

dollar Mackenzie Valley pipeline to carry Alaskan gas to Americans . . . the official said Trudeau explained to Carter that he would "like to be in a position not to embarrass him over the pipeline".

To me, Mr. Speaker, that has a very ominous ring and I think we ought to face up at this time to this question of the construction of a Mackenzie Valley pipeline. Let us recognize, in the first place, that the primary purpose of this pipeline is to move Prudhoe Bay gas from Alaska to the United States. We should recognize that the benefits to Canada are minimal. The best estimates of our proven gas reserves in the Mackenzie Valley are somewhere between four trillion cubic feet and five trillion cubic feet. May I point out that already all but 1.4 trillion cubic feet of that gas has been contracted to gas companies in the United States. But even if we get all the gas in the Delta—and there is every reason to believe we will not—five trillion cubic feet is only the equivalent of what we export to the United States over a five-year period.

It is a travesty to suggest that we should build pipeline at a cost of \$8 billion—though the cost is much more likely to be \$10 billion or \$12 billion—and at the same time suffer the economic and monetary dislocations of such high capital expenditures, as well as environmental damage and a disturbing impact on our native people, in order to get a quantity of gas which we could procure by a more intensive exploration program in the southern areas of Canada and by offshore drilling.

There is nothing which calls into question more the viability of this proposed pipeline down the Mackenzie Valley than the fact that Canadian Arctic Gas Pipe Line Company has stated publicly that it will require financial guarantees from the Canadian government. One might well ask why, if this is a viable project, and since it is primarily going to carry Alaskan gas to the United States, the Canadian government should be asked to give financial guarantees.

As a matter of fact, I think it is significant that, despite repeated public statements to the effect that they want financial guarantees, this company has never formally applied for those guarantees. Why? Because they are waiting for a favourable report from the National Energy Board. Once they have a conditional permit in their hot little hands they are counting on pressure from Washington to secure financial guarantees from the government of Canada. The government of Canada will then be in the very difficult position of having either to refuse these guarantees or having to set aside a recommendation of the National Energy Board. The government will further be in the awkward position that, if the Prime Minister of Canada has agreed with the President of the United States to speed up a decision on the matter, and if the United States President has already indicated to Congress his preference for the Mackenzie Valley pipeline, they will have no alternative but to grant those guarantees and allow construction of the Mackenzie Valley pipeline.

The Canadian Arctic Gas Pipe Line Company Limited would then be able to say to the Canadian government, "You knew all along that we would need financial guarantees before we could proceed with this project, and you allowed the National Energy Board to grant us a permit to build the

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Mackenzie Valley pipeline; therefore, automatically, the granting of the permit involves financial guarantees". Financial guarantees for what? For moving 35 trillion cubic feet of gas from Prudhoe Bay to the United States? In the process Canada will get all the financial dislocation, all the environmental damage, all the dislocation of our native people, to secure, at most, five trillion cubic feet of gas; and the prospects are that most of that gas will go to the United States.

● (1600)

It will go to the United States first of all because, as I already said, most of it is contracted to American gas companies, but, secondly because that gas will come onstream ahead of the Prudhoe Bay gas and consequently it will come at a time when we will not be in great need of natural gas; and under the National Energy Board Act, which says that surplus gas can be exported to the United States, the American companies of course will apply for permission to export the gas from the Mackenzie Delta to the United States. It should be kept in mind that in this country we have, it is estimated, nearly 60 trillion cubic feet of natural gas. Annually we consume 1.5 trillion cubic feet and we export to the United States 1 trillion cubic feet. That means that we have quite a few years of lead time to find new sources of gas to meet Canadian needs without the environmental damage and the creation of problems for our native people that are associated with this project.

We maintain that the Mackenzie Valley pipeline is not needed at this time, that it has no economic benefit for Canadians. Naturally, we sympathize with our American neighbours about their desire to get Alaskan gas shipped from Prudhoe Bay to the United States, but I submit that there is a much less expensive and much less damaging alternative which should be considered. Proposals have been put forward by which we could ship gas from Prudhoe Bay down along the Alaska Highway which would provide the Americans with a land bridge that would take their gas directly to the United States. That should be considered if three conditions are met: first of all, that the Americans finance the pipeline; second, that the Americans be prepared to accept the one trillion cubic feet of export commitments which we have, and meet those commitments out of Prudhoe Bay gas. That would save Canada one trillion cubic feet of gas per year. In five years we would get all the gas which we would get from building the Mackenzie Valley pipeline.

Some hon. Members: Hear, hear!

Mr. Douglas (Nanaimo-Cowichan-The Islands): The third condition I would impose would be that during the construction of that pipeline, if it is approved, every cubic foot of gas which we continue to export to the United States should be on a swap basis, so that when their line is in operation we would recover that gas from the line going to the United States and we would have at that time six trillion or seven trillion cubic feet of gas coming to us which we could take when we wanted it and as we wanted it.