

Excise Tax Act Amendment

Mr. MacNICOL: Would the minister permit a question?

Mr. ABBOTT: Perhaps the hon. gentleman would allow me to finish. Therefore, if we are to continue our exports to these countries, as I have said we must reduce our own consumption. One way of doing that is to use the fiscal method. Hon. members may differ as to that method, but it is a method which is generally recognized by economists and others of repute to be a proper and sound method of accomplishing that objective; and that is one of the weapons which the government has decided to use in this situation. That is one of the reasons this tax is being imposed. The list of articles selected, as I have said, includes articles which, speaking generally, are not the most essential. But, as I have said on other occasions, in the world as it is today we in this country are living beyond our means, not beyond what we can produce ourselves but beyond the means of our customers, and the purpose of this measure is as I have stated.

It is very easy to rise in one's place and criticize a tax measure. I know that. I know taxes are not popular. When these measures were brought in I was under no illusion that they would be popular, or that I would become a national hero because I brought them in. But I came to the conclusion, and the government came to the conclusion, that they were necessary if we are to continue to play our part. And that, I think, needs to be said.

Mr. MacNICOL: Now may I ask the minister a question?

Mr. ABBOTT: Certainly.

Mr. MacNICOL: I have not wasted much time in this house, nor do I usually ask foolish questions, but I should like the minister to answer this. As a means of cutting down our exchange difficulties, has the government considered the production of our own coal requirements, for example? We have the coal here; we have one-fifth of the coal in the world. Why was some move not made to produce Canadian coal to meet, the Canadian need, and cease importing the \$125 million to \$150 million worth of coal we bring in each year from the United States?

Mr. ABBOTT: That does not come within my particular field; it is more in the field of my colleague the Minister of Mines and Resources or the Minister of Trade and Commerce. I understand, however, that constant attention is being given the possibility of increasing the utilization of Canadian coal. On another question raised last night by my hon. friend in connection with our petroleum

[Mr. Abbott.]

resources, I think we are all tremendously encouraged by the success of the new field in western Canada, which bears all the earmarks of becoming a very large producer and which, I am told, will soon likely be able to produce enough to supply all the needs of western Canada. That will be a great thing; it will save millions of dollars in United States exchange and make us just that much more independent.

Mr. THATCHER: I should like to ask a question bearing on what the minister said a minute ago. He said this measure is intended to save United States dollars, and I think we can all agree with that. But he said the imposition of this excise tax was one way of doing it. Could we not have accomplished the same purpose by utilizing Bill No. 3, which we adopted two weeks ago, by putting all these things under a quota; that is, these parts for washing machines, refrigerators and so on?

Mr. ABBOTT: I am afraid perhaps my hon. friend did not follow what I meant by my reduction of consumption argument. I did say in previous speeches, in my radio address and others, that the end purpose we are trying to achieve would be defeated if we prohibited the importation of certain articles from the United States, such as motorcars, refrigerators and the like, and then allowed our domestic production to expand to fill the gap. I repeat, because it is the crux of this whole exchange difficulty we are in, that what we have to try to do is to re-create that over-all current account surplus as between exports, imports and consumption.

Mr. THATCHER: I am afraid the minister did not follow me. Could we not have rationed the parts imported from the United States? In other words, could we not have allowed in only so many parts for refrigerators, washing machines and so on? Would that not have accomplished the same end?

Mr. ABBOTT: But there is a substantial metal content in articles like refrigerators, such as copper and aluminum, which we can sell in export markets for United States dollars. I come back to this fundamental principle I am trying to explain. It may sound a little theoretical, but actually it is not. We must create again this surplus of exports over what we consume, a surplus of what we produce over what we consume. Otherwise we simply cannot continue to do our job.

Mr. ROWE: I have listened with considerable interest to the Minister of Finance, and I find myself in agreement with much of what he has said. I think we are all fully or at least