

*Oil and Gas*

for example, that all petroleum revenues should be included for purposes of equalization. Having said that I understand the reason for this and the reason for the federal government taking the position that it is not prepared to go further—that is, it is not prepared to commit itself to equalization payments on a bigger scale than this—I repeat that this distinction in the bill is arbitrary.

If one were to take the view that the increase in oil prices is the result of an international disturbance of short duration, then one might be justified in feeling that this is not really an arbitrary decision; to recognize these higher oil prices for purposes of equalization would involve a great deal of confusion, inconvenience and hardship. But there is no indication that they are not going to last; in fact, the more appropriate assumption is that higher petroleum prices are here to stay or are here for a long time at least.

So the bill does involve a significant departure from a pretty fundamental principle of the concept of equalization as it has developed through the years, that is, that all provincial revenues be included for purposes of equalization. Therefore, any premier who argues against this bill can properly argue that it does represent a departure from the principle which has been established. The only answer anyone would have on behalf of the federal government is that he would have to admit it is arbitrary; but he would have to say it is necessary to make this arbitrary decision.

I say it is arbitrary. I think the original method the Government of Canada had of getting out of this difficulty was also arbitrary, because the suggestion was made a year or so ago that if the oil and gas producing provinces put the revenue from petroleum, not into the revenue account but into some kind of capital fund, that would not count for equalization purposes. Surely that is not only an arbitrary position to take but one which would be very difficult to defend, because revenue is revenue for a province and a province which receives revenue does not change it into something else by putting it into a particular account. It may not choose for its own purposes to regard it as revenue but it is, in fact, revenue.

As it turned out, while this seemed to be the line along which the various governments were working a year or so ago to avoid the equalization difficulty this bill is intended to take care of, that did not work; but if it had proved to be workable, it too would be pretty difficult to justify in terms of the principle upon which equalization concepts have been developed through the years.

One thing I find very strange about the present position of the federal government is that for many years the premier of Alberta, Premier Manning, used to argue at federal-provincial conferences which I attended—and perhaps long before I attended them—that the revenues which the provinces received from the sale of oil lands and rights, for example, and the revenues the province of Alberta received in the form of royalties from oil and gas ought not to be regarded as revenue—not in total, at least—because they come from a depleting asset. What is striking to me is that in the days when Premier Manning of Alberta was putting forward that kind of argument, he received absolutely no sympathy from the federal government; yet when it became not only inconvenient but a very serious matter for the federal government to regard

[Mr. Stanfield.]

all revenue from petroleum as provincial revenue, the federal government did not hesitate for a moment to completely reverse its position.

I think it is worth making that point, Mr. Speaker. Just as the Minister of Finance completely reversed himself on the subject of tax indexing when it suited his purposes, this government has completely reversed itself over a period of years with regard to provincial revenue from petroleum being regarded in fact as revenue. It really makes one wonder how seriously one should ever take any argument put forward by a federal minister of finance or any other federal minister on these concepts, because there have been very striking instances in which the federal government has completely reversed itself and the results flowing from these changes in the position taken by the federal government are of great significance to the country.

I do not know just what confidence the Minister of Finance in Canada can have today that any provincial treasurer or any provincial minister of finance is really going to take seriously any conceptual argument put forward by the Government of Canada. I do not know how a minister of finance of Canada can expect a provincial treasurer to have anything but skepticism at best, and cynicism at worst, about any conceptual argument put forward on behalf of the Government of Canada, because there are instances—I have mentioned two; no doubt I could dredge up others—where the federal government has reversed itself and completely changed its position when it has become convenient and profitable to do so.

I think these points are worth mentioning. This perhaps relates to morality to some extent. Perhaps the people should be as worldly as successive ministers of finance seem to be when it comes to looking after the interests of their own government. Perhaps I should not be surprised by this tendency of the Government of Canada to reverse itself, in view of some of the conditions which seem to exist in Canada where practically everyone is under investigation for one kind of fraud or another. I am not suggesting that the Minister of Finance is engaged in any such conduct, but I urge upon the minister—who is not here—and upon members of the government that if they expect the Government of Canada to be taken seriously, if they expect the financial concepts put forward by the government to be taken seriously, they have to pull up their socks and stop reversing themselves every time it suits their convenience to do so and every time it suits the federal treasury to do so.

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In view of the vast increase in the revenues of the petroleum producing provinces and the consequential vast increase in federal expenditures that would take place in equalization unless the law were changed, I wonder whether it would not be more honest, more conceptually defensible, to review the traditional attitude toward provincial revenue as far as petroleum revenue is concerned. Would it still not be better to go back and look at some of the questions raised by Premier Manning at some of the meetings to which I referred?

I realize that that principle would not just be confined to oil but might also apply to other non-renewable