

occupation and the premiums that would have been paid in by them and by their employer and by the government are now all paid by the government; so they have been fully insured against unemployment for that whole period. If they become unemployed, once they had been working 15 weeks after the war is over ... they are entitled to unemployment insurance benefits based on the length of time the premium payments were made while serving in the war. I think Mr. Job is dealing with a different matter.

Mr. Chairman He is speaking of the merchant seamen's compensation. He has advanced the opinion that these insurance funds are contributory in nature and he asks the respective proportions in which contributions are made, by the government, by the shipowner and by the crew member.

Mr. Smallwood My answer is, none. The whole amount is paid by the government in respect of the period after June 30, 1941, during which the merchant seamen was occupied in dangerous waters.... There is a Merchant Seamen's Act. I have not read it; I do not know what it means; I do not know what is in it.

Mr. Job That is a satisfactory explanation. I did not realize it applied only to war veterans. I thought it was rather misleading. As regards the Merchant Seamen's Act, that will come up in another form.

Mr. Higgins I have the act here. I may be able to tell you when we come back later.

[The committee rose until 8 pm.]

Mr. Smallwood I believe the Convention has

now come to the point where we are ready to begin to discuss and debate the financial side of the confederation terms or basis of union — the financial side and taxation, generally. In view of our discussion last night, we might agree to confine ourselves, to start with, to the question of what revenue the Government of Canada would probably collect from Newfoundland if we became a province and also what money the Government of Canada would spend in Newfoundland. So I would ask the members to turn to the Grey Book, page 15, Annex IV. The headline says, "Probable Federal Revenues And Expenditures With Respect To Newfoundland."

Mr. Cashin Before we move on, I would like to ask how these bogus federal revenues were arrived at.

Mr. Smallwood I appreciate the importance of Major Cashin's question; but we could read it and then, if he likes, we could deal with them one by one.

Mr. Cashin These "probable expenditures" are somewhat misleading; but go on and read the expenditures.

Mr. Smallwood *Federal Revenue¹**
Probable Expenditures

Estimates have been obtained from federal departments of the cost of extending existing services to Newfoundland in a typical year. The totals of the estimates so obtained are set out below, separate figures being given where fairly firm estimates based on legislative commitments, eg. family allowances, can be made. Attention is drawn to the items

*	Personal income tax	\$ 3,200,000
	Corporate income tax	
	(including withholding tax)	7,500,000
	Succession duties	320,000
	Customs duties and import	
	taxes	2,000,000
	Liquor taxes	400,000
	Tobacco taxes	500,000
	General sales tax	4,000,000
	Miscellaneous excise taxes and	
	sources of revenue	1,500,000
	Post Office	750,000
	Bullion and coinage and other such	
	revenue	15,000
	Total	\$20,185,000

¹Volume II:521.