

Northern Pipeline

Minister to his promise of 90 per cent or more Canadian content.

Many members of the House will say it is not necessary to have that kind of guarantee in the legislation because the pipe size gives the Canadian industry a great competitive advantage. They will say the pipe size is 56-inch diameter, which we are able to produce and in respect of which other countries will have difficulties. I know that the heads of Stelco and Ipsco have said: "Yes, we are confident we can produce and fulfill the contracts". I do not question that at all. We have a very efficient and competitive steel industry. As I will explain in later motions, we fear there will be unfair foreign competition which will undermine the ability of Canadian steel producers to bid competitively on the world market. Indeed, we may see the Japanese, West Germans or Americans, through all types of hidden subsidies, being able to offer lower bids than Canadian companies.

• (2102)

Also perhaps the government will be powerless to stop those bids without specific guarantees in the legislation before us. Certainly the presidents of Stelco and other steel companies are correct; they will receive a lot of the contracts. But "a lot" is a very nebulous phrase sometimes. That is why we say that we must not just look for the optimum, that we must look for the maximum. The maximum must be spelled out, as the Deputy Prime Minister has done, in terms of 90 per cent Canadian content.

The other amendment before us in motion No. 1 is to add a subclause to clause 3 to ensure that we do not run into the position somewhere down the road of requiring the federal government to provide financial backstopping for the company. What do I mean by that? That is a system whereby the company comes to the federal government and says: "Well, we have got the pipeline two-thirds built and we are running into difficulty raising the capital necessary to continue the construction of the line. Therefore, we would like some type of government backstopping or standing behind us in the money markets to ensure that we can raise the extra capital".

This is a very dangerous situation. When pipelines are built, experience indicates that the original estimates have a habit of escalating very rapidly. One has to think only of the Montreal Olympics and what the original costs were. The mayor of Montreal said that the Olympics can no more have a deficit than a man can have a baby. Yet we have ended up with the federal government providing all kinds of indirect subsidies and financial assistance in order to bail the Olympics out of the huge deficit it got into.

Mr. Nielsen: Mr. Speaker, I rise on a point of order. The hon. member for Sault Ste. Marie now is dealing with clause 3. As I understand it, that clause is not grouped with motions 1 and 11. Surely the hon. member should stick to motions 1 and 11 and not deal with his other amendments until they come up in proper order.

[Mr. Symes.]

The Acting Speaker (Mr. Turner): The hon. member for Yukon raises a good point of order.

Mr. Symes: Mr. Speaker, with all respect, motion No. 1, which I have moved and am now discussing, has two aspects. One deals with guaranteeing Canadian content and a new subclause (g). Perhaps I should read that for the benefit of the hon. member for Yukon (Mr. Nielsen). It reads as follows:

to facilitate the efficient and expeditious planning and construction of the pipeline while at the same time ensuring that federal government financial guarantees of any kind will not be required in order to complete the project.

I am now addressing myself to the second part of my motion. I believe that is entirely in order.

Mr. Nielsen: I apologize. The hon. member is entirely correct.

Mr. Symes: I thank the hon. member. I was saying that we must be careful that we do not get into the trap of having public money bailing out the private pipeline company in the end. It is not Canadian consumers who will receive the Alaska gas; it is gas moving to the United States. There is some question that we will ever build the Dempster spur line to the Mackenzie Valley gas fields in light of the increased finds of natural gas in southern Alberta. Of course, this gas is approximately one-third the price of Arctic gas. Thus, the argument cannot be used that it is all right for public money to provide some financial backstopping to the company because we will receive some of this gas. That is not a guaranteed situation. Certainly it is untrue in the early years of the pipeline.

When the Alaska oil pipeline was completed, the original estimates had doubled or had more than doubled. We must look at the safeguard that the president of the United States ensured in legislation placed before Congress on this very matter. The Americans have a provision in their legislation relating to the pipeline to the effect that the government of the United States will not provide financial backstopping for the company in the future. In light of their Alaska oil pipeline experience, Americans are wise enough to have that kind of provision written into their legislation.

Nowhere in the bill before us do we see a similar provision. There is no commitment on the part of the government that it will not bail the company out if it runs into financial difficulties down the road. If the Americans found it wise in light of past experience to have such a clause in their legislation, I cannot fathom why our government has not provided such a clause to ensure that we do not fall into the trap of having to use public funds to bail the company out if the original cost estimates are exceeded.

These are the reasons for putting forward motion No. 1. I think it is important that the wording be strengthened to have the type of provision which guarantees the highest possible amount of Canadian content and Canadian job creation. We do not use wishy-washy words; we have stated it in black and white. We hold this government to that commitment by an act of parliament.