Let us consider what the minister proposes with regard to changes in financing the unemployment insurance fund. This is one of the most regressive and outrageous proposals with which any government and any parliament has had to deal. Up to the present employers and employees have absorbed the cost of the Unemployment Insurance Commission's initial benefits in administration, with the employer rate being 1.4 times the employee rate. The government's share was confined to the benefit cost for extended benefits as well as the excess costs of initial benefits that were due to a national unemployment rate greater than 4 per cent.

The new proposal will change the level at which additional government contributions are figured from 4 per cent to the last eight-year average. As the minister pointed out, had this formula been in operation in 1975 the bench mark for federal contributions would have been 5.3 per cent rather than the present 4 per cent. A bench mark for 1976, under the new scheme, assuming an unemployment rate of 7.5 per cent for 1975—it will be probably higher than that—will be in the neighbourhood of 5.8 per cent. If the unemployment trend continues in 1977 as it has the last year or two, we will see the bench mark rising to 6 per cent.

At the time the Unemployment Insurance Act was last revised, the then minister of labour, the present Postmaster General (Mr. Mackasey), explained that the 4 per cent unemployment level was, if not the acceptable level, at least the normal historical average. He argued then that the obligation of the government to provide additional funding to the plan when unemployment exceeded that level would act as a strong incentive for the government to work toward full employment.

Under this new plan, the government is abdicating its responsibility for bearing the cost of unemployment and in a very real sense is placing a much greater share of the burden on the backs of the employed workers and small businessmen. There have been charges in this House and outside that there are large numbers of people ripping off the unemployment insurance system. I have not accepted that, but let us assume that some people are ripping off the system. What the minister is now proposing is not that those people who are ripping off the system be penalized, oh no: what he is proposing is that the hundreds of millions of workers who take their work seriously—

Mr. Paproski: Old people.

● (1250)

Mr. Orlikow: —older workers, people who have worked consistently over the years and people who may never have made a claim under the unemployment insurance plan, are the people who will have to pay higher premiums. It is not surprising and it was not an accident that just before the Minister of Finance came to that portion of his speech on Monday might, the Postmaster General walked out of this House. He should not have walked out of the House: if he had the courage of his convictions he should have resigned from the cabinet.

Some hon. Members: Hear, hear!

[Mr. Orlikow.]

Mr. Orlikow: Let us now consider the tax on gasoline which the Minister of Finance has proposed. It is interesting that the minister made this proposal at a time when the Minister of Energy, Mines and Resources (Mr. Macdonald) was not in the House; he was out of the city. The Minister of Finance made a proposal which, in hearings before the committee which deals with energy some months ago when the question was raised about a tax on gasoline, the Minister of Energy, Mines and Resources rejected as government policy. With this proposal the Minister of Finance wipes out what had been government policy up to now and initiates a new policy. In a budget which is supposedly designed to combat inflation, this is a measure which can have only one effect, and that is to aggravate the inflationary pressure on the economy without in any way cushioning the impact of higher prices on low income Canadians and depressed regions.

The increase in the wellhead price of oil from $6.50 to $8 per barrel which the minister announced will add over $1 billion to the cost of domestic oil. It will have a substantial impact on industrial and transportation costs, with ramifications which will be felt throughout the Canadian economy. The increase of $1.50 per barrel and the ten-cent per gallon increase in excise tax will increase the consumer price index by about 2 per cent in one fell swoop; and this in a budget which is supposed to be dealing with the sharp increase in the cost of living.

The increase will mean a rise of five cents per gallon in the price of both gasoline and home-heating oil. Those who heat their homes with oil will pay an additional $50 or so in the next heating season. For car drivers, the increase in the price of gasoline of five cents, coupled with the new excise tax of ten cents per gallon, will mean an increase of 15 cents per gallon, for a national average of around 85 cents a gallon for regular gas and a yearly increase in cost to the average motorist of about $75.

Let me pause for a moment to point out what I hope is an anomaly which the minister did not think of and which I hope is not a deliberate policy. Here, again, we see that the proposals of the minister are weighted in favour of those who have, and against ordinary citizens. The minister has said that this excise tax of ten cents a gallon will be paid by those who use gasoline for pleasure. A spokesman for his department has said that people who use their cars for business and who are now permitted to deduct, as an income tax deduction, expenses incurred in the pursuit of business will be able to deduct that percentage from the excise tax which they pay in the course of the year. Someone opposite is shaking his head. He should check with the Department of Finance and the Department of National Revenue.

Who are these people? They are businessmen, self-employed and others; they are doctors, lawyers and architects. The Department of National Revenue told me today that a professional man can claim as car expenses the operating expenses of a motor vehicle, that is, licence fees, insurance, ordinary repairs, gas, oil, grease and service charges. He may also claim a major accident repair if the accident occurred when he was on business. In addition, a person may claim capital cost allowance—that is, depreciation—on his car. This is also prorated between personal and business use. He must keep a record of his