

### *Excise Tax*

they say a reduction in the provincial share and the relationship between the provincial, federal and producers share will be changed far more dramatically by this than the Minister of Finance (Mr. MacEachen) has suggested in the national energy policy released on budget night. I do not know the answer to that question, but I do know there are conflicting stories and conflicting figures. I say to the minister that the effect will be significantly different from that set out in his budget.

● (1440)

There will be a reduction in the ability of certain provinces to provide for their future. The relationship between the federal and provincial governments will be affected because of a serious difference as to what the impact of their share will be. This clearly has to be resolved in committee.

Our party would have preferred an income tax measure which would allow the government to discriminate between Canadian and non-Canadian companies as they said they intend to do in order to increase Canadianization. We would have preferred to see the federal government deal with the problem of excess royalties at the provincial level in a more imaginative way than has been evidenced so far.

After suggestions from our party and the official opposition last week, the minister agreed to establish a committee. We do not know whether that committee will deal with the very large provincial surpluses and how capital surpluses can be recycled. That is a fundamental question which the minister did not deal with in his budget.

I come back to one point. The 8 per cent tax the government has put on is an excise tax, just as the 18-cent tax was an excise tax. On the night of the Crosbie budget, the present Minister of Industry, Trade and Commerce (Mr. Gray) expressed concern about the effect of an excise tax on Canadians. It fell equally on those able to pay and those less able to pay.

It increased the costs for workers who have to drive, through no fault of their own, 20 miles to work rather than use public transportation. That creates inequality. That is what is wrong with relying too heavily on the excise tax system for government revenues. There are certain problems inherent in it.

At the time of the Crosbie budget, we suggested the way to get around that was with a cost of living tax credit. The Crosbie budget included an energy tax credit, as the hon. member for St. John's West (Mr. Crosbie) does not hesitate to remind us every time he gets up on his feet. The effect of the energy tax credit put forward by the Conservatives was minuscule because it was going to be delayed. Its introduction was to be phased in so the over-all impact would not have been felt for some two years. It would have in no way compensated for the price increases and the excise tax proposed in the Crosbie budget. It was clearly stated in the projections.

We know what the effects of the energy price increases will be. They will be even more serious if the government reaches an energy agreement with the producing provinces. We know what the impact will be of further OPEC price increases.

Energy costs will rise substantially. Contrary to the position taken by the Minister of Industry, Trade and Commerce, the government has consistently taken the position that it will not recycle its surplus from the production of oil and gas in the form of an energy tax credit.

If I understand correctly, the surplus will be essentially used on what the minister calls the supply side. The government will use it for the economic development envelope. I simply say with regard to the supply side and the demand side that you have to walk on both legs.

The differential impact as a result of oil price increases which are part of the government's budget will have a strong impact on lower-income people. The effects will be felt in a discriminatory way by people who through no fault of their own have a low income and must pay high energy costs. If this is allowed to continue, the government is betraying the fundamental image it presented to the Canadian public at the time of the Crosbie budget. The government is saying let bygones be bygones and look to the future. It is not going to recycle this money in the form of a cost of living tax credit, energy tax credit or whatever it might be called. The principle is the same.

The government is limiting its ability to provide a greater degree of fairness. It is limiting its ability to provide the growth in the economy which will be necessary so that Canadians can buy the capital and consumer goods on which the minister is concentrating all his efforts in the economic development envelope.

I realize the policy options we are putting forward have been rejected by the government. The minister will not stand up on this Friday afternoon and say that he will change the policy because he has decided to recognize the wisdom of the opposition. However, I say to the minister that there is a fundamental contradiction in what the government has done. It rejected the Crosbie budget because it provided for an excise tax. However, it has put on an excise tax which will have a much more serious effect on consumers, provincial revenues and the relationship between the federal and provincial governments than the Crosbie budget.

The government has refused to introduce a cost-of-living tax credit which would recycle some of the surpluses that have accrued in order to provide some equity between the supply side and demand side, the social policy envelope and the economic policy envelope. For those reasons I believe the government is missing an opportunity. Rather than being the source of federal-provincial conflict, it could produce a greater degree of unanimity. As I said on other occasions, we cannot go into every budget facing a constitutional crisis. We cannot go into every economic decision with such tremendous hostility between the producing and the consuming provinces. An agreement between the producing and consuming provinces and the federal government is essential for the future of this country.

The federal government must show leadership and concern for the consuming provinces and the consumers of Canada. Energy costs have been rising. It is not only the cost of gas, but