

Energy Supplies Emergency Act

responsibility of the government to take such action and not the responsibility of the multinational corporations.

I say to the Minister of Energy, Mines and Resources (Mr. Macdonald) that we are prepared to sit here over the holiday if necessary to pass this bill. If we are obliged to sit here, I think we can award the official opposition the title "The guys who stole our Christmas". Make no mistake, the spirit of Christmas is here. This bill, which is for the general benefit of Canadians and for the particular benefit of those who live in eastern Canada, will get third reading even if we have to stay here during the Christmas season.

The Leader of the Opposition says we have a two-price system and that he and his party are in favour of a one-price system. Well, one price would mean a higher price for all Canadians. The interesting thing about this stance is that it is in direct contradiction to the policy adopted in 1961 by the right hon. gentleman from Prince Albert (Mr. Diefenbaker). In order to encourage the development of Alberta resources, the country was divided into two regions in accordance with national policy. I have no quarrel with that decision; I think it was necessary and right. But one of its consequences was that prices in the west were higher than they were in the east. Now the situation is reversed and the east will pay more than the west until the pipeline is available to guarantee a supply of western crude. Then, maybe, a one-price system will be possible.

One of my recommendations to the minister will be that we set up a pricing agency: possibly the national petroleum corporation could fill this role. All the oil would be pooled and the price would be the same all over Canada except perhaps for a proportion reflecting the cost of transportation. When the Conservative Party talks about one price at the present time it is not facing up to reality. Fortunately, the Canadian public is too intelligent, too sophisticated and too well-informed to approve a one-price system today, especially when the suggestion comes from a party which concedes it has no policy or, at least, a party which has yet to produce one.

As to the pipeline proposal, I am parochial enough to hope that it will run from Sarnia to Montreal, but if it is in the best interests of Canadians that the pipeline should go through Sault Ste. Marie, so be it. I say that the heartbeat of the chemical industry in the Sarnia-Lambton area is prepared to concede that a pipeline going to Sarnia may not be crucial. I feel it is incumbent upon me as the member for that area to point out that the distance might be shorter, that we might need more steel than necessary for a northern pipeline, but I also recognize that it will create jobs if the pipeline goes through the north: it will be going through areas not as densely populated. So, Mr. Speaker, there are plusses on the side of both groups; but it seems to me that we in the heart of the chemical industry valley can certainly use that pipeline and tap into it to the benefit of the growing petrochemical industry in the Sarnia-Lambton area.

● (2040)

Why do I say we need more, Mr. Speaker? It is contemplated at the present time that a large, world-scale plant will be built in the Sarnia-Lambton area, the Sarnia ol-

[Mr. Cullen.]

fins and aromatic project which has become known as the SOAP project. It is a project worth \$230 million, and at the present time there are four partners looking into the feasibility of building such a world-scale plant. So feedstocks to the petrochemical industry are an absolute necessity.

Many people do not appreciate what the chemical industry manufactures. They have a tendency to think of it as being pretty well localized. I say, with respect, that a healthy chemical industry is healthy for all of Canada. We have heard about the petrochemical industry and the chemical industry building itself up in Quebec. Certainly we have it in Sarnia, Ontario, and now we hear of a large-scale plant being planned for Alberta. As I say, a healthy chemical industry is very definitely healthy for all Canada. The chemical industry has a multitude of raw material sources. It uses these materials to manufacture products which are numbered in the thousands, most of which lose their identity in the finished product that the public sees. For example, the raw material, propylene, which is derived from crude oil ends up as foam in an automobile dashboard. This differs markedly from industries which have many raw materials and a single product, such as the automobile industry, or an industry such as petroleum which has a single raw material and many products. The extent of its linkages with other manufacturing industries is evident. For example, four major industrial groups—agriculture, mining, forest products and textiles and clothing—have a major and direct linkage to the chemical industry. So a supply of crude oil to this particular industry is an absolute necessity.

A strong and growing chemical industry is in the national interest because it is a high-technology, high-value added industry which has a large multiplier effect in creating employment in other industrial groups. While the industry currently consumes the equivalent of only 3 per cent to 4 per cent of the crude oil refined in Canada, this roughly \$70 million in feedstocks is upgraded to produce resins, synthetic fibres, organic chemicals and fertilizers with a final consumer value in excess of \$2 billion. This value added effect, or ability of the chemical industry to generate wealth, is illustrated very vividly if one considers the case of ethylene, the world's largest volume organic petrochemical. Take the case of ethylene made from ethane. It takes \$5.8 million worth of ethane to make \$40 million worth of ethylene, which can then be converted into \$140 million worth of first-line derivatives, such as vinyl chloride monomer, \$300 million worth of second-line derivatives, and \$800 million worth of third-line derivatives.

While it is obvious that a country should always strive to upgrade its raw material, it is critical that Canada do so with our petrochemical feedstock at this moment in time. Ethylene currently is in extremely short supply in Canada, as it is world-wide. In this situation, foreign producers or countries will invariably choose to upgrade products like ethylene in their own country and export added value products rather than export ethylene itself. As second-line derivatives become short, they will export third-line derivatives, and so on. Let me draw the attention of the House to these statistics. When we in Canada export \$6 million worth of petrochemical feedstock, we face the prospect of importing back \$800 million of third-