

some of them were of benefit in terms of increasing jobs, the Government could have found many other uses for that money in terms of special recovery.

The cost of the federal tax increase alone is approximately \$2 billion over the four years. That figure is derived from the economic statement "A New Direction for Canada". It is a new direction all right. According to the Member for St. John's West, the new direction is down. This tax will increase the recession and will in fact remove hard-earned dollars from the pockets of consumers which could have been used to increase demand.

A Statistics Canada report indicates that in the second quarter of this year our manufacturing sector was operating at only 72 per cent capacity. Therefore, why is the Government dampening demand? I challenge Conservative Members to tell us what great benefits we will get from dampening demand, increasing unemployment—according to the Member for St. John's West—and prolonging the recession. I have difficulty understanding why the Conservatives fight against measures such as these when they are in opposition but are suddenly converted into Liberals when they are on the government side.

● (1150)

The second major component of Bill C-17 is in terms of the telecommunications programming services tax. I look forward to hearing from Conservatives in the House as to why this is such a progressive measure. Again it comes from the Liberal Budget of April, 1983. It imposes a 6 per cent sales tax on television cable rental, pay television and movies shown on television in hotels. Why do the Conservatives find this to be so progressive? I do not recall their promoting it, particularly during the campaign. I know they will allude quite quickly to the suggestion that some of this money will go to assist independent producers, but the cost of this tax will be some \$55 million per year.

The third main component of Bill C-17 is the wholesale tax for motor vehicles which comes from the February 15 Liberal Budget of this year. Apparently this tax is introduced because the sales tax burden on domestically-produced automobiles is higher than that for imported vehicles, because the tax is imposed on the manufacturers' price for domestically-produced vehicles and at the imported price for those vehicles which are brought in from offshore. In essence, this will cause all automobiles to be taxed on their sale price to automotive dealers. As Japanese and European cars are often imported at much less than their wholesale value, this will cause an increase in their sales price from about \$100 to \$200 relative to North American produced cars.

Rather than deal with the whole automotive question in terms of getting vehicles with all the research and development design done offshore in Europe, Japan or elsewhere in the world, rather than encouraging through direct negotiations with those countries to get the R and D and the automotive production in Canada, again the Tories are taking an approach which they opposed while in opposition. The cost of that will

be about \$10 million per year according to the February 15 Budget Papers.

The fourth point was touched on by my colleague, the Hon. Member for Kamloops-Shuswap. It is one for which I have been fighting since I was first elected in 1979. It deals with the removal of sales tax on diesel fuel for farmers, fishermen, loggers and miners. It is intriguing that the Conservatives are not spending a little more time focusing on what has really happened. A few moments ago a Liberal Member pointed out that in many areas of Canada the increase in fuel costs is greater than the rebate. It is a bit of a shell game to introduce a rebate which is in fact less than the increase. In fact, loggers, farmers, fishermen and miners will be paying more for their fuel than they were before the Conservatives were elected, that is, including the rebate.

It has taken some time to get Conservative Members on the government side to agree in principle that the rebate paper process should take place at the bulk plant rather than individuals doing it at home, keeping various meticulous records and basically working for hundreds of hours per year for the Government in doing the paperwork. I hope the Conservatives ensure that that kind of a process is in place right across Canada, that the actual paperwork for the rebate is done at the bulk plant, and that this is not foisted off on independent logging truckers, skidder operators, fishermen and everyone else. It would be much more reasonable and responsible for that to occur at bulk plant operations.

This measure will remove the sales tax on diesel fuel sold to those groups as long as it is not resold for commercial purposes. The information on the lost revenue, at least to this point in the debate, has not been revealed by the Government. It is a measure which is sensible, particularly for northern communities. I can give some examples in my own constituency now where wood fibre is moved about 125 miles on rubber. That could be wood fibre moving down to Watson Island for the pulp mill or wood coming out of TFL-1 or out of the Buckley Valley for sawing in the mills. In terms of fishermen, I represent the largest single group on the Pacific coast. In an indirect way the rebate will be of benefit to them in that many of the larger fishing vessels on the West Coast gobble up 20 gallons per hour or more. I admit it is of benefit to them, on the one hand, but I should like to hear Tory Members explain why there is an over-all benefit to the Canadian economy, particularly to primary industrial producers such as farmers, fishermen and loggers where the increase is already greater than the rebate in areas such as the one I represent. I consider it to be a bit hypocritical that the rebate was not allowed to include the increase which the Government announced at the same time. They have done a little tap dance without telling the whole story.

The air transport tax is an interesting one to look at in terms of who gets the largest single increase. The tax is being increased from 8 per cent to 9 per cent with the cap now being \$30 whereas the previous one was \$23. Contrary to what the Hon. Member for Mississauga South said, most people in my constituency at some time or other have to move by aircraft.