

*Supply—Mines and Technical Surveys*

use of coal for thermal power development than is being used at the present time in the provinces of New Brunswick and Nova Scotia. It is very unfortunate that this program was not carried on by the present government.

That proposal, of course, was not the first proposal made to assist New Brunswick in the production of power. As early as 1956 Mr. Lesage, as the minister of northern affairs, had made an offer, which was warmly welcomed by the present Minister of Forestry, the then premier of New Brunswick, to assist in the development of hydroelectric power on the upper Saint John. It was later discovered that there was not sufficient storage space for the water without agreements being made with the province of Quebec and the government of the United States, and the Liberal government decided that if it could not develop the upper Saint John in a reasonable time—I have the documents right here which show that the then premier of New Brunswick, now the Minister of Forestry, agreed with this view—it must assist the province in some other way to develop the power it needed for industrial development.

Mr. Harris in his budget of March 14, 1957 made a proposal for thermal plants to be built by the federal government, to be owned by the federal government, operated by the Northern Canada Power Corporation, and made available for sale to either of the provinces at any time the provinces wanted to buy them, at their amortized value. That proposal was warmly accepted by the then premier of New Brunswick, the present Minister of Forestry, as well as by the premier of Nova Scotia, Mr. Stanfield. That was the first reaction from those individuals, but something happened subsequently to change that reaction.

The hon. member for Pictou said a few moments ago that this was another example of the arrogant centralizing attitude of the federal government, which wanted to own those plants. I have not tried to quote the hon. member's exact words, and I am sure he will correct me if I am being unfair to him, but that statement is not true. At that time we took the view that since the federal government could borrow at a much lower rate of interest than the provincial governments, and since these plants might not make any profit for perhaps five years, it would be an advantage to those provinces if the plants were owned by the federal government. However, in order to safeguard the position of the provinces, it was decided that the moment the plants became profitable, the provinces could take them over. I suggest that was a generous offer of assistance,

[Mr. Pickersgill.]

unlike any offer ever made by any federal government up to that time, which was made to assist in the development of power in those provinces.

The question was raised at that time by Mr. Stanfield as to whether coal would be used in those plants. There was a good deal of debate about this subject, and since it seems to be the fashion for certain individuals constantly to misrepresent the facts, I shall now try to place them very simply on the record as they occurred.

Mr. Stanfield, as I have said, inquired of the federal government as to whether coal or oil would be used in these plants. Mr. Lesage stated that, at that time, coal was cheaper than oil and, therefore, the question did not arise. However, since that question was persistently being asked by members of the Conservative party—and I do not blame them for asking it—the government decided, in advance of any concrete situation arising, and it was formally announced by Mr. Winters, that if oil became cheaper than coal, the federal government would provide a subsidy to reduce the cost to the price of oil, so that coal could continue to be used, notwithstanding the fact that oil was cheaper, and that the subsidy, in such case, was to be paid out of the federal treasury.

That policy was abandoned by the present government when they came into office. That was the Liberal position, and if that policy had been followed by the present government, if the government of New Brunswick had been willing to allow coal to be used in the Saint John plant, coal would be used there now. If there had been a Liberal government in office in Ottawa coal would be in use in that Saint John plant right now. We know what is being used there. It is not coal; it is oil.

I say that the Minister of Forestry, who was then premier of New Brunswick, was so little concerned about the coal problem that he financed and built the Saint John plant as a provincial undertaking so that it could use oil and would not use coal; but in spite of that fact he is embraced by the present Prime Minister and brought into the government as the great champion of the Atlantic provinces. I say, sir, that is quite a record.

I do not know whether it was more in the interests of New Brunswick to use oil rather than coal in the Saint John plant. That is the business of the provincial government and I am expressing no view in that regard. That is their affair. I am not a member for New Brunswick and I express no view. But I do say that if there had been a federal plant as we originally proposed it would have been built with federal money, and it would have