

*The Budget—Mr. Thompson*

Another problem that I mentioned in criticism of the budget concerns the increased flow of Canadian equity capital to the American market. This runs counter to Canada's interests at a time when this country's energy interests are confronted with high capital outlays according to the Minister of Energy, Mines and Resources (Mr. Macdonald). In a recent address he said that an important contributing factor in the southward flow of capital has been lack of diversity of the Canadian capital market competing with the high percentage of direct investment in the United States. He estimated that the energy industry's capital outlays alone would total between \$50 billion and \$70 billion in the 1970s. Where is this money to come from, Mr. Speaker? The answer is—from outside sources!

The minister has correctly pointed out that equity capital run-off to the New York market runs counter to the interests of Canadians. He has also stated that the energy industry would require capital of \$50 billion to \$70 billion during the 1970s. Yet the minister is wrong in assuming that merely restricting foreign investment to 10 per cent of assets in pension and retirement savings plans will encourage Canadian investment. It will limit foreign investment but will not encourage domestic investment. This is where the budget is so very wrong.

There is another aspect of these budget proposals which cannot be passed by. It seems to me that the government's arrogant and insensitive approach is one of the reasons we are in difficulty. The increased income tax deductions for the blind, the disabled and pensioners are notable, but why was this not done five years ago when the program was developed? Inflation was just as rampant then. If aid is needed by the unfortunate individuals in these groups, it should be given in a more direct way and it should go to those who need it most, those who cannot work or who are locked into low incomes.

I should like to spend my last few minutes speaking about the energy situation that exists in the provinces of Alberta, Manitoba, Saskatchewan and British Columbia. At the present time the rate of increased production in the petroleum industry is lower than in other energy industries because exploration and development in western Canada and in the north has been slowed down by government policies which inhibit rather than stimulate.

• (1610)

The fact that the federal government could enter into a so-called secret agreement with the United States back in 1967, placing a number of restrictions on the exporting of oil from Canada without consulting the provinces, bears testimony of the need for greater participation between the two levels of government. More important is the fact that there should be more co-operation between the federal and provincial governments so that a clear energy policy for Canada can be established. The fact that Premier Lougheed has stated that Alberta will not participate in any future constitutional talks indicates the low level of regard which the federal government has for the rights of the provinces.

A few weeks ago the Prime Minister said in Edmonton he was going to build a new highway to the Arctic and this would also be an energy corridor through which the pipeline could pass. That is, if it is feasible: we have not found

[Mr. Thompson.]

out whether it is or not. We have not seen anything in government statements that would encourage private industry to investigate or conduct its own research in this regard. In a few weeks there will be an energy corridor conference in Calgary: it is being planned by the Alberta mines and minerals minister, who said:

—objectives of the government-industry meeting will include pipeline plans for crude oil and natural gas, detailed examination of the all-weather road proposal across the northern mainland, and listing of individual opinions on the multiple transportation systems from all parties for individual projects.

When making this glorious statement in Edmonton, why did the Prime Minister not invite the province of Alberta to participate in such a conference, as well as any other province which is concerned about this matter? I have placed some questions on the order paper in this regard. I cannot even find out whether the federal government has enough interest to ascertain what the province of Alberta is doing in this regard or to say if it even intends to participate in the conference. The conference, which is planned for the third week in June, ought to have been initiated by the federal government in their attempts to meet the needs of the whole nation with regard to energy production and transportation.

I wish to make one other point before my allotted time comes to an end. We will never have the investment of Canadian people in the development of Canadian resources and industry unless we provide incentives that are at least equal to those which citizens of the United States can get in their own country. The tremendous drain of capital to the south indicates that Canadians have more confidence in the investment policies of the government of the United States than those of the government of Canada. Why cannot we provide incentives that will encourage Canadian people, at whatever level and at whatever amounts they wish, to invest in our own resources which today almost completely depend upon outside sources of finance? This question involves a depletion allowance approach which should be completely changed. It involves a major expansion of the policy of Canada to develop and process its own resources as it relates not only to mines, but also the petroleum industry.

While the north is very important to us as far as energy is concerned, and the west is important as well, we will never develop the resources of this country until we have a policy of incentives for Canadians and a policy of co-operation for the different levels of government. If this budget had done something about that problem, the claims the government had made for it might have been justified. As they are not, I see little validity in the government's policies as enunciated in the budget.

**Mr. E. B. Osler (Winnipeg South Centre):** Mr. Speaker, it gives me a great deal of pleasure to follow the hon. member for Red Deer (Mr. Thompson), who speaks so well even when he has nothing to say. It is interesting to hear him.

**Mr. Thompson:** I cannot help it if you do not have enough ability to understand it.

**Mr. Osler:** Perhaps on occasion he does have something to say, but I have not been fortunate enough to be here at those times. I wish to compliment the Minister of Finance