

enormous amounts of public expenditure. It involves energy regulation, appliance efficiency standards and so on.

We could get a certain amount of the way for relatively little cost to the public purse and I suspect enormous benefit in terms of the efficiency of Canadian industry. As Jim MacNeill pointed out yesterday, we are relatively inefficient users of energy. The relatively efficient users of energy are the people who have achieved the most in terms of carbon dioxide reduction. They are our principal competitors, Japan and Germany.

I think we can go a certain degree down the road at either minimal cost to the public purse or even at some advantage. The real work needs to happen now as to where that cut-off point is. In all of these things I suspect it is a bit like pollution control, whereas Mr. Caccia will tell you from his experience as minister that you pay x dollars to get 97% of the gunk out of the water, you may then well pay two times x to go from 97% to 99% and three times x to go from 99% to 99.9%.

I am sure there are similar thresholds in the carbon dioxide removal business and there are lots of things we could do tomorrow about reducing carbon dioxide emissions quite dramatically that would not cost the public purse a lot of money and that would not cost consumers a lot of money. In fact, they might save quite a lot of money.

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The real work we need to do is on establishing where the break is between when these things make economic sense in the current context and when we actually have to begin to change the ground rules to make them make sense in terms of taxes or subsidies or inducements or whatever particular policy mix you choose to use to persuade people to make that choice. I also agree with Mrs. Catterall that the way to do it is incentives; it is not penalties. We are not going to turn a whole bunch of people into sort of carbon dioxide criminals in this process.

That is not an adequate answer to your question because that leaves aside a whole bunch of other public policy questions about how much money government should spend, doing what for the environment. I would not want to be a politician at the moment trying to make those choices, because what the public wants is a clean environment and there is no sense of the relationship between that and costs, and between those costs and other expenditures of public funds.

We have just done a study of the Great Lakes state of the environment at our institute. One of the most frustrating parts in trying to arrive at any of the public policy recommendations is that there is not any real consensus that we could determine among people who live in the Great Lakes basin about how clean an environment they want, and how much it is they are prepared to pay for it in terms of higher prices, higher taxes, or whatever.