

*Oral Questions*

oil products. I can inform him that this tax is already refundable to farmers in Canada and has been for some years. Farmers across Canada have benefited from this provision for some time. I may say that farmers in the Prairie Provinces in particular have been benefiting very substantially. Earlier this week, I gave the House the figures for these refunds, according to province. I think that in Alberta, Saskatchewan and Manitoba, average refunds amounted to between three and four million dollars per year for the farmers concerned. Therefore, the excise tax is already refundable.

• (1120)

[English]

## FERTILIZER TAX

**Mr. Gordon Towers (Red Deer):** Madam Speaker, the Minister of Finance is either misleading the House or does not understand the situation. Ninety dollars per ton on fertilizer, which is approximately one-third of the cost, is the result of the federal excise tax. If the Government would relieve the agricultural producers of that tax, then they could at least break even. At the present time they are losing money. What is the Minister of Finance going to do about it?

[Translation]

**Hon. Marc Lalonde (Minister of Finance):** Madam Speaker, it was interesting to hear the Progressive Conservatives who all want to cut taxes while at the same time complaining about the extent of the deficit. Not that I am very surprised at hearing Progressive Conservatives speak out of both sides of their mouths, but I do think they should co-ordinate their strategy in this respect.

The Hon. Member is aware that the Government levies taxes on all Canadians in order to finance Government programs that assist all Canadians. I think the Hon. Member is aware of the very substantial contributions made by the Canadian Government to agriculture, for the benefit of farmers in this country. If he looked at the figures, he would realize that the programs established by the Canadian Government have been very beneficial to farmers in this country, and I would ask him to look at the balance between the debit and credit side in this respect. He will see that the Government of Canada is giving very substantial assistance to farmers across Canada as it has done for years and will continue to do.

[English]

## PETROLEUM COMPENSATION CHARGE

**Mr. Geoff Scott (Hamilton-Wentworth):** Madam Speaker, my question is also directed to the Minister of Finance and refers to today's Statistics Canada figures. The good news is that the inflation rate is down. The bad news is that prices are up. A big component of that is Government administered prices, especially in the field of energy. Given that the gasoline price wars are over and that an increase in the price of oil coming through at the pumps on March 1 will probably show an even more significant month-to-month increase in the rise of inflation in March over February, can the Minister assure

us that he will remove the petroleum compensation charge and give consumers a break at the gas pumps?

**Hon. Marc Lalonde (Minister of Finance):** Madam Speaker, under the agreement that we have with the Government of Alberta, the petroleum compensation charge is the amount that is necessary to cover the price of our imports compared to the lower price that we charge Canadians for oil in this country. That amount is required in order to finance the lower price of oil that is charged to Canadians. Under the agreement with Alberta we are not supposed to run a surplus on that account. The tax will be only the amount that is required to pay for the difference between the Canadian price and the international price. That tax has been provided for under the agreement with Alberta. If for any reason that tax were to generate a surplus, obviously there would be a reduction in that amount.

As long as the Canadian price for oil is lower than the international price, obviously there will be the necessity to pay for that compensation, and the petroleum compensation charge is raised for that purpose. As well, it helps Canadians to buy that oil at a lower price than the international price.

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## THE ECONOMY

## FEDERAL RESTRAINT PROGRAM—DISCUSSIONS BETWEEN FIRST MINISTERS

**Mr. Geoff Scott (Hamilton-Wentworth):** Madam Speaker, I have a supplementary question for the Prime Minister on the very important subject of inflation. Did the Prime Minister discuss the long-term outlook for inflation with the Premiers when he met them this week? Given that if there is a recovery coming, it is going to be slow and steady but it has to be consumer-led recovery and that as people begin to feel better about inflation they may feel so good about it that they may slip back into the inflation soup again, did the Prime Minister discuss with the Premiers the termination date for the six and five program, or a more long-term possibility of price restraint?

• (1125)

**Right Hon. P. E. Trudeau (Prime Minister):** We discussed the subject, Madam Speaker, but from the point of view of the particular question the Hon. Member is asking there was no discussion of what happens after the six and five federally. I made it quite clear that our six and five had been applied, that the legislation had been passed, and that in fact we were down below six if we looked on an annualized basis at what happened since July 1 last year. We have been successful to that extent.

The concern we all expressed—I would think every Premier and myself—was that inflation could return if Canadians do not understand the danger of assuming that inflationary