

In connection with that, you talked about charging the true costs for energy, which include clean-up costs, damage-avoidance costs, and development costs, which have largely been subsidized by the taxpayer. Have you considered how we regain those true costs, which have been and will be borne by the Canadian taxpayers on our exports of energy?

Mr. Runnalls: No, I have not. That is something I have done absolutely no work on and genuinely no thinking about.

Mrs. Catterall: Are you aware of anybody who has? It seems to me it is not only grossly unfair but counterproductive to be recouping true costs from Canadians, who are one-tenth of the market that we are also supplying with energy.

Mr. Runnalls: I do not disagree with that. It is an area I have really no competence in whatsoever.

Mrs. Catterall: The second question, along the same lines, is that I am reluctant to deal with punishment as opposed to incentives. Above all, I am reluctant to impose punishment when the government is not leading by example. Mr. Fulton, I say that in a totally non-partisan way.

It seems to me that as the largest employer in the country, with, including all federal agencies, over half a million employees, the government could have a great deal of money to put into environmental concerns if it were simply to make its own operation as energy efficient as possible.

I accept the idea that we already have a substantial carbon tax and it does not seem to be doing the job. So I am not sure that is the best direction to go in. I also have extreme difficulty with the government starting to provide licences to pollute, which to me is what emission permits are.

I would appreciate some of your thinking on the more positive steps that could be taken. For instance, it seems to me to make more sense to put money into energy conservation, with the resulting savings from that, than to look in the other direction.

Mr. Runnalls: Yes, I agree with that. I think there is a real danger that this whole debate can be turned into a kind of punishment of certain sectors of society for "misbehaving" in particular ways. There are plenty of incentives available in the cupboards of finance ministers to induce particular sectors of society to behave in particular ways. We do it all the time. If one of our goals is to reduce carbon dioxide emissions or encourage more efficient use of energy, there are lots of carrots that can be offered. I would suggest the carrots are much more likely to encourage the kind of technological change that needs to take place in the utility industry, for instance, than beating people over the head with a heavy stick all the time.

I am not sure I agree with your analysis of tradeable permits. There is a tendency to say yes, these things are simply licences to pollute. If what happens with the use of tradeable