

Hon. Mr. CASGRAIN: Except in the newspaper business.

Hon. Sir EDWARD KEMP: May I inquire what precedent there is, if any, in respect to this particular form of taxation? What other countries have this form of taxation?

Hon. Mr. DANDURAND: At the moment I can only indicate France as having a turnover tax similar to this one.

Hon. Sir EDWARD KEMP: Perhaps my honourable friend is not aware of the fact that this form of taxation was very carefully inquired into both in Great Britain and the United States, and after a very searching inquiry those countries came to the conclusion that it was entirely impracticable and did not adopt it. It is a new form of taxation, and it is an experiment in Canada. My own view is that it will not prove a success, any more than the stamp tax did, but it is a far more serious thing.

I thought the leader of the Government might make a general statement to the Senate in respect of the whole matter, so that perhaps we need not go over every single item. For instance, in subsection 4 of section 19BBB, reference is made to taking out a license and a man has to pay the Government 6 per cent on his turnover. But he might have to wait from one to six months or a year to get the money in again, and in a great many cases he would never get it at all. I would like to ask the leader of the Government if he thinks that the industries of this country upon which this tax is put are in a financial position to stand this burden. Some of them are, but there are many, perhaps the majority, that are not. An industry may be under a liability to its bank, or may be embarrassed financially, as a great many are. They may be pulling along as best they can, borrowing all the money they can, but the Government comes along and demands 6 per cent of their sales every month. How can a manufacturer pay that when he is very much involved in his finances? How can he raise the money?

Hon. Mr. DANDURAND: But he pays the Customs duty; it is the same thing.

Hon. Mr. CASGRAIN: I listened last night to the Minister of Finance. He has brought in a Bill by which he is going to give people time to pay.

Hon. Sir EDWARD KEMP: Anybody accustomed to business knows that very often when you give time to pay you do not get your money, and the Government will find

Hon. Mr. DANDURAND.

itself with a great many creditors scattered all over this country. You cannot collect from people who are more or less financially embarrassed, even though at the same time they are solvent. I believe the Finance Minister has said that the Government cancelled the legislation of last Session because they thought this would be an easier way of getting the money; but he has put the responsibility of raising this tremendous amount of taxation upon only a few industries of the country. The industries are already burdened with taxation—industries in which the Government is already a partner to the extent of 10½ per cent of their profits, if they have any. The Government has put itself in the position of a partner in every business in this country to the extent of that 10½ per cent profit, and in addition it comes along with this burden. There is no precedent for it in any English-speaking country, and I imagine that the conditions in France are so different that that country affords no precedent.

Then I turn to subsection 7 on page 6, and I do not understand what it means with respect to a man having to put up bonds of a guarantee company.

Hon. Mr. DANDURAND: The wholesaler or jobber need not take out that license. He does so only if he thinks it is to his advantage.

Hon. Mr. FOWLER: What is the object of it if he does not have to do it?

Hon. Mr. DANDURAND: If he takes out a license he can get his goods in the raw state, to sell to the manufacturer, and he does not pay at the time he receives those goods.

Hon. Mr. FOWLER: When does he pay?

Hon. Mr. DANDURAND: If they are sold to a licensed manufacturer he does not pay at all. The manufacturer pays when the raw material he receives is manufactured and sold.

Hon. Mr. FOWLER: Supposing the wholesaler does not give a bond. Must he pay then, though he sells to a manufacturer?

Hon. Mr. DANDURAND: Yes, he would have to pay.

Hon. Mr. FOWLER: And he gets a rebate?

Hon. Mr. DANDURAND: Yes, he gets a refund.

Hon. Mr. TURRIFF: The honourable Senator from De Lanaudière (Hon. Mr. Casgrain) stated a few minutes ago that the Finance Minister was bringing in a Bill whereby time was going to be given for the payment of the sales tax. I would like to know if that is the case.