

*Excise Tax Act Amendment*

Mr. ABBOTT: That is right. It was really off early in the game.

Mr. MANROSS: I would not be a bit encouraged over the minister saying that kerosene refrigerators are not mentioned in this tax. There is no tax on kerosene refrigerators because they are prohibited under schedule I.

Mr. ABBOTT: I have told hon. members that the question of whether a quota can be placed on those articles is now receiving serious consideration.

Mr. MANROSS: If a quota is given they will not be taxed?

Mr. ABBOTT: That is correct.

Mr. MANROSS: If we pass this amendment to the resolution tonight could we have a re-written resolution when we come back at this thing tomorrow?

Mr. ABBOTT: Earlier in the game I did provide a consolidation of the resolution in mimeographed form. That included the amendments. However, we have been taking this resolution in bits and pieces and I am afraid the original supply may have been exhausted. I will see that copies of the consolidation are made available.

Mr. MANROSS: I have the original one.

Mr. ABBOTT: The mimeographed copy is a consolidation, including the amendment.

Mr. HERRIDGE: I realize the task the minister has in attempting to conserve foreign exchange and I am not going to discuss the constitutional aspects of the matter. However, I submit that there is an element of discrimination in this act in addition to the one mentioned by the hon. member for Fraser Valley. The minister has said that the purpose of these excise taxes is to slow down consumption.

Mr. ABBOTT: One of the purposes.

Mr. HERRIDGE: I think it is logical to assume that it is the consumption of the lower income groups that will be slowed down to the greatest extent. It will not slow down the consumption of the middle-income groups or of well to do people. They will buy refrigerators and other things as they wish, but we shall be slowing down the consumption of the majority of the veterans in this country and the consumption of the majority of the lower paid working people. Does the minister not consider that to that extent these taxes are a discrimination against a large number of veterans and against a large section of the working classes of this country? Second, has considera-

[Mr. Manross.]

tion been given to a system of rationing to make it possible for these commodities to be distributed at least fairly?

Mr. ABBOTT: I suppose any tax of this kind is bound to involve some measure of discrimination; it is inevitable that it should. My hon. friend is perfectly correct in saying that the well-to-do and the wealthy will be able to go ahead and buy refrigerators in spite of the tax. But they will pay the tax, and the lower income group will have kept their money and will be able to buy refrigerators a little later on when they are not as expensive to the extent of 25 per cent.

An hon. MEMBER: When will that be?

Mr. ABBOTT: I cannot say when that will be. This is the adoption of a fiscal measure in order to reduce consumption. As I said the other day, I think a valid criticism which might be directed at this tax is that it does not cover a great enough field of commodity and that it has singled out certain commodities which perhaps—I do not admit this—it is unfair to single out. To that degree there may be some discrimination. To some extent I am a believer in the fiscal method of accomplishing these things rather than in an attempt to set up a rationing system whereby one tries to determine, by the decision of some body here in Ottawa or of some official in Vancouver or somewhere else, who will get a refrigerator, who will get an iron and so on.

Mr. KNOWLES: That is exactly what you are doing.

Mr. ABBOTT: My hon. friends may interrupt and interject as much as they like, but I assert again that the fiscal method is a well-recognized method of accomplishing what we have in mind. It is a method which is accepted and approved by some of the ablest economists in this and any other country, and they are not socialists or followers of any other kind of ism. I assert today, as I did yesterday, that this is a perfectly well-recognized, legitimate method of reducing consumption for the purposes which I indicated yesterday, namely, creating an over-all current account surplus.

Mr. JACKMAN: If you believe that, why did you not devalue?

Mr. ABBOTT: The hon. member may make his own speech when he gets a chance.

Mr. MACDONNELL (Muskoka-Ontario): The minister has said that this was in part for the purpose of cutting down consumption, but I notice that he stated earlier in the