

national market for Canadian oil as "one essential requirement." Others were: a pricing mechanism which provides incentives to develop our oil resources; measures to ensure that higher prices for oil contribute to security and self-sufficiency; establishment of a publicly owned Canadian petroleum company to expedite exploration and development; early completion of a pipeline to serve Montreal and more eastern points as required, and intensified research on oil sands technology to achieve full and rapid development of a resource which potentially rivals the reserves of the Middle East.

The future price of domestic crude is the central issue at the moment in Canada's energy scene. We must allow the price of domestically produced crude oil to rise to a level high enough to ensure development of frontier supplies which will be more costly than those from traditional sources. That does not mean that they must go up at once.

The government has in place price restraints which benefit the consumers of Canadian oil and a price control mechanism for imported oil which has kept price increases for Eastern Canada closely monitored so that the spread between foreign and domestic supplies currently is seven cents a gallon for fuel oil and gasoline. In effect, the government's action avoided a 12-cent to 14-cent a gallon price increase on these products in Eastern Canada and a possible 20-cent hike across the country had international prices prevailed.

By April 1 this year, about a month from now, the government expects a one-price oil system in Canada which will keep Canadian prices at less than international prices but which will provide the revenues needed to bring new resources on stream and offset the higher costs of oil imported into Eastern Canada.

Contrast this situation with that of many other industrial nations which are far more dependent than Canada on offshore supplies of petroleum. At the opening of the energy conference on January 22, the Prime Minister was moved to observe:

... current energy developments, affecting not only Canadians but people throughout the Western World—through their homes and automobiles, their jobs and pocketbooks.

More seriously, and perhaps quite tragically, the current oil crisis is dimming the hopes of millions of men and women in the poor and developing countries. They see their economic aid and their hopes for investment—to provide food, work and a better standard of life—swept away by staggering new costs for the oil they must have.

The Secretary of State for External Affairs went to energy discussions at Washington on February 11—the so-called Kissinger initiative which brought together 13 consuming countries—and said that the meeting was necessary because a world depression was possible if methods were not devised to accommodate the fourfold increase in international oil prices. Canadians in the past could afford to shrug off Europe's higher gasoline prices, but no longer. Italians today, and I was told this about four or five days ago, are paying \$1.50 a gallon for their gasoline which means that to fill a gasoline tank they would have to pay close to \$30. In France and in other

European countries the situation is the same. Japan is similarly affected. Rising fuel costs have unleashed spiralling inflation in Japan and Europe, accompanied by balance of payments deficits which may put renewed strain on the international financial system in the next few months.

As noted in the Prime Minister's address of November 27, 1973, and his statement to the House of Commons on December 6, the federal government is especially concerned with the effects that the recent oil price increases have on people of low income.

While the Canadian Constitution designates to the provinces the responsibility to administer social assistance plans, the federal government has undertaken to contribute up to 50 per cent of whatever increases in Canada Assistance Plan payments the individual provinces deem are necessary to assist recipients in meeting their increased fuel costs. I understand that a number of provinces, including Nova Scotia, have already introduced the necessary legislation. I further understand that the legislation in Nova Scotia died because their house was dissolved two days ago. Other provinces are contemplating similar legislation to fit in with the policies of the federal government.

In addition, inasmuch as payments under the Old Age Security, Guaranteed Income Supplement, and Canada Pension Plan are tied to the Consumer Price Index, the higher fuel prices will be reflected in higher payments under these plans.

In other moves to establish self-sufficiency in energy by the end of this decade, the Prime Minister announced federal financial support for the first nuclear power unit in any province and for a second unit if regional benefits and security of supply result. At the present time the Province of New Brunswick is negotiating for such a plan, and I hope they will achieve it because it will involve the expenditure of some \$400 million made available to the province from the federal treasury. I might also say to those people who are afraid of the damage to the ecology that a nuclear plant might create, that the International Joint Commission held a seminar in July last at the Miner Institute, Chazy, in New York State. At that seminar we had the highest authority of the United States on nuclear energy and the highest authority in Ontario on nuclear energy, and it was the consensus of all the scientists that there was absolutely no danger to the ecology or to anything else resulting from the decision of a province, state or country to construct a nuclear plant. I believe this to be the case and I do not consider that there is any danger whatever to our ecology, to the quality of the air or the environment.

● (1500)

Honourable senators will appreciate Canada's unique position both as an importer and as an exporter of petroleum. This has the twin goals of deriving appropriate revenues from the export of this valuable non-renewable resource for the benefit of all Canadians and the need to cushion eastern consumers from the high-priced imports so that broad disparities do not occur between regions of the country dependent on foreign resources and those served by domestic supplies of crude oil and petroleum products.

[Hon. Mr. Robichaud.]