

### *Northern Pipeline*

miles in the Yukon, British Columbia and Alberta, and over 1,000 miles in the United States south of the 49th parallel.

This is a pipeline designed primarily to bring American gasoline to American markets. As Canadian natural gas consumers we will not benefit from this pipeline unless at some point in the future a lateral spur line, called the Dempster lateral, is built to tap Canadian gas in the Mackenzie Valley. Canadian consumers will not receive gas from this pipeline once construction is completed, and indeed may never receive gas from it. Therefore we are doing our American friends a favour. We are providing a land bridge for them to move Alaska gas through our territory to the United States markets.

If everything goes on schedule, the pipeline will be completed in 1983. At this stage the pipeline is envisaged to bring American gas to American markets. Indeed the Americans owe Canada a great favour for allowing this route to exist. If we did not allow it, Americans would have to liquefy the natural gas from Alaska, put it in tankers, and move it by ship down the west coast of the United States. That would cost the Americans much more than the proposed project. In return for that favour it is legitimate for Canadians to demand some sort of benefit. Once the project is completed, Canada will not receive gas from it. Therefore it is quite logical that Canadians should receive the benefit of the maximum amount of construction and steel contracts necessary to complete the Canadian portion of this natural gas pipeline.

The Deputy Prime Minister and President of Privy Council (Mr. MacEachen) promised that the pipeline treaty and this bill would mean Canadian manufacturing firms in the steel industries, and in other areas such as the manufacture of valves, compressors and so on, would receive 90 per cent of the contracts for goods and services. Also he promised that we would get 100,000 man-years of employment in manufacturing, construction, and other related economic activities. One must remember that 100,000 man-years does not mean 100,000 new jobs.

If the Dempster lateral line between the Alcan line and the Mackenzie Valley is not built, it is important to remember that we will receive only 68,000 man-years of employment. That must be kept in mind when reading newspaper headlines which indicate that Canada will be guaranteed an automatic 100,000 man-years of employment because of this project.

One has to ask the question: will the Dempster lateral be built? On the basis of my research it appears very doubtful the line will be built. The Department of Energy, Mines and Resources and the National Energy Board have indicated that 1990 is the earliest we will require the Dempster spur line to bring Canadian gas from the High Arctic to Canadian markets. Recent discoveries of natural gas in western Canada may push the need for Arctic gas even further into the future. Approximately ten trillion cubic feet of natural gas have been discovered in the past two years in western Canada alone, and there is optimism for more discoveries this year and the year following, which will total approximately 60 to 70 trillion cubic feet. With that 70 trillion cubic feet of natural gas in

[Mr. Symes.]

western Canada it is unlikely we will require the Dempster spur line in 1990 or even in the year 2000.

When we talk about the so-called rush to get Arctic gas we should remember that it is at least three times more expensive than western Canadian gas. It does not make economic sense to move more expensive gas from the Arctic down to southern Canadian consumers, if there is the potential in western Canada at one third the price. It is only logical to proceed on the assumption that the project will be the Alcan route without the Dempster lateral. Therefore the investment reduces from \$4 billion to \$2.5 billion, as well as meaning a reduction to 68,000 in the number of man-years of employment for Canada.

Perhaps at some future date the Dempster lateral will be constructed. Thus it is wrong to say that this project is a \$4 billion investment and a 100,000 man-year project for Canada. It is a much smaller project than the Deputy Prime Minister and the government would have us believe. Even if it is a smaller project, it has a potential to help the unemployment situation and the sagging economy we are now experiencing because of a decade of economic mismanagement under the Prime Minister (Mr. Trudeau) and his colleagues.

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Will Canadian steel companies get the contracts to build the line? That is my very important concern, coming as I do from a steel community where Canada's third largest steel company is located, namely, Algoma Steel. When I look at article 7 of the pipeline treaty between Canada and the United States I find that it states that the supply of goods and services to the pipeline project will be on generally competitive terms. What does that mean? To illustrate what it means and why I am concerned about it, I should like to quote what the American secretary of energy said when the treaty was negotiated between Canada and the United States. He told the American Congress on September 23 of last year:

The agreement is particularly advantageous to the United States by providing ceilings on every aspect of potential U.S. liability while creating new incentives for efficient construction on a portion of the project that would normally be subject to exclusive Canadian jurisdiction.

In other words, what Mr. Schlesinger is saying is that the advantages to the United States will be maximized while the advantages to Canada at best will only be optimized or, at worst, minimized. When we say that the bidding has to be on generally competitive terms, that means of course we are opening the bids not just to Canadian steel companies but to American steel companies, as well as to companies in Europe and Japan.

My fear, the fear of the NDP, is that without guarantees in the bill before us which will provide that Canadian steel companies will have the lion's share or the majority share of the contracts to supply the pipe and associated parts, Canadian companies will not be able to win the 90 per cent of the contracts that the Deputy Prime Minister promised us. I do not say we will not win them because we are not competitive. Indeed we are. Our steel industry is one of the most competitive in the world. We are able to sell our steel cheaper than the