

Excise Tax

had been made and the tax applied to serigraphs. It was admitted to have been a clerical error, but the tax applied. Now, because an injustice seems to have been created by the application of the tax in the first place, it is being corrected by extending the tax to other works of art, limited editions and the whole field. In other words, two wrongs are going to make a right in this case, the right being the government wanting and needing more money.

There is a proposal in this bill dealing with the newspaper printing problems, the 70 per cent advertising content which has been raised to 75 per cent. I have copies of briefs here which show that the determination of whether a publication is recognized as a newspaper depends on advertising content. Some of these publications have been in existence for 50 years and some for even 100 years, and yet, if its advertising content does not meet the 70 per cent criterion and its editorial content does not meet the 30 per cent criterion, it is not recognized. The percentage has now been increased to 75 per cent. Incidentally, that does not cover the cost of operation, particularly in the case of the weekly press. I am looking at my own constituency where we have the flag ship of the Southam Press. In a newspaper which, on a Wednesday night may run from 140 to 160 pages and on a weekend certainly exceeds 100 pages, we see inserts four, six or eight pages long by supermarkets and department stores, plus inserts of Canadian Tire, Beaver Lumber and a number of others. At one time that advertising was distributed by hand from home to home and came out of the commercial printing press. Now much of that work is done in commercial printing plants and comes out as inserts in the big dailies. The big dailies have a much wider base on which to spread their costs and they can carry these inserts, but they will not pay tax on them. I know of some instances where the big chains which publish the newspapers control the commercial printing plant and, therefore, it is all within the house operation.

Let us look at this in another way. In order to legitimize the excessive amount of advertising which appears in specific editions of our daily newspapers—we get an eight or 12 page section in our dailies and 98 per cent or 99 per cent of that section will be whole page advertising—the back page will carry anywhere from one column down one side, or perhaps three or four inches across the top, some wire copy merely saying that this section is part of the newspaper, and this carries some of the editorial content.

I say to the minister that the increase of 70 per cent to 75 per cent in permitted advertising content will not save the weekly newspapers. I am quite aware of the fact that they are already trying to make very strong representations, and I think we should take a look at both sides of the question.

I hope we will recognize within this act the margin at which a person or a firm is a true manufacturer. There was the small manufacturer notch years ago, and I remember that it used to be \$3,000 a year. Well, today, an industrious man with a jack-knife could almost whittle \$3,000 worth of goods. We have to provide for a realistic increase in that ceiling so that the small manufacturer does not become involved in the Excise

Tax Act. In so far as the marginal manufacturer is concerned, the smell of the value added tax emanates from the legislation so that if the goods are imported for boxing purposes or for packaging purposes, to put them in English and French as required, or for the change to cater to Canadian distribution, the value of the tax on the goods is added so that the goods will then be sold for tax.

May I call it one o'clock, Mr. Speaker?

The Acting Speaker (Mr. Blaker): Order, please. The Chair will expect to see the hon. member again at two o'clock to hear his continued intervention.

It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Lambert: Mr. Speaker, I wish to terminate my remarks at this time because I realize there are a number of members who wish to speak in the limited time available in the balance of today, but in summary I should like to return to the newspaper proposal and so the representations which have been made to myself and my leader. If I referred to the Canadian Community Newspapers Association assessment of the tax, it would put it before members most succinctly. First, the tax is a tax on newspapers.

Mr. Evans: That is not true.

Mr. Lambert: It is the first in North America. It fails to define a newspaper except by volume of advertising content. Anything with less than a 75 per cent advertising content is deemed to be a newspaper. In the context of today's operating conditions, it will be detrimental and discriminatory on smaller papers. It will increase the cost of newspaper production since central plant markets for other products may be reduced. Enforcement will be very difficult because of the numbers involved; that is, not only the number of newspapers, but the number of publications.

The Deputy Prime Minister and Minister of Finance (Mr. MacEachen) must wonder about the fact that it is one of those taxes which has a clear passage through to consumers and will simply increase the cost of living all the way around. As soon as it is on it will be reflected in the CPI. Does that do a great deal of good to the country? Coupled with rapidly escalating material costs, the tax affects newspaper support at a time that coincides with diminishing retail sales. So, the newspaper operation is caught between the two pincers of a jaw.

● (1410)

The tax is confusing, and its ramifications are far more extensive than could possibly have been intended in this legis-