

The Budget—Hon. John N. Turner

10-per-cent surtax is estimated to yield \$150 million. The combined effect of all these measures on federal corporate income tax collections this fiscal year amounts to an increase of \$790 million.

Excise Taxes

Mr. Speaker, I now turn to other sources of revenue. I have already made considerable reference to the energy crisis with which we struggled this past year. All of us have become more conscious that we need to economize in our use of energy, particularly petroleum. I propose a measure which will make some contribution to this end.

Effective tonight, a special excise tax is to be introduced on high-energy consuming passenger cars and other types of energy-consuming vehicles. This will include large, heavy cars, high-powered motorcycles, privately-owned aircraft and large power boats. The tax will yield the federal government an additional \$10 million of revenue in 1974-75.

I have stressed that one of my requirements in this budget is to raise in revenues an amount at least equivalent to the tax reductions I will propose shortly. It seems to me that an increase in the tax levied on liquor and tobacco is an appropriate source to look to for some increase in revenues. Specifically, the proposed changes, which come into effect tonight, will raise federal levies on cigarettes, cigars, tobacco, spirits other than beer, and wine other than cider, by approximately 15 per cent. This measure will yield the federal government an additional \$100 million of revenues in fiscal 1974-75.

These increases would be implemented by a number of measures, details of which will be found in the Ways and Means Motion.

THE PROGRAM AGAINST INFLATION

Mr. Speaker, I have explained that the fiscal framework needed for this period is one that maintains about the same level of cash requirements as last year. I have described how I propose to raise additional revenues. I now wish to outline how these revenues might be applied within such a framework to finance measures which best round out and reinforce our policies to deal with inflation.

Measures to Increase Supply

The first element in our strategy against inflation has been and continues to be the expansion of supply. The central features of that policy have been in place for some time. Our fiscal and monetary policies have been designed to bring the economy up to full capacity growth. We have taken measures to increase the capability of the economy to produce efficiently the goods and services which are needed. This not only increases our production capacity, but it also creates remunerative and satisfying jobs, relieves shortages and reduces costs. The reduction of taxes on manufacturing and processing is clearly bringing about just such a massive increase in capacity.

Further, as part of the agreements reached with respect to oil, the governments of the producing provinces will channel substantial funds into the encouragement of exploration and development. The National Petroleum Corporation will serve the same objectives. In facing the growing need for electrical energy, we have announced a

[Mr. Turner (Ottawa-Carleton).]

major program of federal aid for inter-regional transmission lines. We are also well-launched on a nation-wide policy of support for nuclear power plants, utilizing the highly successful Candu reactor, developed by Canadian science and technology under the aegis of the federal government.

Wide-ranging measures have already been taken to assist and encourage farmers and fishermen, with assurances that they will be able to market their increased production at fair prices. In this regard the government will undertake further major financial commitments under new farm stabilization measures to be introduced shortly and, of course, the House has just recently approved important measures to increase the effectiveness of the Farm and Fisheries Improvement Acts.

My colleague, the Minister of Agriculture (Mr. Whelan), will also be introducing extensions to the Farm Credit Act to enlarge the flow of capital investment in food production. One amendment will increase the total amount of federal loans available for expansion and improvement of agricultural output to well over \$2 billion. Moreover, special provisions will be proposed to make it easier for young farmers to purchase farms and get into the business on their own. Last year total lending activity by the Farm Credit Corporation more than doubled to some \$400 million in loan approvals. For this fiscal year, the corporation's capital budget will jump again to well over \$500 million.

Later, when I deal with tax reform, I shall be proposing an important measure of relief for small businesses to encourage them to contribute further to the increase in supply.

The over-all fiscal and monetary policy proposed in this budget, by providing for adequate over-all demand, will ensure that new output of goods and services will flow on to the market in as abundant a volume as the economy is capable of producing.

● (2050)

[English]

Measures to Hold Down Particular Prices

The second element in the strategy against inflation is to dampen down the prices of particular products where this is feasible. Here, the government has already adopted a number of measures. The most important of these has been the holding down of domestic oil prices to about 55 per cent of the international monopoly price. Subsidies have also been provided on bread and milk to help all Canadian consumers. The Food Prices Review Board has been focusing public attention on pricing and marketing practices in problem areas. Powers are being sought to enable the government to deal with particular cases of profiteering. In my last budget, I eliminated the sales tax on children's clothing, all remaining food items and non-alcoholic beverages, and certain other products. Tariffs were also reduced on a wide range of consumer goods.

Tonight I propose to remove the sales tax on all clothing and footwear. Clothing and footwear account for a significant proportion of the budgets of most families and this action should significantly reduce the prices of these products. This measure will affect about \$5 billion in family