

Now, Mr. Speaker, what does the government propose that the pulp and paper industry use as money? On the basis of the cost of energy in the province of Nova Scotia, which is dependent upon oil, on the basis of the cost of energy required in New Brunswick which is derived from a combination of oil, nuclear and water power, which is still not competitive when related to the cost of power which is being distributed from Churchill Falls to Quebec, Ontario, and in a small way to New Brunswick, and on the basis of the cost of power located beside coalfields of almost limitless extent in the prairies and in British Columbia, how, is it proposed to keep the forest industry and its pulp and paper mills working?

I also ask, Mr. Speaker, how do those on your right expect a mining industry to survive which at the moment is dependent, not because of poor planning but because it has no alternative, on a thermal plant located in the northeast of New Brunswick to provide its power? How will it remain competitive? I suggest it will be among the earliest industries in the mining areas of Canada to close down if it becomes a marginal producer, and there will go the jobs that so many have pleaded so hard for in the northeast. Where will we get the money to pay for energy to operate farm machinery in the Atlantic area?

I suppose it is ridiculous to say that at some point we must pay a higher price for oil. But let me get one thing very clear, Mr. Speaker. The money that comes from higher prices for oil must be spent on research, exploration, and development. It must not be grabbed by the Government of Canada fallaciously under some policy that is intended to better Canada. We must step up all aspects of our energy structure, including conservation, but research, exploration, and development are essential. Those are the areas in which our money should be spent regardless of what may be the philosophy of those on my left and of many on Your Honour's right.

An hon. Member: That is all spelled out in the energy paper.

Mr. McCain: It is also spelled out in one of these little books that the tax structure has discouraged research, exploration and development. It is also spelled out in another of these little books that the tax structure has now been corrected. That statement has to be qualified and you have to go into the situation a little more deeply to see how much incentive is actually left. Mention is made somewhere that if you do not spend this money correctly you will not have very much of it left, perhaps 25 per cent. The government lays down rules and regulations governing how any additional money accruing to the oil companies may be spent. Those regulations are fickle; we have seen that throughout various years of government opposite.

I think it is absolutely necessary that the Government of Canada adopt some policies in the energy field. One of its proposals is to pay 50 per cent of the cost of studying new sources of generation. Another is to finance 50 per cent of a distribution line, and the government might finance 50 per cent of a construction program. The figures read off by the last speaker did not amount to the \$300 million that was put into one project by the federal government, namely, Syncrude, which admittedly will produce oil but at a price that will make it uneconomic to transport to any other area

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of Canada. That oil must be used on the spot or nearby if it is to be used practically and economically.

The amount of moneys the government has said will be spent in the Atlantic area comes to just a little bit more than what the government has chosen to spend in one lump sum on the Syncrude project. I do not quarrel with putting money into the Syncrude project. It could come virtually under the heading of research, if you wish, Mr. Speaker, because some element of research is required. But I submit that a new look must be taken at undeveloped sources of energy.

Should we look at a new way to extract coal from the Nova Scotia fields? Should there be a new, more productive and more economic way of extracting such coal as may be left in New Brunswick? Should it be the development of existing hydro power which may be in neighbouring provinces but which might be the salvation of energy prices in the Atlantic area? Should it be the removal of restrictions with respect to exploration offshore, thus removing the uncertainty of knowing where I stand if I find oil? To whom will I pay the tax, the federal government or the provincial government? Who will let me remove it, the federal government or the provincial government? What is the conflict that exists?

● (2120)

Are we in the position in which Premier Moore says we are? "It is all mine", says Premier Moore, and I support him. Or are we in the compromise position of Mr. Regan who says "We will let you have some"? These are items which will have to be resolved and these are uncertainties which must be resolved.

It is time that Quoddy power was developed. Reasons were given why it was economically unfeasible. One of the reasons was that there was no sale for the total possible production of the tidal power which might be generated in the Bay of Fundy. This has been an ongoing piece of research which has been continued since the 1920's by U.S. forces. An application was presented to the Government of Canada for permission to go ahead in the late 1900's, and it was presented by a constituent of mine who was their lawyer. It was not considered feasible by Canadians, although it was by Americans, but we never resolved that dispute because we did no research into it. We know there has been some problem with respect to the economics of it and that it was not economical initially.

We now have the techniques; we know that at the present prices it is probably viable. It should now be immediately researched and, if necessary, the Government of Canada should finance the development. It should not subsidize it but I think it should finance it and operate it if it so wishes—that is the government's privilege—and the energy should be available for the Atlantic area. Initially some of it would have to be exported because the market is not at home.

We have alternatives. We have a broad range of interprovincial, federal, co-operative programs which could bring power electrically from other sources. We have coal, although we need more research on it; we have Quoddy power, which should be researched. We need an immediate answer, not a commission which would start its study in 1976 and report only in 1979. Now is the time when the