

Alternatively, if the National Energy Board is not prepared to reconsider its decision, then the federal cabinet should take the necessary action to assure the requirements in eastern Canada as set forth in the decision are immediately covered by purchase contracts.

The Premier said this would significantly assist the current situation of locked-in natural gas reserves in Alberta. This energy decision of the federal government, taken under the guise of the National Energy Board, has been widely hailed as an example of Canadianism. In fact, it is mainly beneficial to eastern Canadians who do not want to pay more for their gas, and in the immediate future this might well be so.

Since last Friday—which might well be a milestone in the natural gas industry—as reported in the *Globe and Mail* of November 23, the gas industry officials are assessing the immediate and long-term consequences. The gas industry will no longer have a hope of supplying a premium fuel to a high-priced, energy-short market. The immediate possible developments are as follows. There may be a substantial drop in U.S. risk capital that has poured over the border in vast amounts in the past two years in the hope of triggering new finds and exporting the gas. Higher domestic gas prices, especially in the Ontario market that now accounts for 41 per cent of all gas sales from western producers, could result.

A dampening could occur in U.S. enthusiasm for northern exploration, financed largely in the hope of exporting the gas that might materialize, and there may be a reassessment of U.S. plans for a pipeline to move Arctic fuel to southern markets. It has been agreed that gas producing facilities of major oil companies will find foreign money and even domestic capital will be tighter and will be dispensed much more carefully in the absence of reasonable expectations that gas it helped to find can be removed.

One company which has spent \$75 million since 1969 is quite undecided as to its future. In all, about \$100 million from the United States has gone to Alberta since 1969. Furthermore, similar amounts of money being spent in the Arctic create similar development problems in the Northwest Territories. Almost certainly United States capital will not be allowed to export gas found in the Territory in the future. I think the action of the National Energy Board will create a void in the investment in the natural gas industry which Canadians presumably think they wish to fill and they will have to call on their own financial resources.

There have been increased demands for domestic price increases and producers have claimed lately that they are subsidizing eastern customers. What about the obvious differences of opinion between the Alberta energy conservation board and the National Energy Board? It certainly seems quite likely that the National Energy Board's decision was highly political. The action of the National Energy Board, which obviously could not have been taken without the agreement of the government, triggers a new and important phase in Canadian-American relations. It has certainly served notice that the Canadian government is willing to change rules at any time it suits them and with no apparent policy to compensate for this change.

• (9:50 p.m.)

It perhaps is the general feeling that Canada has natural gas fuel and that in some way this gives Canada an advantage over its competitors if the gas is not exported. This action might be held by Canada, first as a great victory for Canadian nationalism—but everyone knows that in this modern world we are significantly interdependent. Certainly, the United States against whom the National Energy Board's decision was made has great economic power in the world. If the United States had to exist without Canadian natural gas, I think no doubt it would do so. The Japanese have proved over and over again that people who are resourceful and hardworking, with good investment policies and industrial policies, can survive with almost no natural resources of any kind.

The action of the National Energy Board is precipitate and hasty. If we need to curtail the export of natural gas or prevent it altogether, certainly this is our privilege; but I think that the government should give due warning of their action and have some public discussion, particularly in view of the fact that responsible boards such as the Alberta conservation energy board had sanctioned the export of gas.

Now that the government has indicated that there is little chance of natural gas being exported in the future—and I am sure this government will move the oil in some way—our oil resources will, obviously, largely have to be developed by our own capital. For various reasons capital in Montreal and Toronto has never been interested in western oils in great quantity. There is no indication that they are interested today. The government, in the present tax legislation, has seriously reduced the tax incentives for Canadians to invest in a high risk venture. Bill C-259 further reduces the incentive to invest in high risk ventures such as petroleum and mining.

The action of the National Energy Board has had significant impact on the exploration for oil and gas in this country and it complements what the tax bill is doing. It points to a policy that indicates the exploitation of our renewable resources should not be carried out. It certainly points to the necessity of manufacturing being necessary to carry a much greater burden of international prosperity than it has so far shown itself capable of doing. So I think Bill C-259, along with the action of the National Energy Board, has so changed the climate that we will lose investment in the natural gas and oil industry in Canada at a time when so many jobs are needed. This will not be a good thing for Canada.

Mr. Otto: Mr. Chairman, I listened to the arguments of the last two speakers and I wonder if they would review their thinking on the suggestions they have put forward. If I understood correctly what they said, there is a United States input and a United States emphasis in respect of exploration and development of the petroleum and mining industries in Canada. They say that this bill should be the instrument by which we should compete this United States emphasis. In other words, if I understood them correctly, they are saying that if we raise the depletion allowance and we lower the income tax, more Canadians would invest in our petroleum, gas, and so on.

Mr. Woolliams: Good boy!