

Oral Questions

Mr. MacEachen:—an economic situation which would justify the huge investment of about \$15 billion. The Governments of Canada and Alberta, working together, did their level best to support and facilitate this particular project. The decision to terminate the project came in two stages; first, by the withdrawal of a number of partners from the consortium, and just last weekend a decision by the remaining private sector parties not to proceed with the project despite very generous support from both the Government of Canada and the Government of Alberta.

Mr. Shields: They don't trust you.

Mr. MacEachen: So I do not believe the hon. member is justified in describing the situation as an emotional rollercoaster devised by the Government of Canada. The situation is the result of a private business decision made as a result of factors which are operating in the world economy.

TAXATION OF INDUSTRIES IN ENERGY SECTOR OF ECONOMY

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my supplementary is directed to the Minister of Finance as well. The minister knows that the most significant factor behind the death of the Alsands plant and, before it, the Cold Lake project, along with several other major energy projects, is the National Energy Program, particularly the onerous new taxes levied under that program. The Alberta government, concerned about the health of the industry, has reduced its royalties. However, when the Minister of Energy, Mines and Resources was asked whether the federal government would make a similar move, he replied that was a taxation problem and therefore the responsibility of the Minister of Finance.

Now that the Minister of Energy, Mines and Resources is allowing the Minister of Finance to share responsibility for the NEP—and I can understand why he wants someone else to share that responsibility—will the Minister of Finance in fact be reducing these onerous new taxes so we can restore some vigour to this industry which can be the engine of future economic growth in this country?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member asks whether it is the intention of the Government of Canada to adjust taxes in order to increase the cash flow to the energy sector. The hon. member will know the reasons given by the president of Shell for the termination of this project have nothing to do with the current cash flow situation. It had to do with an assessment of medium and long-term rates of inflation, the demand for oil, and the uncertainty about the course of future oil prices.

● (1425)

Mr. Clark: Nobody believes you, Allan.

Mr. MacEachen: So I do not believe, Madam Speaker, that the prescription brought forward by the hon. member would suit the circumstances. The Leader of the Opposition says that nobody would believe me.

Mr. Nielsen: Nobody trusts you.

Mr. MacEachen: Maybe the Leader of the Opposition will believe the president of Shell who made that argument when he announced the termination of the project.

Mr. Andre: Madam Speaker, I wish the Minister of Energy, Mines and Resources would share responsibilities with somebody who knows something about the energy industry.

Mr. Chénier: You don't.

REQUEST THAT MINISTER EXAMINE REDUCTION IN TAXATION

Mr. Harvie Andre (Calgary Centre): Madam Speaker, I have a supplementary question. The minister knows full well the onerous new taxes on oil and gas are the major public policy impact in terms of the cancellation of the Cold Lake project, the Syncrude expansion, the Alsands project and numerous others, including some petrochemical projects from which Shell withdrew because of reduced cash flow as a result of the National Energy Program. Billions of dollars of investment have been cancelled. Hundreds of thousands of jobs have been lost as a result of the inability of this industry, which has been devastated by these taxes, to make these investments.

If the minister can be convinced—and we are willing to show him the data that a reduction in these taxes will not only not cost the government revenue but add to government revenue because taxes will be paid by the hundreds of thousands of Canadians who will be re-employed and fewer people will be receiving unemployment insurance—will he not examine that scenario, give some hope that he is looking at the possibility of reducing these taxes and restoring some vigour to this one sector of the economy which everybody agrees at least has the potential of leading the economy out of the doldrums which it is in now?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I would make two points in reply to the hon. member's question.

Mr. Nielsen: No and no.

Mr. MacEachen: The first one is that there have been a number of major energy projects in other countries, including the United States, France, and Venezuela, that have been terminated or postponed because of uncertainties in the world price and the inflation situation. It is not fair or accurate to attribute all the difficulties there are occurring in this industry to the National Energy Program, as if it had an impact in the United States, or France, or Venezuela.

Mr. Clark: How much responsibility do you accept, Allan?