

Pipe Line Terminus

situation, what would be the *quid pro quo* for the extra \$10 million. It is true that there would be a pipe line terminating at the lakehead instead of at Superior, but is that worth \$10 million? There is no possibility of a refinery at the lakehead, as far as I can see. Refineries are built in centres of distribution, and it is very unlikely that the lakehead would ever be a centre of supply. So my hon. friend would assess the province of Alberta and its oil resources a capital payment of something over \$10 million and additional operating costs of at least \$400,000 a year in order that his ideas of geography might be followed. I claim that the economics of the situation, the common sense of the situation and every other factor involved indicated that the application of Imperial Oil should be approved.

My hon. friend objects to marketing Canadian oil in the United States. Let me point out to him that it is very fortunate for Canada that the United States have not taken that viewpoint. We have been beggars for oil in the United States. In the tightest situations in that country—and I can tell my hon. friend there have been some tight situations—when oil was rationed from one end of the country to the other, Canada was always given the supplies of petroleum the country needed. In my opinion international commodities such as oil, that move freely from country to country and continent to continent, should not be confined by geography. The sensible way to market international commodities such as petroleum is to move to the markets nearest the source of supply. If this House of Commons should say to Alberta, "We are very sorry, but we need that petroleum in Canada, and you cannot market any in the United States until you serve all Canada," not only would the oil economy of the province of Alberta be wrecked beyond repair, but the good relations that have existed between the United States and Canada with respect to the supply and distribution of petroleum also would be wrecked. Certainly it is in the interests of the users of petroleum to get that commodity from the cheapest source. For eastern Canada and perhaps in the Montreal area that cheapest source is still the Caribbean or the gulf ports of the United States. The best market for Alberta oil is that which could be made available nearest to the source of supply, and part of that market eventually may be in the United States. To market oil in the United States simply means that you convert that oil into American dollars which you use to obtain oil from the cheapest source for other parts of Canada, and that is the sensible way to view the marketing of petroleum.

[Mr. Howe.]

My hon. friend speaks of iron ore. Iron is in exactly the same position. We have been a deficit country in iron ore, but the fact that we have not had iron ore has not prevented the development of the steel industry of this country. We have in Canada a very efficient steel industry. The iron ore for that industry, as far as central Canada is concerned, has come largely from the Mesabi range in the United States. In part that is being replaced by ore from Canadian sources, from Steep Rock and from the Helen mine in the Algoma district, but a large proportion of our iron ore still comes from Mesabi, while a large percentage of the Canadian ore is sold to the United States. I do not know whether my hon. friend sees anything wrong in that; it is a natural movement. The ore is sent where it brings the best price; if it has the proper qualities it is bought by the steel companies whether it is Canadian or American ore. It moves without trade restriction and as the economy dictates. I cannot follow my hon. friend at all when he says Canadian ore must be used in Canada. It does not make sense. That is the viewpoint of a little Canadian. This a trading country, and any supplies we have in surplus should be traded for supplies in which we have a deficit.

Getting back to the pipe line, I stand on the statement I have made; that the government had no reason whatever to interfere with the project of the Imperial Oil Company for the marketing of Alberta oil. So far as my department is concerned, it issued a permit for the movement from Alberta to Sarnia through the route of the pipe line. I have no apologies to make.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I think it should be possible to discuss this subject without getting away from the basic contention of the member who raised it. There are two points of view that have been expressed by the minister that do not go hand in hand. First of all, he made a statement that this pipe line was being carried through to Superior but that no licence had been granted for marketing the oil in the United States. The oil is to be carried to Sarnia. The rest of his argument was directed to the proposition that we should sell our oil in the United States. It is one or the other.

Mr. Howe: Oh, no.

Mr. Drew: The point is this. If the oil is to be carried to Superior for the purpose of selling it in the United States then let us know that now. The statement of the minister lends support to the belief that is developing that the construction of the pipe line to Superior is not for the purpose of carrying