

standard to which the wise and honest can repair. The rest is in the hands of God." (Applause)

**Mr. Bailey** Mr. Chairman, in Mr. Smallwood's reply to Mr. Hollett's speech of some time ago, I don't seem to agree with him. As regards the budget he said: as regards municipal and provincial taxation ... but, before proceeding with this question there is one thing I would like to bring before the Convention. See Black Book, Volume I, page 115:

*Federal Taxation.* The federal government has authority under the British North America Act to levy direct taxes, and sole authority to levy indirect taxes. At the time of confederation the former field of taxation was quite unimportant, but the introduction of the income tax in 1917 greatly increased its importance as a source of revenue, until today the federal government collects about 30% more revenue through direct taxation than through indirect.

I don't know what you think about that, but it appears to me that that is the official lie of official liars, or something like that. You will find out from 1946 and 1947 the direct taxes of Canada were \$1,155,000,000, and the indirect were \$1,045,000,000. Where does the 30% come in? There's another answer to this question. I made a statement standing here over a year ago that we were signed, sealed and delivered, and that a 5 cent stamp or a taxi fare could bring the terms into this house.

If we will go back to 1946-47 we will find that the direct taxes of Canada were \$1,436,000,000, and the indirect were \$1,122,000,000. I have the lot, the 1945-46 taxes were \$1,453,373,000, and indirect \$821,485,000. I will skip the others, and we will go back to 1942-43, and we find that the direct taxes of Canada were \$1,378,000,000, while the indirect taxes were \$758,677,000. Now I don't know much about percentages, when the time was for me to learn percentages, I was given a haul hook to try to get a few logs out of the woods so that I could eat, but there is the position. This summer, when the Ottawa delegation came back, mention was made of the lot of work they had done, and the amount of stuff they brought back; but if the Black Book is right on the 30% business, it goes a lot further back because the difference of \$110 million today between the two don't work out together. I am not going to say any

more, but I am going to leave it to you gentlemen here. I think you have got savvy enough to remember this: that this was got ready for us, and the whole thing was worked out so that we would fall right into the trap. Now I am going to quote Prime Minister Winston Churchill: "I wonder what manner of men they think we are". Is it possible that they can push that stuff in print and shove it down our throats and expect us to believe it? I said it here to my own men who believe in responsible government, that it was preposterous, and it could not be, but it was and is so.

Now referring back to our first subject — taxes that our sister provinces are paying today (if we become a sister province) — that is something that I have been trying to get a hold of, so that I could tell the people of this country the kind of taxes we are going to get up against when we change over from what we are today. Now don't think I am against the kind of taxes they have in Canada. One thing we found out since we came here is that the economy of our country is around \$80 million. I don't think it is any more, and I firmly believe that if our economy were doubled to \$160 million, I would consider this confederation very quick, because I think their form of taxation could be worked on the people, and the service that it calls for could be given to the people today.

We were brought in here and, as it were, the confederation issue was thrown into our lap — everything that would make us understand, a generation of men without a big lot of schooling, everything should be put before us so that we could understand the system of confederation and what it means. Instead of that we have got up and painted a rosy picture of "marching up to Zion" — everything all right. The poor people don't know anything more about confederation today than when we came in here. I have been trying to get it ever since I came in, and thank God I have got it. This is confederation.

Mr. Chairman, I shall have to refer to localities in Newfoundland in comparison with localities in Canada, to bring my point out, and I hope in this way to establish a foundation for what I am trying to bring before the house. It has been said that we can run this province on so much per head, \$43 per capita. This leaves me in a fault.... Let us review the situation like we should. This island today is 42,742 square miles, I believe, and