

When all the rhetoric is cleared away, and the great policies forgotten, whether or not we find enough energy in this country to maintain our democratic freedoms will depend on the people we have looking for it. Their brains, expertise, and dedication will be equal to the job—or we will fail.

I wanted to show the quality of people who are actually involved in this job, and to make the point that no country has the combination of resources and trained manpower that Canada has. Neither has any country a more encouraging economic environment to bring forth the effort and creativity of its people.

Canada's oil industry, made up largely of Canadians whether they work for small companies or multinationals, and its great energy resources are a priceless national asset. Together, they give Canada a particular strength denied to virtually every other nation of the western world.

It is the imperative duty of our governmental system to use these great resources and these priceless people to preserve the freedoms of this country. Where we are obviously in danger is in the lack of will among our political leaders to do the simple, sensible and sometimes unpopular things that are necessary for energy self-sufficiency. These are:

1. Recognize that energy self-sufficiency for Canada alone is pointless. Canada's economy is so intimately tied to the U.S. that depression there means disaster here. We must share our energy supplies to survive.
2. Understand that the U.S. and Canada are together threatened as never before. The decade of the 1980s will likely see Russia attempt to strangle the U.S. by manipulating events so that it is denied crucial oil supplies from the Middle East. This will surely happen unless alternate supplies are available. We are, in a very real sense, at war.
3. Examine each new energy regulation or law to see if it actually encourages the production of oil and gas. This is accomplished primarily by drilling wells but also by building plants, pipelines, and other facilities. Much regulation actually impedes development.
4. Allow oil and gas prices to rise to world levels to make supply and demand conform to reality. Demand will decline as oil costs more. Supplies will increase as lower grade sources become economic. Low energy cost is the single, most important cause of shortages.
5. Approve exports of surplus gas to provide the revenues necessary for the companies to maintain a continuous 25 year gas reserve supply for Canada.
6. Permit sufficient revenues to flow back to the companies, rather than to governments, so they can find new fields. Governments do not find energy supplies.
7. Preserve the sacred competition of ideas, probably the single most important element in finding oil and gas, by encouraging a diversity of companies.

Bury forever the concept of a single national company controlling the entire oil business. This would be certain disaster. I say this not as a political ideologist, but as one with some experience in the mysterious art of finding energy.

I think that speaks for itself, Mr. Speaker, as well as for us on this side of the House. We are free enterprisers, not statisticians. We do not like the philosophy of the Prime Minister (Mr. Trudeau) and all of his writing along those lines. As I said before, God help us if we slip down that slippery slope to socialism.

**Mr. Blaine A. Thacker (Lethbridge-Foothills):** Mr. Speaker, I am pleased to join in this debate to speak in favour of Motion No. 23, which is an amendment to Clause 28 of the Canada Oil and Gas Act. As we know, Clause 28 of the Canada Oil and Gas Act gives the Crown in right of Canada the right to back in by way of a 25 per cent carried interest on oil on Canada lands that has not yet been produced.

I think we need to understand just what that means. Prior to the formation of Petro-Canada, our state-owned oil company, some 700 companies in this country of which the majority are owned by Canadians were out in the field taking leases from provincial governments and the federal government for regions

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off the west coast, east coast and in the north, but mostly in the western plain. They would take up a lease and pay a lease fee to the provincial or federal government which would give them exclusive rights to these lands. They would then go in and do some seismic, then do some drilling to see if there was well oil or gas there. On many occasions they found oil or gas, but because we did not need it at that moment, the well was capped and is sitting there. All the work had been done and all of the risk had been taken but production had not started. That is the way it is at the moment.

What Clause 28 does is to give to PetroCan, as our state oil company, the right to take 25 per cent of that oil or gas without ever having contributed to the search for it, doing the seismic and high technology analysis and then drilling the well.

● (1620)

What our motion in the name of the hon. member for Etobicoke Centre (Mr. Wilson) says is that we should let bygones be bygones. If a company has found oil, then that company should get that oil and, of course, pay royalties to the federal government—in short, the people of Canada—if the oil happens to be on Canada lands. If it happens to be in the western basin in the province of Alberta, it would pay a royalty to the provincial government. The company would have gross income, expenses and taxable income, and it would pay income tax to the federal government and to the provincial government. As a matter of principle and on a practical basis, we do not believe we as a government or as a people should be taking material which has already been produced.

One of the rationales often used by the cabinet for this back-in provision is that the government had permitted tax depreciation and depletion to the oil industry and that, in a sense, therefore, paid for part of this, and 25 per cent is reasonable. We have all deducted our personal income tax deductions and we have all received tax credits if we have owned MURBs or apartment buildings. Other companies have. Farmers get to depreciate their machinery.

**Mr. Waddell:** Ninety-three cents on every dollar?

**Mr. Thacker:** The hon. member for Vancouver-Kingsway (Mr. Waddell) thinks it is a matter of amount. I would like to discuss the principle of it. If a government can come in because it has permitted somebody to have a deduction, then surely it would want to come in and take over all farms since farmers for years have not paid income tax because of their depreciation on machinery. It is that principle to which we should address our minds. I do not believe as a matter of principle that because a government has given a deduction, it should come along later and take something over, using the deduction as an excuse. If a government wants to take something over, then why does it not pay for it? Why do we not set up a third party arbitration process, analyse the fair value and pay for it? Even Third World countries—the very worst of them, if that is a proper phrase—do not come in and expropriate. Petro-Canada, our own state oil company, operates in the Norwegian sea. I do not think we would be happy if Norway