

been economizing to build these rural lines are going to be directly hit by this tax. I can understand the minister's difficulty in raising revenue, but I think he must admit that this tax will cause a great deal of confusion. I suppose the Bell telephone people will expect remuneration for collecting this tax and when they are through with their charges I do not suppose the government will get very much out of it.

Mr. MORAND: There is another phase of this matter to which I should like to refer. The Bell Telephone Company has set up exchanges in the towns ten or fifteen miles out from many cities, and a charge of ten or fifteen cents is made on all calls. Most of the business in these smaller towns is done with the larger cities and although the yearly charge may not be so great, these ten cent charges mount up considerably. These charges are listed on the bills as long distance calls but in my opinion they should not be subject to this tax. These calls are made in the ordinary course of business, because of them the cost of the telephone is very high and if an extra six per cent tax is added it will make the cost exorbitant to these telephone users.

Mr. COOTE: I protest again against this tax and ask the minister if he will not drop it now, and not to entertain the idea of continuing it a year. In Alberta we have a government owned telephone system which is dependent for patronage principally upon the farmers. As everyone knows the farmers have had a very difficult time, the price of wheat having dropped to one-third its former level. The farmer has been advised to go into mixed farming, and many of these farmers are today producing more butter and eggs than they ever did before. They are finding great difficulty in paying their telephone bills with eggs at two cents a dozen and butter at thirteen cents a pound, and they will find it still more difficult if the government imposes a tax on telephone charges. These people must put in long distance calls when they want a doctor, hospital or other emergency service. The situation to-day is so bad that many of the farmers have been forced to take out their telephones and those who are endeavouring to retain their telephones should not be penalized at this time with a tax of this nature. It is absolutely foolish for the government at the present time to impose on the Canadian people a tax of this kind. They are in no condition whatever to pay it; the only way in which they can get their money is through the sale of those commodities of which I have spoken. Let me repeat, so that this may sink into the minds of some

hon. members: with eggs at two or three cents a dozen at country points, these people cannot pay any more for their telephones than they are now doing, and it is not right for us to tax out of people's homes, those conveniences which they have been at great expense to install. That is what we are doing to-day and I want to protest very vigorously against it.

Mr. RHODES: I do not think a six per cent tax upon telephone tolls will have the effect of taxing telephones out of their homes.

Miss MACPHAIL: Yes, it will.

Mr. RHODES: I am not for a moment suggesting that a six per cent tax is not an additional obligation to be met, but I would ask that the question of the rate be deferred for a little while. I shall revert to it before we take the bill out of committee. I am making some inquiries with respect to the question whether we can meet this situation in an administrative way. If not, I shall endeavour to suggest an amendment which will, I think, meet the great majority of the objections of members of the committee.

Miss MACPHAIL: I could not hear the minister's last statement, but if the six per cent tax still stands, I want to say once again that it is a foolish tax, certainly from the government's point of view. May I point out that it will not endear the government to users of telephones, but the government, of course, must take that risk, no matter where it gets the tax. It is true that farmers are taking out telephones by the score, and this additional cost will persuade many more of them to take out their telephones. This is a very bad thing for the telephone companies, because in my constituency they are at present losing whole lines of telephones, and I presume this is only typical of what is going on in other places. If that is the situation, may I point out to the minister that we are just adding to our unemployment problem. Fewer people will be working on our telephone lines, and the whole process of tightening up business will continue. We take another turn on the spiral downward. Therefore I think this tax is extremely foolish; it will not bring in any appreciable amount of money and it will be irritating to those who have to estimate it, to the farmers and to the telephone companies. I am not sure whether the amount it will bring in will, even from the government's point of view, be worth all the irritation it will cause. I say to the minister quite sincerely: It will undoubtedly increase the number of telephones that will be taken out all over Canada.