

*Excise Tax*

here. I have been here seven years and I do not know if the debates have always followed the route of logic.

At the dinner hour break I had been trying to make the point that Bill C-57 shifts the tax on alcoholic beverages in such a way that it changes the lifestyle of people. Figures indicate that the consumption of beer has decreased whereas the consumption of hard liquor has increased, and I am not so sure that is good for the country. My colleague, the hon. member for Bow River (Mr. Taylor) reminded me today that another factor enters into it, and that is that beer is really the working man's beverage, and he is right. A man does not come from the docks or the saw mill or the logging camp, and the fisherman and construction worker do not come off the job and go to the liquor store, and buy a \$12 or \$14 bottle of whiskey; they buy a six pack. So what we have here is another tax on the working man. If the government can find a way to tax the working man, they will find it, and this is a very important factor in this tax legislation before us.

Finally, the provisions on page 2, subparagraph 3 regarding the definition of a manufacturer or producer have some implications that seem at first to be innocuous but are actually fairly far-reaching. When one shifts the tax from the manufacturer and puts it on the wholesaler or distributor on products like cosmetics and so forth, I think two things can happen. I may have misunderstood the legislation and I would gladly hear an explanation from the minister on this, but it seems to me that we are changing the base of taxation because there is a manufacturer's price and a wholesale price. If you have a 9 per cent federal tax on the manufacturer's price of, say, a \$10 item, you have a 90 cent tax. The wholesaler is going to add his 40 or 50 per cent, which now makes it a \$14 or \$15 item, and the tax will now be \$1.40. I say there is a subtle shift here which provides more revenue for the government. Simply by changing the definition of a manufacturer, the government increases its income.

Second, it would appear to me that the cost of collection is going to be much higher. It is one thing to go to half a dozen manufacturers and have them collect the federal sales tax; it is another thing to go to all of the wholesalers and distributors and collect it from them. It seems to me that you increase the tax but you also increase the expense, and I am not too sure that the economics justifies the shift, but it appears that the consumer is going to be the loser because the bottom line is that the government will make that much more, which means inevitably that the consumer will pay that much more.

I really end with what I started with, that when the government brings forward a piece of legislation which is supposed to be a routine tax measure, in this case the excise tax, it behooves the government to look at all the shifts that take place.

I want to emphasize the cost that these provisions represent to the country in terms of human relations. There is no way in which the government can pretend to be Canadianizing the country with a national energy policy when the policy implications themselves tear the country apart. You can talk about Canadianization by buying out oil companies such as

Petrofina—and to me one of the most odious things about the policy is that the government now requires other companies to collect the tax to help support a competitor, which does not seem exactly right to me—but in buying out the other companies the government is going south of the border to use American funds to buy out existing companies in Canada and calls it Canadianization. There is no way the government can genuinely talk about Canadianizing an industry when in the process of doing so it brings about tensions in the country which have the potential of tearing it apart. I think, Mr. Speaker, at the outset of the debate we indicated there are possible serious repercussions from this legislation, and as the debate goes on I believe you will find there are many other issues that are going to impinge on the government. We will wait to see whether the minister was serious when he said before the committee that he will listen intently and be willing to introduce amendments that will prove to those witnesses who came before the committee that the government indeed is listening.

**Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain):** Mr. Speaker, my comments will be very precise on one section of these motions. Starting with No. 46 and going on to No. 51, my comments have to do with a subject known as gasohol which you have heard discussed before.

As this House probably knows, gasohol is now legal and encouraged in over 30 nations in the world. One nation, namely Brazil, requires it for all motor vehicles. Canada, however, has been lagging behind, and I am very pleased to support clauses of the bill dealing with gasohol, although of course they put it in words that are a little bit difficult for the layman to grasp. When you have a legal still on your farm or in your home you no longer call the product alcohol, you call it denatured spirits. Now if we get that point clear in our mind, then we see that the various clauses of this bill lay down the terms for having a legal still if you are producing denatured spirits. In plain English this means alcohol that you cannot drink.

These proposed amendments dealing with gasohol try to make the terms of this excise tax act workable. In dealing with the question of a licence, the bill says that a special temporary licence to encourage or engage in the manufacture of denatured spirits may be granted by the minister to any person. It must be obvious to any thinking person, Mr. Speaker, that if you are granted a temporary licence and later on you find its duration is for one year, you will not want to build a still. For all practical purposes, the still that we are talking about costs anywhere from \$4,000 to \$25,000. Now I have seen pictures of these stills. Because they are illegal in Canada, all it is legal for me to do is to look at them.

● (2020)

I think the type of still which will serve the purposes we are trying to achieve in this innovation will suit the average home or farm. If we look at the figures of the Department of Agriculture, we find that they calculate, for example, that on the average grain farm in western Canada there are approxi-