

LEGISLATIVE ASSEMBLY OF ALBERTATitle: **Friday, October 31, 1980 10:00 a.m.**

[The House met at 10 a.m.]

PRAYERS

[Mr. Speaker in the Chair]

head: **NOTICES OF MOTIONS**

MR. LEITCH: Mr. Speaker, I wish to give to members of the Assembly oral notice of a motion, as follows:

Be it resolved that because of the discriminatory and punitive provisions against the people of Alberta in the federal budget and the proposed energy program of October 28, 1980, the Legislative Assembly of Alberta recommend to the Lieutenant Governor in Council that it is in the public interest to make regulations pursuant to The Mines and Minerals Act fixing the maximum amount of petroleum that may be produced under Crown agreements and recommending that

- (a) any limitation on the maximum amount of production of petroleum be only implemented after a minimum of three months' notice; and
- (b) the initial limitation be approximately 60,000 barrels per day and the maximum limitation be approximately 180,000 barrels per day; and
- (c) the limitation of production be in effect only during such time as the Lieutenant Governor in Council is satisfied that replacement barrels of oil can be purchased by the federal government, its boards or agencies or anyone on its behalf in the international oil market.

Mr. Speaker, I have a copy of the motion for each member of the Assembly.

head: **TABLING RETURNS AND REPORTS**

MR. LOUGHEED: Mr. Speaker, I would like to table with the Legislature a transcript of my remarks on province-wide television last night with regard to the Alberta government reaction to the federal budget and energy programs of October 28.

Mr. Speaker, I might say that a copy of that transcript will be distributed, through the Clerk's office, to every member of the Assembly over the course of this morning.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. L. CLARK: Mr. Speaker, it gives me a great deal of pleasure today to introduce to you, and through you to the members of the Assembly, 37 students from the Chestermere Lake high school. They have come to watch the government in action as part of their school program, and I believe they have picked a very interesting day to do so. I would ask them to rise and receive the welcome of the House.

MR. KING: Mr. Speaker, I would like to introduce to you, and through you to Members of the Legislative

Assembly, 24 students from Concordia College, located in the constituency of Edmonton Highlands. Accompanied this morning by Mr. Richard Willie, they are seated in the members gallery. They join the students from Chestermere school in having an opportunity to witness some historic discussion in this Assembly. I would ask them to rise and receive the welcome of the Assembly.

head: **ORAL QUESTION PERIOD****Federal Budget — Alberta Response**

MR. R. SPEAKER: Mr. Speaker, I would like to direct my first question to the Premier. It's relative to the remarks of last evening and with regard to the cutback in oil production. Could the Premier indicate what the current production is at the present time? Is it at 15 per cent below capacity, greater than 15 per cent capacity, or less than 15 per cent capacity? The question has in mind what kinds of action we will have to take during the winter months.

MR. LOUGHEED: Mr. Speaker, I would refer that question to the hon. Minister of Energy and Natural Resources.

MR. LEITCH: Mr. Speaker, in Alberta we do produce at maximum volumes on occasion — that is, produce all that the wells are capable of producing — and other occasions, somewhat less than that. That fluctuation in production is normally the result of seasonal demand, refinery capability, refinery turnarounds, and matters of that nature.

But I think the question of the hon. Acting Leader of the Opposition goes to how we would implement the reduction referred to by the hon. Premier in his comments last night. I think I can express it this way: we propose to take the existing system and determine the production levels that would result from the existing practices, and then reduce it by whatever amounts may be appropriate at that time.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Energy and Natural Resources for clarification. When the hon. minister was talking in terms of the figure from which we would make the reduction of potentially 15 per cent, it is not the capacity established by the ERCB, but the actual capacity of production at the present time. Could the minister clarify which base he is using?

MR. LEITCH: Mr. Speaker, I don't know that we can go further today than to state the concept, which I just did: that is that the intention would be to reduce the production by whatever level is decided upon from the production that would normally occur during that month. I would suggest that we leave the details as to how that might be done until the motion is debated.

MR. NOTLEY: Mr. Speaker, a supplementary question, if I can, to the hon. Minister of Energy and Natural Resources. With the *Oilweek* projections being 92 per cent of capacity, as I recall, it is a rather important question for us to contemplate over the weekend. Just for clarification, the reduction then will be on the basis of the 60,000 to 180,000 from that projected 92 per cent of

capacity over the year, as opposed to the point of the hon. Member for Little Bow — the capacity that would be allowed under the ERCB.

MR. LEITCH: That's what I thought I had said, Mr. Speaker. Basically, we would take the existing system and say what production level would it turn out for the month of April, and then reduce that by the intended reduction for that month. As to the detail of how that's done — and it would involve considerable detail to explain — I suggest that that should await the debate on the motion.

MR. MANDEVILLE: Mr. Speaker, a supplementary question to the hon. Premier, in regard to his remarks last night in the speech. He indicated that they would be holding in abeyance the development of the tar sands. Does it include the Esso Resources proposed Cold Lake plant?

MR. LOUGHEED: Mr. Speaker, my observations last night dealt with both projects that are being considered at the present time: the Alsands project in Fort McMurray and the Cold Lake project.

MR. NOTLEY: A supplementary question to the hon. Premier. Last night the hon. Premier indicated that the cutback would be suspended if negotiations got under way. Mr. Speaker, I am advised that a few minutes ago in the House of Commons the Prime Minister indicated that he'd be prepared to meet with the Premier. Is the Premier in a position to advise the Assembly whether the government of Alberta is prepared to hold the resolution in abeyance until such time as a meeting between the Premier and the Prime Minister can take place?

MR. LOUGHEED: Mr. Speaker, that would depend on a careful perusal of the context in which the Prime Minister made those remarks, which I have not seen, and the nature of the question under discussion. So I would have to hold an answer to that question until I have made such a perusal.

MR. MANDEVILLE: Mr. Speaker, a supplementary question to the hon. Premier. Has the Premier had any discussions with the Alsands group or Esso Resources with regard to holding up the production or going ahead with their plants?

MR. LOUGHEED: Mr. Speaker, the discussions we've had are no more or less than the precise statement that was made in my remarks and is on page 7 of the transcript: "With regard to the oil sands, we have decided to hold that matter in abeyance and re-examine our royalty arrangements."

MR. R. SPEAKER: Mr. Speaker, a supplementary question with regard to the Premier's remarks, and the meeting with the Prime Minister and the potential negotiation that can occur. On page 7 of his remarks the Premier says: "Secondly, we would cancel such an approach" — and this is referring to the cutback — "if we can negotiate a new and fair arrangement with the federal government." Are there any basic positions from which the Alberta government would work to define what is considered the fair and new arrangement?

MR. LOUGHEED: Mr. Speaker, that's a very important question. I would prefer to respond to that matter during

the debate on the motion which deals with this specific question — at that time.

DR. BUCK: Mr. Speaker, on that point. Is the Premier in a position to indicate to the Legislature what is meant when he said a shortage could occur in the winter? Would that change the provincial government's stand? That's on page 7 also.

MR. LOUGHEED: Mr. Speaker, I would have trouble, from recollection, referring to the matter of winter. I believe what I said is: "... if there becomes any shortage problem in Canada, we will suspend such order. We will not put any Canadian in a position of being concerned with regard to supply." That, of course, is the third aspect of the motion read in oral notice today by the Minister of Energy and Natural Resources.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Premier. The Premier indicated he would like to go into the position Alberta would advance in negotiations in the discussion of the resolution, but my question to the Premier is this: are there any preconditions Alberta would consider as fundamental before negotiations could get under way? For example, would it be the position of the Alberta government that before further negotiation took place, the federal government would have to suspend the energy provisions of the MacEachen budget?

MR. LOUGHEED: Mr. Speaker, I really think that is the identical question I was asked by the Member for Little Bow, and my answer would stand.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Premier. It relates to the steps of negotiation that I hope will occur between the Premier and the Prime Minister of Canada. At this point in time, is it incumbent upon the Prime Minister to make contact with the Premier to react to the Premier's response to the budget, or will the Premier, through his office, be making contact with the Prime Minister and saying: look, we have set a position at this point in time and feel we want to negotiate as Albertans and as Canadians, and it's time we get together and try to get the job done. Which office will initiate the next step?

MR. LOUGHEED: Mr. Speaker, I don't know that I could respond to that. On Monday this week I tabled in this House a letter I wrote to the Prime Minister, dated October 17, which was delivered to his office on October 20. I think the letter speaks for itself in terms of the view that we believe we just can't have energy self-sufficiency for Canada without co-operation between the provinces which are major energy producers and the federal government. But I don't believe that at this stage of the situation, having regard to events that have transpired, the question of who calls who first is particularly relevant. I'll try to respond to the other question by the Member for Little Bow, which I think is important, to the effect of whether there are any preconditions to negotiations on behalf of Alberta, during the portion of debate on the motion.

DR. BUCK: Mr. Speaker, a supplementary question to either the Premier or the Minister of Federal and Intergovernmental Affairs. In the area of the natural gas export tax, have there been any discussions between

Alberta and British Columbia as to a joint application for the challenging of the legality?

MR. JOHNSTON: Mr. Speaker, there have been.

MR. NOTLEY: Mr. Speaker, a supplementary question to either the Premier or the Minister of Energy and Natural Resources, dealing with the question of export of natural gas. Is the government in a position to advise the Assembly what the view is with respect to exports, particularly the government's support of the prebuild section, in light of the wellhead tax announced in the federal budget on Monday?

MR. LEITCH: Mr. Speaker, I'm not sure I properly caught all the implications of the hon. member's question, but if he's asking if our view with respect to export of natural gas to the United States has changed as a result of the imposition of the natural gas export tax and other provisions in the federal budget and energy program, the answer would be no.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Energy and Natural Resources. As part of the package of Alberta's response to the federal budget, what consideration was given by the government of Alberta to including a change of position, (a) with respect to the prebuild, and (b) with respect to further export of natural gas.

MR. LEITCH: Mr. Speaker, that was not considered as a response to the budget.

DR. BUCK: Mr. Speaker, a supplementary question to the Minister of Federal and Intergovernmental Affairs. In light of the fact that the provinces of Alberta and British Columbia are going to make a joint application to challenge the legality, can the minister indicate when that challenge will be taking place or when it will be submitted?

MR. JOHNSTON: Mr. Speaker, I think there's a misleading question there. The question the Member for Clover Bar asked was whether there had been discussions, and I answered in the affirmative. Beyond that, in terms of strategy, I'm sure you understand, Mr. Speaker, that I think discussions of strategy must remain confidential at this point.

DR. BUCK: No, Mr. Speaker, to the hon. minister. I'm not interested in the discussion strategy; I'm interested in, if the two provinces will be making the application jointly, when that will take place.

MR. JOHNSTON: Mr. Speaker, again he's inferring there's going to be a joint application. We haven't made any decision, nor has my answer reflected that. So I think the question can't really be answered at this point.

DR. BUCK: Mr. Speaker, to the hon. minister. Then can he indicate when the province of Alberta will be making that challenge?

MR. JOHNSTON: In that case, Mr. Speaker, that would have to be referred to the Attorney General.

MR. CRAWFORD: Mr. Speaker, I want to congratulate the hon. member on getting his question into the right

ballpark.

The challenge that will be made by the government of Alberta will not be long delayed. It's a matter of perhaps days before a reference can be completed and an order in council in that respect passed, which is the procedure used to bring it before the courts. However, when I say a matter of days, I don't want to make any commitment that it couldn't possibly be a few days beyond that. But the answer to the hon. member is: very, very soon.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Minister of Energy and Natural Resources. It's with regard to the Premier's statement on page 7 and the commitment to other Canadians that they will not have to go without supply of oil or heating facilities or energy sources. I was wondering what mechanism or type of procedure the government will use to monitor whether any Canadian is left short of supply of heating energy.

MR. LEITCH: Mr. Speaker, that really refers, as does the hon. Premier's remarks, to the availability of supplies in the international market; that is, that Canadians would not be in a position of being short of oil because there were supplies available in the international market. We may well use a variety of ways to determine that, but certainly the prime method of determining availability of supplies would be through advice from the Alberta Petroleum Marketing Commission.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Energy and Natural Resources on that issue. The minister has indicated that the question of shortages would be related to the international market, which is certainly reasonable enough. But is the government of Alberta prepared to look at the question of shortages of supplies that may in fact exist in the country as a consequence of technical problems which result from time to time, particularly in the winter?

MR. LEITCH: Mr. Speaker, I would say we would give consideration to the question of shortages as a result of technical problems, but I wanted to draw a very clear distinction between shortages in Canada, say as a result of the action or decisions of the federal government, and the availability of oil in the international market.

MR. NOTLEY: Mr. Speaker, I'd like to ask the hon. Provincial Treasurer a question flowing from the Premier's announcement last night. When will the government be in a position to announce to the Legislature what steps will be taken to alleviate the economic impact on Albertans of the proposed cut?

MR. HYNDMAN: Mr. Speaker, it would first be necessary to assess and try to decide what that economic impact would be. So I would expect that would be some considerable time before a statement of that kind would be made, but it will be made if necessary.

MR. LOUGHEED: Mr. Speaker, I just would like to supplement the question because there's an implication there that is very, very, seriously misleading. The economic difficulties this province will face will emanate from the federal budget and the federal energy programs, not from our reducing production.

MR. NOTLEY: Mr. Speaker, somebody will have to pay for the imported oil, and those somebodies will include

Albertans as well.

My question, Mr. Speaker, to either the hon. Provincial Treasurer or, now more particularly, to the hon. Minister of Agriculture. In view of the fact that one way the federal government might choose to pay for this is some form of user fee, will we get a commitment from this government that special consideration will be given to the farmers of Alberta, so that they can be shielded from any move?

MR. SCHMIDT: Mr. Speaker, that's a hypothetical question. Agriculture in this province enjoys the lowest input costs in regard to fuel in Canada at the present time.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Agriculture. Will the government give the assurance that any kind of user fee contemplated by the federal government which will adversely affect farmers in this province, particularly in the spring planting season — that there will be provision made to cover those costs? [interjections] Well, that's okay. We'll ask him later on.

MR. SCHMIDT: Mr. Speaker, I can only say again that the farmers in this province enjoy the lowest fuel costs in energy, which is part of their input cost, of anyone in Canada. The priority of agriculture doesn't change from day to day. We're all very, very dependent on it, and that priority remains.

MR. NOTLEY: Mr. Speaker, a supplementary question to the hon. Minister of Agriculture. Since the government has obviously given some thought to this move, since this move is going to cost money for the country, and since that money will have to come from Canadians . . .

SOME HON. MEMBERS: Question.

MR. NOTLEY: . . . my question is: why have no contingency plans been prepared — or have contingency plans been prepared — for Alberta agricultural producers?

DR. PAPROSKI: A supplementary, Mr. Speaker, to the Provincial Treasurer on this particular topic, and very important topic, regarding the economics and the impact on each household in this province. Regarding the lost revenue in oil and gas that was indicated in the Premier's remarks, that each Albertan will lose \$24,000 over the next four years — and we're prepared to contribute that. Now with the imposed Ottawa budget there will be another \$9,000, which is a total of \$33,000. I wonder if the Provincial Treasurer would indicate to the House whether this is in addition to the usual personal and corporate income tax that each Albertan pays?

MR. HYNDMAN: Yes, Mr. Speaker, that's correct.

DR. BUCK: Mr. Speaker, I'd like to ask a supplementary question of the Minister of Utilities and Telephones. Can the minister indicate what studies the minister's department has had, to further shield Albertans from the proposed natural gas increase?

MR. SHABEN: Mr. Speaker, as I'd indicated earlier to a question — I believe on Wednesday of this week — we're very carefully examining this document, The National Energy Program. It's a difficult document to understand

because of all the fine print. The impact of the changes, and the many changes in energy policies, on our utility consumers has not been fully assessed.

DR. BUCK: Mr. Speaker, a short supplementary. Can the minister indicate if during his study of the situation the minister can also have a look at what impact it'll have on the farming community as to the increased cost of fertilizer because of the increased prices of natural gas?

MR. SHABEN: Mr. Speaker, that would be one of the areas that I'm sure will be examined by the Minister of Agriculture as well as the Minister of Economic Development. I've confined my examination generally to how it affects utility consumers in the province.

Water Management — Bow River

MR. MANDEVILLE: Thank you, Mr. Speaker. My question is to the hon. Minister of Environment. Could the minister indicate what progress the department or the government has had with determining ownership on the river basin at the Bassano dam?

MR. COOKSON: Mr. Speaker, as the hon. member knows, that is a decision that has to be made by the federal government. We simply await the outcome of those negotiations before we can take any action whatsoever.

MR. MANDEVILLE: A supplementary question, Mr. Speaker. Has the minister met with officials of the federal department or the PFRA with regard to ownership of the river basin?

MR. COOKSON: Mr. Speaker, we continue to dialogue with the federal department on this particular issue. While I'm in my place, though, I might add that recently the federal government released a \$1 million interim expenditure to upgrade the facility at the site of the Bassano dam, pending outcome of the settlement of ownership.

MR. MANDEVILLE: One final supplementary question, Mr. Speaker. Has the minister given any consideration to examining the possibility of putting in Eyremore dam below the Bassano dam?

MR. COOKSON: We haven't given any further consideration to that, Mr. Speaker.

ORDERS OF THE DAY

head: GOVERNMENT MOTIONS

19. Moved by Mr. Hyndman:

Be it resolved that this Legislative Assembly condemn the federal government for the provisions of the federal budget and energy program of October 28, 1980, and for those of its constitutional measures

- which directly attack and undermine the historic ownership rights of Albertans with respect to their depleting non-renewable natural resources,
- which take away from Albertans the opportunity to obtain fair compensation for the sale of the depleting non-renewable natural resources which they own,
- which will weaken the national economy and jeopardize Canada's opportunity of reaching oil self-sufficiency by 1990.

MR. HYNDMAN: Those are strong words, Mr. Speaker. It is unfortunate and regrettable that they are required now, but I believe that they reflect the wide majority of opinion in this Legislature, and that they mirror the deep concerns of Albertans at this time.

It certainly brings me no personal satisfaction to have to talk about the national government of this country in that fashion. But of course it's not a national government, it is now simply an Ottawa government. It is a government with virtually no representation west of the Ontario border and no members of Parliament at all west of the Ontario border who understand or are sensitive to what the west is trying to do.

It's effectively an Ottawa government, Mr. Speaker, a government with no policy rights in four provinces in the fastest growing part of this country. Facing that, one would think they would listen, that they would at least be trying to understand what's happening out here. But unfortunately all we have seen over past months are edicts and ultimatums and lectures to the colonials in this part of the country. That's the way I'm feeling today with the moves that have been taken.

It's particularly sad, I think, that on the 50th anniversary of that historic struggle — a quarter of a century to secure our resources — on that 50th anniversary, which is this year, we are faced with nothing more or less than barefaced aggression by a federal government that wants to take away those hard-won resources. It's a shame, Mr. Speaker, that on the 75th anniversary of this province in a time when, hopefully, we thought we could be optimistic and filled with a sense of celebration, we are faced by an Ottawa government committed to reducing us and taking us back to the territorial status of 1904. And it is, I guess, nothing short of bizarre that in the 113th year of a Confederation that was based on the concept of legal and constitutional equality, we in Alberta face nothing more or less than massive discrimination against one small province, a province with only 8 per cent of the population of the country, discrimination by a central power group against 2 million Canadians living in the province of Alberta. That's why this motion of condemnation, strong though it is, is required at this time.

It's important to note, Mr. Speaker, that the motion is not confined simply to budgetary matters. That's because the initiatives of the federal government in recent days don't represent a budget. Over the course of the Tuesday night announcement we have two documents. One of them is stated as being a budget. It's really nothing more than fiscal tinkering attached to a massive energy grab that is disguised as a budget. So Mr. MacEachen is fronting for Mr. Lalonde and the small gang in Ottawa; they're trying to do this. It's unfortunate, I think, that that's the approach, that we really don't have a budget. In the document there are about three or four pages that purport or attempt to deal with the national economy and the fiscal problems, but we don't have a budget. And if there's anything this country needs today, Mr. Speaker, it is a true and proper budget from Ottawa.

We need in this country a budget that contains an economic strategy for Canada that is agreed on, known, and understood. We don't have that. We need a budget that sets a pattern for building on the strengths of this country, of every region of Canada, that takes advantage of available opportunities, that sets the stage for jobs in every region of the country, and that can bring surging economic growth. We don't have that in the federal budget. We need a budget that tackles high interest rates; instead, yesterday the interest rates in the country went

up about half a per cent as a result of the federal budget. We need a budget that strengthens the Canadian dollar, and of course it was weakened yesterday as a direct result of the federal budget. We need a federal budget that deals openly and realistically with inflation, the federal deficit, with the crying need for export incentives for research and development plans in this country. There's no federal budget that deals with that at all.

So we don't have a budget; we really have a document that is very clever. As you peel off the layers of this document and the energy document, as you unravel it, you find hidden traps, you find land mines. The document unfortunately skims over the central economic issues and problems of the country. There's no question it darkens the investment climate of Canada and the west. In it is the risk of tearing down one of the few strengths in this country: Alberta, western Canada, and the petroleum industry. That is something I have real difficulty understanding. Very simply, the document represents a good-bye to oil self-sufficiency in this decade, and it leaves frustrated Canadians in confusion and without direction as to the economic opportunities in this country for the next 10 years.

Mr. Speaker, the motion refers as well to constitutional measures. It's important to see what's happening in sequence here, because the budget and energy measures announcement of Tuesday night don't represent simply the first confrontation engineered by the federal government; it's the second confrontation in less than a month. I don't know what happened to co-operative federalism, that very favorite Liberal phrase of years past. It's certainly in tatters and disarray at this time. Because here we have a patriation package brought about in the same fashion as a confrontation approach, which apparently is to be forced down the throats of a majority of provinces. No matter that the majority of provinces in this country feel so strongly and so seriously about the issue that they're going to the courts of this land to try to find justice. No matter that the federal initiatives and approaches are causing acute embarrassment to the United Kingdom government and the institution of the monarchy. No matter that what they're doing from Ottawa is dividing the nation, pandering to the negative emotions in this country, and splitting the Canadian family. Apparently their goal is clear: it's simply to ram through, by closure if necessary, an amending formula that condemns forever eight provinces to second-class status in Confederation; to ram through a referendum approach that by-passes this Legislature and nine others, and sets the stage for a future stripping of resources at the whim and convenience of the majority in this country, against the smaller provinces. [interjections]

A great tragedy as well, Mr. Speaker, is that even if we in this province, and other provinces, use every shield and every defence possible to protect the resources they have through negotiation and existing laws, even if we're ultimately forced to the final stage of requiring to look to our constitution as protection, even that is no longer sacred, because that protection in the constitution, the laws and conventions of over 13 decades, is now purported to be taken away by a federal government, to remove the last line of defence of this province and every province that has a resource for the future.

I've spoken of the two confrontations we've seen, Mr. Speaker. There is of course a third. I believe it's coming in the years ahead, perhaps even as soon as next year. It relates to the federal lust, I think, for shifting decision-making to Ottawa. The third confrontation, I believe, will

be in the area of shared-cost programs. They started the shared-cost programs in Ottawa. They forced provinces — and we remember the medicare debate in this Legislature about 10 years ago — to get involved in those programs. They're now very costly. I think the approach that is going to be taken, and the third confrontation we'll see coming up, will involve fewer dollars from the federal government and more control. Because what they're really involved in — and I believe it's part of an overall plan — is to permanently shift decision-making from Alberta to Ottawa, through constitutional, energy, budget, and federal/provincial sharing measures. Very simply in my mind, what they're trying to do is the equivalent of turning the whole province of Alberta into an improvement district run by Ottawa.

Let's take a look at the effect of this so-called budget on investment, Mr. Speaker. Investment by people in this province, from outside the province, from other countries, and by Albertans, has been one of the major engines of the Alberta economy: 8 per cent of the population, 20 per cent of all the investment in the country predicted this year for Alberta so far. The measures that have been taken are damaging; they are clearly of concern. As we've said before, the Alberta economy is strong, but it is vulnerable. We now can see starkly how vulnerable it is. There's been a positive climate for risk-takers. That climate has worked. This province has been one of the major strengths of the Canadian economy. Manufacturers in Ontario have been supplying to Albertans, by reason of their success, the manufactured goods that have maintained strength there. Why is it the federal government wants to hurt these strengths, to tear down what's working successfully in the country, one of the few areas in the country that's working successfully?

We all know that a healthy oil and gas industry in its many facets means jobs in this province, not just jobs in the areas of Edmonton and Calgary but jobs in every community: jobs in the north and south, jobs in every part of this province; in the servicing industry. It's a key to prosperity, a key to the standard of living, a key to take-home pay for Albertans. That is being jeopardized by the federal moves.

We don't know what the buy-up policy is going to be. Apparently there's a special tax. That is a real worry and concern. When that's unravelled, I predict it will be worse than it now appears. Unfortunately it appears to reflect a federal philosophy which says that if something's working in the country, take it over.

Let's look for a moment at the natural gas measures, Mr. Speaker, because that's where we are hit hard as a province. What we have in this budget is nothing more or less than an exercise in duplicity. It is beyond me how the Minister of Finance can put in that budget that there's no natural gas export tax, and then in reading a little further we find that not only is that natural gas export tax clearly there, but it is made even worse by nothing more or less than a wellhead tax that is more offensive. It's very much like the federal government coming to a home-owner and saying, some months ago we planned to take your garage, and your front and back garden. We would object and say, no, you can't do that, that's unfair. Six months later they say, all right, we've heard what you've had to say; we won't take just the garage and the front and back garden, we'll take those and the house as well. That's what they've decided to do.

I think no one is fooled, Mr. Speaker. That's simply a brazen and odious deception which Albertans can see through. It's nothing more or less than a federal royalty

on natural gas. If it's allowed to continue, it's the beginning of the end of the ownership rights of Albertans of their natural gas and their oil.

Mr. Speaker, one of the worst features of the budget is the discriminatory aspect of it. It only applies to Alberta, and British Columbia with respect to natural gas. The renewable hydro-electric power of Ontario, going on for centuries, is not affected. The hydro-electric power of other provinces, which is exported and consumed domestically — nothing about that, no tax on that, no massive energy policy or budget dealing with that. Nothing to do with the forest resources of other provinces. No attack on the fisheries of other provinces, or the massive manufacturing complex of central Canada, or the asbestos, nickel, or other resources of the country. No. It appears that we are singled out for a lesson in this province, and that's the really unfortunate aspect of the Ottawa government's approach.

The results, in terms of the natural gas industry, will of course be serious. There's no question that we're looking at perhaps a 25 per cent cut in the cash flow of the industry — dark clouds for producers around the prospects for the natural gas industry. Exploration budgets will undoubtedly be down, and that again will affect jobs in every part of this province, north, south, east, and west. Jobs in drilling, servicing, and supply are all going to be in jeopardy. The impact on construction could be very serious as well, and others will be harmed indirectly. The petrochemical area, a major growing area of diversification for this province, with the new tax on petrochemicals — ethane, butane, and propane — is at risk by reason of these unfortunate initiatives. So in the months ahead we have a rough and bumpy road in terms of investment confidence in this province and in this country.

Mr. Speaker, let me say a few words about oil, about self-sufficiency and fair value for that depleting resource. As I've indicated, this budget effectively says good-bye to oil self-sufficiency, not only in this decade but probably for this century. Apparently the federal purpose is simply to secure billions of dollars. The great tragedy is that those billions of dollars will not be used in any way to reduce our vulnerability to offshore supplies. They won't represent a greater security of supply. They won't put into effect for this decade a self-sufficiency approach that could have businesses around the world coming into all parts of this country because of the secure supply of crude oil. No. It appears they'll mainly be used to buy oil companies, or interests in them, which we control anyway by all the laws of Canada and the provinces, and to buy, through the squandering of billions of dollars, interests in companies, the result of which will not have one extra barrel of oil for any Canadian anywhere.

So it's a strange energy recipe, Mr. Speaker. For Canadians, it means higher prices; for Albertans, a direct attack on the ownership of their resources; for the exploring companies, an insulting grab for control of what they've done successfully and for their risk-taking; and for the nation, greater dependence on foreign sources of oil.

What I think is insulting as well to Albertans is the imposed price on resources which are owned by Albertans, not their government — owned by 2 million individual Albertans and their succeeding generations in this province.

In this country we have had sharing by Albertans on a scale that has been unmatched in this federation for 13 decades. Nothing in any other federation in the world —

Australia, the United States, anywhere — has even approached the sharing that has been carried on by individual Albertans. Now the Ottawa government purports to fix the price and force the sale of these depleting resources at 50 per cent of their value, half their value or less.

So, as I indicated before, they're not only out here as an Ottawa government to take the garage, the front and back garden, and the house; now, in response to our question as to whether we can have a fair price, they say yes, we'll give you half value, half value till the end of time for the foreseeable future. And when we indicate that that's not very fair, we're going to go to the courts; they indicate, we've covered that as well, we've defined fairness as being 50 per cent, half value, so you will get nowhere in the courts of the country. That's what it boils down to.

Mr. Speaker, I guess the other thing we should look at when we read the budget is the implication that Alberta today has reached, is now and, the suggestion is, will be for many years, the leading province in terms of average income. We know it was just last year for the first time that the average income of individuals in this province exceeded by a few dollars the income in central Canada. For 74 years, facing tariffs, freight rates, and raw resources, we played by the rules of the game and in effect during 74 of 75 years had incomes less, in some cases far less, than those of central Canada. Now we have one year when we're ahead or equal, and it appears that the word is out: we can't have that, the score is 74 to 1, they're starting to get on the board — not allowed; we're changing Confederation, changing the rules so it will just continue a point score moving up to 100, and we stay at one. Unfortunately that's what's happened.

To conclude, Mr. Speaker, I turn back to the specific wording of the motion. I have to say it is with some feeling of anger that I urge the condemnation of those who would attack and undermine those ownership rights, who would take away from Albertans the opportunity for fair compensation. It's with some sadness and a sense of missed opportunity that I point out the weakening of the national economy and the jeopardizing of oil self-sufficiency that is going to occur. I don't believe that Albertans want to surrender. I don't believe Albertans want to show the white flag. But we're being pushed off the edge of the cliff by this Ottawa government. It is time for a measured response that will protect us against the invasion of our home, that will stop the drain of the economic lifeblood of this province, that will remain as a response true to the hopes and dreams of our pioneers in this 75th year, a response that we'll fight to maintain for our children some hope and opportunity in the decades ahead.

MR. R. SPEAKER: Mr. Speaker, the resolution before us is certainly one we must take with all sincerity. We must be very concerned about some of the implications expressed in the resolution, certainly the implications that come from the federal budget presented in Ottawa.

Mr. Speaker, I want to speak in terms of some general things, rather than the specific implications of the budget. The government has indicated to us that they would reveal some of the specific implications relative to jobs, job opportunities, exploration, and oil development within the province. I certainly hope that kind of information is presented before this Legislature, so that we in Alberta better understand the detailed implications.

I want to speak in terms of some general things: two

specific things which I think are significant and that we as Albertans should be concerned about. The resolution indicates our concern, and the concern of the government, about the intrusion into the right of Albertans to continue to own their natural resources. We in the Socred party and the Socred caucus are as concerned about that intrusion as this government is at the present time. We have a long history in the Social Credit Party. Years ago we established legislation for the development of oil and gas. For a number of years we protected the rights of natural resources for the people of Alberta — a credit, I feel, to Premier Strom, Premier Manning, and Premier Aberhart for the work they did to bring us to the point we're at today. We as members of this Legislature, and I'm sure the Premier of this province, in a non-partisan way, would be very thankful for the ground rules that were set by the leaders of the province to this point in time.

Mr. Speaker, we cannot allow Ottawa to intrude on those provincial rights. We as Albertans and as members of this Legislature represent Albertans who continually send us that message from the grass roots. Last weekend I met with my constituents. The message from them was clear to me: number one, Ottawa should not take those natural resources; secondly, whatever steps must be taken by the government or your Socred caucus, you must defend those rights.

In light of that, I would like to comment on the Premier's response to the budget last evening. The Premier responded with actions in three areas, as I assessed it. One, the reduction of oil production at the present time, a step we could take within our legal rights. I support that from this side of the House. I want to make clear, as well — and it was raised in my question to the Minister of Energy and Natural Resources — that at the same time we as Albertans have a responsibility to other Canadians, and it will be incumbent upon this government to monitor and assess at all times the implications of that decision to other Canadians. If we are not responsible in that area, and some Canadians — some individual Ontarian or maritimer — suffer because of that decision, then we are not responsible as Canadians, as big Canadians, like we in Alberta must be at the present time. I think it's incumbent upon the government to take that responsibility to which they have committed themselves here today and in the address of the Premier last evening. We as a Socred caucus support that move, because we think it is necessary to gain the attention of the federal government and to indicate to other Canadians that, yes, we are concerned about our right of ownership and we will take some steps which seem a little drastic at this point in time, qualified of course that we do not want to break up the unity of Canada, because that would be unfortunate.

Let me move to the second one. I accept the court challenge on the export tax. We as a Socred caucus support that as well. When there are questions of legal jurisdiction, it's the responsibility of the court to assist us in clarifying matters such as that.

We have some question about the holding in abeyance of the tar sands, and would like to have seen the Alsands and Cold Lake projects proceed at this point in time. It is placing a lot of pressure on the communities of Fort McMurray and the Cold Lake area at the present time, and it is unfortunate that we can't proceed. In the discussion of whether it could proceed, I'm sure consideration was given to the implications a decision to proceed would have on our negotiations with Ottawa at the present time.

Possibly that is the only way we can justify not proceeding as such. But we would like to have seen that development proceed.

That's the one comment I wanted to make with regard to the federal budget: the infringement of our rights as a province.

The second area concerns me equally as much and, I think, is equally serious: the nationalization of the oil industry and its implications. One of the things I have stood for in the 18 years I've been a member of this Legislature is the basic principle that government should not intervene in the lives of people or in the operation of companies. I think that is basic to the philosophy of all Albertans. We have got to the point in our history of economic and social development because we as Albertans believe that. Now we have a federal government, through this document — and I'd like to say it's maybe the first formal, well thought out, and deliberate document to nationalize and intervene in our economic and social affairs in Canada that I have seen in my history as a political person or someone involved in public life. In the long run, that will have more serious implications on our social and economic development as individuals, as companies, and as a province in Canada. That will determine a different future for Canada. If I were to condemn the federal budget or the energy package placed before us, that would be the paramount concern in my mind.

I am going to have faith — and I'm sure my colleagues will have faith — in the fact that negotiations with regard to our energy future can take place between the Premier and the Prime Minister of this country. I think we are in a short-term negotiation stage; we are in a period where discussions and accommodation will have to take place. I hope that will take place. We will resolve the matter as Alberta in Canada.

But one of the issues that will remain unresolved is the implication of this budget becoming a precedent for intervention of a Canadian government not only in provincial affairs but in the lives of individuals and private companies, upon which the great development of this country has been based. That should be criticized and condemned to the greatest degree, not only by myself as a politician, but by the Premier and the ministers who make their presentations to Ottawa. We can't accept that direction in our country. This country is not a socialist country. This country is based on free enterprise, private development, and the encouragement and support thereof by government; not by intervention. In any deliberations and soundings that we as Albertans can make, that should be echoed to Ottawa at this time.

How do we handle this affair at the present time? We as Albertans are in a difficult position. Residents and citizens of Canada outside Alberta feel we have an excess of money; they feel we are independent; they feel we are a little bit greedy at this point in time. We have a sort of big Texan image. That's very unfortunate because we are misunderstood. At the same time, we as Albertans look at central Canada and say that central Canada has taken everything they can from us out here in the hinterland. We can give some very good examples of where that is happening. But we have this difference. I think it is incumbent upon the leaders of this province, all of us, in some manner to get the message across to Canadians that we're all Canadians together, that we can solve the problem, and that we can contribute together.

We talk about the right of ownership of natural resources. I think it's incumbent upon us — the Premier,

the ministers, and all of us in this Legislature — to place as much emphasis on our right of ownership of natural resources here in Alberta in support of British Columbia and Newfoundland to have the same right of natural resource ownership. Can we imagine the drastic change that could occur to the economic and social development of Newfoundland if we were able to enhance their economy? So in our push to reserve the natural resource rights here in Alberta, we should push equally hard for other provinces of Canada and lend them our support and our voice, because it's important.

This is my basic philosophy about developing Canada, and I think there is agreement in this Assembly: if we develop each province to its potential, just like developing each individual to his potential, we will have an output beyond imagination in Canada. If we attempt to support the present nationalization and intervention, the interventionist philosophy of the Liberal federal government, we will stay in a state of decay or hold in our economy and our social viability that we have. That is not the way to develop a country. In all vigor and in all voice, we should condemn that approach to building Canada. Each province is strong; then Canada can be strong at the same time. That's the approach we must use.

Mr. Speaker, my concluding remark on this is in summary: one, as an Albertan and a person who represents a constituency in the province of Alberta — and I know all Albertans feel this way at this point in time — we have placed our support behind the actions of the Premier. I know Albertans are saying: Mr. Lougheed, we are giving you that confidence at this point in time; we believe in the principle of the right of ownership; we do not believe in the intervention by the federal government.

It is going to be incumbent then upon our Premier, through whatever means, whatever accommodation, whatever technique, to open the communications between the Prime Minister of this country and the government of Canada. I believe that at this point in time that is at a stalemate. Some things that I don't quite understand and Albertans don't quite understand are breaking down that communication. But in the next two months, it is going to be the greatest responsibility, the greatest test of leadership of our Premier and our Prime Minister to get together to solve the problem, which can be solved by understanding between a province and the federal government of Canada. It can work for both of us. Both of us can continue to build this Canada that's good for all of us now and in the future.

MR. HORSMAN: Mr. Speaker, in rising to participate in this debate I want, if I may, to refer briefly to what I had to say as I concluded my remarks on Monday this week. I said at that time that "I cannot tell you about the additional struggle of the following 25 years to gain control of our natural resources." I said, "Make no mistake about it: it was a struggle; it did not come easily." Therefore, I want to spend a few moments this morning talking about some of those things that are important to Albertans today to recollect as to how we came into ownership of our natural resources.

I refer to the territorial government under the premiership of Sir Frederick Haultain, and how for a decade he and his colleagues, throughout what is now Alberta and Saskatchewan, struggled to obtain what they then called control of the public domain. I want to refer briefly to the 25 years of additional struggle that took place. You know, while these things took place 50 to 75 years ago, they impact upon the lives of many of us here today. One

of the premiers of the province of Alberta was Charles Stewart. His nephew sits in this Assembly today as the Member for Wainwright. Certainly the struggles of his uncle and his colleagues are of great importance to Charles Stewart from Wainwright today. I'm sure that he and his family share, as do the families of many thousands of Albertans, a recollection of what took place in that time.

I have done some research on the history of this matter, Mr. Speaker. I have looked back through the debates in the House of Commons. I've read the speeches of R. B. Bennett, the Leader of the Opposition in 1929. In speaking to the Speech from the Throne, he made reference at some length to the struggle that had taken place. By the way, that Speech from the Throne under the then Prime Minister Mackenzie King indicated that at last they were going to deal with this issue. The Bennett speech, which I will not repeat, was of great significance.

I want to comment as well on the efforts of the Farmers' government, which in the late fall of 1929 brought about the successful negotiation of the pact with the government of Canada which led to resource ownership and control being placed in the hands of Alberta and, subsequently, Saskatchewan.

You know, if we don't remember our history, if we don't understand how we came to be what we are, we may be doomed to repeat it. That's a paraphrase of the American philosopher, Santayana. Mr. Speaker, my colleagues: are we today on the verge of repeating our history and falling back to territorial status because of the actions of the federal government? We have had that attack on our position with regard to the constitution. Now we have this budget.

If I may, before I go on to those remarks, I want just to talk about how Albertans felt in 1929. On a cold December night, December 18, 1929, Premier Brownlee, the Premier of the day who was responsible for bringing natural resource control to this province, returned to Edmonton. I have the *Edmonton Journal* and the *Edmonton Bulletin* clippings of that occasion, which tell the story of what took place that evening: a bitterly cold night, well below zero, winds blowing; crowds of thousands of people — over 3,000, according to one newspaper report — from the city of Edmonton, with a population then of some 74,000, gathered to welcome the Premier of the day to this city and to pay tribute to him and his government for what they had accomplished. Are we to forget that today as Albertans? I think not, Mr. Speaker. We must remember them. I've talked to Albertans who remember that occasion very well.

We know that subsequent to that time this province, along with the rest of Canada, was hit not only with the Depression, but with a very serious drought. We know what the dirty '30s were. The dreams of 1929 with respect to the oil industry — and they were mentioned by Premier Brownlee on that occasion — did not come about. But we know the results today are that we have prosperity in this province.

We must ask ourselves: are we to cast away the results of the struggles of those forefathers of ours? Are we to allow those results to be taken from us? We have the constitution, to which I referred on Monday. The subject of resource ownership is very much part of that document. This is the second punch in the effort to restore us to our territorial status.

And the so-called Broadbent NDP deal: Mr. Speaker, I refer to it again as a sham and a sell out of western Canada.

MR. SCHMID: An NDP sell out.

MR. HORSMAN: An NDP sell out. I don't know how any member of the NDP who is an Albertan can support that, but we'll hear it later this morning. As a matter of fact, the budget is proof positive that that deal is nothing but an empty shell. Somebody described what's going on as a shell game with an invisible pea. That's Mr. Broadbent's shell game that he's foisting, in co-operation with his colleague in the House of Commons the Prime Minister.

The other aspect of their little deal — I'm sure they're delighted. I am glad the Member for Little Bow raised the subject of nationalization in a very major way in his comments, because I intended to deal with that in my remarks. I am sure those socialists from Toronto are rubbing their hands with glee. They were on television last night. Mel Watkins and those people, the Waffle group of the NDP: why, they're in charge today, and aren't they happy. But the Canadian people should not be happy. Mel Watkins rubbed his hands with glee.

MR. COOK: Grant Notley did, too.

MR. HORSMAN: Nationalization of the private industry in the manner of this federal government, in co-operation with its socialist colleagues, is entirely the wrong way to bring about Canadianization of the oil industry. It is not going to produce another barrel of oil. If they want to do something why aren't they providing some type of incentive for Canadians to invest in the oil and gas industry? That's the private enterprise way.

I reject, and I know the members of this Assembly, the people of Alberta reject out of hand the nationalization of the industry proposed by the gang in Ottawa today.

MR. SCHMID: The gang of two.

MR. HORSMAN: The gang of two. Well, there are more than that. There are at least three in the Liberal party, plus Broadbent.

MR. SCHMID: The gang of four.

MR. HORSMAN: The gang of four, all right.

As well, I want to touch upon my constituency, because there is no question that my constituency of Medicine Hat has prosperity today. Do you know why? Because in that community we have true diversification of our economy, and we've had it for years. It has been based upon the agricultural industry and the petrochemical industry, in particular natural gas. That is what we are striving for, for all Alberta: a diversified economy for this whole province.

Medicine Hat has a large industrial base built upon natural gas. What is the impact of that budget on the city of Medicine Hat? We have built on our strengths till now, and those strengths are being undermined by this budget. As a result of the wellhead tax in the budget, domestic, industrial, and commercial users of natural gas will experience, as of tomorrow, increases in excess of 75 per cent. What impact will that have on the economy of a small western community?

The second part, of course, is that Medicine Hat owns its electrical utility. In that case, the increase will be in excess of 100 per cent as a result of the wellhead tax. I have been informed by civic officials that it is going to cost Medicine Hatters \$18,000 per day, over \$6.5 million

a year, as a result of this grab for our resources by the federal government.

We've been hit a second time. We've been given a double whammy in Medicine Hat because we own our resources, our natural gas field. The loss of flow-back funds will escalate substantially. Over the past period of time, from 1975 until the end of September, the city of Medicine Hat has received, through its natural gas ownership, \$28,826,000 flowed back as a result of the negotiations between our government and the government of Ottawa, which was prepared to negotiate at one time. There's no question that that will be affected. How much is yet uncertain. But there is no question that that 30 cents on that natural gas export tax, rising to 75 cents per MCF, will have a very serious impact.

Well, Mr. Speaker, the stupidity of the federal government's present energy fumbling shows how little they're capable of running what they now want to control.

MR. COOK: Just like the post office.

MR. HORSMAN: The post office, and PetroCan.

I want to ask a question. We're Albertans. We're Canadians. We have not elected one single Liberal Member of Parliament for the last several elections, and I wonder why. I know why. Because the people of Alberta do not trust Pierre Elliott Trudeau and his gang in Ottawa. We had a Liberal member in Medicine Hat for some time. His name was Olson.

MR. COOK: Now a senator.

MR. HORSMAN: Now a senator. I'm sure the members opposite who once enjoyed his presence among the Social Credit ranks recall him very well. He ran and won election as a Social Creditor. Then he ran and won an election once as a Liberal, in 1968, those glorious days of Trudeaumania — won by a slim margin, and then became Minister of Agriculture. We the people of Medicine Hat — the people of western Canada too, for that matter — observed his conduct. In the next election he was turfed from office ignominiously, unceremoniously, and correctly. After another attempt to get back in, when he was rejected by an even larger margin, he was sent to that Liberal heaven of heavens, the Senate. Once again, because there are no Liberals elected by the people of this province, he's been put into the cabinet. Does he represent Albertans?

SOME HON. MEMBERS: No.

MR. HORSMAN: Mr. Speaker, I look at this budget and wonder if it isn't Olson's revenge on the people of Medicine Hat for having thrown him where he belongs — out. [laughter]

MR. SCHMID: Montezuma's revenge.

MR. HORSMAN: But now he's back in.

Mr. Speaker, he doesn't represent the people of Alberta. I believe strongly, and I say in this Assembly, that if he has any pride in this province, he should tender his resignation today. Resign and show that he has some feeling for the people of this province he is supposed to represent. But he won't. He will say, I know how important it is to bring a western point of view to Pierre Trudeau. But he doesn't do that, Mr. Speaker. He brings Pierre Trudeau's views to western Canada and says, take

it or leave it. Take it or leave it, that's what he says.

I've talked about some unpleasant things. I'm telling you, Mr. Speaker, that we must remember the past. We must remember Haultain and his successors: Rutherford, Stewart, Sifton, and those other leaders. We must remember Brownlee for what he did in 1929 and 1930. I agree that we must remember as well the work of Aberhart, Manning, and Strom. I agree with the Member for Little Bow that not one of them was prepared to sell out Alberta, and neither are we.

I want to say something about the Premier of today. Mr. Speaker, we are fortunate indeed to have his leadership for the people of Alberta. I want to comment on one particular aspect, because I don't really disagree terribly with the remarks of the Member for Little Bow. No one has supported Newfoundland, British Columbia, and Nova Scotia with regard to their offshore resources more strongly around the conference table than the Premier of our province, Premier Peter Lougheed. No one should be under the illusion, or be misled in any way, that we have not done that.

We have a test of leadership in Canada; there is no question about that. These are crucial and difficult times. But we own the resources. Mr. Speaker, our leader has indicated clearly to the people of Alberta that while we are determined to preserve and protect what we own, we are not going to make the rest of Canada suffer through lack of oil supply. That's leadership. That's more than leadership; that's statesmanship.

Mr. Speaker, I urge hon. members of this Assembly to support our Premier in his struggle, and to support this resolution so we can send that message to Ottawa that it so rightly deserves.

MR. SINDLINGER: Mr. Speaker, Members of the Legislative Assembly: I'd like to commend the members who have spoken before me, particularly the Member for Edmonton Glenora and the Member for Little Bow. I agree with a lot of the comments they have made. Their cases have been well prepared and well presented to the Legislature.

Mr. Speaker, I have in my hands the federal budget of October 28, as well as the supporting document, The National Energy Program, 1980. I've read these two documents, as well as the two documents that came with them. I've studied and analysed them as best I could. I've also sought out expert advice on both documents, so I could get a good understanding of what they said. They are very complicated, intricate documents. At this point in time, I could say that perhaps I understand about 5 per cent of them, and that's all. It's a very confusing subject area; not only the budget, but the subject matter.

This isn't an ordinary budget. It doesn't deal with the things we're accustomed to seeing in a budget. This budget deals with energy, sir, and in particular, oil and gas. Those two areas are very difficult to understand. I don't know that I fully understand the industry even though I have some professional background. I have work experience in the industry, as well as academic qualifications. But there are people in authoritative positions who do not understand industry as well.

I have a chart here prepared by the Conference Board in Canada. It deals with prophecy versus reality. One of the items on here refers to the Energy, Mines and Resources minister, Mr. Joe Green, a few years ago saying we had 923 years of crude oil supply left for Canada. A little before him, Bill Twaits, the chairman of the board for Imperial Oil, said we had several hundred

years of crude oil supply left. This chart goes on identifying other prophecies made in the United States, which it refers to because there wasn't enough experience in Canada to refer to. For example, in 1971 the prophecy: domestic petroleum supply will peak in two or three years. That was by Humble Oil. In 1949, the prophecy was that the end of U.S. oil supply was almost in sight. That was the Secretary of the Interior. In 1939, prophecy: U.S. oil supplies will last only 13 years; 1920, peak domestic production almost reached; 1914, future production only five more years; 1891, little or no chance for oil in Kansas or Texas; 1835, little or no chance for oil in California; 1866, synthetics available if oil production should not come to fruition.

There's a sense of *deja vu* about all this. If people in the industry and in authoritative positions cannot understand the situation, it's little wonder that the public of Alberta and Canada can't either.

I have difficulty understanding, and I'm sure other people do, when people talk about the depletion of our oil reserves. When the Premier refers to oil as being light and medium, and it depleting within the next 10 years, people don't understand that there's heavy crude oil left. I don't think people understand that we have the world's largest deposit of oil in the tar sands in Alberta. How long will these resources last us?

Mr. Speaker, I felt that this situation would be coming up sooner or later. I've anticipated this for over a year. I wanted to prepare myself as fully as I possibly could, to the best of my ability, so that when it came my time to speak, I would be able to make an informed and responsible judgment. Over the last year, I have done a significant amount of research in the area of oil and gas pricing, which was the area of my graduate thesis and research studies. Along with a researcher, I did a computer search of all the materials dealing with these subjects. We identified over 2,000 different titles. From those, I selected 267 for special study and analysis. What I wanted to do, Mr. Speaker, was find out what had happened in the world in other places after 1973. How had other countries dealt with the increase in crude oil prices? Second, I wanted to know what the United States was going to do. Third, I wanted to identify the impact of crude oil price increases for Canada.

In regard to the world, Mr. Speaker, most of the industrialized countries do not have an indigenous supply of crude oil or natural gas. They must import it. Therefore, they must also absorb the shock of those huge quantum price increases from 1973 to 1980. Most of them have. At that particular time in the world's history it was forecast there would be dire economic calamities and catastrophes for the world, that most of the countries in the world would not be able to sustain those price increases, and that there would be major bankruptcies of nations.

Mr. Speaker, since that time, there hasn't been a country that has gone bankrupt from large quantum price increases for crude oil or natural gas. However, there have been inflation, unemployment, and stagnation in terms of economic growth. But there hasn't been anybody who can authoritatively say that all those things were due simply to the increase in crude oil prices.

It is very difficult to measure the impact of price increases in an economic sense. The Organization for Economic Co-operation and Development tried to do that. It measured inflation in all its member countries and identified an inflation range from 6.4 per cent to 29 per cent in its member countries. But it could not say conclu-

sively and decisively what the magnitude or the contribution of crude oil price increases was to that rate of inflation. But it could say without any trouble that the contribution the price increases made to inflation was in all cases less than 1 per cent — less than 1 per cent out of the 6.4 or 29 per cent.

The conclusion I drew from that, Mr. Speaker, was that countries were in fact able to absorb quantum price increases for crude oil and natural gas.

I then looked at the United States, which has a situation somewhat similar to that in Canada. After 1971 the United States felt it would be best for that government to protect consumers from price increases, so it started to regulate the price of oil. However the United States has now decided that that was not a good thing to do. By protecting consumers from the price increases for oil, they did not encourage conservation practices or investment in finding new oil and gas supplies in that country. So as of October 1981, a year from now, the United States will allow all their crude and natural gas prices to reach world levels.

I then directed my attention to Canada. What would be in the best interest of Canadians? Would it be desirable to protect Canadians from further crude oil prices, or allow them to go to world levels? Many economic forecasts have been done in this country by authoritative, credible sources, institutions: the Conference Board, the Department of Energy, Mines and Resources, Data Resources, Informetrica. It goes on and on. All these credible sources say that allowing crude oil prices to go to world levels would in the long run probably be in the best interest of Canadians, because it would be the most economically efficient way to allocate our scarce supplies of oil and gas. They tried to identify what the impact on inflation would be, but they had little more success than those in the United States or in the world. They tried three different cases with analogous input and were still unable to come up with a consistent answer to that question.

So, Mr. Speaker, I came to the conclusion that it would not cause irreparable long-run damage to the Canadian economy, and thereby compromise a standard of living for Canadians, to increase the price of oil to the world level. I think the government should pursue that end. I feel that the federal government, in implementing its price schedule, is remiss in reaching that level. All I could do would be to encourage it to raise the price level in a higher fashion than it has in fact done.

Mr. Speaker, in regard to this budget in particular, I, like the member over here, am disappointed in the way it has come to us, much like the action has been taken in regard to the constitution. The budget, or more particularly the national energy program, is much like a colonial decision made without regard to the western perspective. I do not believe that is conducive to national unity.

It's unfortunate we've come to this point in time in our history, but I have to ask myself what brought us to this point in time. The motion before us today is to condemn the budget. I don't know about condemning budgets. I don't know about condemning documentations. I do know that in 1974 the principal protagonists in place today were the same people who negotiated a co-operative agreement for the years 1975 to 1980. We have the same Premier, the same Prime Minister and, for all intents and purposes, the same ministers and civil servants. They were able to come to an agreement five years ago. I would like to know what is inhibiting that agreement today.

I would also like to know what documentation exists in

regard to the agreement made or purported to have been made between this government and the Joe Clark administration a year ago. There is confusion in my mind about that, because some say there was an agreement and some say there wasn't. I would ask the government if they would please indicate to this Legislature just what agreement there was, by tabling any documentation, a letter of intent or agreement, a telex, a telegram, or notes of a telephone conversation, which indicated that in fact an agreement was made between this government and the federal government under the administration of Prime Minister Joe Clark.

Mr. Speaker, this morning a question was asked of the Premier about the economic impact there would be on this province from delaying the construction of the tar sand plants and from cutting back oil production by 15 per cent. The response by the Premier was that any economic impact upon this province would be due solely to the federal budget. I beg to differ with that response. I don't think that's completely accurate. There will in fact be an economic impact on this province from the budget presented this week by the federal government. That's undeniable. But there will also be a second impact in this province, and that's from the actions taken by the Alberta government. If the Alberta government does in fact delay the construction of oil sand plants and reduce oil production, there will be a severe economic impact in this province.

I would like to know if the government could provide us with a cost/benefit analysis of the decision they have made. Will the cost to Albertans of the government action, from unemployment and economic stagnation, be greater than the loss in revenue from the production cutback or the difference in the federal pricing proposal? I think that's an important question that should be answered. I believe Albertans have a right to know.

Mr. Speaker, it was also pointed out that Albertans would be contributing \$42,000 each over the next years of the pricing schedule, compared to the world price. I think that was a misleading statement. I watched that telecast twice last night, and I've listened to responses and analysis. That \$24,000 per Albertan is the difference between the world price level and the price level proposed by this government July 25. In fact, the difference between those two levels does not all accrue to Albertans in the first place. Only 45 per cent of that difference accrues to Albertans.

Furthermore it was indicated there would be \$9,000 in addition to the \$24,000. The same point applies there: not all \$9,000 would come from Albertans. In fact only 45 per cent of the \$9,000 would come from Albertans. So I would like the government to clear that point up for us and for Albertans, if it would, please.

Mr. Speaker, one of the words used in regard to Albertans today and on the telecast last night was "greed". I don't believe anybody likes to have that word applied to them under any conditions. I would like to know from this government what the benefits to Albertans would be from the price schedule proposed in this budget for oil and natural gas, compared to that price schedule proposed by this government July 25. In particular, I would like to know what impact both schedules have on the size of the Alberta Heritage Savings Trust Fund. What will the impact be on the revenue flows to that fund? How large will that fund grow to be? Will it grow to be \$10? Will it grow to be \$10 trillion? We're told that we need that fund for the point in time when our revenues run out. I'd like to know when that point in time

will come. When will we actually have to use that fund?

Mr. Speaker, it's unfortunate that today we're in a position of confrontation with the federal government. I would echo the sentiments expressed by the two gentlemen who preceded me in this Legislature. But I keep asking myself, why did it have to happen? In particular, where is this government taking us? What is the ultimate end to this confrontation? We have the federal government taking one step; Alberta has taken another step in the announcement last night.

Mr. Speaker, in my opinion the announcement last night is a reasonable response in that it has left the door open for another three months for negotiation. But I'm concerned about what the next response or the next step will be by the federal government, and then by the provincial government, and then the federal government. Where does it take us eventually?

Last night we were asked to gear up for battle, to go to the ramparts for the federal government. I'm not averse to doing that. I'm just as loyal to this province, just as loyal to this country as anyone else here. But if I do that, Mr. Speaker, I would like to know: to what end? How far is this government going to take us along that road, and where do we end up?

Mr. Speaker, I look at both sides of this confrontation. I look at the federal government; I can understand their point of view. I don't support it, but I can understand it. The Prime Minister and the federal government have a national constituency, and they're acting in what they think are the best interests of that national constituency. The Premier of this province and this government have their constituency too, the people of Alberta. I think this government is right in acting in the best interests of Albertans. I also believe that the federal government is right in acting in what it perceives to be the best interests of Canadians as well. So what do we have here? We have a situation where both parties are right from their own point of view. Where do we go from there?

Mr. Speaker, I've heard the Prime Minister, the Premier, and others say that through all this confrontation over energy, through all the manipulations in regard to the constitution, what it boils down to is one's viewpoint about this country. There seem to be two: one is that we are a country with a national will and a national direction; the other is that we are a collection of 10 countries. It seems to me that is where this government is leading us. That is where this confrontation will take us. It will take us to that point in the very near future where every last one of us will have to address that question: are we a country with a national will? Or are we a collection of 10 countries? It's a very grave decision. All of us are taking our responsibility as legislators and leaders very seriously in speaking here on this subject.

In conclusion, Mr. Speaker, I've asked several questions today. I'd just like to reiterate them and request a response from the government. The first question was in regard to the Clark agreement with the federal government. I've asked if there is any documentation — a letter of intent, a letter of agreement, a telex, a telegram, or notes of a telephone conversation — which indicates that there was in fact agreement between this province and the federal government at that time. Second, I've asked for government forecasts indicating what size we can expect the Alberta Heritage Savings Trust Fund to grow to and when we will actually need that fund to meet the expenditures of the government. Thirdly, I've asked the government if it would clarify the statements made by the Premier last night in regard to the \$24,000 and the \$9,000

contributions. I've asked the government if it could indicate to us whether the Alberta economy could still prosper and function under the terms of the budget presented a few nights ago. Finally, I've asked the government if it could provide a cost/benefit analysis of the decision it intends to make in regard to the reduction of crude oil and the delay in the construction of the oil sand plants.

Thank you, Mr. Speaker and Members of the Legislative Assembly.

MR. NOTLEY: Mr. Speaker, in rising to take part in this debate, I must say at the outset that this is a very sombre occasion, perhaps one of the most difficult debates I can recall in my nine years in the Legislature, not necessarily because of the precise wording of the resolution before us but because of the context in which members have to address not only the federal budget but the province of Alberta's reaction to the budget.

Mr. Speaker, may I say to the hon. members of the Assembly that it is very important that we express our views as clearly as we can, but not get involved in the kind of rhetoric which can only divide Canadians in this country. It seems to me that the response legislators in this province must take is to outline our concerns where we have concerns, to look for bridges if there are bridges that can be found to cross, to look for opportunities to negotiate if those opportunities can be found; but in the context of a recognition that we have to work out an agreement over the next three months.

Mr. Speaker, I want to be very, very blunt as I begin my comments, because as we get into the discussion I know we'll have the rhetoric of sell out and what have you. So be it. I want to have it clear to members of this Assembly — and I'm deadly serious now — that over the last 20 years that I've travelled this province from one end to another, I have learned to have a passionate commitment and love for Alberta. I would hope that hon. members, while they might disagree with the politics I represent, will at least recognize the commitment I have to this province.

Mr. Speaker, I want to say that it's important we put it in this context, because as Albertans we're going to disagree over the route we take in the next few months. In disagreeing, that doesn't mean that we are anti-Albertan. It means we may have fundamentally different views on what the course should be, but that doesn't make us any less committed to the future of this province.

I am proud to be an Albertan but, Mr. Speaker, it worries me when I see the scenario of events unfolding. The hon. Member for Calgary Buffalo put it very well: where will it lead? Yes, I'm proud to be an Albertan, but I'm even more determined to be a Canadian.

Mr. Speaker, I want to deal with the federal budget first, because there are some very serious problems with the federal budget, problems that in my judgment would probably unify all the members of this Assembly, regardless of where they sit. I can't quarrel with the concern this government has expressed about the unilateral pricing formula set out in the MacEachen budget. I recall a debate in the Assembly in 1973 — the hon. Minister of Energy and Natural Resources will recall the debate — when the government came in with the marketing legislation. One of the provisions, Part 4 of that legislation, was the ability to set the price outside the province of Alberta. I argued at the time — I think I was right then, and I think I'm right now — that basically the price of petroleum in this country is a jurisdiction shared between the willing seller and the willing buyer. Because 95 per cent of the oil

we produce and 85 per cent of the natural gas are exported outside the province, obviously other Canadians have to have some role to play in that decision.

But by the same token, as the producer of the oil and natural gas we must have a role too. I said in 1973 that there was, if you like, a duality of jurisdiction in terms of setting the price. One of the concerns all of us must have with the MacEachen budget on Tuesday is that the federal government has decided now that they are going to impose the regulations of the federal Petroleum Administration Act and set the price unilaterally. While I disagree profoundly with many of the things this government has done and is proposing to do, I do not disagree with the concern over the implications of that unilateral action. On that score, I think we must stand united as Albertans.

Secondly, Mr. Speaker, there's the question of revenue sharing. I don't think anyone in his right mind in this Legislature or in Alberta would deny that the federal government, on behalf of all the people of Canada, has a reasonable right to revenue from the petroleum industry, a right to collect revenue to finance government programs for all Canada that would be at least comparable to other healthy industries. I don't think any of us would quarrel over that. One of the questions that perhaps should have been asked in the last several days and wasn't, was whether the government feels that 24 per cent is too much. The hon. Premier's figures of last summer were somewhere in the neighborhood of 20 per cent, if my memory serves me right. We could argue whether it should be 24 per cent or 20 per cent, but I don't think any of us would argue seriously that all Canadians should not share in the prosperity of a very strong and a very healthy industry.

But, Mr. Speaker, after we accept that proposition, we must ask ourselves: on what basis will the revenue be collected? I would agree with the statements that have been made in this House before, that it would be better, it would be preferable, if we could collect this money through some kind of profits tax as opposed to any form of wellhead tax or natural gas tax, or what have you. I share the concerns expressed by the Provincial Treasurer that the announced wellhead tax is, in fact, a royalty in disguise by the federal government, and that does have rather important implications. While I would hope that a profits tax would be the route — and hon. members in this House have raised the role of the federal NDP. They should be aware of the fact that the position the New Democratic Party nationally is taking is that Ottawa should collect its 24 per cent through a profits tax. If it's not possible for the federal government to do that, there should at the very least be some kind of interim revenue-sharing agreement. I don't believe that when you're dealing with a willing seller and a willing buyer — and we're not talking about the market place dictating the situation anymore; we are now talking about public authority deciding what the price will be. In that sort of situation, Mr. Speaker, it seems to me that there has to be very close co-operation between both levels of government.

The hon. Member for Calgary Buffalo is absolutely right when he says that between 1974 and 1979, we reached agreements as a result of negotiation. I've had the pleasure of attending several of the conferences as an observer, where agreements were hammered out between the federal and provincial governments. Mr. Speaker, I don't think there is anyone on either side of the federal House of Commons who would not earnestly prefer a negotiated settlement. I say that, notwithstanding the passions that I know people in this Assembly have on

that subject today.

Mr. Speaker, I want to deal very briefly with two other elements of the federal budget. I think it's a very regressive budget that hurts low-income people. I do, however, support the concept of Canadianization, and here I differ with other members of the Legislature. I must say I was rather amused to hear the statements from the hon. Member for Medicine Hat, warning us of the danger of nationalization and the red menace — coming from Medicine Hat, where the city has owned the gas system almost forever, and where they have just re-elected a socialist mayor by a huge majority. [interjections] I wonder if the hon. Member for Medicine Hat is going to be propounding his new-found free-enterprise theories on the future of the gas system in that city just before the next election. I have a hunch that suddenly, on the road to Damascus, he will be converted again to local community ownership. In any event, consistency has never been one of the strongest features of the hon. Member for Medicine Hat.

Mr. Speaker, I want now to deal with the serious question of how Alberta responds to the budget. I guess there really are three alternatives; two of the alternatives the Premier mentioned last night are there. As the premier said, one is capitulation. The second alternative is to cut back oil production. But I suggest that rather than the third alternative being just unilaterally setting the price — and we all know that isn't possible and workable — I submit that there is another alternative. In a sense the government has already begun to explore that alternative; we're talking about a substantial public relations campaign to convince other Canadians of the case the province has. I submit, Mr. Speaker, that the third alternative is to get back, seriously negotiating, taking our case to the people of Canada, and trying to use the political system we have in this country as successfully as we can.

Hon. members will say, how can you say that; the budget has come in, the budget is there, there it is; we can't do anything about it. Well, Mr. Speaker, while decisions made by government caucus in a Legislature like Alberta's are rarely changed — once in a while they're changed — that is not necessarily the precedent in other jurisdictions. As a matter of fact, all you have to do is look at the major budget presentations in the House of Commons over the last 30 years, and you'll see major changes. I well recall the Walter Gordon budget of 1963. In a period of three weeks, as a result of questions raised in the Parliament of Canada, opposition from the provinces, opposition from the business community, virtually the whole budget was changed.

AN HON. MEMBER: That was a minority government.

MR. NOTLEY: Yes, it was a minority government. But one can cite other examples as well where important changes were made: the change between the provisions of the Turner budget in the spring of 1974 and in the fall of 1974, after the majority government for the Liberal Party.

But I say to the members of the House, Mr. Speaker, that there is a precedent in this country to make the case, and make the case to other Canadians. I ask hon. members very carefully whether, as members representing your constituents, you can argue convincingly that our case in Canada among the people of Canada is going to be improved if we cut back production on whatever grounds, particularly on the grounds that were announced in the Premier's speech last night. I ask you each to consider that very carefully. Can you make that case to

the person in Lachine, Quebec, or Brandon, Manitoba, or Corner Brook, Newfoundland?

MR. COOK: Oshawa.

MR. NOTLEY: Yes, Oshawa, Ontario; that's fine. Can you make the case?

Mr. Speaker, if one of the options you consider relevant is the political route in Canada, then surely we jeopardize our case by moving in an area in a way that will be interpreted in other parts of the country as an effort to cut back on oil production in winter, which it is, and an effort to undertake action which will seriously jeopardize other Canadians, notwithstanding the fact that the Premier quite properly pointed out last night that if shortages develop we're going to attempt to deal with those shortages. But today in the question period the Minister of Energy and Natural Resources very carefully hedged: we're talking about international shortages; perhaps we'll look at technical problems. But then the question was, well, we're not so sure if there's something more than that.

I say to the hon. Minister of Energy and Natural Resources: we had better be sure, because if any problems in any part of this country — the hon. Member for Little Bow is absolutely right — occur in energy supplies after the first cutback of 60,000 barrels, then there is no doubt at all, and all members in this House should be prudent enough to realize it, that that would give the Prime Minister an opening to use the emergency powers. We all basically know it, whether or not we want to admit it. So we cannot allow any shortage — any shortage — to take place.

Mr. Speaker, I think it's also important to ask ourselves what the extent of the cutback is: 60,000 barrels at first, and 180,000 barrels over nine months; that's correct. But there's also a more important cutback. The hon. Member for Little Bow raised it, as did the hon. Member for Calgary Buffalo. That is the decision to hold the oil sands plants in abeyance — 280,000 barrels a day. That decision is profoundly important to the energy self-sufficiency of this country. We can't just slide by and allow people to focus simply on the 180,000 barrels of conventional crude. How are we to know that we can even proceed with those major ventures, if we hold it in abeyance. Are the other proponents going to carry on, forever waiting at the altar for this government to make up its mind? I suggest a very real question is the economic impact on Alberta. But even more important than the economic impact on Alberta is the question of self-sufficiency, which the Provincial Treasurer raised in the motion we're debating this afternoon.

MR. COOK: What would you do?

MR. NOTLEY: Mr. Speaker, I say to hon. members that in my view we have to get back to the bargaining table. Before I expand on that a moment, I do agree with the legal challenge on the gas tax. I think there should be no misunderstanding of unanimity from all sides of the House on that particular issue, and the provincial Attorney General should be so advised.

Mr. Speaker, the question of this substantial reduction: 180,000 barrels over the next nine months, and 280,000 barrels of potential production down the road shelved, at least temporarily. Who is going to pay for that? In the House today the hon. Premier said that the loss will be far greater. True. But no one, especially our constituents,

should be under any misapprehension that if we proceed with the policy announced last night, there will be a very considerable cost to Albertans. The cost of bringing in offshore oil must be borne by Canadians who live in Vegreville, Rycroft, Milk River, Lacombe, Edmonton, and Calgary, as well as those who live in Toronto and Sarnia. If the federal government chooses to raise that revenue through some kind of user tax, some kind of surtax on the production of oil, the questions I raised this morning, as far as the Minister of Agriculture is concerned, are very relevant, because farmers, as high consumers of energy, could very well be hit hardest if the federal government, as it must, pays the world price for offshore oil to replace oil that is not produced in this province.

There is the impact on jobs. Again, let's be under no misapprehension of the impact of the action on jobs in this province. The federal budget will have an impact; no doubt about that. But so will this decision. We talk about investor confidence and stability. What oil company is going to seriously make any decision in the next year in Alberta with this kind of threat hanging over their heads? What is going to be the impact on smaller companies that provide subsidiary services for the industry — the little brushing contractor in Spirit River, or the guy who runs a seismic operation in Wetaskiwin. You know, all these jobs are very definitely going to be affected by the decision last night.

Mr. Speaker, let's lay all those cards on the table because it's important that Albertans know the options. I couldn't agree more with the hon. Member for Calgary Buffalo when he said, what are the cost/benefits? A federal state involves giving and taking; always has and always will. There will be really serious differences.

AN HON. MEMBER: Taking.

MR. NOTLEY: Yes, a lot of taking, I'm sorry to say. Many of us in the west feel a sense of frustration. There's no question about that. But there is a point where we have to look at where the trade-off is.

Mr. Speaker, I say to members of this House — I'll say it here on the record, I'll say it in my own constituency, and I'll say it wherever — that the actions we are embarking upon now could very well lead us into a situation where we would be worse off economically than by trying to adopt a more conciliatory approach.

The hon. member from one of the Edmonton constituencies asks, what should be done? Let's get back to the bargaining table. Today in answer to one of the Conservative members in the House of Commons, the Prime Minister said he's prepared to meet at any time. I'm pleased to see the Premier indicated he's prepared to meet at any time. Let's get on with the job of discussing the entire package.

What should be done? Two things, hon. Member for Edmonton Glengarry. The first thing is that the federal government should not invoke the regulations under the Petroleum Administration Act. On page 8, Mr. MacEachen has indicated he may not do that. They shouldn't do that. That's one thing that the federal government should commit itself to today. That would be a positive start.

The second thing, that we might do, Mr. Speaker, is not proceed with the resolution pursuant to Bill 50. Ultimately, before Bill 50 is used, I think there must be a resolution in this Legislature. Rather than move ahead with a resolution next week or in the next few days, let's hold that in abeyance so we can get back to the bargain-

ing table, seriously discussing this issue. I'm convinced that three months after the petroleum marketing provisions have been proclaimed in Ottawa, and after we go ahead with Bill 50, what we've got are negotiations after bitterness and division, which need not occur if we just cool things a little while longer. [interjections] I say to members of the Assembly, that that is an alternative. During that time, Mr. Speaker, let's begin to make our case to the people of Canada. In my judgment that route would be far more preferable.

I want to say one further thing in this debate, Mr. Speaker. Again, I want to be as serious as I can. I don't agree with some people who've argued that members of this government are just a group of separatists. That's not fair. But I say to members of the House as seriously as I can that one of the real problems of getting into a series of, we do this, they do that; we'll do this, they'll do that — as the Member for Calgary Buffalo correctly pointed out — is that you create currents and forces which you may not be able to control. I'm not suggesting to members of this House that you're going to lead Alberta out of Confederation. That's not the issue. The issue is whether the public decisions we make open the door to those forces in the country, and in our own part of this country, that have no commitment to a strong and united Canada. We may differ over what we see in a strong and united Canada, but I think it's fair to say that members of this House are committed to that concept. Let us not do anything that will open the door to separatism becoming a major political force in western Canada.

I say to members today, in what I think is perhaps the most important debate I've had the opportunity to participate in, in these years in the House: let's be prepared to go the next mile and the next mile and the next mile. Let's be prepared to negotiate — no, not to sell out. [interjections] Let's not confuse that, Mr. Speaker. If members are so partisan that they confuse willingness and readiness to negotiate with selling out, then I'm sorry to hear that. We have to find a better way. [interjections] That better way is negotiation. That better way is some of the suggestions I put forward today.

MR. MOORE: Mr. Speaker, I want to make some comments relative to the remarks by the Member for Spirit River-Fairview, the leader of the give-and-take party — give to Ottawa and take from Alberta, including the farmers.

Before I do that, I want to say that it has been a long, difficult, and disappointing summer and fall for many of us. It started with our Minister of Federal and Intergovernmental Affairs, and a series of constitutional discussions that this government and nine other governments across Canada entered into in good faith. That concluded with a meeting of first ministers in September in Ottawa, with our Premier and nine other premiers entering those discussions in good faith. During all this time, Mr. Speaker, we had our Minister of Energy and Natural Resources and our Premier meeting with the Prime Minister of this country and the federal Minister of Energy, Mines and Resources, trying to work out and negotiate a new energy package for Canada, an energy package that would see Canada self-sufficient in this decade. We saw a reasoned proposal presented by our Premier to the Prime Minister on July 24 that was "give" — giving a great deal on the part of Albertans. Throughout all of that, we get this response: a document for ministers' eyes only, dated August 30, that was the secret plot of the Liberal government in Ottawa to bring our constitution back to

Canada, but to bring it back in a way that was destructive to this nation and to our province — another document supported by the NDP.

Mr. Speaker, we move from there to October 28 and this document called The National Energy Program, a document that's full of lies, deceit, and half truths; a document that says, on the bottom of page 34, "The Government of Canada is, therefore, not proceeding with a natural gas export tax", but in the middle of the next page says, "The Government of Canada will, therefore, impose a new natural gas and gas liquids tax." That's an export tax if I've ever seen one. They've just added to it a tax on the people of this province, including the farmers.

MR. COOK: Grant calls that negotiating.

MR. MOORE: And my friend from Spirit River-Fairview worries about the farmers while he's giving everything we've got to Ottawa.

Mr. Speaker, no one in this Legislature should be fooled. No one should be bought off. No one should cover below his desk and say, it hurts to fight. No one should believe that we've lost to a Prime Minister who even refused to fight for this country during World War II.

SOME HON. MEMBERS: Shame, shame.

MR. MOORE: Mr. Speaker, no one should believe that we should capitulate and give in to those intrusions.

In this Legislature I represent the citizens of Smoky River. It happens that that constituency is located next door to Spirit River-Fairview, and I know the business people, farmers, and citizens of that constituency pretty well too. Frankly, Mr. Speaker, I don't believe they deserve the kind of gutless cowardice we've seen this morning from the Member for Spirit River-Fairview. They should have an opportunity to be a full partner in our Confederation as well.

MR. SPEAKER: Order please.

DR. BUCK: Come on, Moore, show a little class.

MR. SPEAKER: Order please. It's always a difficult situation for the Chair to distinguish between the argument that counters another argument and the argument that counters another personality. It's the sort of situation where you have to hate sin and love the sinner. I would respectfully suggest to the hon. minister that perhaps he might give some further thought and possibly some further attention to the remarks that have just been made.

MR. NOTLEY: Withdraw.

MR. MOORE: Mr. Speaker, it's difficult. I went through grade 12, and I have a vocabulary that's perhaps average for this House. I don't want to think of other words that could be less offensive and perhaps equally as descriptive, but I'm sure I'll get some help from my colleagues.

MR. NOTLEY: Withdraw.

MR. MOORE: Mr. Speaker, I don't mind withdrawing those remarks. I do, however, have a deep feeling about the sense of responsibility that a member of the Legislature has to his constituency. I, for one, don't believe that a member should capitulate to the centralist kinds of

views that are espoused by others in this country at the expense of the people he represents.

Mr. Speaker, what does the so-called energy program for Canada mean to the people of Smoky River and Spirit River-Fairview? If you open the table of contents and look at Canadian Ownership, it means that a lot of companies which have been exploring in the northwestern part of our province will take their money and fly south. Companies like Esso, Texaco, Gulf, Shell, and many others are the prime targets for purchasing by the federal government, by Petro-Canada. I can't understand for one minute how you're going to put more dollars into the exploration field, how you're going to develop more gas or oil wells and more supply for this country, by taking out of one pocket and purchasing a company that's already operating successfully in this country. It would make more sense to me to develop new and additional supplies of energy by having the Crown corporation go out and do something on its own. Perhaps it can't attract the kind of people necessary to do that.

We go down the page to The Oil Price, on page 24. What does that do for the people of my constituency? What it does is say to them that we should continue to sell, at less than half value through to the end of 1984, a crude oil that's depleting very, very rapidly, to the extent that in 15 or 20 years the citizens of this province, including our farmers, could be buying crude oil, and the only place it would come from is the tar sands or from offshore. Surely we don't want to capitulate to that kind of program.

We move on to page 35 of this document and the new taxes I referred to earlier. It's not just the end of the new taxes, and I'm talking about a natural gas export tax. What about the 8 per cent tax that's levied on — it's a little confusing to figure out how you can levy a tax on the profits of companies which are operating in this province. It says:

Initially, the tax will be set at 8 per cent of net operating revenues related to the production of oil and gas, including income from oil and gas royalty interests. Deductions such as those for exploration and development ... will not be allowed.

It's a little difficult, Mr. Speaker, to understand how you can levy a tax that doesn't allow for deductions for exploration and development and call it a national energy program for Canadian self-sufficiency. It's expropriation; no question about it.

In addition to that, it's the imposition of unnecessary taxes on our citizens. Surely we shouldn't be sitting in our places here accepting the fact that we should pay 75 cents per MCF over the next two years as a tax on natural gas to heat our homes — a resource that belongs to Albertans was developed by this and previous governments and the industry in this province, a resource that we worked hard to develop. Surely we shouldn't be asking our citizens to pay a federal tax on that.

Mr. Speaker, what does it mean to Smoky River in terms of young people in jobs? One-third of the adult working people in my constituency today depend on the oil and gas industry. That's the same in much of the rest of this province. We've come to depend on it because there was an economic climate in Alberta and Canada that fostered the development of the industry and the importation of capital from outside this country, an important aspect of the development of the petroleum industry. This Canadianization, this tax hitting in three, four, and more places, will do more overnight, as has been witnessed in recent days, to destroy those jobs, the

opportunity that our young people in my constituency and others have, to be part of the development of this industry. It'll destroy that quicker than anything we've done, that our Premier has done, during the course of the last 24 hours in trying to bring Ottawa back to the bargaining table.

Mr. Speaker, I could go on about the economic disruptions, the economic downfall that's going to occur as a result of this document. Perhaps I could conclude with some comments about the reasoned approach in this matter which I believe is being taken by Premier Lougheed. I would quote from comments which were made this morning:

In what must surely be the politest and most apologetic declaration of war ever witnessed, Premier Peter Lougheed left Ottawa in no doubt Thursday that he means business — Alberta will not capitulate to a perceived attempt by the federal government to take over the province's natural resources.

From another source: the Lougheed speech was a clear act of Canadian statesmanship.

Perhaps the matter can best be described as follows:

Premier Lougheed is going over the head of a hanging judge and pleading to the jury for justice. In the interests of all Albertans, it is to be hoped that he succeeds. The consequences of failure are too awful to contemplate.

That is a direct quotation from the closing paragraph of an *Edmonton Journal* editorial this morning. "The consequences of failure are too awful to contemplate."

Mr. Speaker, when you are involved in negotiations and the other party finally refuses to negotiate: when the other party says, we have you where we want you, and we're going to beat you down a little further — then you fight the only way you can. I didn't hear one single reasonable argument this morning from the Member for Spirit River-Fairview that would suggest there is a better way than the approach we have taken.

Surely Canadians across this country can be convinced that our ownership of natural resources, our ownership of oil and gas, gives us some right to determine the amount of that production, gives us some right to ensure that in years to come our young people will have some legacy left for them in terms of our rapidly depleting oil and natural gas. I think our government has made a reasonable approach, an approach that was well thought out, not rational, one that I suppose could have been much more difficult for Ottawa and the rest of Canadians to understand. Surely this approach will have as its effect the bringing back to the bargaining table of a government that simply doesn't understand western Canada or Albertans, and what our future destiny and concerns are all about.

Thank you, Mr. Speaker.

MR. SPEAKER: Before recognizing the hon. minister, I should perhaps deal further with my remarks of a moment ago. The requirement for care in the use of language applies equally to the Chair, of course, and perhaps even more so than it does to the other members. I feel confident that the hon. Member for Spirit River-Fairview did not consider himself pointed at when I used the expression "hate sin and love the sinner". [laughter] I would like to assure him and the House that I was speaking generally and that perhaps I might have chosen a better example.

MR. McCRAE: Mr. Speaker, this is a very simple debate, complicated in many respects. It's highly emotional. I think the Minister of Agriculture reflected the frustration, anger, and bitterness we all feel towards this so-called budget: a document masquerading as a budget, a document that is, truly, simply an assault on ownership. It is two things: an assault on the ownership of the natural resources of this province, on the 2 million people of the province, that has been in the works for months. It is a second thing: the nationalization of an industry that has served us well, meant jobs, profitability, and economic strength for all of Canada.

But, Mr. Speaker, I am proud and pleased to be able to participate in the debate. I am proud to be the representative of Calgary Foothills at this very critical time in the history of our nation, proud to have the opportunity of representing those people who will be so fundamentally involved by what is happening in Canada today.

I am also saddened. I am saddened we have to have a debate like this when there was such a great opportunity over the past 18 months and the last 30 days to reach an agreement on energy pricing, which in effect is what this budget is all about. We had an opportunity. Our Premier and several premiers of Canada have met with the Prime Minister. Generally, we had the support of the premiers for the energy package negotiated with Mr. Clark's government. That is ignored, repudiated, rejected by the federal government. We now have this document here which, as I said, masquerades as a budget document.

It is a budget document only in respect of one province. It's a clever document. There were all sorts of rumors before the budget came out, suggestions that there would be taxes here, taxes there, against individual Canadians, against individual groups of Canadians. When it finally gets here, all that is washed away. So there is a great measure of relief here, there, and everywhere across Canada. But the penalty for all that is to be paid by the 2 million people in Alberta and the 125,000 people in Calgary Foothills.

I am saddened, Mr. Speaker, that we have to have this debate. I am also saddened by the position of some of the members of this House. Previous speakers dealt more than adequately with the Member for Spirit River-Fairview. I thought his language was a bit strident, but I agree with the feeling expressed in that language.

I am also saddened, Mr. Speaker, about the position of a former colleague who spoke moments ago. I am saddened about several aspects of his position. One is the fact that, for whatever reason, unexplained to the caucus, he has left the caucus. Secondly, I am saddened about the position he expounded here today. I am saddened by the fact he is not here after having made his remarks. I think it would be incumbent upon him, if he is so truly concerned about the Alberta expression, reflection, and image in the rest of Canada, to be here with us to hear the rest of the debate.

DR. BUCK: He's checking on the Premier, Stu, to see where the Premier is.

MR. McCRAE: Mr. Speaker, I want to comment about two things that that hon. member expressed concerns about. If I heard him correctly, he wondered or speculated whether there had been any effort to reach an energy agreement over the past months. The first ministers met and discussed energy. We have the very generous July 25 Alberta offer of an energy package rejected by the federal government. The response to that was the travel-

ling circus — Mr. Lalonde, the present minister from Winnipeg, the advertising campaign — all surely intended to undermine the positions of Albertans in the rest of Canada and of the government of Alberta in the eyes of their constituents here in Alberta.

I don't know how you can respond to that other than in the strongest terms. I thought what went on this past summer was evil, diabolical. If anything could ever be intended to divide this nation, it had to be the kind of thing we saw on the national TV, the advertising, the speaking engagements by representatives of that government. So I just can't understand how a member of this House could stand and say he wondered what efforts had been made by this government to reach an energy agreement. Inconceivable. This government has gone the last mile time and time again. We had the support of the other premiers. What we didn't have was the support of the government in Ottawa, for two reasons. They don't care particularly about the health and strength of the industry. What they want is money. Secondly, they want power, and part of that is a nationalization of the energy industry.

Mr. Speaker, I want to come back to comment on one other aspect of the remarks of the Member for Calgary Buffalo, the reference to the 10 Canadas or one Canada, as it relates to the constitutional debate. We have a constitution now which outlines, in Section 92 and other sections, the responsibilities, authorities, and jurisdiction of the province. We have Section 91, and other sections as well, which outline the jurisdiction and responsibilities of the federal government. Surely if we would respect those provisions, we wouldn't be into the constitutional patriation debate, the unilateral amending formula debate, the divisive debate we're in right now.

So when a member says, the issue here is whether we are 10 countries or one country, I reject that categorically. It's an outrageous remark, I think. We have a constitution; we respect it. If we want to amend the constitution, fine. None of us opposes bringing back the constitution, provided it doesn't have insidious sections in it which could provide for taking away what rights and jurisdictions we already have, one of them being the right to manage and control our natural resources which, as other speakers have said, we didn't get until 1930, 25 years after our entry into Confederation, an event we are celebrating as a 75th anniversary this year. The right to manage and develop our resources, at our pace, in the best interests of Canada, came to us only in 1930. We are seeing today, on this 50th anniversary, under the masquerade of a budget and presumed national interest, the taking away of that resource.

Mr. Speaker, I think it is so incumbent, so necessary for any responsible member in this House to stand and resist that with all the power and authority he has. Surely the waffling, the going the last mile that the Member for Spirit River-Fairview spoke of, the lying down, the yielding to the federal government, are not what is going to bring them back to the bargaining table. Surely the motion sponsored by the Minister of Energy and Natural Resources this morning is the way to get them back to the bargaining table.

The Member for Calgary Buffalo wondered about a cost/benefit analysis of what that means. I don't how you would measure that in dollars and cents, Mr. Speaker. That kind of decision will be made in the market place. I guess a pretty good barometer of the final analysis or cost to all Canada is being made in the Toronto Stock Exchange these past couple of days: record losses for two

continuing days. The other analysis can't be made by this government. It will be a decision made by the industry, the energy industry, all the other industries that are so dependent on that, what has been a viable industry, for the strength of their industries.

Surely it will impact on every Albertan, rural and urban. It will certainly impact on my constituents, and on rural constituents. One-third of the jobs in this province are directly and indirectly dependent on the energy industry. Our national balance of payments is helped somewhat, could be helped miles more, by the export of our natural gas. I believe the energy industry is the strong point of the Canadian economy. The assault on it by the federal government is totally unacceptable, inexcusable and, I think evil, and not in the best interests of Canadians at all.

We have an opportunity in Canada to become self-sufficient if we'll get with it. But we're not getting with it. I think about two or three years back there was a first ministers' meeting. I believe it was in Saskatchewan. I recall at that time the Prime Minister and the Premier of Saskatchewan coming out of that meeting and issuing public statements about the great things the federal government was going to do in terms of developing heavy oil in Saskatchewan, all for the national good. I could ask you now, has anything taken place at all? I think the answer is no.

Mr. Speaker, this document is a clever document. One of the members said it might not be an honest document. I won't go that far. I'll say it is a very inaccurate document. Probably the most accurate statement is the opening line, which says, "This is a set of national decisions by the Government of Canada." It most assuredly is, regardless of who owns the resources. The 2 million people of Alberta, and this government, are totally ignored by that budget. It is truly a set of national decisions by the government of Canada. Let us hope it is only an interim decision and that the people of Alberta and Canada — I hope the other premiers of several provinces will recognize, in spite of what I said at the beginning, that there appeared to be an olive branch for all their constituents, will recognize what is between the lines and take a stand with us against this document.

I listened to the Canada A.M. program this morning, Mr. Speaker. While I don't often agree with the Premier of Quebec, and I won't adopt his phraseology, he likened it to a situation some 25 to 30 years ago at the time of a global war where a government there picked off one neighbor one night, the other one the next night. That is what this document is: an attempt, more or less, to bribe Canadians to accept this intrusion, this attack on Alberta's resources, because there is relief in their tax pockets in the rest of Canada. I hope Canadians are smarter than that. I feel confident they are. Therefore, I hope we can refer to this document as an interim budget.

Mr. Speaker, what really has been the federal participation in the energy industry in the past several years? We had the 1974/75 debacle when suddenly, without a great deal of warning, through the non-deductibility of royalties, they imposed double taxation on the energy industry, brought it to its knees. At that time this government resisted strongly in this House. I think we were unanimous, with the exception of the Member for Spirit River-Fairview, in resisting what happened then, and developing programs that would assure for Canada the strength of that industry.

Our response was to develop a geophysical exploration drilling incentive program, at a cost of hundreds of mil-

lions of dollars to Albertans. But we did it because it is such an important industry to the people of Alberta, and Canadians. We have gradually brought the health of the industry back to the point where, some 15 months ago, Alberta, because of attractive, sensible economic conditions, was probably seeing more energy development exploration activity than anywhere in the world. In the past 15 months, because of the uncertainty, because of the monstrous threat of the federal government, that has gone downhill to the point where there's been a tremendous exodus of smaller companies — surely the ones, if we are concerned about Canadianization of this industry, we should be encouraging to grow, surely the ones we should be encouraging to drill, surely the ones we should be wanting to have some cash flow.

So they can expand, not only in Alberta but beyond the borders of this country — they will be beyond the borders of this country with this kind of budget, with this kind of continuing harassment we have had the past 15 months. They will be beyond the boundaries of this province and this country. They won't be in this country, Mr. Speaker.

I'm advised that the taxes imposed in that budget will reduce the net revenues to the producers by something like 50 per cent; that is, about a 50 per cent reduction in net revenues. In addition to that, through the mechanism of this so-called non-export tax, the federal government will have moved in and taken over, by displacement, revenues that should have gone to the two million people of Alberta, through their royalty rights, and to the producers, the explorers for reinvestment, for cash flow money to develop a self-sufficiency situation for Canada.

Well, Mr. Speaker, the assistance the federal government has given the energy industry has really been something. Fifteen months back this province, because we wanted to encourage every last barrel of oil to come out of the ground, eliminated our royalty on small producer wells, so that wells that may be capable of producing only 2, 5, or 10 barrels a day could, in the national interest and without royalty to the people of Alberta, continue to produce. Well, with this nice little 8 per cent tax on all revenues, on the gross value of the production, with no reduction for royalty, gross royalties or whatever, just a reduction on the gross value that Albertans get for that barrel of oil, that half of fair market value — to tax that by another 8 per cent, I believe, takes that up into somewhere between a 25 and 50 per cent tax level. That will surely result in the closure or shutting down of dozens, perhaps hundreds of marginal production wells. Surely a generous contribution by our national government to energy self-sufficiency.

I could go on, Mr. Speaker. I could talk about the number of years it took the federal government to develop regulations for the development, the management of the industry in the frontier areas, which is their prerogative area. I won't go into that. It suffices to say that over the years it was a major discouragement to industry. How do you manage a budget when you don't know what the rules are? You can't, except with a good deal of optimism.

What are some of the other things the federal government has done? They established Petro-Canada. A lot of us were concerned when Petro-Canada was first established, but I don't think we have a great deal of objection to it provided, number one, that that company is going to be out exploring, generating some new reserves; number two, that it plays competitively with the other explorers. On the first part of it — have they generated any more production — I'm unaware of any production, any new

discoveries they may have made. They did purchase a great Canadian oil company by the name of Pacific Petroleum, which had had a marvelous record of exploration success and, I think, was a real creative company, at the forefront of Canadian explorers and producers. Now it has been taken over by Petro-Canada with our tax dollars. I'm unaware of any more barrels of oil that have been placed in the ground. I'm unaware of anything positive that has happened for Canadians as result of that takeover.

What do we have now? We have the promise in this document, the threat, that there will be more takeovers of Canadian or multinational companies by Petro-Canada. I suppose with the threat of this document, the takeovers may well be at bargain prices, so that instead of having 790 companies, or thereabouts, industriously, energetically searching, exploring for oil, for gas, to make Canada self-sufficient — providing jobs for all of us, providing marketing opportunities, manufacturing opportunities for eastern Canada, Ontario and other places — instead of that we'll be buying them up, through Petro-Canada, and making a monolithic organization in the petroleum industry.

That isn't what they've done in Britain. It isn't even what they're doing in communist China. Communist China is inviting companies — small and larger Canadian, the type of company that might have been formerly represented by Pacific Petroleum, and the multinationals — to come over there and explore with them, in concert, for new energy resources. What are we doing? What is our federal government doing? Attempting to drive out the companies that first came here. I think the multinationals have made a tremendous contribution to the energy resource strength of Canada as we now see it.

I know we all want the industry to be as Canadian as possible. We can do that through positive means, not the type of thing that threatens confidence in the international community and with the smaller companies. That has to be the most retrograde direction I think any government could take. Our energy needs, in the next 10, 20 years, throughout the rest of this century and beyond, are so gigantic. We need hundreds of billions of dollars. We need the confidence of the international oil community. We need the confidence of the smaller developers, explorers, here in Canada. We surely don't have that by the imposition of the taxes we have seen in this budget, nor do we have it with the threat of takeover of these companies at what will be bargain-basement prices, because so many of these smaller ones particularly will be driven into or towards bankruptcy. We will not have that confidence that will give us the opportunity of becoming energy self-sufficient in this century. That will be to the detriment of not only Albertans but Canadians and, I think, the world.

Mr. Speaker, if I could come back to the question that was asked: have we done a cost/benefit analysis of the turndown of 180,000 barrels of production? I'm sure any good economist could tell us very quickly in dollars and cents what that would be in terms of foregone revenues. The ripple effect will be determined by the industry, I suppose, but not because of that turndown; because of the diabolical nature of this so-called budget document entitled *An Energy Program for the People of Canada*.

Mr. Speaker, I want to conclude. An event happened last night. When the Member for Spirit River-Fairview was in this House, he suggested we need to attempt to get our message across to Canadians. Yesterday he stood in this House and complained bitterly that the broadcast we

heard last night, which was so fundamentally necessary to getting our message across to Albertans and to Canadians — he stood in the House and objected to the government having a budget for that. So how can he say today that we'd better begin a public relations campaign across Canada?

MR. COOK: He's two-faced.

MR. McCRAE: To this juncture we haven't spent tax dollars on that. What we've had instead has been our Premier, other members of this Assembly, and members of the industry going across Canada. Our Premier has gone to the maritimes, to Toronto and Vancouver, and explained Albertans' generous offer to Canadians in terms of energy, transportation, and other developments.

Perhaps for those who are concerned about the direction we as a government appear to be taking in standing up for the rights of 2 million Albertans and anyone who has a palpitating heart about where we're going, perhaps what they should be doing is getting out on the streets of Canada and assisting those of us in Alberta who, as sincere Canadians, care about Alberta, about the Canada we know, assisting us in getting the message across to Canadians rather than second-guessing, or querulously wondering about every decision that is made here. I think it's time we all got together on this thing, saw it as it really is, put our minds and voices in the same gear, and got with it.

Mr. Speaker, I only want to say one or two more things. After the fantastic expression of the Alberta position that we saw and heard last night on television or radio, I had the good fortune to have a call from about 30 constituents — some in the oil industry, some not in the oil industry — all tremendously supportive of that position. I was tremendously encouraged by the first call,

from a constituent who has recently participated in setting up his own small oil company — hoping, I suppose, to make some money; hoping also to contribute to the welfare of the Canadian, the Albertan economy; hoping to contribute to energy self-sufficiency in Canada. He called immediately after 7:30. I asked him what the impact of the budget on his company would be. He said it would probably drive them into bankruptcy, if it was as he understood it — and I think he understands it; he is an accountant. I said to him, what was your response to what you just heard on the television? He said, I stood and cheered.

Thank you, Mr. Speaker.

DR. BUCK: Mr. Speaker, I beg leave to adjourn the debate.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

MR. CRAWFORD: Mr. Speaker, before calling it 1 o'clock, it's proposed that the House sit on Monday evening, and the government order of business to be called Monday afternoon would be either the motion of which oral notice was given today by the hon. Minister of Energy and Natural Resources or the motion which is under debate at the present time.

Mr. Speaker, I move we call it 1 o'clock.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

[At 12:53 a.m., pursuant to Standing Order 5, the House adjourned to Monday at 2:30 p.m.]