

*Income Tax Act*

cant part by removing the financing of petroleum compensation payments from general government revenues and putting it where it belongs." It always belonged with the consumer, like every other thing.

It is only one particular group or class of producer in one area of the country, in one industry, which is getting it in the neck. All I say is that if oil were a commodity produced in Ontario or Quebec, we would not have the situation we have today. The government would not dare to annoy that group of taxpayers. But for Alberta and Saskatchewan—it says, "Give them the boots", and that is all it has been doing, but with an increasing danger. Once again, there will be a decline in revenue from income tax for the year 1980. There will be a decline in corporate income tax, both from foreign oil and oil supply firms and those hundreds of Canadian oil and oil supply firms, the activities of which will be considerably curtailed during this next year or two years even if the government's energy policy were to get back on the rails. It will be a repetition of what happened in 1971 and 1972.

● (1620)

The hon. member for Bow River (Mr. Taylor) will remember when he was a minister in the Alberta government how revenues for that province dipped very seriously as the result of the—

[Translation]

—manipulations—

[English]

—is what I would call it—

[Translation]

—mere manipulations—

[English]

—of so-called bright people dealing with a subject about which they knew nothing. At the time the director of research for the Royal Commission on Taxation admitted that they had not gone into the consequences of their proposals with regard to natural resources. I heard him admit that in the amphitheatre in the Banff School of Fine Arts at a public conference or seminar involving the oil industry. That man barely got away that day with his skin, and he certainly did not get away with that action in the literal sense.

In the same way we have so-called smart individuals in the Department of Energy who are playing around in a theatrical way and devising an energy policy which is doomed to failure from start to finish. The industry and the outside commentators are against the policy, and we see it everywhere, but there is no critical assessment being made by the government. The provinces involved—British Columbia, Alberta and Saskatchewan—are absolutely flabbergasted. I predict that there will be a drop in corporate and personal income tax revenues for this year as the result of the energy policy by over 5 per cent in total. There will be a loss of 30,000 jobs in 1981 in those three provinces as a result of this policy. We are not talking about crossing sweeper wages. We are talking about people who are earning good solid wages and salaries the year round. We are

talking about Canadian companies which are successful and which are a credit to the ingenuity and get-up-and-go of our Canadian businessmen.

We are in this situation because those people who are fussing around with the energy policy, from the minister down, do not know the difference between twelve o'clock noon and twelve o'clock midnight when it comes to the operation of the oil industry. Fools let abroad is what it amounts to. That policy will have nefarious results in so far as income tax is concerned. For example, I can refer to the most recent sale of leases which took place about ten days ago. This sale involved a mere \$8 million when it should have been \$80 million, but nobody is investing. Forty drilling rigs have gone, there are 100 more lying idle, and there will soon be another 100 more lying idle as the programs wind down and no new programs replace the old ones.

When one looks at this matter one feels like weeping. I will have many other opportunities to come back to this topic. The government ministers who are responsible, the Prime Minister (Mr. Trudeau), the Minister of Finance (Mr. MacEachen), and the Minister of Energy, Mines and Resources (Mr. Lalonde), will have their noses rubbed into it very hard.

I have one other point I would like to make with regard to those three ministers. It concerns the government's policy with regard to the values of Canadian equities on the stock market. The day after the Minister of Energy announced his policy, he boasted that the market had opened strong and that there had been no deleterious effect as the result of his statement. By nightfall, it was readily calculated that over \$600 million had been lost on face value by Canadian companies in the oil industry. That loss has continued and has not been recovered.

The policy is to Canadianize the industry. It would seem that the Canadianization is to take place through depressed stock values. If these men were financiers or operators in the stock market, they would be charged with deliberately manipulating the market in order to acquire stocks at depressed values as the result of the stories they spread around. These ministers deliberately acted to rig the market. But we are watching that darling of the government, Petro-Canada, which will use the dollars of Canadian consumers, raised through the imposition of a tax on a barrel of oil, to raise a fund in order to acquire interests in oil companies. It is there. However, that goes somewhat beyond this bill, and for that, Mr. Speaker, I excuse myself—but it is there.

One of the characteristics of this bill which bothers me is the absence of any real relief from capital gains tax. I oppose capital gains tax except when it is levied in a certain, limited way, only if it could not be levied in a different way. I do not like the concept of capital gains tax at any time. Capital gains tax was introduced in response to so-called land profiteering. Under the income tax law at the time, anyone who sold land as a matter of a business venture, and that involved more than just selling one lot, whatever profit he or she made was deemed to be income because it was a venture and, accordingly, it was taxed. The royal commission sat for a long time and brought forward a report with a loud voice. The government pondered,