

Energy Supplies

One of the consequences of that has been the severe curtailment of production of oil affecting virtually all countries outside the communist bloc.

How does that very serious event in history have a marked effect on Canada? That came about when the multinational in the field, Imperial Oil, and its parent, Exxon, decided for their own purposes, regardless of international concern, to divert from Canada oil which was not coming from Iran, of course, because our imported oil via Imperial comes almost entirely from Venezuela, and to divert a certain percentage of the intended allocation from Canada to other parts of the world.

What has been the minister's reaction to this? In this House last week, and again today in his speech, he tried to suggest that the Government of Canada has no responsibility in this matter, none at all, that the villain of the piece is Exxon Corporation.

I want to point out that, to say the least, the relationship between the Government of Canada and Imperial Oil, the subsidiary in Canada of Exxon, has been a mixed one. One day the minister is on his feet criticizing that corporation, but he neglects to mention a few relevant facts about Imperial Oil that I should like to put on the record.

This government and the Liberal party have probably given more special treatment—and this may explain part of the wrath of the minister, feigned or otherwise, that is directed toward Imperial—more financial assistance and more handouts to Imperial than to any other corporation.

We have calculated that at the end of 1978 Imperial Oil owed the people of Canada \$600 million in deferred taxes. In the past decade—and now I speak of Imperial and not Exxon—from 1968 to 1978, the life of this government, Imperial Oil accumulated \$2.2 billion after tax profits earned in Canada. Out of that they paid \$1 billion in dividends, of which 70 per cent went to Exxon because Exxon, of course, is a 70 per cent shareholder of Imperial Oil.

The Exxon Corporation, therefore, the parent firm that was diverting our intended oil supplies from Venezuela, received some \$713 million net profit from the people of Canada in the past decade. It has not done badly.

First of all, they diverted 25,000 barrels of oil per day. That was the original decision. I am not so concerned about the timing of it. It is an important matter that the minister's officials either at the National Energy Board or in his department did not keep him informed, but I am prepared to accept his word that he did not know. I cannot accept that it absolves him of responsibility, however. If he has set up his department in such a way that decisions can be made involving a shortfall of thousands of barrels of oil and he does not know about them, then no one is responsible but himself. If he left instructions that he be kept informed on a daily basis of such transactions and these instructions were not carried out, then he should fire the official concerned or, what is more likely, if he did not set up the procedures in the first place, then he has to accept responsibility.

In any case, it was Exxon's original intent to divert 25,000 barrels of oil per day from Canada. The minister got upset and said, on the one hand, that we want full restoration of our quota and then, on the other hand, he said that to get this full restoration he wanted Imperial Oil to deal directly with Venezuela. As the minister knows, the corporation did not comply. It snubbed him completely. It said it would only restore part of the quota, and we are still 9,000 barrels a day short.

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Second, Imperial Oil is insisting it will continue to deal not directly with Venezuela as Canada requested, but through Exxon, its parent corporation. Then the minister gets excited and becomes the champion of Canadian interests. The great multinational has taken a course of action which displeases him, so the minister wraps himself in the Canadian flag and says that he is going to make it toe the line.

I want to deal with the central question. It goes to the heart of the problem that we are now facing in 1979 and which should have been envisaged in 1973. Indeed, it should have been seen by the government earlier than that. However, I pose the question: Is the Exxon Corporation behaving in some way that is an aberration? Is it departing from the norm for a multinational corporation in such circumstances? In my opinion it is not.

For the minister's benefit I would like to read part of an article from the *Toronto Star*:

One effect of a very high degree of foreign direct investment in Canada is that strategic decisions affecting a very large proportion of Canadian business activity are taken by senior business executives resident outside of Canada—

This is not something said by an NDP premier of Canada nor an NDP federal politician. It comes from the government published "Foreign Direct Investment in Canada Review" which was done in 1972, better known as the Gray report. In 1972 that study pointed out in a very thorough and comprehensive way how multinational firms perform. It clearly documented the kinds of difficulties encountered particularly for a country like Canada, when multinationals are permitted to get control of resources. That is the crucial point on which I want to dwell. What we have is not aberrant behaviour by this particular multinational, Imperial Oil, but standard, normal behaviour.

This same situation was experienced the past year with Inco, another multinational in the resource field, which found it was better to expand in Guatemala and Indonesia while laying off workers in Thompson, Manitoba, and Sudbury, Ontario, because it would be able to maximize its profits by so acting. I could go through a whole list, not only as they affect Canada but as they affect other countries, concerning the performance of multinational corporations if they are left unregulated.

We are now experiencing in the energy field a direct consequence of allowing a multinational corporation to dictate our energy policy. The problem is not at all as the minister would have us believe, that the Exxon Corporation is some kind of villain, it is not a villain. The Exxon Corporation is a multina-