

market to find this out. Does the \$50 represent the manufacturer's list price or the retail price? I hardly think it would be possible to design a clock or a watch to sell for \$50 in order to qualify for the exemption. The limitation has been placed at \$50. At what precise level will the \$50 apply? It seems to me it would have to be the manufacturer's cost or the cost of the import, otherwise retail merchants' sales, and so on, will introduce an element of uncertainty into the whole thing that will make it impossible. I hope I am not setting up an Aunt Sally or strawman merely to attack this provision. It is a question that has come to mind, and I think we should have some precision in these measures.

The last point—some of my colleagues will be dealing with this later—refers to the unfortunate decision of the minister to limit himself to a selective reduction of sales tax. He has failed to do anything with regard to building materials. My party will be examining this question at greater length after the luncheon interval. I commend the minister for the provision allowing municipalities to get a refund of sales tax on materials used in the building of incinerators. I would hope the same assistance could be extended to industry. It is not only the municipalities which use incinerators.

● (1230)

There is, of course, a pollution problem facing us. It seems to me that rather than make grants toward the construction and installation of machinery to control pollution whether at the municipal, public level or the industrial level, we should use the tax system to provide a program of incentives combined with forgivable loans. I know there is a program in operation already, but I am inclined to think it is only a half-hearted one at a time when we should really go all out with respect to arrangements to assist both industry and local government to control pollution.

It is the Canadian public, in the end, who will have to pay for the elimination of pollution. This is as certain as we are all standing or sitting in this room. What steps are to be taken? Do we insist that manufacturers shall install the necessary controls and pay the entire cost? The result would be to increase the price of the commodities produced. And who will pay the increased price? The Canadian consumer. Do we insist that municipalities install new sewage works for the advanced treatment of sewage? Who will pay for them? The residents of the municipalities, with money taken out of taxes. There is no magic formula, no money tree. It is a great disincentive when government says to an industry or a municipality that it must install pollution control devices under compulsion, with little or nothing by way of assistance. In the case of municipalities it probably means an increase in taxes. Mr. Speaker, there are all sorts of reasons why municipalities do not wish to increase taxes. Sometimes, indeed, they cannot do so. Sometimes they cannot borrow money because they have already passed their borrowing limit based on possible assessments.

Let us, then, work through our tax system, through forgiveness of income tax, through forgiveness of sales tax. Let us move forward. After all, if a demand is thus created for certain types of products, certain types of anti-pollution devices, there will be increased activity in

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the industries concerned; more income tax will be paid by those firms and by their employees, and the net cost to the government will be much less than the gross cost. It seems to me we must look at these programs always on the basis of the net cost to government. The provision we are considering here is a step in the right direction.

I hope there will be co-operation from other areas of government which can assist the municipalities in sewage control and garbage collection. After all, the littering of city streets, and so forth, arises through a defect in personal habits. Littering is not a pollution problem but a personal problem. A great deal of the pollution along our highways and in the streets of our cities is simply the result of bad personal habits. Let us get together in a concerted program to deal with these matters. In the end, I am sure we shall find it far cheaper to use our tax system to provide an incentive to industry and to municipalities to deal effectively with pollution rather than force them, as we say in French, *au pied du mur*, by placing them under compulsion and obliging them to install this equipment under pressure.

There are other points in this bill to be covered but, as I said when I began, we are generally in favour of what is being done and I hope that by the end of the debate this day we shall have completed all stages of the bill.

**Mr. Lorne Nystrom (Yorkton-Melville):** Mr. Speaker, the bill before us could be known as the Minister of Finance's candy, chocolate bar and soft drink bill. Its intention is to eliminate the tax on confectionery, soft drinks, and so on. The Minister of Finance (Mr. Turner) becomes the candyman. Our party supports the bill in general although there are a number of points I should like to raise, two of which particularly concern me. I also want to say at the outset that I hope we can deal expeditiously with this measure and get it through the House this afternoon. The same applies with respect to the bill which is to follow.

As the hon. member for Edmonton West (Mr. Lambert) has said, the bill before us removes the federal sales tax from a number of items. I am glad to learn that the Minister of Finance is to monitor the effect of these cuts, particularly of those concerning foodstuffs, soft drinks, confectionery and children's clothing to determine whether the consumers will actually derive any benefit.

The minister told us that the cost to the treasury of the removal of the sales tax from children's clothing and footwear would be some \$30 million annually, and from food and drinks about \$70 million annually. This amounts to some \$100 million lost in revenue. I wonder whether it will really get back to the consumer. My fear is that it will not. Maybe I am shopping in the wrong places, but it seems to me that the cost of soft drinks, for example, has actually gone up since the budget, and that the price of many of the other items named in the bill have also increased. If this is the case, the \$100 million will in fact have gone to the corporations which produce these commodities; it will be a windfall and a rip-off for them.

When taxes on certain items are cut in order to benefit the consumer, the government should make sure that those benefits are actually passed on to the consumers of the country. This does not always happen, of course. For