

Supplementary Estimates

even if other eastern provinces which are better off have to pay a higher price. This afternoon in the House we heard a discussion about increases in transportation costs and freight rates. These things are bothering businessmen in Nova Scotia. On top of that, if we have no guarantee that at the end of March we will be any better off, relatively speaking, in regard to energy costs—especially oil—then the Atlantic region will be in a mess.

The minister has suggested that Fundy tidal power may become available within the next decade or so. The harnessing of Fundy tides for electric power has been a topic of discussion for 60 or 70 years, as some senior members of this House know, but it remained an uneconomic proposition while coal, gas and oil were comparatively cheap and plentiful. All this has changed over the past two years, however. In addition, tidal power development possesses two other very attractive features—it is a constantly renewing resource and it is completely free of polluting effects. Some studies of Fundy's potential seem to have suggested since 1969 that the cost would be prohibitive. Then there is the changing situation with regard to oil, Arctic pipelines, and so on.

Dr. G. F. D. Duff, of the University of Toronto, is undertaking a study based on a new mathematical model which will bring into reality the Fundy tidal power development which has been so long sought by the Atlantic provinces. It may take another decade, however. In the meantime, because of the changing energy situation—as the minister knows far better than I—the Cape Breton coal industry is likely to develop. Heretofore it was just a sorry tale of pouring money into that area and not getting a return in energy. I think it would take three or four years to put into operation three or four new coal mines in the area, to say nothing of what may be done in Cumberland county and other parts of Nova Scotia. I understand the reserves are there, but up to now the safety factor in the Cape Breton area has been a problem.

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The day may be drawing closer when Fundy tidal power will replace other polluting sources of power, although much work needs to be done on the project. The government must also spend money in Cape Breton developing more coal mines which will be economically viable. In the meantime, the Atlantic region must be given the guarantee that after March 31 it will not be hit with oil prices so high as to undermine the region's precarious economy. We have already been told that the 30 per cent subsidy on transportation costs which we have enjoyed is to disappear. We may also lose the benefit of other freight rate charges.

We are concerned about the decline of an industry which has been important in the Atlantic region since even before confederation. One of the more serious statistics to emerge from the Atlantic region involves the decline of groundfish landings for the first nine months of this year. I point this out in order to emphasize to the minister that the Atlantic region must be treated as fairly after March 31 as it is being treated at present. In Nova Scotia, groundfish landings this year were down by 20 per cent over the same period last year, that is, they were down to 252 million pounds from 315 million pounds. In the maritimes in general the drop was much higher, about

[Mr. Hogan.]

35 per cent. The effect of the diminished landings showed up in the annual reports of National Sea Products, the largest fish processing company in the maritimes, with ten plants and around 50 trawlers of over 100 feet. They declared no dividend this year, as the Minister of State (Fisheries) knows: he sent a special task force to look into fisheries problems in eastern Canada.

In my constituency an important fish plant is working only three days a week. If you couple this fact with the very high level of unemployment in the Atlantic region, the optimistic forecast of the Minister of Finance looks ridiculous. As recently as yesterday the chief economist of the Bank of Nova Scotia questioned the premises on which the budget was based. The economist said that we can no longer expect growth of 4 per cent; he says we will be lucky to see growth of 2 per cent. This means that unemployment in the Atlantic region will be even higher than it is now. It may go as high as 20 per cent in Newfoundland, 14 per cent in New Brunswick and Prince Edward Island, and between 9 per cent and 11 per cent in Nova Scotia.

The people of the Cape Breton area were shocked when the Canstel report on the establishment of a steel industry in eastern Nova Scotia revealed that last January unemployment in the Cape Breton area was over 25 per cent. We had been led to believe, on the basis of LIP grants which had been made on the basis of unemployment in the area being at over 4 per cent, that the actual rate was much lower than the figure quoted. For instance, in my riding unemployment was running at more than 15 per cent; it was at around the same level in the constituency represented by the Secretary of State for External Affairs, but in the riding of Cape Breton-The Sydneys it is running at between 20 per cent and 25 per cent.

I bring these matters to the minister's attention because I want to hear some guarantee that, come the end of March, the maritimes, being the poorest part of Canada except for the Yukon and the Northwest Territories, will not be worse off in relation to the rest of the country than it is now.

Mr. Macdonald (Rosedale): Mr. Chairman, to answer the hon. gentleman's questions, it is government policy to so arrange crude oil prices in Canada that over a period of time all Canadian consumers will pay a roughly comparable price, subject only to differentials for quality, handling and transportation. We anticipate that the price of oil will move up: the government intends the price to move up in stages so that the impact on the consumer will be moderated. It is difficult to guarantee to consumers, in this case those of the Cape Breton Island area, that they will not pay a less favourable price by the middle of January than the one they are now paying, because I cannot even assure them that this bill will pass by then. Authority is provided only until March 31 and, while there is a measure before the House for keeping the price down, I cannot guarantee that the House will pass it by that time although the government intends to do so.

My second comment concerns the suggestion made by various people across Canada that the price of oil should rise to between \$10.50 and \$12 a barrel. We will seek to keep the price below that level, but the price in the period between the present and one year from now will be higher. I can only say that if the price is higher, the Atlantic