years elapse between discovery and the arrival of that oil in the marketplace.

In short, decisions being made today regarding energy development are determining the character of Canada's energy system until well into the next century. Conversely, being in a position to exploit various energy options in the future means laying the groundwork for those options—through energy research and development, for example—years or even decades in advance of their need.

To illustrate, the attempt to commercialize fusion power is being driven around the world by huge amounts of government spending in research and development programs whose length is measured in decades and cost in billion of dollars. We can predict a similar effort to exploit the promise of superconductivity and to introduce hydrogen broadly as a fuel in our energy system. The private sector, with the exception of a few corporations as rich and powerful as many governments, cannot be expected to invest such large sums in an endeavour whose financial return lies a quarter-century or more in the future.

Since oil and gas are depleting resources, society must consider future users as well as today's consumers. But who speaks for the energy user of the future? In effect, promoting energy conservation and requiring the petroleum industry to follow good production practices in extracting the oil and gas resources of our nation are examples of policies which act in the interests of future generations of Canadians.

In this context, I must also refer to a serious problem which we have allowed to develop in Canada—the distrust and alienation felt by many western Canadians toward the federal government and towards central Canada.

Alberta accounts for two thirds of Canada's primary energy production; Ontario accounts for about 35 per cent of Canada's net energy consumption. The result has been disagreement about energy pricing between the producing and consuming regions of the country. Federal policy caused oil to be sold within Canada at substantially less than world prices from 1974 to 1984. The restraint of domestic oil and gas prices represented a huge transfer of wealth from the petroleum-producing regions of Canada to the petroleum-consuming regions—by one recent estimate, a transfer of approximately $58 billion.

This has fostered the view by westerners that central Canadians regard western Canada as a resource hinterland, analogous to the colonies of the nineteenth century powers, to be exploited in a similar fashion. Canadian energy policy should never again blatantly exploit one region of the nation for the benefit of another.

● (1540)

I have criticized the former National Energy Program in my remarks, but let me now speak favourably about certain aspects of that policy.

The Government of Canada, through the NEP, spearheaded initiatives in fuel substitution and energy conservation which have been to the benefit of both current and future energy consumers. With a modest investment of federal funds, and using the leverage of the second oil-price shock, Canada achieved within the five-year period 1980-1984 a reduction in oil's share of our primary energy demand from 51 per cent to 42 per cent. That represents an impressive 17 per cent drop in relative use.

In Canada today, however, there is a critical lack of the federal presence to protect the public interest. The new government in its haste to dismantle the National Energy Program jettisoned the good elements of the program along with the bad. It accepted as an article of faith the premise that market forces are adequate in themselves to assure the future energy security of Canadians.

The market is important. It should indeed be the principal determinant of the manner and rate at which our energy resources are exploited, and it should govern the day-to-day workings of our energy system in normal circumstances. But by its very nature it cannot be the sole arbiter of the public interest.

I am reminded of an earlier day in the field of environmental pollution when private enterprise made the entrepreneurially sound, but socially irresponsible, decision to externalize pollution costs; that is, to pass on to the public the cost of dealing with environmental degradation. Governments were compelled to introduce environmental legislation to protect the public, because the dictates of the market alone were not adequate to protect our present or future interests.

So it is with market forces in the energy field. Petroleum companies want to maximize oil and gas production. Shut-in capacity is said to be economically wasteful. Governments, however, must be concerned with the strategic aspects of energy supply and demand. It was not acceptable to be forced to tanker Alberta oil through the Panama Canal to Atlantic Canada during the Arab oil embargo. Consequently, the federal government subsidized the extension of the interprovincial pipeline from Sarnia to Montreal, because it judged that to be in the public interest at the time. A policy which simply relies on the market forces of the day will not always suffice to deal with an emergency, even when such an emergency is anticipated. The dangers of complacency should be apparent after three oil-price shocks and an embargo. Further disturbances in the world oil market are almost certain to occur.

Since World War II there have been six major disruptions in world oil supply, all of which have originated in the Middle East: (1) the 1951-1953 Iranian boycott; (2) the 1956-1957 Suez Crisis; (3) the 1967 Six-Day War; (4) the 1973 Yom Kippur War; (5) the 1979 Iranian Revolution, and, (6) the 1980 invasion of Iran by Iraq. The last three events have had an enormous impact on world affairs. For example, since 1973 there has been a transfer of more than $2 trillion U.S. from oil-importing nations to OPEC nations. This transfer has contributed substantially to the monumental indebtedness of the Third World and to sustaining the Iran-Iraq conflict, despite heavy casualties and the continuing loss of expensive military equipment.