real. It would build a pipeline from Winnipeg, or from the tar sands. Then, we could really assure oil for Quebec and eastern Canada. But what has happened? The superport will still be built on the St. Lawrence, up by Quebec City. Why should it not be built there? After all, as things now stand that is the only way the government will be able to guarantee oil for the eastern market. The mechanism for bringing oil from the west to the east does not exist. The pipelines from Sarnia will not provide for all eastern oil requirements, even by 1980. So, this government proposal is nothing but window dressing.

The Prime Minister on March 28, after the $6.50 per barrel price and the single price across Canada had been agreed on, said that that was a great day for federalism. He said that Canadian oil reserves are limited, so we must encourage further exploration and development if we are to enlarge our reserves. He said that a huge investment is necessary, to guarantee adequate future supplies and that, therefore, a higher domestic price was justified. Then, he said that he was dead against windfall profits accruing to multinational oil companies.

A long time ago a newspaperman asked me, "What do you think of Americans coming to Alberta and finding oil?" I said that if an American wants to come and clean out my barn, let him bring a pitch fork, and I will tell him where to pile the manure. There is little difference in principle between an American coming over to clean out my barn and an American coming over to find oil. They have come over and found oil, and now the Alberta government says, "We, the government of Alberta, will take 65 per cent of your take as royalty." Mr. Speaker, 65 per cent is a fair hunk. That is the size of the royalty paid on conventional gas and petroleum taken from Alberta. To encourage new finds, the Alberta government has agreed to take only 35 per cent on newly discovered reserves. I would not be suprised if the multinational oil companies think these royalties a little steep. They could easily say to us, "Keep your oil; it is pretty expensive. We will go somewhere else." For that reason I was not surprised to read in the April 8 edition of *The Albertan* that:

> Harold McKenzie, president of Hudson Bay Mining and Smelting Co. Ltd., says that even now oil exploration activity is swinging away from Canada to the United States where the relative return to producers is higher.

The article goes on to say:

> It's a simple fact of economic life, says the president of Shell Canada Ltd. that the industry needs to achieve a fair rate of return as an incentive to further investment... unless petroleum companies are encouraged to explore in the Arctic and off shore, Canadian supplies from present commercially available reserves will fall below total domestic demand by 1977 and make Canada a net crude importer.

We have been told over and over again in this House that we can do one of two things. If we cut off oil exports to the United States, we will have enough oil for our own use for about 11 years. If we continue to export oil to the United States and so expand the foreign market for Canadian oil, our oil will last about another six years. So, the Liberals can chuckle all they want about the Prime Minister's statement that March 28 was a great day for federalism because oil prices had been kept down to $6.50 per barrel.

About a week ago the financial section of the Toronto *Star* carried an article which said in so many words, "If you want to invest soundly, invest in Home Oil." The writer was addressing Torontonians who read the Toronto *Star*. Why did he advise them to invest in Home Oil? Apparently the majority of Home Oil shareholders are in Toronto. So, there was one Torontonian telling other Torontonians to invest in their own company. But, why did he tell them to invest in Home Oil? I looked into this. It appears that Home Oil owns or has rights to North Sea oil producing properties. Clearly, nobody is going to freeze the price of oil found in the North Sea. So, Home Oil is exploring for oil in the North Sea. Apparently, it is not interested in looking for oil in Canada.

[Mr. Horner (Crowfoot).]

Now, I come to windfall profits. What is a windfall profit? What is an excess profit? Let me illustrate. This year I lost a lot of money in the cattle business. In the first four months I lost a great deal of money. Perhaps in the next six months I could break even. Perhaps I shall enjoy a windfall profit which will make up for the loss I sustained in the first part of this year. There is nothing wrong with that. A man could lose money one year and, if he has enough reserves to stay in business, could make perhaps 200 per cent more next year, to make up for his losses. I listened to members of the NDP speaking on oil profits. One said that an oil company made 45 per cent profit last year; another company made 42 per cent, and a third company made 47 per cent. I was amazed that profit margins were so low. Dominion Stores increased profits by 102 per cent in 1973 over 1972. Falconbridge made 722 per cent more than in the previous year. What did the company make in the year previous? You must look at the whole picture if you want to see what is happening to profits.

I hold in my hand an advertisement put out by Imperial Oil and carried in *Maclean's Magazine*. I assume the advertisement is correct; otherwise the Department of Consumer and Corporate Affairs would act. According to the advertisement, Imperial Oil made expenditures between 1947 and 1972 of $20.1 billion. Revenues from operations in the same period totalled $18.1 billion. If these figures are correct, and I assume they are, is Imperial Oil not justified in looking for a little profit somewhere?

Let us consider another publication put out by The Chase Manhattan Bank. According to the pamphlet entitled, "The Petroleum Situation":

> This Bank's 30 company study group constitutes a major portion of the entire petroleum industry throughout the non-Communist world. And its experience closely parallels that of the industry as a whole. The chart that accompanies this discussion measures for each year from 1970 through 1985 the amount of profits the group will have to earn if an 18 per cent average annual growth is to be achieved.

In this country the industry will need to grow at an 18 per cent average annual rate if we are to remain self-sufficient in oil after ten years. We must encourage the finding of resources, because we are using them at an alarming rate. The pamphlet goes on to say:

> Also measured are the actual earnings of the group in 1971 and 1972. Clearly indicated is the fact that profits in those years were substantially below the required growth trend. The chart also reveals that, despite the large percentage increase over last year, the expected net earnings of the group—

The group referred to makes up practically the entire petroleum industry in the free world.

> —this year will fall short of the required level—by more than a billion