

ly buyers' market to more of a sellers' market. The national oil policy system on the whole, I think, has served the country well. It put us in the position, at least in so far as exports from western Canada are concerned, of selling the Canadian product at a high price to the United States and, in so far as the population east of the Ottawa valley line was concerned, of buying the product cheaply on the international market. The consumer, of course, who bore the cost of this was the Ontario consumer, but the argument has been made, particularly by western producers, that in the same period of time the Ontario producer had the advantage of low cost natural gas which somewhat equalized the situation for him.

Whatever may have been the merits of that system, I think we can recognize the fact that this situation has substantially changed. In the first place, as all previous speakers have indicated, the United States has ceased to be a net producer of petroleum and has become a very substantial net importer. At the same time, because of this situation, Canada has not only achieved the objective which was talked about for many years in this House of having full access to the United States market, but we have achieved the objective of being able to sell as much of the oil to the United States market as the existing conventional Canadian systems can produce following good conservation practices.

On this basis, we are now in the situation where we have reached a ceiling on our production from Western Canadian sources, and at the same time the international scene has changed. What started out basically as a system to provide a protected market for the western producer in Ontario through the national oil policy has now become a system which provides for the Ontario consumer security of supply which the consumer in eastern Canada, east of the Ottawa valley line, does not have and which indeed very few consumers have anywhere else in the world.

This brings me, therefore, to the two points made by the hon. gentleman, and I put them in the form of questions. First, should we shift from the national oil policy system and the Ottawa valley line which we have had for the last 11 or 12 years and, as the hon. member suggested, open it to the full competitive system; and, second, should we create a system of price control within the market so that, as he said, the price for oil and petroleum products in Canada will be significantly lower than the going international price? These are two difficult questions, and I would agree with the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) that they are the kind of major questions with which we should be involved, not only in debate in this House but in debates between the various regions of Canada which will be affected.

I do not presume to lecture the two gentlemen who are both natives of the prairie region and spokesmen for western Canada, but certainly I think they would recognize the viewpoint of western producers that far from being in the situation of, in effect, selling their product at a lower cost on the Canadian market than it would fetch internationally, they should get the highest price obtainable for oil or gas in any market, domestic or international.

Mr. Douglas: The question is, whose oil is it?

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Mr. Macdonald (Rosedale): There was some reference to the premier of Alberta. He thinks definitely that it is his oil. I suppose his arguments are twofold, and he can make them much more eloquently than I. To repeat them, the first is that in the form of economic rent by way of royalties he and the residents of his province will get more from the exploitation of what is, after all, a wasting asset if they get a higher price for their product. The second argument is that because of higher price there will be encouragement for greater exploration for oil within that province and in the vicinity of the province which will have benefits both for the provincial treasury and the economic opportunities which it will offer residents of western Canada.

This is one of the questions we have to consider on a national basis in weighing the regional interests of western Canada and getting the best possible price for this product while recognizing the interest of the consumers in other parts of Canada in getting the product at the lowest possible price. It seems to me that the hon. gentleman's proposal of establishing a two price system would not, at least immediately, find support in western Canada. Obviously, it will have to be a matter of debate.

The second of the points that I would have made, and which was made effectively by the hon. member for Qu'Appelle-Moose Mountain, regards the security of supply. It is with regard to the location of the Ottawa valley line. An eloquent argument can be made—and the hon. gentleman certainly advanced it well—that rather than removing the line altogether serious consideration should be given to moving it, not west or removing it altogether, but moving it east to protect the substantial Montreal refinery markets, thereby ensuring to that market the security of crude feedstock which the Ontario market already enjoys. That too, of course, would be in contradiction of the hon. member's proposal. I would have to say that that too offers obvious problems, both from the point of view of the refiners in the Quebec market and from the standpoint of the western producers who feel they could probably get a better price for their product if they sold it in the more proximate market than in the Montreal market.

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These are the kinds of questions we as a country will have to face in dealing with the changed situation that has occurred since we first established the national oil policy back in the early 1960's. These are the kinds of basic questions, along with other questions, that are dealt with in the energy policy studies which have now, as they say, gone to press, and which we hope will be available before the House rises for the summer. These are the kinds of questions with which the House and the country will be involved, the kinds of questions with which the government, in dealing with provincial governments and in dealing with the viewpoints of individual citizens, will be very much involved later this year. These are the kinds of difficult questions that require some kind of national consensus, such as we had a decade or so ago, and the process of establishing that national consensus will start with the analyses we have made and which we hope will assist in arriving at a change in policy.