

hard to get verification, but this would not be possible with a large number of other categories.

● (2050)

What verification would a doctor be able to provide that he used a car for a certain number of miles and was entitled to exemption on a certain amount of gasoline? The same can be said of a salesman, lawyer, or any grocery store. Most of the small restaurants in Ottawa run a Cadillac or other large car with a little sign in the window advertising take-out orders. Although take-out orders are not supplied by using the Cadillac, the Cadillac is written off for income tax purposes.

It is bad enough that the government is cheated right there, but how is the minister going to verify that such a businessman does use an automobile legitimately and that he can claim a rebate? When it comes to the farmer, or fisherman, or worker who drives 75 or 100 miles to work, it will be fairly easy to verify the amount of gasoline used. Driving from one community to another in the course of one's job presents no difficulties of verification for the employer, since he would know the licence number and so on, and the mileage could be calculated. You could even go one step further and calculate so many miles to the gallon regardless of the kind of car driven. In that event there would be no cheating.

An hon. Member: You want to establish a bureaucracy.

Mr. Peters: Someone says I am establishing a bureaucracy. Let me tell the House I was very impressed last week by the bureaucracy that the government has established, because National Revenue sent me a bill for \$1,100 for income tax owing. I sent them off a cheque for \$1,100 and what did they do with it? They applied it against 1975 and sent me another bill indicating I still owed them the money. If we are having trouble of that sort I do not know what trouble we are going to have with John Smith's rebate when trying to decide how much he is entitled to under this legislation.

I am sure the minister would agree that it is not hard to say that a man driving 50 or 100 miles to work every day will get 20 miles to the gallon. Workers do not like to be cheated, and they do not like to cheat themselves, and if a worker's car only gets 15 miles to the gallon then he will quickly change it for one that gets 20.

Many members have intervened in this debate on behalf of the working class of the nation and have spoken about the exemptions or asked the minister to remove the tax, which would certainly by far be the least costly. I think the minister will agree with me that his half a billion dollars will not even exist once it has gone through the bureaucracy. I am reminded very much of the Ontario government which at one time imposed a 3 per cent sales tax, and then after it had been in operation for a short time found it cost three cents to collect the tax, and so raised it to five cents. Although they still had the three cents expense they did get two cents out of it. Then they wanted to get three cents and so they raised the tax to 7 per cent. Now they have removed it until after the next provincial election.

The minister talked of equalization between east and west. He agrees that the former Prime Minister, the right

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hon. member for Prince Albert (Mr. Diefenbaker), was right in establishing the Ottawa valley line.

Mr. Boulanger: You mean the Borden line.

Mr. Peters: Well, whatever you call it. I am talking about the line that comes through Ottawa to Montreal. Everything east of that belongs to the east, and everything west of it belongs to Alberta.

Either the minister did not give much consideration to the real problem of equalization or he decided to follow Eaton's and Simpson's and their approach to east and west. If he were to deal with equalization properly, the man who goes to work at Glace Bay should pay the same for his gasoline as the man who works at Leduc, or for that matter in Toronto. The price of gasoline in Toronto should be the same as that in northern Ontario. I can assure the minister he would get much more flak if people in Toronto were paying 86 cents a gallon for gasoline. I suggest there is no equalization. The minister knows full well the ten cents tax will not equalize the price.

The minister put an export tax on a fairly large volume of oil that was being shipped south of the border, and that did provide some equalization. But this tax revenue has now shrunk to the point where we are paying almost \$1 million a day compensation payments to keep the price at the refinery the same in eastern Canada as in western Canada. The federal government even so will only get about 90 cents out of the new price, whereas the oil companies will get considerably more.

The minister does not seem to be able to communicate very well with the provinces. Two elections in the last few months have been fought on his back, those in Alberta and Saskatchewan. Now the Ontario election is going to be fought on his back as well. As a federalist I am not happy about this. I do not think it is good for confederation, and it is certainly not good vis-à-vis the extent to which the federal government has to depend on the provinces for co-operation. The minister has applied the ten cents at the wholesale level, but by the time it gets to the pump it will be more like 12, 13 or 14 cents.

● (2100)

If the normal markup takes place in northern Ontario, the increase will be considerable. With this ten cents tax in Ontario we are now paying 19 cents provincially and 20 cents federally. This means that we are actually paying 39 cents without buying any gasoline. The last time I was involved in negotiations with major oil companies on the price of gasoline, the price was 39 cents. It has gone up considerably since then, but we are imposing a 60 per cent increase on the price, and it seems to me that this is not the way to accomplish a number of things which the minister should be trying to accomplish. One of those things is equality. The minister should be able to provide that equality in pricing all across the nation so that people will pay the same amount for the product no matter where they live.

In their speeches one or two of the minister's colleagues indicated that they live in more remote areas and that gasoline is a necessity in those areas. I am sure the minister agrees that, whether we use the budget method of