

first-stage construction of the southern segments of the pipeline yield significant economic benefit to Canada, but it would considerably facilitate completion of the remaining parts of the project.

I have taken the time to recall this sequence of past events because it has some bearing on the renewed spate of scepticism that has been expressed from some sources on both sides of the border within recent weeks.

Private financing

During his visit to Ottawa a few weeks ago, President Reagan addressed both Houses of the Canadian Parliament. In the course of his remarks, he observed that Canada and the United States had made progress on matters of great mutual importance. "Our governments," he stated, "have already discussed one of the largest joint private projects ever undertaken by two nations — the pipeline to bring Alaska gas to the continental United States. We strongly favour prompt completion of this project based on private financing."

Notwithstanding the strong commitment to the pipeline which he expressed, President Reagan's reference to the private financing of the project touched off something of a hue and cry from those who interpreted his remarks as representing something less than an absolute guarantee that all would move ahead as planned.

For my part, I have always taken the view that there is no such thing on this earth as an absolute guarantee of anything. Beyond that, however, those who took this position apparently were never aware or have since forgotten that from the beginning it was the firm intention of both countries that it should be privately financed without government assistance. That is a stated requirement of the U.S. law. Furthermore, one of the reasons why the sponsor of the Alaska Highway pipeline project was chosen to do the job was because, unlike two competing proposals, they maintained that they could complete it without government aid.

Earlier in my remarks I referred to the undertaking between the Alaska Pipeline sponsor and the Prudhoe Bay gas producers to join forces in developing a financing plan for the Alaskan system. During the intervening months, these two groups, along with their financial advisors, have been working intensively to develop just such a plan for securing the private debt and equity capital required to finance the project. I understand that within the near future they expect to be in a position to begin discussions of that plan with the financial community.

The contention that the U.S. government should declare its readiness to provide some form of assistance in the event that private financing proved not to be available without it, is, to put it charitably, nonsensical. Not only would this amount to advocating a course that is completely contrary to existing U.S. law, it would be the most certain way of ensuring that entirely private financing would not be available. Months of work aimed at developing purely private funding would go out the window and, at the very least, many more months of delay encountered. After all, what lender would assume the normal risks inherent in a project of this nature if he thought for one minute that the government could be enticed into saving him riskless?
