

Income Tax Act

well reasoned argument. I do not entirely agree with all of what he says. However, I must say that a majority of economists will conclude that most economic measures take about a year to come into play. If his figures on unemployment are correct, then I will have some problems with what he is saying. If it is true that it takes a year, then the 300,000 jobs created when his government was in power were a result of economic policies of the previous government. And the problems of the last year were as a result of this government being in power. That may be a bit facetious. It has about as much value as the statement itself.

● (1610)

I have one other general criticism. It is a sweeping kind of criticism. It has to do basically with the whole business of housing mortgages in which that government was involved. There are good reasons for doing that kind of thing when one has plenty of money to do it. However, at certain times governments have to move with their limited resources in the directions that are most important.

In this budget the government has said that investment in energy is the key problem that will face the country over the next ten to 15 years. Money will have to be found to solve this problem. There is a lot that can be said about directing capital into the housing industry and consumer industries at this time when so much capital will be needed for energy.

I enjoyed the rationale of the hon. member's speech. I must say that he presents himself very well. However, two speeches I listened to last night prompted me to speak today. I heard part of the speech of the hon. member for Calgary South, and the remarks by the hon. member for Winnipeg-Assiniboine. I found them to be completely one-sided in their approach. Canada has a mixed economy. We have a bit of socialism, and private enterprise. With a population of 25 million people and such a vast area, the only way we can operate is with a mixed economy.

I will try to correct some impressions. I do not want it to appear as though I am anti-oil industry. I want to put on record what I believe to be the relationship between the Tory party and the oil industry as I have determined it in my eight years' experience here.

The hon. member for Etobicoke Centre came to my constituency where he made a very strong defence of the industry. He boxed himself into a corner as a strong supporter of the oil industry versus the consumers of Canada.

Before I came here, the industry was constantly preaching the notion that we have so much oil in this country we must do everything we can to create markets. They made arrangements with the government, and the Borden line was drawn. Those people living west of the Ottawa Valley line obtained their oil from Alberta, and paid a premium for it. That was one way of using some of the large amount of oil that we apparently had.

The Hon. Joe Greene was getting his information from the industry, the National Energy Board, and the department. It was to the effect that we had between 100 and 120 years'

supply of oil and 700 years' supply of natural gas. We had nothing to worry about.

When I came here in 1972 the Department of Energy, Mines and Resources was a relatively small operation. It dealt mostly with geological surveys, making maps and that kind of thing. The energy side was not all that important in the totality of it. The National Energy Board and the department obtained most of their information about reserves from the industry. They did not have the resources to determine this for themselves.

In early 1973 the 1972 reserve figures were presented to us. They indicated that the ultimate recoverable reserves of conventional crude oil in this country were 101 billion barrels. I am going back to this to try to show why Canadians do not believe this industry. I will try to indicate why there is a great deal of skepticism about that industry.

Some of us began to wonder about that figure of 101 billion barrels. We received bits of information from the department and from talking to various people. A very eminent petroleum geologist, Professor Ken North of Carleton University, appeared before our committee and told us that the figures were not realistic. He said that, if the figures were true, we must have a couple of Saharas in our midst, and this would have to be especially true with regard to the far north and the Arctic islands.

Some of us, including the minister, began to ask questions. Donald Macdonald, the then energy minister, stated in 1973 that the figures were not correct, that we did not have those kinds of reserves and we would have to cut back on exports to the United States. You should have heard the howls from the other side. They said it was terrible, "there is all kinds of oil in this country, it is ridiculous to cut back on exports."

The first stage was that we had so much oil we did not know what to do with it. We were looked upon as being some kind of strange animal for not wanting to sell our oil when we had so much of it. The second stage was that the oil was there, but we would have to find it and, in order to do that, more money was needed. The industry said that in order to find the oil more money would have to be spent and this would involve raising the price to consumers.

The industry said that if the price of oil were raised from \$4 to \$8 a barrel, there would be an 800 per cent increase in reserves. Seven years later we have had an increase, not from \$4 to \$8, but to \$18, and the reserves are 35 per cent less than what they were in 1974.

That is the kind of information that has been given to the Canadian public. No wonder the public has become skeptical. I am not saying this to tear down the industry but to point out what the industry has presented to this nation and the fact that it has been wrong.

I remember visiting the Ranchmen's Club in Calgary where I met some people in the oil industry. I asked how they thought the Canadian people could believe them when they presented this kind of material. They told me that they were not lying or trying to distort the truth, but that they had been