

*Excise Tax Act*

As the minister is proposing it, a man who earns \$50,000 will pay exactly the same additional amount to drive his car a certain number of miles as the man who earns \$6,000. If personal income tax along with corporation taxes were used as an alternative method of financing this scheme, then at least the upper income Canadians would be paying more in taxes than the average Canadian. There is no justification in equity for the means which have been selected to raise the additional funds to which the minister has referred.

I wish to deal now with the legitimacy of the increase itself. I do not deny that part of the increased bill is justified. But I do raise serious questions as to whether the amount running into hundreds of millions of dollars to which the minister has referred is justified. Two ministers of the Crown have now admitted that there might be something less than ethical behaviour going on among the oil companies in terms of the prices they are charging not only Canada but other countries.

Cases in Nova Scotia and the United States suggest that the oil companies have been artificially raising costs by means of paper transactions. This involves perhaps dishonestly charging the people of Canada more than they should be paying for the products they are importing on the east coast. In Nova Scotia it was found in the course of court proceedings a couple of years ago that Imperial Oil owned a Bermuda-based company by the name of Albury Limited. That company bought oil for the east coast of Canada through an Exxon subsidiary, and then sold it to Imperial Oil in Canada. By coincidence, of course, Imperial Oil is another Exxon subsidiary, and the price at which it was sold by one subsidiary to another carried a considerable mark-up. Surely it is legitimate for us to raise questions about a pricing procedure of that kind, and surely it would have been better for the government to have carried out a thorough investigation of the activities of multinational corporations in this field before introducing the kind of legislation we find before us.

I understand that the particular practice to which I have referred has been stopped, that is to say, the Bermuda—Eastern Canada—Exxon triangle relationship.

**An hon. Member:** That's the one we know about.

**Mr. Broadbent:** Yes. The question is: how many don't we know about? How many are still being practised not only by the Exxon Corporation but by Gulf and the other major companies? We all know that the Minister of Energy, Mines and Resources (Mr. Macdonald) has caused his officials to embark upon an investigation into practices of this kind. That minister has, indeed, an obligation to conduct his inquiries with despatch and get the information back not only to his cabinet colleagues but to all hon. members, and thus to the people of Canada, so that we may form some idea of what is going on among the oil companies in terms of pricing policies.

● (1710)

There is another minister who is involved in taking steps to stop not only the oil companies but the multinationals in general from using a variety of tax loopholes to escape legitimately imposed taxes in Canada. I refer to the Minister of National Revenue (Mr. Basford) and to certain

[Mr. Broadbent.]

public statements he made on this subject a few weeks ago. Again I suggest it would have been more appropriate for us to have had before us his specific proposals, based on information that he or his officials gathered, regarding what is inappropriate behaviour. It would have been good to have the information before us before we debated this particular piece of legislation.

So we have two ministers who have implicitly acknowledged that they had serious suspicions about the wrongdoings not only of the oil companies but of other companies. In particular, we know that in the specific case of Exxon and Esso they have been caught making inappropriate price decisions.

Another point to be made is that prior to the government's embarking upon a compensation payments program for oil imported to the east coast, 60 per cent of this imported oil came from Venezuela and 40 per cent from the Middle East. Now, for some very mysterious reason, we import 60 per cent of this oil from the Middle East and 40 per cent from Venezuela.

The people of Canada have a legitimate reason to wonder why all of a sudden these multinational corporations, which operate both in Venezuela and in the Middle East, have decided to import more oil from the Middle East than they used to before the compensation payments were introduced. Would it be entirely inappropriate for us to speculate that the reason for this has a lot to do with the fact that the compensation payments they receive on importing oil into Canada by one route are higher than importing it by their traditional route? I think it is at least worth looking at this kind of transfer of shipments with a good deal of care to see whether the Canadian people are being rooked, are being ripped off by the oil companies, with the active connivance of the Liberal government.

I should like to deal with the minister's argument about conservation in about 30 seconds, which in fact is giving it more time than it deserves. The minister suggested earlier, and repeated this afternoon, that imposing a special excise tax will encourage people to drive less. That is, of course, absurd. The Leader of the Opposition, as well as myself in earlier comments, made the point that the vast majority of people who drive in this country have no option; they must use gasoline unless they want to quit work and collect unemployment insurance, and I am sure the minister would be unhappy about that. His whole conservation argument is a cynical device to delude certain people into supporting this otherwise unjustified piece of legislation.

The minister knows full well that the principal purpose of the legislation is simply to raise additional revenue in a highly regressive way. The minister seeks to dress it up by providing a spurious kind of conservation argument, an argument that is totally without foundation. Let me give the House a piece of statistical evidence to support that statement.

Apart from the fact that people have to drive to work, if the minister would check his own statistics, or get statistics from his colleague, the Minister of Energy, he would discover that between 1971 and 1975 there was a very substantial increase in the consumption of gasoline for automobiles, precisely at the time when we had the largest increase in the price of gasoline. To use technical jargon, there is very little price elasticity in gasoline used for