

The market in the east for Canadian oil going through the pipeline must be certain. It must not disappear if international oil suddenly and temporarily drops in price. In short, we are proposing a national commitment to develop oil resources; there is a national strategic interest in them and there is an over-riding national interest in security of supply.

I should point out too that the rate and scale of development of oil resources in the west thus far has been the result in part of national action. The "national oil policy" established in 1961, with the protected market in central Canada in the years since then, together with federal tax and other incentives, have helped to develop what is a national and not a purely provincial productive capacity.

[English]

Mr. Lambert (Edmonton West): What benefit will central Canadian industry derive from that? Five times as much.

[Translation]

Mr. Trudeau: These are strong and, to my mind, compelling reasons for a national sharing of the proceeds of any unusual increases in oil prices that may result from artificial international scarcities.

In asserting that there is a national interest which may have to be considered in any adjustments imposed by circumstances in the future, the federal government realizes that it is touching upon an area where strong views are held. The government is doing so because it feels it is necessary to be frank about something that may have to be considered in the interest of the citizens and taxpayers of the country as a whole. I trust this will be equally true for the hon. member for Edmonton who seems to have only one city, only one province, in mind.

Mr. Lambert (Edmonton West): You may laugh, but that is the whole population and not only half.

Mr. Trudeau: It will be with this interest very much in mind that the government will continue its discussions with the producing provinces and consult with the others.

I would merely ask the hon. member to consult his colleague from York-Simcoe (Mr. Stevens). When they have reached an agreement, they can then perhaps come back to speak to us.

Mr. Lambert (Edmonton West): He has just said that you are wrong.

Mr. Trudeau: You shouldn't address yourself to me.

Mr. Lambert (Edmonton West): You did not listen to him, you did not understand him.

[English]

Mr. Trudeau: One of the instruments of the new national oil policy is a national petroleum company. A bill will be introduced at the next session of parliament to establish such a company and at that time the Minister of Energy, Mines and Resources will present full details to the House.

The new company will serve several purposes. It will undertake exploration for conventional oil and gas in the

Energy Supplies Emergency Act

provinces as well as in areas under the control of the federal government, namely, in the Yukon and Northwest Territories and the Atlantic and Pacific offshore coastal areas.

Some hon. Members: Hear, hear!

Mr. Trudeau: It will assist and participate in the research and development work necessary to develop an *in situ* technology for the production of the vast amounts of oil from the oil sands which cannot be extracted by presently known methods. To this particular end, it will invest approximately \$40 million over the next five years in co-operation with the Province of Alberta and private firms. Should the Province of Alberta prefer some other arrangement for carrying on this project, such as an independent Canada-Alberta Institute, the government would be quite prepared to discuss it with them.

● (1630)

The company will have a capacity to invest, in agreement with Alberta, in the development of the oil sands in those portions of the deposit which are exploitable by existing technology. The company could assist in oil sands development by way of equity investment, for instance, so as to ensure that this capacity to produce advances as rapidly as is industrially possible and as is environmentally and economically sound.

Mr. Stanfield: Forty million dollars!

Mr. Trudeau: No. It is \$40 million for research. If the Leader of the Opposition (Mr. Stanfield) could hear above the noise of his own members he would know what I am talking about.

Some hon. Members: Hear, hear!

Mr. Trudeau: The company will not be precluded from developing other reserves which it may discover through its exploration activities, but it may choose to hold part of such resources as a reserve for the long term security of the Canadian market. This is a function which private investors often find it difficult to perform for understandable reasons, and it is a function to which the government attaches importance. Finally, the company will assist in ensuring reliable and adequate imports of oil to meet present and foreseeable needs for foreign oil.

The government has found in recent weeks that it can play an important role in purchasing petroleum and petroleum products. It proposes to exercise this role through the company. Finally, the company will not be prevented by law from entering the refining and distribution fields, but its more immediate and present tasks may not lead to this for some time.

Some hon. Members: Hear, hear!

An hon. Member: Why don't you just nationalize the whole industry?

Mr. Bawden: What happened to the Liberal party?

Mr. Trudeau: The national petroleum company will add significantly to the industry's total capacity to identify