policy on gas has been based not on recognition of surplus but on fear of shortage, not on international co-operation but on denial of economic sense in favour of nationalism.

There was one statement made by our ambassador to the United States in Texas last night which I am sure many people in that country will find, as I do, closely resembles a three dollar bill because it is just as phony as a three dollar bill would be. That is the argument contained in these words in Mr. Heeney's speech:

From time to time we in Canada have been disturbed by doctrines expressed in the United States which, if applied in full rigour, would seem to make such sensible co-operation impossible.

He referred directly to the problems related to the marketing of Canadian natural gas. Our problems having to do with the marketing of Canadian natural gas are in no way due to conditions created in the United States. They are 100 per cent due to the policy of the government in placing artificial restrictions upon the movement of gas on economic lines and the policy of the government to completely disregard economic factors in planning for the marketing of Canada's surplus gas.

Just as will the Americans who are going to digest Mr. Heeney's speech, I should like to point out in what way the government of Canada and those in charge of things in the United States have acted on this general principle of co-operation between nations in regard to gas and oil. In 1952 the Minister of Trade and Commerce made a statement in the house in reply to a speech by me in which he stated conclusively that based upon his findings co-operation between the United States and Canada in matters related to natural gas was not possible. A few months later, in October, 1953, the federal power commission of the United States offered a supply of gas for a long-term period to the city of Toronto. It took six months, until March, 1954, for the federal government to finally decide that the offer of American gas for Toronto made common sense and would best serve the interests of this country.

Then we find the argument expressed so often on both sides of the house that we cannot trust the Yankees to allow a Canadian pipe line between Canadian gas fields and Canadian markets to pass over United States soil. We find that as a result of that policy of the government the federal power commission in Washington decided in June, 1954, against allowing Canadian gas to serve the northwestern United States, a market without which no pipe line would be possible to service the needs of British Columbia. Why did the federal power commission of the United States turn down Canadian gas? For one reason. They turned it down because of the policy of the government in refusing to give the United States security of either supply or price. In effect we were asking United States consumers, through their federal power commission, to accept Canadian gas offered by us with one hand with at the same time the Canadian government holding a meat cleaver in the other hand to chop off the hand of any Yankee who reached out for that Canadian gas. We reserved the right, without even a public hearing, to cut off the flow of gas at any time, to curtail it, or to impose a prohibitive export tax.

After all the damage was done the government finally saw the light. Two years after I called this matter to the attention of the house and the government, the government introduced amendments to the Electricity and Fluid Exportation Act last month which finally removed the barriers to common-sense arrangements for the sale of gas to the United States offering security of supply and price to the American consumer which had been responsible for the loss of the northwest Pacific market. We come now to recent months and we find the Trans-Canada Pipe Lines project which, on the basis of a great deal of information available to the government from a great many sources, was not economically sound, a project which the government, on the basis of the information it had in its possession two years ago and supplemented last year, was a project that would have to be subsidized by the Canadian taxpayers and its bonds guaranteed by the Canadian taxpayers in order to make the project feasible.

All those facts were disregarded, the Stanford survey, the three Bechtel surveys, the conclusions of the gas utility companies of eastern Canada and several other surveys, including one made for the Ontario government a year ago, all of which condemned an all-Canadian pipe line as uneconomic. It was recognized by Trans-Canada Pipe Lines itself that access to the middle western United States market was vital to the economic success of any pipe line from Alberta. So what happened? With the full knowledge of the government months ago that the project was not sound, Trans-Canada went before the federal power commission in Washington to ask permission to enter the Minneapolis market. Under the rules of that commission, sound rules based upon proof of the economic soundness of any project, based upon proof of gas reserves and so forth, the federal power commission should have thrown out holus-bolus Trans-Canada's application last month because Trans-Canada had neither the