

Ottawa and Australia, between the members of the Cabinet in Ottawa and Mr. Claxton in Australia. But then Mr. Claxton came back to Canada before we left, and I talked with him, and he said that they would not only establish these military and naval and air force units in Newfoundland, and maintain and continue the Newfoundland Regiment, but that every effort would be made to enlist Newfoundland officers in the units, but above all in the Newfoundland Regiment; I think the idea would be that quite a number of Newfoundlanders with military experience of officer material, would be offered the opportunity to serve in these defence units that the Government of Canada would establish in Newfoundland.

Mr. Hickman Those reserve units, they would be something similar to what they have in Canada? They would not be permanent units, but they would just meet one or two nights a week, and have two or three weeks in camp, or something along that line.

Mr. Smallwood Yes. It's like a territorial army, something like the National Guard in the United States where men go once or twice a week in their off-time to drill, and are given their uniforms; they are not on seven days pay in other words. I suppose its something like a glorified CLB and in the summer they have manoeuvres and go into camp....

Clause 21: *Oleomargarine.*

Notwithstanding anything contained in the Dairy Industry Act or any other act of the Parliament of Canada, oleomargarine and other substitutes for butter may continue to be manufactured and sold in Newfoundland after union unless prohibited or restricted by the Parliament of Canada at the request of the Legislature of Newfoundland, provided that notwithstanding anything contained in Section 121 of the British North America Act, 1867, no such oleomargarine or other substitute for butter may be exported from the Province of Newfoundland to any other part of Canada except by authority of the Parliament of Canada.

Mr. Chairman Section 121¹ provides: "All articles of the Growth, Produce, or Manufacture of any one of the Provinces shall, from and after the Union, be admitted free into each of the other

Provinces."

Mr. Smallwood Yes, that section provides for free trade between Newfoundland and Canada, but in the matter of oleomargarine that would not apply. Oleomargarine, although manufactured and sold in Newfoundland, would not be permitted to go into the rest of Canada while the Dairy Industry Act forbids it.

Mr. Chairman Thank you Mr. Smallwood, that's the point.

Mr. Smallwood There is a very great and continuing pressure from the public of Canada, going on for many many months past and still going on stronger than ever, to permit the manufacture and sale and importation of margarine into Canada.... Anyway, sir, the point is whatever is the case in Canada, whether or not Canada will ever permit margarine to be sold, in Newfoundland it will be permitted not only to be sold, but to be manufactured, and to be exported if we can find a market for margarine in any other country except Canada. I firmly believe that the Parliament of Canada is going to remove the present restriction for all Canada just as they offer in these terms, in this clause; just as they offer to remove that restriction for Newfoundland alone, so they are going to do it for all Canada, perhaps. If they do sir, it seems at least possible that Newfoundland, possessing as she does one of the finest factories in the world making margarine, and I refer of course to the Newfoundland Butter Company ... that the minute Canada removes the restriction, then the Maritime Provinces could, and I believe would, become at once a natural market for margarine manufactured in Newfoundland....

Mr. Fogwill I wonder if Mr. Smallwood could tell us if the general sales tax of 8% will be imposed on the oleomargarine?

Mr. Smallwood As there is no margarine in Canada it is a little difficult to say whether the sales tax does apply or not....

Mr. Fogwill Well, according to this, if we are allowed to manufacture it in Newfoundland it will be legal. Therefore I wish to ask Mr. Smallwood if he would find out that information. It would amount to quite a tidy sum going to Ottawa each year, somewhere around \$190,000.

Mr. Bailey I don't think a sales tax would apply in Canada, as it does not apply to butter. While butter in Canada is brought down here ... you will

¹The BNA Act.