

charge. If the minister would repeat what he said to me I believe he would satisfy the hon. member for Southeast Grey. The minister told me that so far as he was concerned the switching charge was not to be treated as a long distance charge, and that no tax would be imposed thereon.

Mr. RHODES: That is as I understand it.

Mr. TAYLOR: In the county in which I live the local telephone company have some three or four centrals. There is a rental for the use of the telephone. To call from one central to another costs five cents, or to call the county town would cost fifteen cents. Would that be considered as a long distance call over a local line?

Mr. RHODES: I am inclined to think so.

Amendment agreed to.

Paragraph agreed to.

Paragraphs 3 to 5 inclusive agreed to.

6. (i) That the rate of consumption or sales tax as imposed by section eighty-six of the said act, as amended by section eleven of chapter 54 of the statutes of 1931, be increased to six per cent.

(ii) That the following words be removed from the list of articles exempt from the consumption or sales tax set out in schedule III to the said act, as enacted by chapter 54 of the statutes of 1931, that is to say:

"Bakers' cake and pies, not to include biscuits;" "and substitutes therefor" in line seven of the said schedule; "lard compound and similar substances, made from animal or vegetable stearine or oils;" "materials for use solely in the manufacture of any substitute for butter or lard;" "extract of rennet;" "ice cream;" "usual coverings to be used exclusively for covering goods not subject to the consumption or sales tax;" "materials to be used exclusively in the manufacture of usual coverings to be used for covering goods not subject to the consumption or sales tax."

Also under the heading "Goods Enumerated in Customs Tariff Items;" the following figures and words, namely:—

"45. Milk foods, n.o.p.; prepared cereal foods, in packages not exceeding twenty-five pounds weight each;"

"46. Prepared cereal foods, n.o.p.;"

And that the word "lard" where it first appears in line eight of the said schedule be struck out and the words "lard, when produced in Canada" be substituted.

(iii) That the following words be inserted in the said schedule:

"All articles manufactured or produced by the labour of the blind in institutions established for their care or under the control or direction of such institutions."

(iv) That the following words be removed from the list of articles exempt to the extent of fifty per cent of the consumption or sales tax set out in schedule IV to the said act, as enacted by chapter 54 of the statutes of 1931, that is to say:—

"Biscuits of all kinds."

Mr. DUFF: Mr. Chairman, I should like to discuss in committee one or two matters contained in paragraph 6 of this resolution. This particular paragraph refers to the sales tax, and I notice that it has been increased from four per cent to six per cent. Two years ago the sales tax was only one per cent, and I can remember our Conservative friends in the session of 1930 objected very strongly to the fact that the Liberal government and the Minister of Finance of that day had not done away with the sales tax altogether. They called it a poor man's tax. In spite of their arguments in 1930, the first year they were in power they increased the sales tax to four per cent. That did not satisfy them, and this year they make a further increase of fifty per cent, bringing the tax up to six per cent.

While I object very strongly to this tax in its entirety, there are one or two matters to which I take particular exception. Previous to last year an item of common consumption was on the exempted list. I refer to salt, which is used in the maritime provinces, Quebec, probably in the provinces adjoining the great lakes, and also British Columbia, for the cure of all kinds of fish. A particular brand of salt imported from foreign countries is used in this connection. As I said a minute ago, up until last year that salt was on the free list, but for some reason—and I think I am correct when I say that the then Minister of Finance merely slipped up, because I cannot understand why he would want to impose a sales tax on salt used in Canadian fisheries—the tax was put on. This salt is a raw material, and is used to cure a commodity of which 99.99 per cent is afterwards exported.

On page 25 of the Special War Revenue Act for 1931, which I now hold in my hand, the following words appear among the exemptions: "Salt, when manufactured or produced in Canada." The words, "when manufactured or produced in Canada" were added last year, and I cannot understand why the addition was made, especially in view of the fact that there is no salt produced in Canada which could be used to properly cure herring, mackerel and a great many other fish.

Mr. SMITH (Cumberland): What about Malagash salt?

Mr. DUFF: Malagash salt is all right for certain purposes. I am not saying a word against it, but the fact is that Malagash salt comes out of the earth, and there are certain strata in it, and when the salt is used in the curing of salt fish it leaves a scum, due to the fact that there must be earth mixed with the salt. Moreover, when the fish is cured