

*The Address—Mr. A. Smith*

speech that the Liberal government would consider allowing United States troops to have control over nuclear weapons in Canada if it were proved that a United States base here were absolutely essential. This is an example of the hon. gentleman talking out of both sides of his mouth. Of course the hon. gentleman said nothing about the criteria or about who would decide that it was absolutely essential.

When the present government again receives a mandate from the Canadian people it might well look into the question of transportation. I believe the time has come when a new bilateral agreement should be negotiated between Canada and the United States with respect to fifth freedom rights, permitting Canadian carriers to serve a greater number of major United States centres. One of the many anomalies existing in the present agreement is that the markets of San Francisco-Vancouver, Chicago and Montreal are not served by any Canadian or American non-stop carriers but are served by foreign carriers. This situation weakens the position of the Canadian aviation industry. Many other anomalies could be cited. Negotiations should be entered into with the United States so that these and other routes could be made available to Canadian carriers.

I turn now to another matter on which I have frequently spoken in this house; Canada's No. 1 mineral resource, the oil and natural gas industry. The government is to be congratulated on all that has been accomplished in this field in the past five years. I remind the house that in less than five years the Borden commission was established, which analysed the future of the industry and its problems. The appointment of the national energy board arose out of the recommendations of that commission. Following this the board, operating under its composite regulations, promptly handled 11 applications for the export of gas to the United States and dealt with 17 power licences. The board and its chairman deserve commendation for the promptness with which these matters were handled. Following this new regulations came into being governing the Northwest Territories and the Arctic. This was essential for the development of these vast areas. More recently, of course, we have witnessed the establishment of a national oil policy which has been eminently successful in its first year in reaching its target without encountering any real difficulties.

All of this has been accomplished in less than five years. We do well to remind ourselves of it, and to place these facts on the record. Under the new national oil policy the target of 640,000 barrels of oil has been

reached this year. We are well on our way to meeting the target of 800,000 barrels by 1963. We should remind ourselves that the Borden commission stated that if such a policy were introduced it must not operate entirely at the expense of oil flowing into the export markets of the Pacific northwest or the United States as a whole. It should be pointed out that a large percentage of Canada's increased production has been exported to the United States rather than being channelled to the Canadian consumer. This is understandable; for oil, like other merchandisable products, follows the line of least resistance. Thus it has captured relatively virgin markets in this initial instance rather than replacing crude oil from foreign sources. It is, however, significant to note that in the next two year period the refinery capacity of Ontario alone will have increased by some 55,000 barrels, and thus we can expect to reduce the flow of oil into these export markets.

The house, I am certain, is familiar with the concern expressed by the United States secretary of the interior and other officials in that country over the level of increase in Canadian oil exported into the United States. The desire of the United States administration to maintain markets for their own producers is understandable. Consequently it might be well to remind ourselves, and in particular the petroleum producers, that if we are to achieve our future targets they cannot be realized at the expense of heavy flow of export sales south of the border without an equal increase diverted for domestic consumption.

I congratulate the government on the development of an oil and gas policy, something which has been required for many years and which, I regret to say, was ignored by the previous administration. I ask the government to give consideration to a new problem that is on the horizon in relation to this industry. It should be recognized that within the next short period of time the North American continent may face an oil shortage. The economic well-being of a country often depends upon its petroleum resources. It is estimated that the safe minimum of 11 years of oil reserves is dangerously close. We are going to have to ask the industry to step up and increase exploration and development. Predictions for the next 20 years indicate that the industry will be called upon to find new reserves that will yield substantial quantities of oil, up to 800,000 barrels per day or several times the finding rate during the last few years. In fact another authority, the Chase National Bank, has predicted that the demand for oil will be 73 per cent greater in the decade ending in 1970.

[Mr. Smith (Calgary South).]