

Petroleum and Gas Revenue Tax Act

screwed up, it was my fault. I made a dumb move". Now, we all accepted that, why can't you guys? They wanted to go to the polls. With the Social Credit Party and the Government there was a one-seat margin, that was unsustainable. He came in with a housing tax credit and went to the people, and the people felt about him the same way they feel about the present Government. It is time to get rid of it. If you called the vote today you would not be sitting on that side of the House. Unless some of you guys start standing up and speaking out on behalf of Canadians and against the Prime Minister and the Cabinet and the direction they are taking, you are going to go the way of the 1979 Parliament. You are going to be a memory around here and a picture on the wall. I would be glad to continue, Mr. Speaker.

Mr. Speaker: Resuming debate.

Hon. Lloyd Axworthy (Winnipeg-Fort Garry): Mr. Speaker, this is an interesting paradox. We are here debating a Bill whose time has passed. Outside in the world around us the whole structure of the oil industry and oil pricing is shattering into pieces. The whole premise upon which the Western Accord was built has not been totally erased. Oil prices have now dropped something like \$7 in the past three weeks, \$5 billion worth of revenues have been lost, and as a result the basic philosophy that was contained in the Western Accord is under severe and total disruption.

Here we are in Parliament debating a Bill which is going to put in place a structure that is already obsolescent, that is no longer relevant to the conditions of the oil industry and the conditions faced by Canadian consumers. It is perhaps a prime example of how the machinery of Government grinds slowly. In this case the machinery of the Government has become totally immobilized, frozen in its tracks. The reason is that the ideological basis upon which the whole Western Accord was built has now been totally challenged. Like all good ideologies, the Conservatives are incapable of being able to adapt to new conditions. They are frozen and immobilized in the cast of their own preconceived thought and therefore can no longer adapt or change or respond to new conditions.

As a result, we are being faced with a policy that is being put in place that in fact will be running counter to the economic vitality and growth of this country. Just look at the PGRT that was defended just a moment ago by the Member from Calgary. I want to quote to you an article which just recently appeared in the Western Economic Review. I guarantee you, this is not a magazine that is put out by any Liberal source. It is called "Macroeconomic Impact of the Western Accord". It was printed in the fall, 1985 volume. It said:

The 1990 federal deficit will be \$3.9 billion higher than it would have been otherwise as a result of the elimination of the PGRT.

I would guess that, since this Government was elected to office that about a million times, maybe two million times we have heard the Minister of Finance (Mr. Wilson), the Minister of State for Finance (Mrs. McDougall) and the Prime Minister (Mr. Mulroney), plus every Conservative Member of Parliament and I do not think there has been one who has not said

that the primary objective of the Government of Canada is to reduce the deficit. Is that not what all of you have been saying? Once we get the deficit down, unless we get our economic machinery in order, the economy will not thrive. That is your stated objective. The number one single objective of the Conservative Government was deficit reduction. If you look at the economic analysis, the cumulative loss from 1985 to 1990, according to a very objective economic analysis of the macroeconomics, based upon the proper forecasting method, will be \$12.2 billion. I quote again from page 105 of this article which reads:

The net cumulative loss for the federal Government is \$12.2 billion between 1985 and 1990.

It may come as a matter of some surprise—

Mr. Speaker: The Hon. Member for Calgary West (Mr. Hawkes) rises on a point of order.

Mr. Hawkes: I am having trouble following the speech. Could he tell us what is price assumption there for a barrel of crude so we can follow that argument?

Mr. Axworthy: Mr. Speaker, I would be glad to submit this article to the Hon. Member so perhaps he could start his education at some point of time.

The fact that we are trying to make—

An Hon. Member: Education both ways.

Mr. Axworthy: Some people I know are beyond retraining, but those of us who are Liberals always have an optimism about the basic flexibility of human nature, so there is always hope for the Member from Calgary.

• (1210)

The fact is that the primary goal established by the Conservative Government is being totally contradicted by this Bill. The Government is countering its stated goal of reducing the deficit by eliminating the PGRT in the way it has been done.

Let me deal with a further point made in the same article to which I had referred. It is pointed out that in addition to the net loss of revenue coming from the total elimination of the PGRT, the imposition of new excise taxes will add an even further burden to the economy. The article indicated that the excise tax offsets the impact of the Western Accord in terms of whatever employment stimulation or growth potential there might have been. I believe those are facts that should be taken into account.

We cannot measure the effect of the Western Accord in isolation. We must measure it in relation to the substantial increase in excise taxes that have been imposed on the Canadian consumer. This will reduce consumption and have a negative effect on employment. The Government's policies are running headlong into one another. There is no rhyme or reason to them, there is no symmetry to them. If we wonder why Canadians are losing faith and confidence in the Government, it is because they realize that the Minister of Finance and the Minister of Energy, Mines and Resources (Miss