

our supplies will become negligible and we will join the deficit area shared by Japan, the United States and western Europe. Therefore, on the question of supply, we must be cautious. We have to move very carefully in the matter involving export permits both for oil and gas. I do not think there is any difference between any party in Canada on this score.

● (1620)

However, on the question of price, there are going to be slight variations. For 50 years, since the twenties, the world price has been set by an international cartel. This international cartel, more powerful than governments, had a policy that worked on the assumption of plentiful supplies at low prices. Therefore, the wholesale price of oil, which is an international commodity, has remained almost static for nearly 50 years. Naturally, price wars broke out and they squelched them, but generally speaking, the price of wholesale oil has remained constant for 50 years throughout the industrial world.

This policy of the cartel, which oddly enough worked to the advantage of consumers all over the industrial world, has come to an end. OPEC, the Organization of Petroleum Export Countries, realizes that this oil in their lands is of great value to the industrial nations and, as the hon. member who preceded me pointed out, gives them political leverage. For these two reasons, oil prices in the world are no longer set by a cartel of seven major international oil companies. They are now set by the 11, 12 or 13 nations which export under the over all umbrella of OPEC. This fact of price is something that no person of responsibility in any party, opposition or government, can ignore. We will be up against a world price fact for the next 10 or 12 years, that is unquestionable. No matter how much manoeuvring we do, we cannot change this. However, I accept at once the first part of the proposal of the New Democratic Party that some consideration must be given to placing controls on the export of gasoline and other refined petroleum products.

In speaking for this party, I have been very careful about being as responsible as I can. It is true I have tried to guide the minister into facing the fact that he has some responsibility to get extra supplies for the eastern part of Canada. The situation in Montreal has concerned me for over four years. Since 1966, it has been sitting on the edge of an abyss. What would happen if there were an outbreak of hostilities in the Middle East? If these nations fulfilled their pledges which they have made over and over again, Montreal and the area would have 45 days supply and then be out entirely. Naturally, the government would move fast and set up a rationing system so that the 45 days supply would last for 60 or 70 days, but there would be a lot of cold people in the area east of the Ottawa valley if that emergency arose.

We hope and pray that oil and gas will be discovered off the east coast to relieve this pressure. However, as a question of policy which is not long term, but short term, the government has to grapple with the decision of what we would do about these people in Montreal. Many of them speak a different language, but they are part of Canada. A great deal of our industrial complex is in this area, yet these people sit quite oblivious to the fact that if there were a cut-off of offshore oil, they would be out of

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business as an industrial area immediately. As long as the rationing lasted, they would be reasonably warm.

The danger of having to rely on the tender mercies of OPEC, the policy recommendation for the short-run, is referred to in the third clause in the motion moved today by the NDP. The third clause reads:

Remove the Ottawa Valley line and permit offshore oil and domestic crude to move freely in the interests of price competition.

I would love to believe this could be done. As far as oil and gas are concerned, I would love to get the Ontario and Quebec people off the backs of the westerners. We have been carrying them on our backs for nearly 15 years. Certainly, higher prices would be charged for oil, but if the Ontario and Quebec people are to be at the tender mercies of the OPEC nations in preference to the tender mercies of Mr. Lougheed, that is their choice. However, I think that choice should be arrived at by open discussion, free of partisanship, because we cannot resolve these matters by indulging in traditional partisanship. I, and I believe my party, would be prepared to move the Ottawa Valley line west if that were requested by the Ontario government.

**Mr. Macdonald (Rosedale):** West or east?

**Mr. Hamilton (Qu'Appelle-Moose Mountain):** Move the Ottawa Valley line west, as suggested in the motion. I would agree with that because then we could move into our natural form of movement of oil south from Saskatchewan, Alberta and British Columbia. However, I am a Canadian. I have to look at the problems of the people who live in Ontario and Quebec as well as those who live in the west.

This matter should be openly and seriously considered. I would move the Ottawa Valley line east and include Montreal, if Quebec asked for it. I know adjustments would have to be made in the refineries. Even though it would not be economic on the basis of costs, the westerner, as a Canadian, would have to be prepared to supply at least half the needs of Montreal. The people of Quebec should be brought into this decision making. We here could arbitrarily say we are going to build a pipeline into Montreal with a capacity of 400,000 barrels a day. This would at least guarantee that heating fuels were available. We could not keep their industry going. However, that is a decision for the province of Quebec to share. They had better come here to talk to us about this or we should go to them. I am speaking here, I hope in a reasonably non-partisan way, to try to bring light to this question.

On the first part of this question, the control clause, we do not have any choice. Look at our pipeline capacity. We had a narrow squeak last winter. One cold winter and Toronto will be in trouble. We do not have the pipeline capacity. Look at the storage capacity in Ontario and the dangerous position of the refinery capacity. Two years ago, Texaco announced it would build a refinery near Lake Erie. Construction was held up for two years. I will not go into all the reasons because they are well known. Last month Texaco announced they would be going ahead with the project. They had better get cracking because regardless of whether they make 15 per cent or 20 per cent profit, people in the industrial area of Ontario want enough oil and gas to keep their industries going and their