

Supplementary Estimates

to certain offshore products such as heavy oil used in Canada, the Canadian consumer would be given the benefit of foreign competition.

There was one other comment made by the hon. gentlemen which it seems to me does not necessarily follow, except marginally. That was his suggestion of a national petroleum corporation which would go a significant way towards reducing the cost of petroleum coming to Canada. I think there would be a marginal advantage only, not a significant one. The pricing changes proposed last week by the OPEC countries seem to give an advantage of at least 50 cents a barrel to independent companies who purchase from the producing countries rather than the multinationals. However, in general terms, whether you are talking about a multinational or national petroleum corporation, the producing countries have not in any substantial way promised to cut their price very far below the international price, which on the basis of last week's discussions is somewhere around \$10.73. So if there is a marginal advantage—

Mr. Douglas (Nanaimo-Cowichan-The Islands): I think they suggested 5 per cent.

Mr. Macdonald (Rosedale): I think 50 cents would be the marginal advantage. Certainly there is not a great advantage, and I do not think we should be under any illusion that in this way we are going to gain any increasing benefit.

It seems to me that the better argument for seeking a role for the national petroleum corporation relates to security of supply which can be guaranteed. This may well be, in view of the increasing role played by the governments of the producing countries in the oil business, and the over-all general political and economic relationship between Canada and these other countries,—I suppose Iran would be a good example in terms of providing a basis for long-term supply of oil in Canada, rather than depending on the former arrangement between a corporation and its affiliate, its producing company in Iran or the company to whom the product is delivered in Iran, and the Canadian affiliate in this country.

So far as offshore purchases are concerned, we will have to make certain that our policy is guided in such a way as to make sure that Canadians enjoy the lowest possible cost, either through use of the existing system or through the establishment of a national petroleum corporation.

The hon. member for Timiskaming raised a number of questions. He suggested that in some way part of the Interprovincial Pipeline that now runs from Western Canada to Sarnia was not adequate to meet Sarnia's demand. That certainly is not the situation. Not only is the demand of the Toronto refiners being met, but earlier this fall about 50,000 barrels a day were being moved east of the Ottawa Valley line to the Montreal refiners. So there is no inadequacy of capacity in the Interprovincial Pipeline.

As for whether an all-Canadian route should be constructed now or should be delayed, as is the case—that is to say, an oil pipe line route through northern Ontario—the timing of this depends very much on the rate of discovery in Canada, both east and west. If we anticipate—and the National Energy Board report confirms

[Mr. Macdonald (Rosedale).]

this—that by the mid-1980s there will be a substantial flow of frontier oil, we will have to ask ourselves this question: from what part of this large crescent that runs from the Scotian shelf to the south all the way up the Labrador coast, through the Arctic islands and around to the border of Alaska, is the oil going to start flowing?

I do not think we can answer that question now with sufficient firmness to arrive at a definite conclusion regarding where the next major pipe line connection should run. Probably the next major pipe line connection, once the line from Sarnia to Montreal has been completed, will run from a super tanker port on the east coast, through Montreal, with branches off to some of the United States refineries to the south of Lake Ontario, and possibly integrating with the existing pipe line that runs between Montreal and Toronto.

● (1650)

At this point I think it would be premature to say anything further. I can only say there have been discussions with a number of interested parties in respect of the completion of a more substantial pipeline east of Montreal to a super tanker port. At the moment these discussions are not definitive. I think I have answered most of the major questions raised by the hon. gentleman.

Mr. Baldwin: Mr. Chairman, there are a few matters I want to raise and I do not know that we can finish by five. If we cannot, perhaps we might consider encroaching upon the private members' hour. If not, we can complete this later.

I am under the impression that the hon. member for Timiskaming made a rather unfortunate choice of words when suggesting that the province of Alberta had knuckled under to the federal government. That is the type of statement I have seen in several editorials in newspapers in eastern and central Canada, and I do not think that sort of statement does very much toward resolving the tensions which have arisen. I do not need to take any side as I do not hold any particular brief for the premiers of Alberta, Saskatchewan or British Columbia, and I have certainly never been retained to hold a brief for the government of Canada. A very serious situation has arisen and has existed for some time, and I think statements of that description exacerbate and make worse the situation.

In attempting to let the tension out of the situation this House and the government came to a very wise decision, and this particular bill represents part of the agreement. I certainly intend to support it, but I do want to take exception to phrases of that type, and I suggest to the press of the large metropolitan areas in this part of the country that this type of statement does no good in our attempt to bring together the different parts of the country.

This has been, is now and always will be a federal system, and under a federal system there is provision for diversity and varying social and economic situations. In all the years I have been in this House I have seen the existence of this type of tension. I think we will always have tensions and stresses in a federal structure, where provinces have responsibility and certain sovereign rights given them by the constitution vis-à-vis federal respon-