

*Northern Pipeline*

will not persuade us to shirk our responsibility to insist that the government make clear all the terms and conditions which will apply with respect to a project which the Canadian people are going to have to live with for many years to come.

Let me look first at some of the events leading up to this pipeline agreement. For two or three years most of the ministers of the Crown had been supporting—some vigorously and some more than others—the application of Arctic Gas, a consortium of American companies which wanted to build the pipeline down the Mackenzie Valley. The most outspoken advocate was the Minister of Energy, Mines and Resources (Mr. Gillespie) who on every occasion implied that it could virtually be taken for granted that the National Energy Board was going to approve a permit for Arctic Gas. Members of the New Democratic Party opposed the Mackenzie Valley pipeline, and we did so for good and sufficient reasons which I have given to the House previously, and there is no need for me to repeat them here tonight.

The New Democratic Party was the first party to propose very serious consideration for the Alcan route through amendments and motions we moved on February 23 last and on May 13 last. We pointed out why we thought the Mackenzie Valley route would be disastrous for Canada, why it would be uneconomic and would hold no advantages for the Canadian people, and why we thought the government and the National Energy Board should give serious and favourable consideration to the proposed Alcan route. I must say that every reason we gave was fully vindicated by the decision of the National Energy Board, which emphasized many of the points we made in this House.

The leader of the New Democratic Party pointed out on August 4 last when this matter was last discussed the reasons we advocated very serious consideration for the Alcan route. The first was that it was the most preferable route with respect to the options we had before us. We had already stated our strenuous objections to the Mackenzie Valley route. That left two other options, the El Paso route or the Alcan route.

Most people do not realize that Canada was not the sole arbiter in this matter because the Americans did not need our permission to follow the El Paso route. We felt that the El Paso route—particularly the prospect of the LNG tankers going down the Pacific coast where we already have huge oil tankers moving between Valdez, Cherry Point and points south in the United States—would add to the problem of congestion on the west coast. Therefore, we thought that of the three options which were under consideration by the two governments certainly the Alcan route seemed to be preferable.

We were also impressed by the fact that Foothills (Yukon) Limited was a Canadian company and that it was going to raise its equity here in Canada, although it would have to go outside Canada to raise its loan capital. We were impressed by the fact that Foothills asked for no financial backing from the federal government, whereas Arctic Gas had made it very clear that its application was contingent on the federal government's backstopping its project in the event of cost overruns.

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

However, I think what impressed us most about the Alcan route was that Foothills (Yukon) had committed itself to Canadian content with respect both to the steel in the pipeline and to the laying of the pipeline.

The working paper which Foothills sent out says, and I quote:

Line pipe represents the greatest single expenditure by any of the applicants. Foothills (Yukon) proposes to purchase all its pipe in Canada.

Before the National Energy Board the representatives of Foothills said again and again that they would purchase over 90 per cent of their pipe in Canada and that all their construction work would be done by Canadian firms and by Canadian workers. That appealed to us. We were impressed by the recommendation of the National Energy Board that a \$200 million compensation fund be set up to alleviate some of the problems which the Yukon would have with respect to the infrastructure which must be built because of the influx of construction workers into that area. We were impressed when we were told that, whereas in the Northwest Territories the matter of native land claims was not nearly settled, in the Yukon an agreement in principle was expected in a matter of weeks or months.

We were also impressed by the suggestion which came from the Lysyk commission that \$50 million should be paid to Yukon Indians in order to compensate them for dislocation until such time as their native land claims were settled. Those were the reasons we gave on August 4 for supporting this project.

It should be remembered that the primary purpose of this pipeline is to take American gas from Alaska to the United States, and if no Dempster spur is built Canadians will never get a cubic foot of that gas. This is a neighbourly gesture to the United States. Therefore, we have taken the position that, if we are going to provide our American neighbours with a land bridge by which they can take gas from Alaska to an energy-hungry nation, then Canada has a right to certain benefits accruing from that project.

**Some hon. Members:** Hear, hear!

● (2102)

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** What happened to those benefits, Mr. Speaker? The Canadian government started to negotiate with the United States. It had all the cards because the United States desperately needed that pipeline. We did not need it. In spite of all that has been said about the fact that we are going to get gas over the Dempster spur, the fact remains that we are not desperately in need of gas from the Arctic. In 1976, five trillion cubic feet of gas was found in western Canada. In 1977 another five trillion cubic feet was found; that is ten trillion cubic feet in two years. Preliminary discoveries this year indicate we will get more than that in 1978. This means we will have well over 60 trillion cubic feet, almost 70 trillion cubic feet of gas in Canada. That is not an unlimited supply but it certainly means we are not