

In fact, we come up with some very ingenious methods, the latest of which is probably the photo radar. If you break the speed barrier you automatically have a picture of your licence plate taken and you get the bill in the mail. Of course you have no defence against that whatsoever.

Here we have a method whereby we can deal directly with the problem rather than saying that we are going to change the rule so that we will not be troubled with having to catch these speeders anymore.

When we reduce taxes on cigarettes it is a little like the gas war. When the guy across the street lowers his gasoline prices then that behooves me to lower my gasoline prices to stay competitive. It looks to me like we are actually getting into competition with these smugglers and in fact allowing them to set the government's agenda. I have a real problem with that.

The other thing about this companion bill is that we have no idea how much money the government is foregoing as far as reducing the taxation on these cigarettes.

We have heard over and over again that its policy is to broaden the tax base. By its own admission it would like to see the deficit reduced and that is either going to take reduced spending or increased taxation and the term the Liberals have come up with is broadening the tax base.

Here we have a contradiction to that. We have a voluntary giving up of perhaps hundreds of millions of dollars. If taxes are reduced in this area it would naturally seem to follow that they will have to be increased in other areas in order to come up to roughly the same level. That is a question in my mind. Where is this foregone revenue going to come from? Obviously it will have to come from somewhere.

• (1625)

As has been mentioned, any time that governments consider raising the taxes on the so-called sins, alcohol and tobacco, the sin taxes, it is always debated in this House and in fact right across the provinces in the legislatures. Often times I am sure the debate would go along the lines that we can certainly raise these taxes because people should have to pay for their sins and not only is it a good revenue builder but it is a deterrent for people to actually partake in the so-called sins of alcohol and tobacco.

We are doing two things by raising taxes on the so-called sins. That has always been the argument as well as the fact that we feel if you utilize tobacco and alcohol then the chances are you will need the health care system more than the average person, and so you should be paying your fair share in order to maintain the health care system.

Government Orders

That this bill increases the age limit for the legal purchase of cigarettes it is commendable. At the same time the government is making the product more affordable to those people who do desire to smoke.

Now that we are making it easier, or at least more affordable, to buy cigarettes are we in fact going against the argument that smokers should be paying a higher price for a health care system that would probably see more usage because of their habit? We are talking about a health care system that seems already to be overburdened.

In my opinion there has been a very clear precedent set here. How does this government plan to answer the question that my colleague has raised as far as the Canadian distillers' request is concerned, as far as lowering the taxation? According to my figures, the taxation on a bottle of spirits is in the 87 per cent range. That means that out of the 13 per cent that is left the manufacturer must produce, bottle, advertise, label, ship and pay all its personnel costs and take its profit.

What that also does is encourages a new generation of rum runners. It is a kind of revisitation of the 1920s. Certainly there is money to be made in the bootlegging of illegal alcohol.

Is this a problem in Canada today? I certainly believe it is. According to statistics that I think all members of this House received we estimate 17 million cases of spirits sold in this country per year. Of those, 4 million cases of 12 bottles each are illegally smuggled into Canada.

How do we arrive at the 4 million cases? It is through communication with the provincial liquor boards, the comparison of per capita sales in the United States, and discussion with Revenue Canada Customs and law enforcement agencies. Those figures are pretty reliable.

When we have a problem like this the solution, in my opinion, is not a really simple one. A step in the right direction is a get tough attitude with the smugglers. I think we also have to really increase the profile of enforcement. We not only have to make enforcement more effective, it has to appear to be more effective. We also have to increase the penalties on smuggling. I equate it with upping the ante, particularly when it comes to smuggling cigarettes and alcohol for the purpose of trafficking.

I think we could also add into that the smuggling of guns. Perhaps that is a subject for another day, and I hope to get an opportunity to speak on that at a later date.

Another thing that is ultimately important and that this bill does address is that we ought to be educating the public about the potential health hazards of tobacco. If we agree with the government's policy on reducing taxes and it actually reduces the incentive to smuggle then we have to apply it to the alcohol smuggling problem as well.