

Excise Tax Act

While Progressive Conservative members in this House and those of the Ontario legislative assembly pay lip service to the need for conservation, they do the same when speaking of the need to face the considerable expenditures required to find and develop new sources of oil. They would have us believe that, regardless of circumstances, we can face those needs without increasing the price of the oil we burn, without altering our consumer habits.

[English]

The hard realities are very different. They were well expressed in a recent speech by the energy minister for Ontario, Dennis Timbrell, before the Toronto Building Superintendents' Association on June 17, 1975, even though they stand in sharp contradiction to the position of the Ontario government. These are his words:

It must be increasingly apparent to all of us that energy is too rare, costly and precious to waste. I will go further: I hold the view that if as a world community—particularly the industrialized world—we fail to adjust our use of energy and accept the shift in our lifestyle that may be implicit, within a decade or two changes in lifestyle will be irresistibly imposed upon us. And those changes may be ones that we like less than the alternative that is still our option.

Mr. Timbrell underlined the urgent need for Canada to develop new coal and petroleum reserves to replace depleting existing supplies. He pointed out that the first and most obvious consideration "is that the cost of producing energy from these sources may be very much higher than the costs we tolerate today. In other words, wasting energy may become a much greater relative cost to society."

I said a moment ago that the contention of the Leader of the Opposition that the oil subsidy be covered by general revenues also raised other important considerations. Since he referred to the already tremendous deficit, and the word "tremendous" is his, faced by the treasury in the current fiscal year, I can only conclude that he was not suggesting we should add further to that deficit to cover the oil subsidy by adding still further to our cash requirements. Was he proposing that we should cover the deficit through an increase in personal income or other taxes? Presumably not, since his party has contended that personal income taxes should be cut even more than I proposed in the budget of last November. Where would he get the money?

● (1610)

By the way, on the matter of using the personal income tax to finance a national oil price, instead of a personal user tax, surely there would be inherent inequities in imposing a personal income tax increase against millions of Canadians who do not drive a car, a tax which would have no effect on conservation. Surely a tax on personal consumption only is a fairer method, particularly when reinforced by a progressive tax increase imposed against higher income groups in the same budget. Taking the two taxes together—the increase in the tax at the \$25,000 level and over, and a general excise tax on gasoline—you have a strongly progressive current.

[Translation]

This seems to be summed up by the repeated statement of Progressive Conservative spokesmen that we could still reduce income taxes by millions of dollars and, moreover,

[Mr. Turner (Ottawa-Carleton).]

considerably trim down our cash requirements by simply cutting the ruinous and wasteful expenses of the government.

As a matter of fact, these are the very words used during this debate by hon. members of the Progressive Conservative Party. Nothing could be more sarcastic or hypocritical than that futile attitude.

The truth, Mr. Speaker, is that despite their repeated criticism against the level of government expenses, they have not yet indicated one area in which, according to them, substantial cutbacks in public outlays should be affected. On the contrary, no day goes by in the House, as can be witnessed in *Hansard*, without a Progressive Conservative or other member rising to urge the government to spend more in one area or another. Even though the Progressive Conservative leader and his colleague the hon. member for York-Simcoe (Mr. Stevens) emphasize everywhere the need for cutbacks, they are the ones who complained most when I announced in the budget the government expense cutbacks. They are all in favour of cutbacks as long as they do not deprive or disturb anyone.

As I mentioned earlier, Mr. Speaker, the Progressive Conservative leader insisted that oil subsidies should not be funded through an excise tax on gasoline because it would be a source of grudges between eastern and western provinces. Other groups oppose the implementation of the excise tax because of its regressive nature. The same argument could of course be used against any increase in oil prices at any time and in any circumstances, which is a good indication of the fallaciousness of that argument. One has to be totally unrealistic to imagine that we can forever maintain fuel prices at levels very much lower than in other countries of the world, foster fuel use through a low price policy or even gather the vast resources we need to make up for our dwindling energy supplies.

I nevertheless acknowledged in the budget that the more privileged taxpayers would have to shoulder an even greater share in the funding of national programs than they do now, because of the incidence of our progressive income tax system. This has been achieved by lowering from \$750 to \$500 the maximum deduction under the federal 8 per cent abatement.

[English]

I fully realize, as some have pointed out, that the establishment of the excise tax on gasoline for personal consumption and the increase in the base price of petroleum can have adverse effects on inflation and growth. As I emphasized in the budget, we had to seek to strike the best possible balance of policies to deal with related but conflicting problems of inflation, slow growth, and prospective energy shortages. In our judgment the levying of a gasoline excise tax to meet the cost of the oil subsidy and encourage increased conservation will better serve the longer term interest of Canadians than any alternative course open to us to follow.

The bill also proposes increases in the air transportation tax. These increases are necessary to offset heavy deficits in airport construction and operation, and to reflect the general policy that those who benefit most directly from facilities provided by the government should help pay for them.