

is fantastic.

Mr. Smallwood I do not follow Mr. Crosbie. The one who introduced the 10% happens to be me. The Canadian experts did not say, "We will collect 10% in customs duty". That is based on the estimate of how much goods would be imported into Newfoundland, not from Canada, but from other countries, and collecting the rates of tariff on that, the figure they arrive at is \$2 million. I pointed out that two million happens to be 10% of the \$20 million. That is much higher than the average rate in Canada. In Canada, from all the revenue they collect from the people of Canada, 4.28% is in customs duty. If they collected 10% of the total revenue, in customs duties, that they collect from the people of Newfoundland, they would be collecting a higher proportion of general revenue from Newfoundlanders in the form of customs duty than they do in fact from the people of Canada. I say it is a reasonable assumption. Instead of collecting more than \$2 million in customs duties, if it works out as it does generally in Canada, it will be very much less.

Mr. Crosbie I want to go back to page 123 of the Black Book. We are told this Black Book is official; it is the Canadian government's estimate of what confederation is going to mean to Newfoundland. Now you tell us it is going to be 4.28%.

Mr. Smallwood No. The Government of Canada collects taxes from the people of Canada — the total amount, whatever it is, is made up under the various headings — income tax, corporation tax, sales tax, etc. 4.28% is made up in customs duties.

Mr. Crosbie OK. That is what you say. But page 123 of the Black Book says in comparing Canadian duties with those levied by Newfoundland, differences in the composition of imports must also be kept in mind. In 1945, the ratio of import duties collected "to total imports into Canada was only 10.6 %, and in 1944 it was still lower at 10.1 %". Right here it says 10.6% and Mr. Smallwood says 4.28%. Those Canadian experts are crazy.

Mr. Smallwood There is no connection whatsoever in the wide world or even in the world hereafter between this figure which Mr. Crosbie has just quoted and the figure I quoted from the public accounts of Canada. No connection at all.

This 10% here is a figure I quoted to Mr. Hollett. I said that if you take all the imports brought into Canada for a year, the total value, divide that by the total amount, it works out at 9%, 10% and 11%. This figure in the public accounts is referring to something altogether different.

Mr. Crosbie It is referring to duties.

Mr. Smallwood Yes, they both refer to duties. In one case this percentage refers to one thing and in the other case it refers to something altogether different.

Mr. Job I think I understand him perfectly. He says this 10% is equal to 4%. Have you taken the same imports in each case?

Mr. Smallwood No. There is no need to do it.

Mr. Job You have to have the same departments of revenue in every case.

Mr. Smallwood Of course.

Mr. Job Are there no other taxes in Canada?

Mr. Smallwood In Canada the government collects taxes from all of the nine provinces and it collects them in various ways. Regardless of the ways, it collects a certain total amount for a year. Of that total amount, whatever that amount may be, 4.28% they get in the form of customs duty. We come to Newfoundland, apply the same taxation, and you get a total of \$20 million....

They estimate \$2 million in customs duty, and that would be 10% of all the revenue they would get from Newfoundland. What they get from the people of Canada is only 4.28%. That is the point I make. That is the comparison.

Mr. Job They make it up in other ways.

Mr. Smallwood Who makes it up in other ways?

Mr. Job The officials who make up the accounts. It may be correct what you say, that 4% is in customs duties; but they get taxes in other ways.

Mr. Smallwood They get 96% in other ways....

Mr. Crosbie If you are correct that if 4.28% in customs duty is what they collect in Canada on the average, according to the Black Book they will collect 10.6% off us. I am up in the air.

Mr. Smallwood That is what it happens to work out at, which seems to me to be excessively high.

Mr. Crosbie I agree with you. The Canadian officials agree with you. Instead of \$20 million it should be that much less. Who are we going to believe? Your 4.28% or the 10.6%?

Mr. Smallwood You are not believing me. That