

Special War Revenue Act

collection will not be difficult. My hon. friend spoke of the ten cent message. They could take ten of those messages before they would have to pay a six cent tax, which is not an excessive one. Admittedly this is a revenue producing measure; that is all. It has no other excuse in the world. There is no doubt it is to a large extent a nuisance tax, but it seems to me the burden in the case I have indicated is not heavy. I have in mind conditions in the province from which my hon. friend comes. Many of the local telephone companies there which cover substantial areas will not pay any tax at all. It is only when they go into the long distance telephone through the exchange of the Nova Scotia Telephone Company, that there will be any tax, and I consider, in a case of that kind, they should pay a tax.

Mr. BROWN: I presume, from answers which the minister made the hon. member for Red Deer, he is thoroughly satisfied of the right of the government to tax provincial companies?

Mr. RHODES: I do not submit my own view as being worth anything. I have consulted eminent lawyers and the Justice department have also advised me that in their judgment there is no question as to that.

Mr. BROWN: In Manitoba the service is being carried on at cost, and it is well administered. Unfortunately in these troublous times many farmers and others are taking out their telephones and I am afraid this tax will further emphasize the movement in that direction. This is something I am not worrying over, but I am afraid this tax will not help my hon. friend's friends in Manitoba in carrying out their pledge to have cheap telephones in all the farmers' houses.

Mr. RALSTON: The minister, I submit, has not answered the criticism I am making. I do not want to take up the time of the committee, but it is no use for him to tell us you can put through ten messages at ten cents apiece and pay only six cents on them. A man who steps into a public telephone station can put through at least two messages and pay nothing.

Mr. RHODES: I may tell my hon. friend that those messages to which he refers constitute just four per cent of all telephone messages in Canada, so that they are a negligible quantity.

Mr. RALSTON: That just points the argument I am trying to make. My hon. friend is simply imposing an irritating tax

[Mr. Rhodes.]

which will not help the revenue and which is discriminatory because it is directly opposed to the principle of applying the tax to the public generally. A subscriber should not have to pay a six per cent tax on those small messages. I am again pointing out to the minister that it is useless for him to argue that it takes a lot of them to make a little money in taxes. That is just my point, and that is why I think he might just as well drop the idea and have a minimum below which he will make no charge on subscriber messages as well as on public toll station business, just as I instanced a minute ago the case of cheques, where we do not impose a stamp tax on cheques of \$5 or less.

Mr. RHODES: My hon. friend is advocating that in the case of a percentage tax there is a minimum below which we should not go.

Mr. RALSTON: Yes.

Mr. RHODES: As I originally prepared this amendment it provided that the tax would not apply to a thirty cent message.

Mr. RALSTON: Fifteen cents.

Mr. RHODES: That is as it appears in the present amendment, but I am speaking of the amendment as I devised it originally. What would the effect of that be? It would mean that three thirty cent messages would cost fifteen cents.

Mr. RALSTON: No.

Mr. RHODES: I am referring to the amendment as I originally proposed it. My hon. friend must get the idea into his head that there are other views than his, even if they are wrong ones. It was the telephone companies themselves who suggested this. I do not say that they are a unit throughout Canada, but I took the judgment of the great bulk of the telephone companies, and at a meeting which they held in Winnipeg representative of the telephone interests of all Canada, they were the ones who suggested to me that it would be a more equitable tax to apply the principle of the sales tax to the telephones rather than start by a five cent tax, a ten cent tax, and so on. Where you come to the dividing point between five cents and ten cents, you are going to have hardship. One man who has only one cent more to pay for a message than another, has to pay a tax of 100 per cent more. They said that it was much fairer to apply the principle of the sales tax, which would mean that you would have a percentage covering the whole