on the tourism industry and the Canadian economy as a whole. When $17 billion and 1.1 million jobs are at stake, one would expect a little more concern than has been shown by the Government.

A 26-ounce bottle of Canadian whisky, which now costs $13.50 in Ontario, retails for an equivalent of $8.23 in the United States. A hotel operator in Ontario purchases the same bottle for $12.83 after a 5 per cent discount. However, a hotel operator in New York State is able to negotiate a much larger bulk discount depending on the size of his order. That discount is often as high as 20 per cent. The purchaser in New York State pays $6.08 U.S. or 33 cents per shot compared with the 64 cents per shot paid by the Ontario operator. The Ontario operator is at a 100 per cent disadvantage before any profit is made. How can the tourist industry operator compete? How can the convention facility operator compete? It is like coming out of the starting gate after the other horses have completed the first lap.

In the United States, about 40 per cent of all alcoholic beverages are retailed through licensed establishments. Let us think about that for a moment. These licensed establishments are small business concerns in many cases. In Canada, that figure is about 15 per cent, one-third of the American figure. Americans believe in small business, in the free enterprise system and in tourism.

The Canadian Restaurant and Food Association points out that food and beverage sales in accommodation establishments continued to drop in 1983 in tandem with falling occupancy levels. This has made it difficult to invest in upgrading or expansion of facilities to attract more tourists. Such expansion activity would create immediate construction jobs followed by an increase in tourists, thereby generating tourism-related employment.

On August 17, TIAC stated that beer, wine and liquor are already so over-taxed and the impact on tourism so serious that common sense would dictate there be no federal excise tax increase at all this year. Common sense did not prevail, Mr. Speaker, and the increases went ahead as scheduled. I am sorry to say that common sense is in short supply on the far side of the House. The Hon. Member for Niagara Falls (Mr. MacBain) agreed that liquor was over-taxed, but then proceeded to tell us about all the ways of getting tourists to Canada without addressing the problem.

We are over-priced. When I confronted the Minister of Finance with the hard facts, he applauded the present state of the distilling industry and stated that Canadians had decided to moderate their drinking habits. He said that in any case, the provinces were to blame for all the trouble. He did not investigate *ad valorem* taxation. The Minister of State for Small Businesses and Tourism (Mr. Smith) said the same thing earlier today.

We have brought this resolution forward for debate today on behalf of thousands of shareholders, the 2,500 distillery workers who have lost their jobs and the 1.1 million Canadians who are employed in the tourism industry and whose jobs are at stake if the decline is allowed to continue. We on this side of the House recognize the importance of tourism and we know what the problems are and how they have come about.

Rather than addressing the problems, the Government reacts in its characteristic way by throwing money at the problem. This time it is throwing money in the form of advertising. Another $7.5 million has been added to this year's tourism advertising budget, bringing it to a total of $31.9 million. However, no amount of advertising will work until the basic underlying problems are addressed.

Let me give you an example of this, Mr. Speaker. If McDonald's spends $1 million advertising its "Big Mac" for $1 and Burger King spends $1 million promoting the "Whopper" for 50 cents, which hamburger do you think that your children and mine will buy? Our children know when they can get two for the price of one. We are trying to advertise something that is over-priced. No amount of advertising will convince people to spend twice as much money as they need to spend on a comparable product.

Ottawa and the provinces spend $80 million a year promoting tourism in Canada, and then siphon off $8 billion in taxes. This is a typical Liberal philosophy. Why should an American travel in Canada when air fares are so steep, when gas is seen as liquid gold and when a drink and a meal are a major item of expenditure? No amount of advertising will convince an American that he should spend from $3.50 to $4.50 for a martini in Toronto when he can get the same thing for $1.75 in Chicago. Those are actual figures, Mr. Speaker. We may get him to do it once but he will not come back again.

We have a major problem in terms of bilateral tourist flow between Canada and the United States. On average, 74,000 more Canadians are in the United States every night of the year than there are Americans in Canada. As a result, the deficit on the travel account grows by $1.7 million per day. In light of these figures, the recent increase in the advertising budget of Tourism Canada is the proverbial "too little, too late".

Major action is required before the beleaguered industry sinks any further. The first thing required is a simple recognition by the Government that about 11 per cent of the Canadian labour force works in various areas of the tourist industry and that the potential for new jobs would be excellent if the federal and provincial Governments would work together to develop a national tourism strategy. That is what we on this side of the House advocate. This has not been possible under the present Prime Minister (Mr. Trudeau) who has let it be known very publicly that co-operative federalism is dead. To my knowledge, no one on the other side of the House ever rose to deny what the Prime Minister said.

The value of co-operative federalism could be demonstrated in no better way than in the tourism industry. We should get rid of that *ad valorem* taxation. When I say co-operation, I mean consultation with the industry and the provinces before implementing programs or regulations that affect tourism so adversely. For example, the Via Rail cutbacks, the decision to restrict tuna fishing on the East Coast and the implementation of the *ad valorem* taxation system on liquor and tobacco have