

Excise Tax Act

what it will do to a truly democratic and free election. Canada would then be socialist in everything but name.

What is really needed, I feel, is a set of realistic long-term guidelines. This has been conspicuously absent in this proposal. The function of government in promoting Canada's economic growth is to encourage and create initiative and incentive to operate for the good of individuals in society, and to ensure that the Canadian economy will serve the common good of all Canadians. It is necessary to combine economic growth, price stability, taxation equity and regional development. This would not reject the need for government control or participation in specific areas. However, it would require that the state not stifle the ability of Canadians to make their own decisions within the framework of social order and economic justice. It needs imaginative government action, directed toward the potential of people themselves, to put the economy on a sound footing.

Sound personal thinking and government rationale are apparently quite different to this Liberal administration. I believe that is exemplified in this bill in respect of the ten-cent excise tax on gas. This legislation will do nothing but steal ten cents from the Canadian consumer for every gallon of gasoline he or she uses, and will create a bureaucracy to administer it. The budget proposals announced by the Minister of Finance (Mr. Turner) amount to a 15 cents increase to motorists and a 20 per cent increase in the cost of home heating. This will generate almost \$2 billion in additional revenues; but, once again, most of these funds go to governments, not to expansion of the energy supply. All of the ten-cent excise tax on gasoline will go to Ottawa, and five-sixths of the \$1.50 increase per barrel of oil will go to the producing provinces and the federal government.

This grab will have severe repercussions in Canada and will add considerably to the consumer price index. It will damage our tourist and recreation businesses and will hit particularly hard at the auto industry and its more than 100,000 employees just as it begins to recover momentum. The Minister of Finance referred to new realities but in my view ignored completely the important old realities of jobs, economic growth and price moderation. No energy policy can be responsible when it undermines the livelihood of so many of our citizens.

The Minister of Finance professed restraint on federal spending. This is a cynical illusion. In each of the last two years there have been runaway increases in federal spending of almost 30 per cent, which have directly fueled inflation. Now that the damage is done, we are told that Ottawa intends to exercise restraint. Some restraint! Instead of the 15,000 additional civil servants originally planned for 1975-76, only 12,000 will be added to the public payrolls this year, at a cost of \$150 million per year. Real restraint would call for zero growth in the public service. Instead of increasing the payroll by \$150 million, such a 3 per cent cut would have saved \$150 million, thereby avoiding the need for the ten-cent excise tax on motorists.

On June 24, 1975, Mr. C. J. Clark, president of the Canadian Automobile Association, stated that his association, representing 1,250,000 Canadian motorists, views the government's announced increase in gasoline prices as inequitable and excessive, requiring immediate re-exami-

nation and revision. The association requested an immediate meeting with the Minister of Finance to review this alarming imposition. This increase places an unjust direct taxation on all private motorists and creates an added hardship for the majority of motorists who are in the lower and middle income groups. This excessive gasoline price increases appears to be an unjustified move to increase government revenue at the expense of those who can least afford it.

The Canadian Automobile Association urged the federal government earlier this year to participate in a joint program of voluntary conservation of gasoline to avoid the necessity of more drastic measures. Imposing excess taxation under the guise of energy conservation, and forcing motorists to utilize public transportation, is unacceptable. With 85 per cent of all passenger trips in Canada undertaken by automobile, and the majority of Canadians requiring their transportation to and from work, it is impractical to force Canadians to use public transportation by imposing economic sanctions. The majority of vacation travel is by automobile. Excessive taxation will decrease tourism revenues in Canada. This increased tax will force Canadians either to cancel vacation travel plans or change their intention to travel in Canada; they will travel to United States destinations. Tourists from the United States will be discouraged from travelling in Canada.

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Is it not inequitable that the federal government should place a direct taxation of this magnitude on private motorists, while excluding other forms of transportation which consume petroleum energy? In closing, let me once again state that the government will receive the bulk of this money, none of it will go toward exploration, and it is a fallacy for us to believe that they are concerned about conserving our energy or finding new energy sources.

In Toronto, the president of Gulf Oil Canada stated that he is distressed and concerned at the fact that the new federal budget completely ignored the root cause of the current crisis in the oil industry, which resulted from governments taking almost all of the increases while leaving little or nothing to the industry to spend on increased exploration. No matter what sort of face the government will put on, the important thing for the public to realize is that none of the funds resulting from the new ten-cent per gallon excise tax on gasoline or the \$1.50 per gallon on crude oil will go to the oil companies for exploration. The excise tax may have some effect in reducing consumption, but the sad truth is that Canada cannot conserve enough to ensure adequate supplies for the future. That can only be accomplished by a vigorously stimulated exploration program. It is unfortunate that this government is trying to create the illusion that the budget will increase exploration. It is also regrettable that as a smokescreen the government is doing its best to pin the blame for these increases on the industry. But now that the public is being affected personally, they will be more aware of where their money is going.

I should like to come back to the statement I quoted earlier, a statement made by Lenin which I find to be very truthful, that the way to destroy the middle class is to crush it between the grindstones of taxation and inflation.