

never proceed with the northern portion of the pipeline because it is simply too risky.

In that context I want to quote something that I wish the government would read. It is a report prepared not by the research staff of the New Democratic Party but by the Comptroller General of the United States Congress, and not two years ago, but just six months ago. Referring to the feasibility of the project this report, at page 13, reads as follows:

The project's sponsors have estimated a one-in-three chance the project will be abandoned in 1979. This estimate is almost three times higher than the 1978 estimate.

Put differently, the risks have gone up by some 300 per cent. That, Mr. Speaker, is scaring off, quite reasonably, a number of potential investors. That is one reason for having doubts about the northern part of the pipeline.

The second reason, which is connected, is that the American government has refused guarantees. I say that if the President of the United States took the Primer Minister's letter of March 12 in which he asked for guarantees seriously, and if he really intended to lay it on the line in terms of a commitment to the northern portion of the pipeline, the letter tabled in the House on Friday afternoon would not have contained vague expressions of good will. What President Carter ought to have said, if he really believed in the project, was that he would lay it on the line, and take a request for financial guarantees for the project to the U.S. Congress. That would be meaningful action, but that was not in President Carter's letter.

That is another reason why not only the private financial community is skeptical about the northern part of the pipeline but that, I suggest to you, the U.S. Congress is skeptical. It is the President of the United States himself who has severe reservations about the ultimate building of this pipeline, no matter what he says is his intent in the letter that the Prime Minister no doubt requested very hastily by telephone at the end of last week.

The third reason we give for being dubious about the building of the northern part of the pipeline pertains to the level of money put up by the private companies. Only \$500 million has been put up, and note, Mr. Speaker, it is for feasibility studies—for assessments about the pipelines. It is not hard cash. There is no commitment, for example, to build, as the hon. member for Hamilton Mountain (Mr. Deans) suggested, foot by foot, or that if we started a Canadian line in the south the American investors would commit themselves to so many millions of dollars and build—every time we put in a mile in the south, they would commit themselves, at least in principle, to build a mile in the north, which is one possibility, or at least to put up a substantial amount of money, something in the order of, as Mr. Schlesinger said, a \$2 billion to \$3 billion commitment. If that kind of money were put up there would be some reason to believe in the seriousness of this multibillion dollar project, for in terms of a project that costs \$22 billion to \$24 billion in terms of guarantees, \$500 million is peanuts. I want to stress that these feasibility studies could be used ten, 15 or 25 years down the road as well, and we should keep that in mind.

Summer Recess

After all our gas is gone, the \$500 million may not be wasted because the feasibility study could show to the Americans that when they really have need for their gas in Alaska, when ours is all gone, they can go ahead with the project after all. But no money has been put up in terms of a commitment to build the pipeline in the north at this time.

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A fourth reason for skepticism about the northern portion of the line is that the Americans have been discovering in their country since 1978 a lot of relatively inexpensive natural gas. They have discovered also that the Mexicans have come upon deposits of substantial proportions of inexpensive natural gas. And another country, to the north of them—dear old Canada, the perpetual supplier of resources to the United States—has also discovered substantial new reserves of natural gas since 1978.

I would like to quote to the House again from page 19 of this report to the United States Congress on that question. In discussing why the pipeline perhaps is not so desirable in the north, here is what is reported to members of the U.S. Congress:

Publicity concerning possible alternate natural gas supplies have further undermined public confidence in the project's future. The sponsors specifically mentioned optimistic reports about the potentially vast Canadian and Mexican natural gas supplies, the domestic surplus that unexpectedly developed in 1978—

That is the United States. The report continues:

—and optimism about potentially substantial lower 48-state reserves.

That is an American source which tells Americans that perhaps they do not need the northern pipeline after all because they can get Canadian gas, Mexican gas, or cheaper American gas which has been discovered since 1978 in their own country.

A fifth reason is this: the very acts of increasing exports of natural gas to the United States, first by a Conservative administration during the past winter, and subsequently by the Liberals—although they denounced the Tories at the time—undermine from an American point of view the desirability of proceeding quickly with the pipeline in the north.

With respect to the Conservatives, I will always remember the then prime minister of the day answering questions in the House about the shortage of heating fuel in Atlantic Canada and on the very same day as he was announcing potential shortages in Atlantic Canada, he announced the increased sale of 3.75 trillion cubic feet of natural gas to the United States. That is a sell-out. That is a foolish, short run sell-out of Canadian energy resources.

Mr. Waddell: That is why he is not in the House.

Mr. Broadbent: We said that. We were not the only people who said that, Mr. Speaker. The Liberals, too, said that. The Minister of Finance took on that demeanour of sober seriousness, as is so appropriate when he is denouncing the Tories. If I recall, the present Minister of Energy, Mines and Resources said that this increase in exports of natural gas was one of the greatest sell-outs in Canadian history.