

provincial revenues and on federal-provincial economic relations. We will deal with that when those motions are before us.

I want to agree profoundly with what the hon. member for Red Deer (Mr. Towers) said about the effect of the natural gas tax on agricultural costs, on the problem of inflation, and in particular the impact on one group of producers, the co-operative producers.

The illusion of government policy, both with respect to interest rates and higher prices for natural gas, is that somehow these policies will combat inflation. How often have we heard the Minister of Finance (Mr. MacEachen) say that high interest rates are necessary in order to combat inflation? If we look at what is going on in the agricultural industry in Canada today and if we speak to farmers, no matter what commodity they produce, we can see that policies which force them to cut back production because they cannot afford to continue will reduce supplies. Any policy that reduces supply will have a disastrous effect on the price of fuel in Canada. The writing is on the wall, Mr. Speaker.

Recently I talked to beef producers in the province of Ontario and to the Ontario Federation of Agriculture. When they are asked what will happen to beef supplies in this country as a result of interest rates and the pricing policies of the government, they have plenty to say. In the years to come we will find out what is going to happen. It will not take long for that cycle to come home to the government. We should take note of this, Mr. Speaker—the matter was raised today in the House, as it has been raised in the past. If policies are introduced which have the effect of restricting production, that is a recipe for inflation out of control. The writing is on the wall, clear as day. We can see the effect on concentration; we can see the effect on the destruction of the family farm; we can see the effect on reducing competition and income security in agriculture because of the interest rate policy. It will have an effect on inflation as sure as the sun comes up in the morning, Mr. Speaker.

Try as it might, there is no way that the government can convince the farmers to continue production flat out, and to continue investment flat out, when they are paying 23 per cent, 24 per cent or 25 per cent for the money invested in their operation. For the government to claim that that kind of policy is anti-inflationary is a bogus argument, it is nonsensical and it is discouraging to the forces of commonsense in this House.

Quite apart from the interest rate policy, Mr. Speaker, we have the additional fact that the increases in the price of natural gas, which are a result of the government's taxation, are having a dramatic effect on the cost of fertilizer. The hon. member for Red Deer questioned the logic of this. The cost to the farmer is increased across the board; the cost of financing of fertilizer and items absolutely essential to his production is increased. As a result, the farmer either buys less, in which case he produces less, or his productivity increases less, he goes out of business or he passes the increased costs on to the consumer; otherwise he cannot survive. I do not see the logic of this, Mr. Speaker.

Excise Tax

I have never accepted the principle, nor has this party, that the price of natural gas should be arbitrarily tied to the price of oil. Nor have we accepted the principle, which I will come to later when I talk about the PGRT, that it necessarily makes economic sense for the federal government to increase its take at the expense of the consumer or at the expense of the producer, simply in order to gain revenues. When you come to the items of principle, the items of grand policy, such as the PGRT and the export tax, there are basic divisions of opinion in this House over that policy. One does not always expect the government to move. We have had a number of these items going through.

• (1730)

There was a very detailed, practical presentation from the Alberta Federation of Gas Co-ops. They made a very specific presentation. They came in with their bills and showed us how much it cost. They showed what the revenue was and what their collection pattern was. They came to the government with a very simple, basic request.

They do not like the tax and do not want to pay the tax. However, they are law-abiding citizens and as long as the tax is legal, they will pay it. All they are asking for is a little bit of time, in this case 90 days, so they will not have to borrow from the bank in order to pay the government. This is co-operative enterprise. They are making a simple request for time. Just as with the artists, to all the requests, the ones that are reasonable, the ones of principle, which cause a division in the House of Commons and on which one does not always expect the government to move, items big and small, the government has one response, no.

I hope the minister has an explanation for the gas co-ops in Alberta that makes a little more sense than the explanation he has given us at this time. The convenience to the government is what is primarily and obviously fundamental. The concerns of a group of people who are not trying to make a few bucks but simply trying to face the problem of being asked to pay money they have not yet collected are not important to this government. They are being asked to pay revenues for the use of gas which they have yet to collect themselves. It is a sales tax on sales which have not yet been collected. It is the equivalent of that. It is like asking a manufacturer in the province of Ontario to pay a tax on goods which he has not yet produced. That is the illogicality of what the government is asking the gas co-ops to do. I would have thought it more reasonable for the government to say it will give them time to collect this money and then they can pay after it is collected. They are not asking for unlimited time; they are asking for 90 days.

I thought the government would see the wisdom of not causing undue and unnecessary hardship to taxpayers who are prepared to pay a tax even when they object to it strenuously. They are prepared to be law-abiding citizens. All they want is a little understanding of what goes into making their industry. As is so often the case with this government, it does not care what goes on in the working of any particular industry. All it is