

Excise Tax

The mine is now closed and he is trying to make his living from printing the paper. It is a small paper and he needs the advertising and the inserts. The government wants to limit his advertising. It is a good paper and I hope he can stay in business, but that is questionable. Why hurt a small business which provides a service to the community only to provide another pound of flesh for the government? This is the first time such a tax has been levied on the newspapers of this country.

● (1730)

The Drumheller *Mail* is an excellent weekly. Sometimes it is very thick because there are so many advertising inserts. There are several stores in Drumheller. It is a large business area. The *Mail* is the only newspaper in that area. Everyone wants to advertise bargains for people shopping on Fridays and Saturdays. If the government proceeds in this way, these inserts will cost a lot of money. Every newspaper is going to experience the same difficulty. There are other newer newspapers, such as the *Five Village Weekly* at Irricana, which has just started up in the last two or three years. I believe it is doing all right. I do not know how it is doing financially, but I think it is keeping its head above water. Now we are going to make it difficult. That small paper will not be able to carry inserts. The same will be the case with the *Nanton News*, the *Claresholm Local Press* and several others I could mention. The percentage they will be taxed is an injustice to consumers as well because consumers have to know what the bargains are, and the newspapers will have to say they cannot carry this advertising because it will cost too much because of increased taxation. They may be put out of business, and consumers will be losers as well. The country will be the loser. When any business goes bankrupt, this country loses. It is a tragedy. This country loses whenever business goes bankrupt, and here we are laying out the cards for a number of our newspapers across the country to join the bankruptcy file which is building up. Consumers will lose because they will lose their opportunity of knowing what all the bargains are. They will not be able to go to the places where they can make their dollars go furthest.

When the minister spoke about taxes on liquor and tobacco, I did not hear one member on this side of the House say we are against taxes on liquor and tobacco. As a matter of fact, I have always said that those taxes are some of the better ones because people have a choice. They do not have to smoke, they do not have to chew and they do not have to drink. What we are saying is that we oppose the indexing of that tax. It is completely unfair. In addition, the government should remember that even in the tobacco business many people make their living by growing tobacco, packaging it and so forth.

Many farmers are earning good money from the malting of barley for beer. The same is the case with grapes used to make wine. These are Canadian industries, and we do not seem to look beyond our noses in relation to what this tax will do to the country, as the hon. member for Broadview-Greenwood (Mr. Rae) said a few moments ago.

This taxation will not stop the large dailies of Canada from publishing, but it may very well stop many of our small weeklies from going on. In order to stay in business they have to make profits, and this is just another expense which might well put a number of newspapers into bankruptcy. I wish government members would look at their own weekly newspapers and see what is happening before they are bought off for 5 per cent.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I was very interested in what the hon. member for Bow River (Mr. Taylor) was just saying because it again indicates that he has not read the provision. I do not think he really understands the nature of the amendment brought forward by the government to modify this provision.

As the minister indicated earlier, there are two different and separate provisions with respect to this tax. First, there is the tax as it would apply to newspapers. If, as the hon. member for Sarnia (Mr. Cullen) so correctly pointed out, a newspaper—let us call it a publication—is more than 90 per cent advertising, then it would be in a taxable category. If more than 50 per cent of the issues in any quarter are more than 80 per cent advertising, it would fall into a taxable category. When this was before the committee and then before the Senate committee, *Les Hebdoms du Québec* came before the Senate committee with the concern that their publications would be taxable, and the Senate committee looked at all the publications which were brought forward. I think ten different newspapers were brought forward. They were selected by *Les Hebdoms*, and none of them would have been taxable under the previous 75 per cent rule, let alone the 80 per cent rule or 90 per cent rule we now propose. It is a red herring. It is highly unlikely that any of those small weekly newspapers will ever fall into a taxable category under this particular provision.

The other part of the tax deals with inserts. There is an important distinction to be made here because the creation of advertising—the printing of advertising—has always been taxable under the manufacturers' excise tax, which is what we are talking about here. It has always been taxable unless it has been distributed by newspapers.

One of the reasons this particular provision was brought forward—and the reason the tax change was considered in the first place—was that a number of independent distributors of advertising brochures are small companies. I heard the hon. member for Broadview-Greenwood (Mr. Rae) say he was in favour of small business and that we should look at the effects on small business. This tax change was considered in the first place precisely for that reason.

There were small businesses whose job it was and whose business it was to distribute house to house advertising flyers for other business firms. These business firms were being put into an unfair competitive position vis-à-vis newspapers because if anyone printed material and it was distributed by one of these small, independent distributors, the cost of printing and producing the advertising material was taxable under the manufacturers' excise tax. However, if the company doing