

deductible royalty payments to provincial governments and when it stubbornly refused equal treatment to domestic investors in high-risk exploration ventures with their foreign counterparts.

Time and time again we on this side of the House have warned of the consequences of the government's lack of response to and concern for the obvious problems facing our once strong and confident resource industry, an industry which now, I regret to say, has reduced its capacity to meet our needs.

The report says, again, at page 85:

An essential component of a solution to the problem of deliverability would appear to be a known system of pricing and a stable system of royalties and taxation adequate to provide producers with the incentive to carry out vigorous exploration and development programs.

Make no mistake, Mr. Speaker, what the National Energy Board has given out today in this report is a total indictment of the way in which the government has conducted its energy policies in this country over the last two years. The report says what we have been saying, that we must give back to the industry the certainty and incentives it so clearly needs, in order that it can go ahead and produce the supplies we must have if we are to meet our own domestic needs not only now but in the future, as well as our commitments abroad.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I thank the Minister of Energy, Mines and Resources (Mr. Macdonald) for making available to me a copy of the National Energy Board's report on natural gas supplies. It is a very impressive document and represents a condemnation of the policies this government has been pursuing in recent years. One could sum up the report by simply saying it tells us that Canada, like this government, is running out of gas.

Mr. Stanfield: The government has run out.

Mr. Douglas (Nanaimo-Cowichan-The Islands): This report represents a complete reversal of the position taken by the National Energy Board up to and including 1974. There has been in this country for the past ten years a cynical manipulation of figures by the oil and gas industry to persuade the government and the people of Canada that we had adequate supplies of oil and gas—which we now find we do not have. What was the sole purpose of the industry's callous manipulation of the facts? It was to persuade the National Energy Board and the government to grant to the industry further permits to export oil and gas resources which were rapidly being depleted in this country.

There was no reason for the government to be misled on this subject. It did not have to depend on facts given by the oil and gas industry. Prominent experts in this country, including men like Professor North of Carleton University, Professor Halliwell of the University of Toronto, and an expert oil consultant Joseph Yanchula of Calgary, and others, have written articles repeatedly over the last eight or ten years pointing out that we were exporting far too large quantities of oil and gas and that the day of reckoning would come. That day of reckoning is now here.

As the report admits, in November, 1970, the National Energy Board recommended that the government approve

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the export of 6.3 trillion cubic feet of gas to the United States. In a unique subsequent report from the National Energy Board we were told there was no problem about having adequate supplies of gas. Even as late as 1974 the National Energy Board report said we still had a small surplus and therefore some export licences could be granted.

I am not laying the blame at the door of the present Minister of Energy, Mines and Resources or the present chairman of the National Energy Board as neither of them held the offices they now hold when the large export of gas took place in 1970. But the National Energy Board and the present minister has been all too slow in recognizing that we were fast approaching the situation in which we now find ourselves, namely, that we would not be able to meet the needs of the Canadian people.

The National Energy Board reports suggest two things which the minister reiterated in his statement today. He said, first, that we must curtail our exports. He points out that we ought not to stop exports because there are areas in the United States which are dependent upon Canadian gas. It is true that Canada supplies only 4.5 per cent of the United States consumption of gas, but there are areas which are largely dependent upon supplies of gas from Canada.

I would point out that the minister gives as the reason for not phasing out our exports of gas to the United States the fact that an immediate elimination of gas exports would not provide significant assistance in offsetting gas shortages, but would in fact discourage gas exploration for future gas supplies. Is the minister telling us that the oil and gas industry which got us into this situation will go on strike if it is not permitted to export gas to the United States? That is a form of refined blackmail—and not very refined at that. That statement is the most damning indictment ever made in this House of the oil and gas industry in Canada. It represents the best argument I have heard so far for progressively nationalizing the oil and gas industry in this country.

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The second suggestion in the minister's statement is that we must reduce domestic consumption. The only specific means that is mentioned is that the government will effect price increases on November 1. I make only one comment, which is that rationing by pocketbook has never brought about conservation. It has not worked in the case of oil. From 1971 to 1975 the price of oil went up from \$2.90 a barrel to \$6.50 a barrel, but consumption went up by over 12 per cent in that period. The people whose homes are heated by natural gas will not be able to switch to some other fuel even though they must pay a higher price.

Just as I was suspicious of the motives of the oil and gas industry in the past when we were told we had adequate gas, so that the industry could export gas, I hope the government will not be stampeded now in respect of the pessimistic estimates given by the oil industry. The same companies which appeared before the National Energy Board in 1970 and said we had plenty of gas to supply us beyond the turn of the century are now saying we will not be able to meet our export and domestic commitments beyond 1979. The objectives are twofold, the National