of oil, gas and minerals. It is perhaps important to recall that these provisions were in the budget as it stood before the electorate on July 8.

In this particular budget, the Minister of Finance has made some changes in those proposals, but not changes in the basic principles which were seen as being important in the approach to taxation of oil and minerals in Canada and the approach between the provinces and the federal government in that regard. Tonight I want to particularly deal with these issues because they are seen, I think, rather wrongly today as being issues of particular or special concern to the west, Saskatchewan or Alberta in particular, and therefore to the area where I was born and which I represent.

In dealing with this issue, I wish to propose that we recognize there are three quite separate questions involved in the current dispute about the place of oil and gas taxation in particular. These three issues are, I suggest, first, the special question of the export tax or the price for oil in Canada. The second is the right to taxation, the proper constitutional position for the federal government as opposed to the provinces with regard to particular taxation or an approach to it. The third issue is the correct use of whatever constitutional power there may be in existence—in other words, the correct levels of taxation and the correct sharing arrangement between federal and provincial governments, having in mind the importance on occasion of at least a third share, the share of industry of individuals involved in carrying on activities.

I say that the export tax must be examined first because it frequently is brought forward in a confusing way by

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western premiers who try to deal with it as though it bore on the other two issues. The export tax issue is essentially a question of whether in Canada we have the right to determine what the price of a product such as oil ought to be, particularly when there is no free market price being set—when the price is being set by a cartel which, if we could exercise control over it, we would try to break up. If there were an international government perhaps we would be able to break up that cartel. But the point I should like the hon. member for Crowfoot (Mr. Horner) to consider is that we need not accept the cartel price in Canada, since we happen to be in a fortunate position. What is the right price for oil?

● (2020)

**Mr. Horner:** You should make it clear who is subsidizing whom.

**Mr. Lang:** It is not a question of who is subsidizing who. The question is, simply, what is the right price for oil? Would the wrong price be justifiable in these particular circumstances? We made a judgment, and it was a judgment agreed upon by ten provincial premiers assembled together, which in itself made it quite a remarkable agreement. The right elements to take into consideration when dealing with the proper price for oil are questions like the long term supply and demand situation, the question of alternative sources of energy, the fact that as oil becomes a scarcer commodity the higher price is reasonable to restrict use or abuse. These are all appropriate considerations when making a judgment. And judgment is not easy.

I do not say there is any magic attaching to a particular price, but that, it seems to me, is a separate issue. The determination of what is the right price for oil in Canada, regardless of the actions of the cartel formed by other countries, is a special question. I suggest it does not involve any question of outright subsidization of any one group by another. Rather, it represents a refusal to accept exorbitant profits being made by a particular group in Canada just because people like them elsewhere would go for a similar price.

**Some hon. Members:** Hear, hear!

**An hon. Member:** You didn't move like that over rapeseed.

**Mr. Lang:** Well, we did, as a matter of fact. We moved with our export tax before the western provinces had even appreciated the problem.

Another matter which should be borne in mind, when trying to determine whether \$6.50 was an appropriate price, is that one year or two years before that price was set when oil was priced at \$3 or less, Alberta took the view that the more oil sold at that price the better. That was their approach just two or three years before. They may have been deadly wrong, but at least I put this forward as evidence.

The next question is the question of the right to tax, the question of the attitude of the federal government, when assessing its own taxes, toward what amount of taxation measures could be undertaken on the part of provinces or,