

Carney) do not talk to each other any longer. They have put totally contradictory policies in place.

The kind of analysis contained in this particular article to which I have referred becomes even more serious and dramatic when taking into account the conditions we now face. The entire Western Accord was built upon the basic assumption that oil prices would remain flat or decline only marginally. There is a very small range of gas prices upon which the Western Accord was based. Those are not my words, Mr. Speaker. In the Western Accord itself, there is a contingency plan which indicates that if prices increase dramatically or decrease dramatically, the Government will have to step in to impose a new regime. That is part of the policy of the Western Accord. Yet the Government is frozen from doing anything about it.

The Western Accord was based upon a very narrow price range for oil at the well-head, a price range that already in the past week has been totally exceeded. What answers have we got from the Minister of Energy, Mines and Resources? She has shrugged her shoulders and said that it is the market-place that will decide. The market-place is not deciding. The fact is that there is no connection between pricing and demand at this point in time. Again the facts totally contradict the premise of the policy.

At the same time that the Government said it would deregulate the oil and gas industry by removing taxes, it was coming at it from the other flank by imposing a whole new set of federal taxes to offset totally, contradict, eliminate and wipe out the benefits of that deregulation. The question of credibility is a very important one for a Government. This Government probably holds the record for losing the confidence of the Canadian people faster than any other Government. It has even surpassed the incredible diminution of support for Mr. Diefenbaker's Government. This has happened not because the Government is malevolent but just because it does not know what it is doing.

The energy policy was supposed to be the centre of the new economic order which was the basis of the entire Conservative Government campaign. Energy was to be the driving engine of growth. The Hon. Member for Calgary South (Mrs. Sparrow) rose to say that there would be 25,000 new jobs created and new investment. I would ask her if that is going to happen with a \$5-billion loss in revenue in the past month.

Mrs. Sparrow: It already has.

Mr. Axworthy: No, it has not happened. I am sorry. What is going to happen to Hibernia? Where is the Husky upgrader? Has a decision been made on that? No, it is still in limbo. What about the various heavy oil projects and the frontier exploration? What is going to happen to all the major oil projects as the price begins to fall dramatically and there is no cushioning? What is going to happen to the engine of growth? What is the Government doing about it? It has a Bill before the House to eliminate the PGRT based upon an analysis done three or four years ago. It has nothing to do or say about the conditions we face today.

Petroleum and Gas Revenue Tax Act

Taking a macro-economic or budgetary point of view, the thrust of the Government's other economic policies is running totally counter to the elimination of the PGRT. It strikes me as exceedingly hypocritical for a Government to be lauding its efforts to reduce the deficit while we know full well that the increase to the deficit will be \$3.5 billion.

The Government had alternatives. A series of papers were produced by the Economic Council about a year and a half ago dealing with changing the tax regime on the oil and gas industry as it should have changed as conditions changed. There is the possibility for an excess profit tax as a way of recapturing some revenue. Certainly a Liberal Government would never have introduced the kind of heavy burden of additional excise taxes that has created the counter-movement to the results of the elimination of the PGRT. Surely Conservative Members of Parliament and of Cabinet would have enough wit to realize that if they take taxes off from one side and increase them on the other, they will totally eliminate whatever benefits are supposed to be created. If the PGRT is eliminated and a substantial amount of cash revenue is added to the oil industry, one would assume that there would be more investment. That was the risk that was being taken. It is a different philosophy but we have to accept it.

We had a different point of view. We felt that revenue should be more broadly shared and that the Government should have a larger part of that revenue so it could be allocated toward social programs and other programs of economic benefit. I would repeat to Members from western Canada that a direct result of that was the ability to change the western grain transportation system, something which in itself is generating a large economic impact in the West through new capital investment. That was paid for by the recovery of revenues through the PGRT. We felt that there were other economic initiatives in western Canada that had to be financed including the modernization of the railway system to meet the demands of the coal and grain producers for a modern transportation system. We had to recover revenue somewhere and rather than having it all concentrated in one industry, we tried to share it. Conservative Members were against that and they won the election. That is fair enough. Why then should they turn themselves up on their heads by introducing a whole new set of excise taxes that negate that influence?

The rationale for the Conservative position was put very clearly by my colleague this morning. Who is being taxed? Conservative Members feel that it is much fairer and more equitable to raise taxes from the consumers than from the industry. That is the difference between our two positions. That is the real nub of the issue. The Government will put the taxes directly on to the consumer, in this case, except that it lost just one small piece of economic rational thinking, namely, that taxes are taxes are taxes, and that when we draw that money from the consumers, it will also have an impact upon the energy industry itself because it will reduce consumption. It will reduce growth and it will draw money away from consumers in terms of the purchase of other goods and services