

*Northern Pipeline*

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** So we are not talking about \$4 billion and 100,000 man-years of employment; we are really talking about \$2.5 billion and 68,000 man-years of employment—if we get it. I say “if we get it” advisedly because there is no assurance in the treaty or the legislation that we will get it. As a matter of fact the treaty, in my opinion, says just the opposite.

When the House gave first reading to this bill the minister had a press conference, and according to the press reports he is supposed to have said the government could block any contract being granted. That is only true, as I see it, if he can do so under the provisions of article 7 of the agreement.

Let me put on the record article 7 of the agreement because it is germane to the whole problem. It says:

Article 7—Supply of Goods and Services.

Having regard to the objectives of this agreement, each government will endeavour to ensure that the supply of goods and services to the pipeline project will be on generally competitive terms. Elements to be taken into account in weighing competitiveness will include price, reliability, servicing capacity and delivery schedules.

It seems to me, Mr. Speaker, that that is perfectly clear. One may look at the provisions in clause 10 of schedule III in the legislation, but they are merely pious hopes, an expression of expectation. If the minister or anyone else blocks a contract which is competitive, it occurs to me that under article 7 he must show that it is ruled out of court on the grounds of either price, reliability, servicing capacity or delivery schedules. If he cannot do that, there is no way that the minister or anyone else can block such a bid.

I listened today to some strange statements made by the minister. He said one of the reasons assurances could not be put into the agreement was because this would interfere with GATT. I thought this was an agreement between Canada and the United States. Surely Canada and the United States can make any arrangement they want with reference to this. Or is the President of Privy Council suggesting that this has international ramifications and that the market is to be open to Japan or West Germany or anybody else? Is that what it means?

How much they know about it is shown by the fact that the Minister of Industry, Trade and Commerce (Mr. Horner), when he was appearing on the Patrick Watson program the other day, said: “You know, Japan cannot make large pipe.” Are the government unaware of the fact that every bit of the Alyeska pipeline from Prudhoe Bay to Valdez is Japanese pipe? These are the brains we trust!

Surely it was not beyond the ingenuity of the Canadian negotiators, first of all, to recognize that there is not a provincial government in Canada which does not have included in all its contracts for highways and public buildings a preference clause for its companies and its own workers. Everyone has this preference because they are the people who pay the taxes in that jurisdiction, and they should have some preferential treatment. There is no reason why this could not be provided.

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

If the government did not want to do that, there was a simple means by which the company, Foothills (Yukon) Ltd., could take any bid which came in from a Canadian company, and if it was too high and it was apparent that, by giving a preference to the Canadian companies method, they were taking advantage of the situation, they could submit it to the minister or to the commissioner and that bid would be thrown out and competitive international bidding would be installed.

I see no reason why Canadians should not have that market for the steel and pipe exclusively to themselves as long as the company in question is satisfied they are not being taken advantage of by the steel mills. What did the government do? The most amazing thing of all is that they proceeded under article 10 of the agreement to agree to the setting up of a technological study group for the purpose of testing and evaluating different kinds of pipe. It says at the end of the clause that it was understood that the decision relating to pipeline specifications remain the responsibility of the appropriate regulatory authorities. I asked the minister about it this afternoon and he said that the National Energy Board will make the decision. I hope he will consult the lawyers and table an opinion from the law officers of the Crown before we finish this debate. I know that the chairman of the National Energy Board will convey the decision of the committee to the minister, but when the clause speaks of “regulatory authorities”, I take it that the American regulatory authorities working with the National Energy Board will have to reach some agreement with respect to this matter.

Why was it necessary to refer this matter to a joint technical committee of Canada and the United States? The National Energy Board had already set the specifications. The applicant, namely Foothills (Yukon) Limited, had already put those specifications in its application. Why did the matter have to go to a joint committee? I will tell the House why. If hon. members read the transcript of Mr. Schlesinger's remarks before the congressional committee they will see he was under pressure from two sides. The steel-producing states wanted him to give them a piece of the action. Secondly, he was under pressure to ensure that, during the time the pipeline was being built, they would be able to get Canadian gas.

That is why Mr. Mondale came to Canada. He too, of course, praised the government. Who would not do so if he was looking for some several trillion cubic feet of gas? He had done so well in negotiations before there was no reason why he should not expect to come here and with a little flattery get some gas. Unfortunately he made the mistake of going to Edmonton and ran into a negotiator as tough as he was. He went on his way, without any flattery and with no bouquets.

The difficulty I see is that although in clause 10 of schedule III it says the minister can ensure that the procedures followed by the company will not involve unfair trade practices, there is no definition of “unfair trade practices”. Is the DISC program in the United States, by which the government subsidizes companies going into export trade, an unfair trade practice? Is the fact that the government gives transportation subsidies or tax credits or tax exemptions an unfair trade practice? Is the