

Sir HENRY DRAYTON: Then the whole of this discussion is beside the mark.

Mr. VIEN: In what way would it be more subversive of the existing principle to tax the Hydro Electric Commission than to submit the National railways to municipal taxation? We have admitted the principle in regard to the National railways. It seems to me that the same principle could be applied to the Hydro Electric Commission by submitting it to the operation of this Act.

Mr. JACOBS: Hear, hear.

Mr. VIEN: The same principle applies.

Sir HENRY DRAYTON: What is the object of this Act but to tax excess profits? Is it to put a premium on excess profits and to raise the cost of carrying on business and the cost of living? Or is it to reduce those costs? The Act has a two-fold purpose: First, to try and get something back out of excess profits; second, to coax the people, if you will, so to run their business that they will not make excess profits, and therefore will not be subject to the tax.

Mr. VIEN: But the minister sees where we are driving to. We are trying to prevent the consumers in other provinces being called upon to pay an excess amount, because they will be charged so much more for current if the various corporations distributing electricity are called upon to pay the taxation that the minister proposes to impose. In other words, we are trying to put the consumers in the other provinces on about the same basis as that enjoyed by those in Ontario by reason of the exemption of the Hydro Electric Commission from this taxation.

Sir HENRY DRAYTON: Does my hon. friend consider that a rate of 10 per cent is a fair profit for a public utility?

Mr. VIEN: Undoubtedly.

Sir HENRY DRAYTON: Very good. Then there is no tax. And if any of these companies realize more than 10 per cent on their investment, I would like to ask my hon. friend whether they should not be taxed?

Mr. VIEN: If you tax them, what will the result be?

Sir HENRY DRAYTON: If my hon. friend will bear with me a minute. He has very kindly answered my question and admitted that 10 per cent is a good return

[Mr. E. Lapointe.]

for a public utility. I ask him one further question, which of necessity follows the first: Is it unfair to have an excess profits tax on profits from public utilities which are realizing more than a 10 per cent dividend?

Mr. BUREAU: As a question of principle, I say yes, it is unfair.

Sir HENRY DRAYTON: I am afraid that I have to take issue with my hon. friend.

Mr. BUREAU: The basic principle is that the burden of the taxation ought to bear evenly on all citizens of the country, and in the case of two business enterprises having similar amounts of capital invested, one should not be called upon to pay while the other is not. The idea of the Hydro-Electric is that the profits should be re-invested for the benefit of the consumer. In provinces where there is not such a system as the Hydro-Electric, the consumer of a similar product has to pay what the Hydro-Electric would pay if it were a privately-owned company.

Mr. BURNHAM: Does the hon. gentleman not say that the privately-owned company sells electricity at a lower rate than the publicly-owned company.

Mr. BUREAU: I took that from Saturday Night. I repeat that these publicly-owned systems should not be exempt from taxation; the burden of taxation should be apportioned evenly among all the taxpayers.

Mr. COWAN: Why does not this private company reduce its rates and thus escape the excess profits tax?

Mr. BUREAU: Because the company has not the country behind it; it has to assume all the risk, and it has to provide for the future. It is the same thing with your national railways. I was going to suggest that we tax deficits on these publicly-owned utilities; we would make more money that way than by taxing profits. The people who are imbued with the idea of public ownership do not realize that there can be profits; they come with a deficit at the end of each year.

Mr. LAPOINTE: I do not wish to be understood as saying anything against public ownership. What I claim is that when a province or municipality chooses to enter the business of trading or manufacturing it should be placed in exactly the same position as other traders or manufacturers.