

Summer Recess

From Ottawa's point of view, there were two reasons for going ahead with the scheme:

First, there was a slump in the uranium mining industry.

Second, the United States, also going through a period of glut, declared an embargo on imports of uranium. There was fear that the Americans might begin dumping their stocks in the world market, and thus undercut the already threatened Canadian uranium industry . . .

In the even these fears were vastly exaggerated. In Ottawa, specialists kept advising the government that the slump was temporary and that as new reactors went on stream the demand for uranium would soar.

One of these experts was William Gilchrist, who between 1958 and 1975 was president of Eldorado Nuclear . . .

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This is a Crown corporation. He was answerable to the former minister of energy, mines and resources, Mr. Greene.

In a deposition made in Toronto for the U.S. District Court of Virginia on September 16, 1976, Gilchrist testified under oath that from the early sixties on he had expected the prices to begin rising around 1973, at the lively clip of about 17 to 22 per cent a year. He said in his deposition that the government agreed with his view.

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Nor was the fear of uranium dumping by the Americans any more valid. The Americans did not dump; they took advantage of the cartel to raise their own prices; and U.S. utilities even made some purchases from Canada, anticipating a lifting of the embargo. It was eventually raised.

The article goes on:

Austin's handprints, all marked 'Secret' or 'Confidential,' seem to be spread over the early history of the cartel. He cajoled or browbeat Canadian producers into joining the combine, he negotiated with foreign producers and governments, and he presided over some of the cartel's secret meetings.

After Austin left, he was replaced as the Canadian overseer of the cartel operations by Gordon MacNabb, assisted by O. J. C. Runnals, a senior uranium expert who acted as a transmission channel to and from the cartel secretariat in Paris.

The article goes on to point out that:

Living in fear of U.S. anti-combine laws, Gulf was most eager to join the cartel, but it wanted to be seen as having been dragged into it, kicking and screaming. One of its officers even told the congressional sub-committee in Washington that Ottawa's pressure on Gulf Minerals was such that a 'push was turning into a shove'.

It goes on to point out that in April of 1972 the principal actors were France, Britain, South Africa and Australia.

In April, 1972, all these people met at the French Commissariat à l'énergie atomique at 31 rue de la Fédération in Paris. They set up a secretariat concealed behind the innocent name of Uranium Market Research Organization . . .

The Club was to gig the price of uranium and to decide on the quota assigned to each producer country . . .

The cartel also agreed on how it was going to make phony bids.

That is the essence of the cartel arrangement which was entered into by officials representing the Government of Canada, along with representatives from other uranium companies around the world and other government agencies.

Canada did take a lead role in forming this international cartel. In the aftermath of the cartel, according to the information that we now have with respect to Canadian interests, it is alleged to have affected prices to domestic consumers in Canada between 1970 and 1978. I think those dates are very significant and important with respect to the history of this matter.

We all remember the history in terms of what the reaction of the government has been and the attitude which it has taken with respect to this arrangement over the years. In the first place, I should point out that this arrangement in the cartel was born and created in the utmost secrecy. There was an element of secrecy and confidentiality which pervaded the whole setting up of this cartel. There was no public announcement about the arrangement of an international marketing agreement, as one might have expected, which would have been similar to what has happened in terms of the international wheat agreement, where the discussions are confidential, but in each and every instance there is publicity with respect to the meetings, and a release made on every occasion as to the conclusions arrived at by the participants of those marketing arrangements.

Second, what happened was that a gigantic lawsuit, the Westinghouse action, was commenced in the United States. This anti-trust matter was initiated with respect to the cartel operations and the effect that the cartel had on prices paid by American consumers. There were substantial amounts claimed in these actions under the American anti-trust laws. There was very substantial apprehension, of course, with respect to the consequences on the Canadian uranium industry as a result of this particular anti-trust action.

I think it is important to remember the dates. The response of the government was to pass what I would term unprecedented orders in council; unprecedented in the sense that these orders in council, passed under the provisions of the Atomic Energy Control Act, in secret, without parliamentary examination, did a couple of things. One, it was made an offence for people in Canada to deliver documents, inside or outside of Canada, related to the activities of the uranium cartel and uranium exports.

The second thing the government did was to make what I call a gag order. It is extremely important to understand the gravity of this whole matter. This regulation by government, unilaterally imposed, made it an offence for Canadians to even discuss the operation of the uranium industry with respect to their marketing activities. I am talking about Canada, not some dictatorship, not some country in which there is not a democratic process. This was the Liberal government, in Canada, passing that kind of law which, in effect, made it an offence for Canadians to even talk about what was happening in terms of the marketing of uranium. I simply ask Your Honour and the Liberal members who are listening to consider the importance of what I am saying.

Mr. Ouellet: It was done to protect workers in Canada.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: For the first time since I have been in the House, the spokesman for the consumers of Canada has at least said something on behalf of the consumers. I have never seen him act on behalf of consumers in this country.

There are other things that happened. At the time that regulation was discovered by members of our party, our party