

*Supply—Mines and Technical Surveys*

not cheaper because the Suez canal was momentarily blocked, and oil at that time could not get through from the Middle East. Because of world market conditions there was a great shortage of oil, and residual oil costs like all other oil prices shot sky high. It was an emergency situation, a very unusual situation. But the Liberal administration at the time hid behind this unusual situation in order to pretend that subventions on Nova Scotia coal would never be necessary.

**Mr. Pickersgill:** I did not say that.

**Mr. MacLellan:** If the Liberal government had been re-elected in 1957 there would have been no thermal plants in the province of Nova Scotia or New Brunswick, because neither provincial government could have accepted the proposition put forward at that time by the then minister of northern affairs and national resources. They said they would capitalize the plants. The hon. member for Bonavista-Twillingate has said those plants would be available at any time for purchase by the provinces. Yes, they would capitalize the plants; but the hon. member for Bonavista-Twillingate now says that they would buy coal for those plants without subventions, that they would buy coal for those plants by making it a self-liquidating proposition. The hon. member for Bonavista-Twillingate even went so far as to state that within five years it would have been an economic operation. The facts of the situation are these. In 1957, at the time this spurious proposal was brought forward to the people of the Atlantic provinces, we knew something of the cost of producing power with coal. We knew it could not be produced at a profit. Indeed, we knew it could be produced only at very high cost by using coal without subventions. Hence the Liberal offer at the time was a nullity.

**Mr. Pickersgill:** Will the hon. member permit one question?

**Mr. MacLellan:** Yes.

**Mr. Pickersgill:** Does the hon. member not recall full well that before that discussion was concluded, and before the election of 1957, an undertaking was given by the St. Laurent government that the price of coal would be reduced to the price of oil so that coal could continue to be used?

**Mr. MacLellan:** Mr. Chairman, the Liberal party in the house prior to the election in 1957 steadfastly refused to pay subventions on coal.

**Mr. Pickersgill:** Answer my question.

**Mr. MacLellan:** On June 6, four days before the election, they did give out a release which suggested that they might be ready to pay

subventions. But when the power proposal was put forward they had refused to pay subventions on coal. How could such a proposal be feasible or possible in the province of Nova Scotia or the province of New Brunswick?

At one o'clock the committee took recess.

**AFTER RECESS**

The committee resumed at 2.30 p.m.

**Mr. MacLellan:** Mr. Chairman, when the committee rose at one o'clock I was commenting on the two recent speeches made by the hon. member for Bonavista-Twillingate with regard to the Nova Scotia coal problem and in particular with regard to the thermal power program of 1957-58. His first point was a suggestion that the Conservative party in the election of 1957 guaranteed an increase in the production of coal in Nova Scotia. Second, he seeks to argue that if the thermal power program put forward by the government of that day had been put into effect this would have been the salvation of the Nova Scotia coal industry.

Actually at that time former premier Fleming of New Brunswick and Premier Stanfield of Nova Scotia commented that they accepted the thermal power program suggested by the hon. St. Laurent administration in principle but they would make no definite statement on it until it had been checked carefully by their governments, and for a very good reason. The slogan of the Liberal party at that time was that this power program would provide "power at cost" in Nova Scotia and New Brunswick. There could be nothing more empty or meaningless to the people of the Atlantic area than power at cost. We already had power at cost. The Nova Scotia power commission, for example, was operating at a substantial deficit, not at a profit, burning coal as the source of power.

What we needed, and what we had been approaching the government at Ottawa for many years before 1957, was a program which would give us cheaper power, and that certainly meant that if coal was to be used as the source of thermal power there would have to be heavy subventions on coal. The administration of the day had categorically refused to consider subventions on coal to be used in these thermal plants. I quote from page 3296 of *Hansard* of April 9, 1957, just shortly before the election in June of that year and after the proposed power program had been announced. The present Minister of National Revenue put this question to Mr. Lesage:

Has the government given consideration to expanding the principle of subventions on the movement of coal within the maritime provinces to