

Excise Tax Act Amendment

States authorities, and they agreed that it should be done, but it requires legislation by congress before they can do it. That legislation has not yet been passed. So for the time being the present United States customs law is to apply and the 25 per cent is to be added. That is the position the Canadian exporter is in until such time as congress passes the appropriate legislation to implement the undertakings in the Geneva agreements.

Mr. CASE: The minister said that the excise tax was intended to slow down the purchase of certain goods in Canada.

Mr. ABBOTT: To reduce the consumption of certain goods; that is correct.

Mr. CASE: On the evidence given this evening, \$15,299,000 of excise taxes have been collected.

Mr. ABBOTT: Some of that was collected under excise taxes in existence before this proposed amendment. The estimated increase is between five and six million dollars.

Mr. CASE: Is the minister convinced that that amount has slowed down purchasing in Canada and, if it has, has it not also reduced production?

Mr. ABBOTT: I would answer my hon. friend in this way. If the people who have purchased these articles which are subject to the increased excise tax have done so because they prefer these articles to others they have, speaking in terms of economics, less purchasing power to spend on something else, and to that extent the tax is accomplishing the end we have in view.

Mr. CASE: Eventually you hope to draw off purchasing power by the tax?

Mr. ABBOTT: To some extent.

Mr. CASE: Would this tax be refunded if the bill failed to pass?

Mr. ABBOTT: Those who have paid the tax would be entitled to claim a refund.

Mr. CRUICKSHANK: Does section 1 mean that electrical appliances such as grills, waffle irons, hot plates, roasters and so forth are not to be taxed if used in restaurants?

Mr. ABBOTT: That is correct. We decided to remove from the operation of this taxing measure articles which went into commercial operation. Those are dealt with under part III of the import control restrictions. For that reason we decided to restrict the tax to articles which go into consumer use.

Mr. CRUICKSHANK: Am I to understand that I, as a member of this house and a [Mr. Abbott.]

veteran, am supposed to justify Mr. Weston and Mr. E. P. Taylor, who have taken over most of the restaurants and everything else in Canada, not having to pay any tax on the toasters and other appliances they use in Honey Dew and other places, while the returned veteran who is trying to set up house has to pay a 25 per cent tax on these same articles?

Mr. ABBOTT: Toasters are taxable, no matter who buys them. But in the case of commercial users, we get after them in another way.

Mr. CRUICKSHANK: Am I to understand that Mr. Weston and Mr. E. P. Taylor owning Honey Dew and practically a monopoly in many lines of business, can buy grills, hot plates, food or drink mixers, food choppers and grinders, irons and ironers, vacuum cleaners, without paying the 25 per cent tax? Am I to understand that the minister expects me to justify that to the veteran who has to pay a 25 per cent tax on these articles when he is trying to set up house, while Mr. Taylor and Mr. Weston have not to pay? I did not think my good and genial friend the Minister of Finance would have the audacity to bring in such a ridiculous measure.

Mr. ABBOTT: The principle we have been endeavouring to follow is this. We are not imposing taxes on goods which go into the cost of producing other articles or into the cost of carrying on business. The taxes which it is proposed to impose under this amendment to the act are taxes imposed on consumer goods. We are not trying to single out Mr. Taylor or anybody else for the imposition of taxation. The dividing line of principle is this: We are not imposing this tax on machinery which goes into the cost of operating a business. Those taxes are imposed in another way. This tax is in essence a consumer tax, intended to slow down the purchase of consumer goods until such time as we are in a better position to afford them. There is no intention to discriminate between one group in the community and another. This is simply differentiating between consumers and the industrial or commercial user of machinery or equipment. It is a clearly defined line. That is the only reason for excluding from the operation of this tax machinery or equipment or appliances which are going into factories, restaurants or other commercial enterprises.

Mr. CRUICKSHANK: If anybody has done more for Canada than the veteran who has returned and is trying to set up house I should like to know it. I cannot follow the argument of the minister at all. If a tax should be put