

*Excise Tax Act*

cost of collecting that tax per unit is going up. I am sure hon. members will agree that the cost of collecting the tax on building materials has not reduced. The tax which is being collected has reduced as it has been cut slowly but surely, but the cost of collecting it has not gone down, and the percentage reduction of the cost of a new home will be so minimal that it will not be noticed. Certainly that reduction will not be reflected in the cost of a new home. If CMHC programs were more receptive to smaller homes and to re-using some existing housing, I think we would be in considerably better shape.

I wish to make reference to one final brief quote which has been brought to my attention:

A gilt-edged committee of the C.D. Howe Research Institute has called for a list of measures, headed by strict limits to growth in government spending, to deal with Canada's current economic difficulties—

The committee says there can be no easy or quick solutions to all the economic problems of Canada, but a start must be made now on a framework of longer term policies designed to strengthen (Canada's) productive capacities, competitive position, productivity and employment and to achieve greater fairness for lower income groups.

I suggest that the government has been tinkering with Canada's economy, and speaking strictly to the amendment, if we would use the time proposed in the amendment to consider the bill, and if some of the backbenchers would go home and listen to the complaints of their constituents, I think we would have an entirely different bill when we come back.

**Some hon. Members:** Hear, hear!

**Mr. James A. McGrath (St. John's East):** Mr. Speaker, I want to add my words of protest against this cruel tax which will weigh heavily on the people of Canada. It will weigh especially heavily on the people of my province.

In the province of Newfoundland at the present time, as a result of the imposition of this tax, the price of gasoline ranges between 90 cents and 95 cents per gallon. As a result of the increase in crude oil prices announced in the minister's budget and a further 5 cents per gallon increase, before the year is out we expect that a gallon of gasoline in Newfoundland will cost \$1. That is in a province which has the rather dubious distinction of having the highest cost of living as well as the highest rate of unemployment in the country.

We are discussing a bill to impose this tax—or to give the minister the statutory authority to continue to collect the tax, because the tax has already been imposed—in the midst of figures released by Statistics Canada just a week ago on July 11, showing that over-all inflation had increased by 1.5 percentage points in the month of June. That is a substantial and significant increase, one of the highest monthly increases during the past ten years. Incorporated in these figures was a 3.3 per cent increase in the price of food.

● (2020)

It is also significant that the government has introduced a bill to amend the Unemployment Insurance Act, the effect of which is to decrease the benefits payable to an earner with a large, dependent family. As well, the bill will provide for the elimination from the insurance rolls of old age pensioners. These are the two groups that are

[Mr. Ellis.]

hardest hit, the low income earner who has to pay cash for his food like everybody else, and the pensioner. These are the people who cannot write off the cost of gasoline on an expense account; they have to pay cash. These will be the two groups hardest hit, and they will be hit still harder if the government insists on imposing this tax.

Following on the heels of the consumer price index came the unemployment figures which showed a substantial increase. Canada today has an unemployment rate of 7.2 per cent; in my own province the month of June showed an unemployment rate of 17.9 per cent, a rate more than double the national average. It is also significant that incorporated in these unemployment statistics released just a few days ago are figures relating to the disproportionately high rate of unemployment in the young age group.

Young people coming on to the labour market following the commencement of the summer holidays in the universities and colleges are unable to find employment, and this, notwithstanding the millions of dollars pumped into the Opportunities for Youth Program. It means that these young people will have to go back to the universities and colleges in the fall under a severe financial handicap because they are unable to find summer employment. This group will be hard hit by this tax.

We should bear in mind as well the report of the Food Prices Review Board released in July. This is one of the special studies of the board on the prices of bread and fluid milk in Canada. An information bulletin released July 15 had this to say:

Substantial bread and milk price increases during the last two years appear to have caused considerable hardship for many Canadians, especially those with fixed and limited incomes—

At page IV of the report entitled "The Consumption of Bread and Fluid Milk in Canada", it states:

Comparing across families at differing income levels, it is clear that the absolute amounts spent on bread and milk varied little.

What the board is saying is that consumption of those essential items has not decreased. People still have to buy bread and milk. The report continues:

For example, a two-adult two-child family had roughly the same expenditure on bread and milk whether that family had an income in the \$2,000-\$3,999 range, or in the \$10,000-\$14,999 range.

Again, this tax will weigh most heavily on the low income earner who already has to spend a disproportionately high amount of his income on food, and who has to pay a disproportionately high amount of his income for essential food items like bread and milk.

What happened to the government, this same government that responded in the last parliament when it was struggling for survival and announced a special consumer subsidy on these two items? That consumer subsidy was rather inhumanely and cruelly withdrawn when the government returned with a majority.

The fact remains that what we are discussing tonight is a tax which will affect the low income earner who is already burdened with high food prices, which will adversely and cruelly affect the pensioner, the Canadian on a fixed income who has to watch his pension being eroded month by month by inflation. These are the groups that will be hardest hit.