that the price is not coming down because the government is the greatest cause of inflation in the nation. What it has done now, having caused inflation, is to tie its tax grab to the inflationary spiral it has created. Beyond that, it has then gone to the public and announced that prices tomorrow will be higher than prices today.

We know the effect of that kind of inflation psychology. It drives the prices of products out of the reach of the ordinary Canadian. It has the effect, naturally, of influencing the ultimate cost of money. Interest rates have skyrocketed. Despite the fact that today they may have taken a brief dip—and I hope it is not the kind of dip that occurred last year which was followed by insurmountable increases, and presumably we will not be bereaved of those high rates for some time—the fact of the matter is that as a result of increasing inflationary pressure, interest rates will and must rise. It is illogical to ever assume that the investor, whoever that investor may be, the bank or the individual, is prepared to lend his or her money, in the case of the bank its money, at a rate of return which is less than the rate at which the money is being eroded by inflation. With an inflation rate of 13 per cent, it is unrealistic to expect interest rates at 10 per cent.

As a matter of fact, if you really analyse what is occurring, in the event that a lender is in the 50 per cent bracket, a rate of interest at 18 per cent will result in a net return of 9 per cent, and inflation is eating away at the equity of a loan at the rate of 13 per cent, so the loan in fact will result in an annual loss of 4 per cent in terms of the real value of the capital amount of the loan.

Interest rates have to be tied to something more basic than what the government has suggested, that is a direct connection with the U.S. rates, having regard to the fact that every Thursday we have been artificially manipulating interest rates in Canada through the purchase of treasury bills.

● (2100)

Those prices have, in large measure, been influenced by a determination not to permit the Canadian dollar to decline at a rate which would startle the public into realizing what a horrendous mess the government has made of the economy of our country. The real value of the dollar should not be sustained as a consequence of interest rates but, rather, through the value of the product itself and, like any other commodity, if it is in demand, as it should be, instead of being something which is sold off to acquire another product in a foreign currency which may produce a higher interest rate—if it is, accordingly, in demand for some other purpose than for the generation of interest alone—then that commodity, that dollar, will be sought after and have an intrinsic value. How can that intrinsic value be established in the massive amounts which are required for the purposes of today's economy? It is very clear that the most effective and direct way by which this can be done is through the development in western Canada of our gigantic resources which will contribute to our energy requirements.

Why am I dealing with that issue now? Very clearly, because this delightful piece of legislation has the very opposite effect. It has a provision with respect to a special royalty imposed against the generation of energy revenues, a special tax not based upon profit but, rather, upon recovery of an amount. It is a gross tax, a royalty tax, new and special and designed, I say, to retard development which is essential not just for that part of the country but for the whole nation.

Accordingly, I submit that the only way we can avoid the economic calamities which are caused in our country as a direct result of high interest rates is to attract Canadian investment into an area which is absolutely vital. Those dollars, once tied up in plant and machinery, not only in that part of the country which will ultimately use it but also in that part of the country expanding its economy in order to produce the goods which are needed, will not be available to flee the country in search of a higher interest rate in the United States or elsewhere but will be used for the purpose of generating, as genuine equity, the kind of energy production that is required and vital to Canadian needs.

I was interested in the fact that this ad valorem concept which is built into Bill C-57 has not gone unnoticed among the general public. I had occasion to meet with a constituent who is astounded and offended by the fact that this government would introduce a piece of legislation designed to preclude Parliament from examining on a regular basis the tax structure of the country. I had thought that that kind of consideration was one which might arouse the ire of people in this House and might generally concern some theoretician who likes to examine parliamentary history, but it appears that that is not the case. People are genuinely concerned about the protection of their rights, and they look to this House to protect those rights. They look to the members of this House to undertake that task and lead the way so that other governments, be they provincial or otherwise, come to recognize that the public is not asleep. The public is not prepared to have its rights trampled upon. I refer to those rights which historically have been the foundation of our very being here and the very foundation of the system which we currently enjoy. Accordingly, it is appropriate that we direct as much attention to this issue as we can, hoping—and I am concerned having regard to the way in which the government has responded in the past—to make them realize that something fundamental and wrong is being perpetrated upon not only the system but also the people who live by it and suffer from it.

If I may just return for a moment to the issue of the detrimental effect of the resource royalty tax of 8 per cent upon the general economy of the nation, I might add that I find it extremely strange to learn that the Minister of Energy, Mines and Resources (Mr. Lalonde) is about to prepare the public for another increase in the price of petroleum products at the pump. He is telling us now that we shall shortly be paying an additional two and a quarter cents a gallon to be added to the two and a quarter cents a gallon we have already paid for a total of four and a half cents a gallon. The reason is that Alberta is reducing its oil production by another 60,000