$200 million. In addition, Alberta will invest between $500 million and $600 million in a power plant to serve the project, in a pipeline and in housing and other infrastructure related to this major resource development project in northern Alberta. The province of Ontario, whose participation is most welcomed by the federal government, will acquire a 5 per cent equity interest in Syncrude, with an investment of $100 million.

Together, the three new partners in Syncrude will acquire a 30 per cent equity interest in Syncrude, on behalf of the public, with, of course, further potential equity interest if Alberta chooses to exercise the convertible debentures and the 20 per cent option it now has outstanding.

For the moment, the private companies will retain a 70 per cent equity interest in the project. To do this they will have to increase their investment of $1,000 million, which they had previously committed, by a further investment of $400 million. Half of this increase will be financed, as I have already noted, by loans from the Alberta government, secured by convertible debentures.

The significance of this project goes far beyond the construction of this one plant, as immense an endeavour as it is. There are, in the Athabasca oil sands, an estimated 300 billion barrels of oil. Under current and immediate prospective conditions, however, it remains a very high-cost oil and special arrangements are necessary to assure its commercial production.

Over the long run, the technological knowledge and experience the partners of Syncrude will gain will, I am sure, lead to the further successful development of this vast resource. We will at the same time continue our interest in the development of technologies which will exploit the full potential of the oil sands.

The potential of the oil sands, along with the Mackenzie Delta, to give Canada self-reliance in petroleum is indeed heartening. I believe, too, that I need only briefly draw the attention of hon. members to the substantial job-creating aspects of this project. I would conclude by underlining that there is more significance in this agreement than that the Syncrude project will be proceeded with, for what it in effect signifies is the positive, co-operative attitude of governments and industry in this country to meet the challenge of providing Canadians with sufficient and secure energy.

Some hon. Members: Hear, hear!

Mr. Douglas (Nanaimo-Cowichan-The Islands): Before the minister completes his statement, Madam Speaker, would he clarify one point? Do I take it that the concessions to which he referred last Thursday are also part of the agreement, or have those been dropped?

Mr. Macdonald (Rosedale): In addition to the investments, Madam Speaker, the points really reached in the discussion are four. The agreement against prorating by both Alberta and Canada was agreed to. The second was the confirmation of taxation opinions previously given. As I said last Friday, and I repeat again, that was confirmed in writing. The third was in respect of the product of the Syncrude plant alone, not of any other production, being sold at internationally-oriented prices, and that was confirmed. Of course, the fourth was to have additional participants, and that is what I have announced today.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Madam Speaker, the oil sands of Athabasca represent Canada's ace in the hole in respect of national security of supply. The announcement we heard this afternoon is in one respect—that is, security of supply in the country—one small step forward. It is one small step toward rational behaviour between governments and industry in dealing with a vital national interest.

I want to point out very clearly that this deal as set up is extremely marginal and dangerous economically as a business venture. What the government does not seem to understand, and I suggest what the provinces and industry do not seem to understand, is that we are now in an age of capital-intensive investment. Even the buying of a home is a capital-intensive investment, for the great bulk of the money spent by the home buyer is in interest on the capital. The same thing applies to a production firm, a manufacturing industry or a resource industry about which we are talking today.

According to even the most immature and elementary type of economist, as well as the better ones, there are only two ways to get at this problem of capital-intensive investment which faces the whole world, not just Canada. The first is to find a way of increasing the capital stock of nations and industries, and that boils down to one phrase—savings programs enforced by governments, and by a determination on the part of individuals to save more. We have to increase capital stock to meet this tremendous capital demand, not only in this one enterprise but in the many that face us. The second answer to this problem is the one I suggested last Thursday night in this House; that is, we must find a way of increasing the velocity of use of capital and speed up that use two or three times. In this way we would in effect achieve the same result as saving two or three times as much capital stock. I make that point at the beginning of my remarks to put into perspective what I now have to say in detail.

The proposal before us does not face up to worldwide as well as Canadian needs. It is just a formula for sharing economic rent; 70 per cent to private capital and 30 per cent to governments. There is really nothing here for individuals. I would simply ask the Minister of Finance (Mr. Turner)—because in the long run he will carry the can, and not the "Petro-Can" either—what will happen if the world price drops? I worked out roughly what this would mean in economic details. Before mentioning those rough analyses let me state that in the proposal I made to the government the other night I suggested to the Minister of Finance that to get out of this mess, not only in respect of this venture but in respect of others as well, he should consult the provinces and the companies in respect of new projects which would accelerate the flow of capital.

In that proposal I used the figure given by the Minister of Energy, Mines and Resources (Mr. Macdonald) to the committee when he was talking about breaking this down into economic rent, and the minister said 50 per cent to the provinces, 20 per cent to the federal government and 30 per cent in equity. The technique of doing what I suggested is putting in a leverage factor in order to use the debt capital, and fast payback so there would be more money