

*The Budget—Mr. Gray*

The only result of these higher taxes on gasoline and the higher prices for gasoline and fuel oil will be to lower the standard of living of Canadians. They will have to cut back on what they are now spending for food, clothing and shelter for themselves and their families, in order to heat their homes adequately, in order to be able to continue driving to work to keep their jobs, if they still have jobs, once this Conservative hard times budget goes into effect.

**Some hon. Members:** Hear, hear!

**Mr. Gray:** The Conservatives, I suppose, will now point to their refundable energy tax credit as a way of cushioning the unfair blows of these high energy prices and high excise taxes. These credits will not cover all the additional cost. They will clearly cover only a part of it.

The maximum credit for a family of four is estimated in the budget statement as being \$220, and that is after two years. Last night I put on the record information about the impact of these high energy prices and high excise taxes on typical families across our country. In all cases the extra costs are far in excess of the value of the credit. For the typical Canadian family there will be, on the average, an additional annual cost of \$381 for heating and transportation, far more than the tax credit.

[*Translation*]

Mr. Speaker, these raises in the excise tax and the cost of gasoline and heating oil will be too hard on lower and middle-income Canadians. For example, the average Quebec dairy producer and his family will pay \$800 more because of this harsh Conservative budget which will lead to depression and recession in the province of Quebec and in the whole country.

[*English*]

This tax credit that the Conservatives have proposed will not be paid to anyone until the spring of 1981 and, at that, only half of it can be claimed at that time. Millions of lower and middle-income Canadians will have to get by somehow, paying the higher Conservative energy price and the higher Conservative excise taxes for at least a year and a half, before they get any part of that credit. They will have to get by somehow for more than two years before they get all of it, just the full amount proposed for one year. In the meantime, they will have to take money away from needed food, shelter and clothing for themselves and for their families, necessities which are going up in cost anyway because of the impact of the higher oil prices and higher excise taxes on the cost of manufacturing and the cost of production.

It is likely that many Canadians will have to go into debt, borrowing at the Conservative high interest rates from finance companies and the like in order to get by until, at the very least, they can have that limited, almost illusory relief from the Conservative energy tax credit. Canadians will find this promised tax credit to be an empty promise, a non-existent promise for at least the next two years.

Last night I said the combination of the high excise taxes on gasoline and the higher energy prices for both gasoline and

[*Mr. Gray.*]

fuel oil is the equivalent of more than a \$5 billion increase in taxes for Canadians, an increase falling especially hard on lower-income and middle-income people. I said last night it is the equivalent of a more than 14 per cent increase in direct personal taxes, like a 14 per cent increase in the combination of both income and sales taxes.

I have since had some further calculations of this done. I now say that, contrary to what I put on the record last night, there is an even more severe impact. I am informed that the household sector will pay a \$2 billion net increase in taxes from the higher excise taxes on gasoline and the other excise taxes proposed. To this one must add the additional \$5.9 billion consumers will have to spend for petroleum products and natural gas, higher prices for them that are a result of the Conservative policy set forth in the budget last night. As a result, consumers will be out of pocket a total of an additional \$8 billion in the fiscal year 1980-81.

**Some hon. Members:** Shame!

**Mr. Gray:** Therefore I would like to correct my estimate of last night. I want to say instead that, compared to 1979 direct taxes, the impact of the higher Conservative excise taxes and the higher Conservative energy prices for 1980-81 is equivalent to an increase of 39 per cent in federal personal direct taxes—39 per cent more, Mr. Speaker!

**Some hon. Members:** Shame!

**Mr. Gray:** Even after allowing for the mortgage interest tax credit plan, this will still represent an increase of approximately 30 per cent. That is bad enough, but for those people who do not benefit from that tax credit plan, and most Canadians will not, it will be the equivalent of a 39 per cent increase in federal direct taxes, probably the largest single increase for individuals in the last 30 years.

That is from a Conservative budget, the largest single increase in taxes on individuals since the war, or perhaps even further back than that excluding the difficult period of the second world war. The increase is even larger when you add in the higher premiums imposed by this Conservative budget for unemployment insurance on individual workers. All this reduces purchasing power. It weakens the possibilities for consumer spending.

The government says in its budget it wants to strengthen business confidence. The confidence of business will not be very high when it sees that the result of the Conservative budget will be to cut back on consumer spending drastically. Business confidence will not be very high when it sees that the results of the budget will also be to increase unemployment by at least one per cent next year. This means some 100,000 people without work as a result of Conservative policy.

These 100,000 people will be out of work in addition to those out of work already, people without regular income to spend. The Conservative policy as admitted in the budget documents will have the effect of reducing the gross national product by one per cent next year and increasing inflation by