

have entered into is, first of all, a system of front-end loading of taxes. We have abandoned the idea that as a general rule the tax should be on the profit. We have gone entirely over to some concept of royalty which, instead of being a modest 12.5 per cent as it started out to be, is now a very large portion indeed of the front-end loading. When we add that mixture to the fluctuation in the price of oil, we have a recipe for disaster. That is precisely what has happened. Nobody who devised this policy seems to have ever taken into account that it was possible for the price of oil to go down as well as to go up, because it is certainly not reflected in any of the measures. This bill enshrines front-end loading taxes, nails them down, casts them in iron and makes them an inevitable part of our tax structure.

There is also administrative pricing. Executive pricing and costing by public officials is what we have now in the oil and gas business. Regulation and intervention at an unprecedented level certainly has caused confusion—and I do not think that is too strong. Some might say that it has caused havoc, and I would be inclined to say that that is nearer the mark. But up to the present time, it certainly has caused a haemorrhage of cash flow to all people in the oil business.

We know from The National Energy Program, Marc II, which I will come to in a minute, that even though the government's reaction time is deplorably slow, and even though it denied the facts long after they became evident, even this lot could not stand still on the National Energy Program, Marc I. They had to make some changes in it.

So they looked around, and what did they see? They saw the two major oil sands projects scuttled. The Alsands is nothing but a history of hesitation, fumbling, or misapprehension of the facts, and at the last minute when the project was clinically dead, the government came along and offered too much too late. That is the history of the management of the Alsands project. The offer made by the Government of Canada to the Alsands people in the final day was one that, in my view, would hardly stand the final light of sound examination. They offered too much too late, so nothing happened.

In the Beaufort Sea, we see a drama—perhaps a tragedy, but I hope not—unfolding. We see Dome Petroleum, which is the darling of the National Energy Program entering upon evil and difficult times. These are entrepreneurial men who are daring and who take risks. They build—and I pay my respects to them as constructive Canadians—but they were tempted by the National Energy Program to Canadianize something which they really did not have the financial muscle to pay for, and that is the situation now. I suggest to this house, as I have tried to indicate in some of my exchanges with the Minister of State for Economic Development recently—

Hon. C. William Doody: The late minister.

Senator Roblin: No, just the absent minister. He is not late yet.

I suggest to the absent minister that the government will have to decide, and decide very soon, what they are going to do about Dome in order to make sure that it does not go belly-up.

[Senator Roblin.]

We are seeing these great national projects on which we had relied for the economic health of this country being overturned one by one and put down by factors which are directly traceable to the National Energy Program that we have in this country.

I am not saying that we should not have a National Energy Program. I think we should, but I think we should have one that works, and that is not the case with the one we have now. We have seen, from the experience of the last 18 months, that the National Energy Program is not working in the way that it was advertised. Indeed, it has been adverse to our interests.

If we are having trouble with the "biggies" such as Dome Petroleum, the small operators, as this house has been told on so many occasions, have either been driven to the wall or driven out of the country. Perhaps that is an exaggeration and it is not quite that tough, but it is almost that tough. It is very tough. Small companies have suffered from the lack of cash flow and the high price of money, and they have had to turn themselves inside out just to stay in existence. Anyone who follows the financial press and sees the profit and loss statements these companies are rendering these days and the imbalance of their debt obligations as compared to their resources, understands what I mean when I say they are being pushed to the wall by the policy we have been following in this National Energy Program.

There is an argument about drillers emigrating—how many drillers stayed, and how many drillers left. It is immaterial. We know that a lot of them have left and that drilling in this country in 1981 was down, and that drilling for the same period in the United States was up. If that does not say something about the relative equity of the two policies between the two countries, I would like to know what it does say. We have seen evolved in this National Energy Program the refusal of the Canadian energy system to make use of the supplies of good oil which we have in Alberta—25 per cent of it locked in the ground and not coming up—when we were buying all kinds of the same stuff, or something not as good, from foreigners with the money that this tax bill provides for the purpose.

In spite of the fact that it has been brought to the attention of the government so far, nothing has been done that seems to get to the root of the matter. I have seen estimates that it is costing us \$9 million a day to subsidize the import of foreign oil, while our own Canadian oil lies unpurchased and unused in the ground. That cannot make good sense.

There is the flight from the Canadian dollar. We have been talking about the dollar a lot lately. If honourable senators will go back to the report that the Governor of the Bank of Canada delivered a few months ago they will find there his opinion that the National Energy Program has been part of the reason for the flight from the dollar, and has reflected on the interest rate policy which he has been following. If people have been paying any attention to what has been going on in the House of Commons committee that is investigating bank profits, they will have noticed that the Canadian "buy-out" has cost us some \$8 billion, according to one estimate, without securing