

every can of cream, and the new proposal would mean twelve cents. This is a matter which very seriously affects the producers of cream in western Canada because we think it is a generally accepted theory that the producer or the consumer must absorb all such extra expenses.

That is what this manager says; he declares that they cannot absorb the expense, I hope the committee will pardon me if I read what another manager, also the secretary of the Alberta Dairymen's Association, says. In reply to a letter I wrote him he writes:

Replying to your letter of the 6th instant. the manufacturers certainly cannot stand the expense of the stamp on the coupons and, therefore, if the government does not rescind this tax on coupons less than \$10, the cost will have to be passed on the producer and consumer and in this case no doubt the producer will have to bear the lion's share of the cost.

As for a substitute system—there is no system quite so good as the coupon. However, if the government does not rescind this tax, we will probably call the coupon a cheque and place deposits in the banks at which the coupons are issued. In this way, we will only be out the expense of a 2c stamp. However, there are all the banks outside of the points where coupons are issued, and it is a big job to arrange to keep cash in all of these banks.

As regards payment twice a month—I believe over 75 per cent of the farmers of this country would raise a howl that we would all hear about, if we were to go on a twice a month payment system. As you know, the farmers are hard-up and require cream money to pay current expenses.

And I know for a fact that they are.

Mr. ANDERSON: Who are the shareholders of that company?

Mr. WARNER: They are men who were not afraid to risk their money in a business that would make the country prosperous.

Mr. ANDERSON: What business are they engaged in?

Mr. WARNER: They are mostly farmers. This concern was started to create a market for our milk and cream, manufacturing it into butter—just what the hon. gentleman and all others want done in this country: they are turning out the finished article instead of letting our raw material go out of the farmers' hands at a sacrifice. They had to have their own creamery there in order to produce the finished article.

Passing this tax on to the farmer may seem a small matter to some hon. gentlemen. True, it does not amount to much on one five-gallon can of cream, but when the whole business of the dairy is run on five-gallon cans and five-dollar payments, it will be readily seen that the farmers would be paying more than their fair share of this taxation. I do not think any other business can be instanced that makes so many small payments. Some of the creameries are big affairs, handling the

produce from thousands of farmers, and all of these farmers are doing business in a small way. But it must be borne in mind that these farmers are needed to make this country prosperous, and without a doubt such an unfair burden of taxation would be too much of a handicap on the business. Even if the minimum is raised to ten dollars, they would still be paying more than their share of stamp taxes, because only 25 per cent of their payments would be over ten dollars. In no other business are three-quarters of the payments under ten dollars. So you can see that this would be going after the small dairy man too hard altogether. For instance, ten small payments aggregating fifty dollars would involve five times the stamp duty which would be payable on a single cheque for the amount.

The minister has stated that we Progressives are in favour of direct taxation. We are; I told him so the other night. I believe the Progressives stand for direct taxation every time, but they want that taxation to be fair, and I point out to this House that this stamp tax on small tickets is very unfair for the simple reason that so many of the creamery accounts are paid by small tickets. A little under 50 per cent of these accounts will run over five dollars.

Mr. ROBB: My hon. friend a moment ago read a letter from the secretary of the Dairymen's Association stating that seventy-five per cent of the payments were under five dollars.

Mr. WARNER: The percentage would vary in the different creameries. At best it is only a guess.

Mr. ROBB: But the quotation my hon. friend gave a moment ago stated that seventy-five per cent of the payments were under five dollars.

Mr. WARNER: That might apply to that particular creamery. I am not quite sure what that letter did say, but from the various statements I have received covering a number of creameries I find that twenty-five per cent of their cheques are over ten dollars, and seventy-five per cent less than ten dollars. If I said five dollars I meant ten dollars. I think that is the way the statement ran, but I cannot delay the House to verify it now. I will give the minister the letter if he wants it but am sure his idea of the statement in Mr. Love's letter is wrong. On these percentages it is obvious that the dairy business is paying a heavier stamp tax than any other business.