at the rate of 90 per cent on their book profits. This illustrates how distorted our priorities are when it comes to industrial planning and the direction of capital to areas where it should be going.

Imperial Oil showed a profit of $1 billion in the last ten years. This fact was referred to earlier by my hon. friend from Nanaimo-Cowichan-The Islands. They were taxed at the rate of 4 per cent. This is a lower tax rate than is levied on a girl who is working for the minimum wage at an all-night truck stop, if she is single, with no dependants. Thus, basically we are subsidizing, at the expense of the Canadian people, a commodity which is vital for the growth and welfare of the United States, Japanese and European economies. This policy will eventually be to the detriment of the people of Canada.

Consider the argument one step further. Industries in the resource area are highly capital-intensive. Eric Kierans quoted figures to show that $100 invested in resource development would provide about $6.50 in wages, while $100 invested in manufacturing would provide between $30 and $35 in wages. You can see right there why we have the highest unemployment rate of any industrialized country in the world. We in Canada import more manufactured goods than any other industrialized country in the world. We import $463 worth a year per capita, compared to manufactured goods worth $116 per capita imported by citizens of the United States. This imbalance will become increasingly severe in the years ahead if we continue with an energy policy such as the one we appear to be stumbling into.

I think we should be operating in the opposite direction. We should be carrying out more refining and processing right here in our own country, instead of exporting the raw material in its crude state. But if the people who represent the oil companies get their way, this position will probably get even worse by 1980. Here I am talking about the possible development of the Mackenzie valley gas and oil pipeline, other gas and oil pipelines, the development of the tar sands, and so on.

It has been estimated by many economists that the cost of a gas and oil pipeline down the Mackenzie valley would be about $12 billion by 1980. Some people are saying that by 1980 there might be as much as $30 billion invested in the tar sands, and another $6 to $8 billion in the James Bay project. Just think what effect this would have on inflation in this country, on our exchange rate, on interest rates, on our export markets, on Canadian industry or on Canadian agricultural and farm goods. It would have a negative effect on this whole area of our economy. With this type of investment in the tar sands, the Mackenzie valley and other Canadian oil and gas producing areas, we would be in a position to export five, six or seven million barrels a day of crude oil to the United States, resulting in an inflow into Canada of $11 billion or $12 billion in U.S. currency.

● (2120)

Let me carry that a step further. The United States balance of payments deficit today is around $4 billion. By 1980 it could go up to $20 billion or more due to their energy shortage. The United States is going to find itself in a straitjacket so far as its balance of payments problem is concerned, and thus will want to sell us even more manufactured goods and finished products in exchange for the oil and gas that we sell them. This will mean even less jobs for Canadians, perhaps an even greater inflation rate in this country, along with higher interest rates and difficulty in selling our exports, which in turn will mean we will be unable to develop any secondary or manufacturing industry in this country. The value of the Canadian dollar will probably go up once again we will go through the cycle of economic problems.

So far as the Canadian dollar is concerned, a United States economist from California has estimated that a 5 per cent increase in the value of the Canadian dollar over the U.S. dollar would result in a negative trade shift against Canada of $715 million. A 10 per cent increase in the value of the Canadian dollar over the U.S. dollar would result in a $1.6 billion negative trade shift between the two countries against Canada. These, Mr. Speaker, are some very real factors that could very well be valid if we are stampeded into a continental energy plan, construction of the Mackenzie valley gas and oil pipe line and development of the tar sands without regard to the real needs Canadians face, not just in the field of energy but in our whole economy.

The solutions must be radical ones; I do not think we can just tinker around. Our oil resources belong to the people of this country, not to the big oil companies and multinationals. For this reason we must establish immediately a number of priorities for this country. The first is a marketing agency which would be responsible for the marketing of gas and oil, an agency that would not be afraid of establishing a two-price system such as that advocated in the motion put forward today by the hon. member for Nanaimo-Cowichan-The Islands. Secondly, we must not be afraid to regulate production and export of gas and oil in Canada. Thirdly, I suggest we must begin seriously to consider the possibility of public ownership of our gas and oil resources.

Let me remind the House of a Gallup poll that was conducted a few weeks ago and which showed that the majority of the Canadian people now thought that the option of public ownership of our energy resources should be considered. These resources are very profitable. For example, in the province of Saskatchewan it is anticipated that $117 million will flow out of the province this year in the form of profits from the gas and oil industry, and in Alberta the amount leaving the province will be roughly $868 million.

If our energy resources were placed under public ownership we could then increase our refining capability and our petrochemical industry would become more sophisticated. We would be able to direct the profits therefrom into establishing additional manufacturing industry in this country and into a whole wealth of industrial, resource and energy planning the likes of which this country has never seen, but which it will have to see if we want to remain a united and free country into the twenty-first century.

Mr. Speaker, I see that my time has expired.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, in rising to debate the energy problems facing Canada over the