

*Energy*

by a staged phasing up to the price of the same product in Montreal. The hon. gentleman said that he has found no discernible reason for the government's departure from the reason set out by the Prime Minister (Mr. Trudeau) and myself in the early fall with regard to attempting to arrive at a single Canadian price based on Montreal. But the hon. gentleman overlooks the fact that between the enunciation of that particular policy and the present time a very significant and fundamental fact has occurred with regard to international pricing, that is that because of political action, an internationally equivalent price for Canadians will be raised by about \$1.50 for crude.

**Mr. Deputy Speaker:** Does the Leader of the Opposition (Mr. Stanfield) wish to rise on a point of order?

**Mr. Stanfield:** My point of order is that I said that the amount of the advance of the price had nothing to do with the duration of the freeze, but might very well affect the amount of any price increase that would be appropriate.

**Mr. Macdonald (Rosedale):** That is an interesting point of order, and I am sure the Leader of the Opposition has some supporters who would be glad to elucidate his position further, but the fact of the matter is that the hon. gentleman was speaking of a one price system, a higher price for all Canadians. He made a spirited speech in which he said that he was against a two level price system, he was against a system which would have left Canadians in the eastern part of the country paying higher prices than those in the western part. If the hon. gentleman meant what he said in Vancouver, he was talking about just such a system—a system whereby over a period of time there would be disparity, albeit a reducing disparity, between the two prices.

I think it is fair enough to contrast the position of the Leader of the Opposition with that of the government, taken as a result of a very substantial increase in prices. The position was taken by the government because of widespread opposition expressed not just by members who sit behind me but also by provincial leaders, including the minister of energy in Ontario, against substantial increases in oil prices in the western part of the country, price increases which, as I said earlier in the question period, have not been related to any cost increases in this part of the country. We propose to take this particular question to the federal-provincial conference to find some means whereby a higher price for the purpose of bringing on higher cost oil resources can be reconciled with the wish of Canadians generally not to pay the high international prices. I do not pretend for a minute that it will be easy to achieve. I do not pretend for a minute that, if we are to have a single price in Canada, there may not be an element of some subsidization one way or the other on the part of Canadians.

When the hon. gentleman put a question to me last Friday about having a single price borne by all Canadians, bearing in mind the fact of higher prices due to overseas oil, I assumed immediately that he was adopting the proposal of cross-subsidization, additional proceeds to be gained from a substantial inventory increase, an increase in the value of inventory in western Canada, which should be provided for the benefit of eastern Canadians. The hon. gentleman was quick to rise to his feet to say that that was

not his intention, that he was talking about the general taxpayer in some way subsidizing the price throughout Canada. I was disappointed to note today that, while that is his concept apparently to replace the previous one of a higher price for everybody, he did not take the opportunity to make it clear that that is his position.

**Mr. Trudeau:** He does not know. He has no position.

**Mr. Macdonald (Rosedale):** The second point to which the hon. gentleman referred was the Mackenzie Valley gasline. I took some care to note down a phrase of the hon. gentleman's, and I would be interested to see it reappear in *Hansard*. It reads: "We must make the Americans an offer they cannot refuse". This was said in reference to the previous discussions which had taken place with regard to the Mackenzie Valley oil pipeline in which the government had indicated the same conditions that the Prime Minister indicated in his speech on Thursday afternoon, namely, that any decision with regard to that line must, in the first place, respect the regulatory obligations which have been imposed by parliament, respect environmental considerations and, above all, respect the rights of the native people in the valley.

With regard to the Mackenzie Valley gasline, particularly with regard to the remarks made by the hon. member for York South (Mr. Lewis), I would have to say that the question for Canadians to answer is whether in this decade we should take the opportunity which the American demand for American gas from Alaska offers, the opportunity which the expenditure to bring that gas up the Mackenzie Valley and through Canada offers, in order to construct a conduit which can also be in position to bring Canadian gas up the Mackenzie Valley. Members of the consortium—and their judgment in this regard will have to be scrutinized in due course by the National Energy Board—have taken the position that a project of this kind has been priced at around \$5 billion, and that it would involve the requirement to have both gas from the Prudhoe Bay source and gas from the Canadian Mackenzie Delta.

At this point in time I think one would have to say, based on the estimates of the National Energy Board, that there is no need now for gas in Canada, and indeed until the point when the western Canadian sedimentary basin becomes further depleted there will not be an immediate need for the very substantial throughput of Canadian gas which can go through the line. The need for Canadian gas from the Mackenzie Valley will build up slowly over a period of time. I think that the critical question now is whether we should, as a country, decide to permit the building of a pipeline, permit Alaska gas to cross our territory in conjunction with Canadian gas, and enter into arrangements for a period of time to export some part of the production of the Mackenzie Valley to the United States, subject always to the obligation that as the Canadian demand increases, only gas surplus to Canadian requirements would be available for export.

**Mr. Stanfield:** Now, you are being honest.

**Mr. Macdonald (Rosedale):** The third of the points raised by the hon. gentleman was with regard to the national petroleum corporation. I must say that the