Canadian oil industry, and it should have a Canadian market."

During the 1960s, consumers in Ontario and elsewhere paid at least $500 million more than they would have paid for foreign oil supplies – in order to help Alberta develop her oil industry. Ottawa vigorously promoted Alberta oil exports to the United States; and provided many millions of dollars in incentives for the development of the industry.

The people of Alberta benefited: they have the lowest *per capita* provincial debt, and the lowest *per capita* tax load, in Canada. And all Canadians benefited. A strong Alberta has meant a stronger Canada – a Canada in which Albertans contribute generously to the welfare and progress of the country as a whole.

At the same time, the national oil policy enabled Quebec and the Maritime provinces to continue to benefit from much lower-priced imported foreign oil.

New policies for the 70s

That policy did for the 60s. But rapid changes of the 70s now demand new policies. The most important of these changes include doubts about availability of oil from foreign suppliers, spectacular price increases for that oil, and soaring new energy demands by our chief oil customer, the U.S. This combination – of less security, higher prices and greater demand – has led to exciting new development possibilities for relatively costly and remote energy sources – such as those in the huge Alberta oil sands, the Arctic and the Atlantic continental shelf....

Extension of pipeline

One major decision by the Government made before the Middle Eastern war was to extend the Edmonton-Toronto pipeline to Montreal. This decision means we will be much closer to having "one Canada" instead of "two" for oil purposes. It means that Western Canada can have a larger national market. That Quebec, and in an emergency the Atlantic provinces, could have year-round access to domestic oil. This will assure better security of supply for all Canadians – no matter how volatile the mixture of oil and politics abroad.

Guidelines to save energy

In a statement to the House of Commons on November 26, Energy Minister Donald Macdonald urged Canadians to voluntarily lower their thermostats and their driving speeds in an effort to reduce fuel consumption by 15 per cent. All oil companies east of the Ottawa Valley will be allowed to increase the price of heating oil by 4 to 5 cents a gallon and a new five-member energy allocation board will be established to regulate the supply of petroleum products and, if necessary, initiate a system of rationing.

Mr. Macdonald recommended that Federal Government buildings, which use some 2 per cent of all heating oil in Canada, reduce temperatures to 65 to 70 degrees between the hours of 8 a.m. and 5 p.m. and to 63 to 65 degrees between 6 p.m. and 5 a.m. He hoped that industry would follow suit.

For the time being Mr. Macdonald was hopeful that rationing would not be necessary but he stated that if the allocation system did not operate as expected "if there is going to be an interruption of more than 20 per cent into our market, then we would have to go to a documentary system of rationing of the kind we had during the Second World War".

A saving of 20 to 40 per cent of gasoline would result if driving speeds were reduced from 70 to 50 miles an hour, Mr. Macdonald stated.

In view of the progress made since my announcement, I am now confident we can complete the pipeline to Eastern Canada – and be in a position to provide better security of oil supplies for Canada – by the end of 1975....

Exports to the U.S.

Closely related to security and flexibility of our energy supplies is the question of our energy exports. I am deeply distressed – as I know many of you are – to hear charges that Canada has been "kicking the U.S. while it's down" – supposedly by reducing supplies and increasing our prices in order to profit from U.S. energy shortages.

These are the charges. Let's look at the facts. Far from reducing oil exports to the United States, Canada has been shipping to the U.S. more oil than ever before. Our projections for this year indicate we will ship to the U.S. 63 million barrels more oil than they purchased from us in 1972 – an increase of 18 per cent. By increasing Canadian production, we have been able to respond to our neighbour's needs – while at the same time meeting our first responsibility, which is to ensure basic fuel requirements for Canadians. Consistent with that responsibility, the Government's policy is – and will continue to be – to supply the U.S. from domestic oil production with all the help we possibly can. We are friends, and friends care about each other's problems.

I now want to clear up any misunderstanding that still exists about the purpose of the federal export tax on oil to the U.S. Last September, we asked Canadian producers to freeze their prices until January, thus helping protect Canadian consumers against inflation. But we did not want to oblige Western Canada to sell its oil to American importers at those lower, frozen prices. So we introduced an export tax to ensure that Canadians got a fair price for oil on the export market – the same price the U.S. was paying for other foreign oil – and not a cent more.

Without the tax, U.S. refineries could have bought oil from Western Canada at the frozen Canadian price – far below what they paid for their other foreign oil. This would have meant windfall profits for the U.S. oil companies – whereas our export tax meant that the windfall would go to the federal and Alberta treasuries.

I do not regard the export tax as permanent; we have begun discussions with the producing provinces to work out an alternate arrangement for exports. I want to emphasize one other point. The federal export tax does not divert a single nickel of oil revenue from the government of Alberta. On the contrary, the Federal Government has said it will return at least enough of the tax revenue to the producing provinces to compensate them fully for any lost royalties. And, of course, consumers in all parts of Canada, including Alberta, will have benefited because Canadian companies agreed to freeze their prices.

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