

*Excise Tax Act*

subject in a theoretical as well as in a practical way. In a sense, it does not matter in what form one raises the necessary revenues. They all have an undesirable effect and they are all, I assure you, unpopular. I do not believe hon. gentlemen opposite have made a case that this tax is any worse than other taxes that might have been imposed. The other day an hon. member opposite asked me a question about capital investment intentions. He noticed that there had been published by the Department of Trade and Commerce a report of capital investment intentions in 1963. I should like to draw to the attention of hon. gentlemen the fact that the report said capital investment intentions had been revised upward at mid-year by approximately 3 per cent. The hon. gentleman asked me whether those figures were going to be revised. I pointed out to him that I have nothing to do with this report except to publish it, but it was my opinion that the effect of the budget proposal now under discussion probably would be to raise those figures.

At that time, I heard some interjections from the other side to the effect that this was incredible. I should like to point out to hon. members an item that appears in this morning's *Gazette*, and which I think is probably closer to the truth about what is happening in Canada today than many of the things said by hon. members opposite. The article states that for the month of July building permits in the city of Montreal were approximately 35 per cent higher than in July of last year. I am not suggesting that 35 per cent is going to be the average, but what I do suggest is that hon. gentlemen opposite are being guilty at the present time of spreading unnecessary—

**Some hon. Members:** Gloom.

**Mr. Sharp:** Well, I will put it more shortly; they are being guilty of what we were often accused of, spreading doom and gloom.

I do not intend to keep the house any longer, Mr. Speaker. The issues before us are very clear. I believe that under the very difficult circumstances faced by this government when it took office on April 22, the budget brought down is a budget in the interests of the people of Canada and the particular measure now before us is one that ought to commend itself to hon. gentleman.

**Mr. Martineau:** May I ask the minister a question? In view of what he has just said concerning the investment survey and the government's intention, and in view of what he has quoted from the *Montreal Gazette*, I should like to read two articles from the same newspaper and ask him—

**Some hon. Members:** Order, order.

**Mr. Martineau:** It is up to the minister to answer if he wants to do so, and he seems to want to accept the question.

First of all, the *Montreal Gazette* refers to the fact that business spokesmen had said that the tax, that is the building materials tax, will inhibit expansion. Mr. John Meyer in the *Gazette* of August 1, 1963 had this to say:

Estimates of the total value of deferrals or cancellations of new construction and machinery purchases ran in excess of \$250 million when the tax was first introduced—

He is referring to the building materials tax of the June 13 budget. He said there may have been some reversals since that date because of the reduction in the tax, but they are small. He does state that investment planning and investment spending have been seriously hampered because of this tax. Will the minister comment on those observations?

**Mr. Sharp:** I only have this comment to make. The bill that is before the house today brings the excise tax into effect in stages, and whatever may have been the effects of an abrupt application of the 11 per cent tax, as was originally proposed, this bill does not have those effects. In my view, the effects of this particular measure on investment will be to stimulate it in 1963.

**Mr. Fleming (Okanagan-Revelstoke):** May I ask the minister if the government, before introducing this tax did, in fact, assess the possible results of it on the construction cost of the Columbia river project, and the possible effect on the unit cost of energy produced by that project?

**Mr. Sharp:** Since I was not, of course, in on the budget discussions, I cannot give any inside information. However, I am satisfied that before the budget was brought down careful consideration was given to the effect of this tax as compared with other taxes that, in my opinion, would have had to be employed and that, on balance, the effect of this tax is not more detrimental than any other tax that would have had to be imposed.

**Hon. J. W. Monteith (Perth):** Mr. Speaker—

**Mr. Pickersgill:** On a point of order, Mr. Speaker, the house is on third reading of a bill and not in committee. It seems to me that if we are to make progress we should abide by the rules.

**Mr. Monteith:** I intend to abide by all the rules of the house, as I always have. I do not think we should allow one or two of the very specious arguments of the Minister of Trade and Commerce to go unchallenged. First he