

connection with the words used by Mr. Smallwood just recently about the wealthy people. I am not one of these wealthy people. I know we have some wealthy people in this country, and they have done a good job and invested their money in many ways, giving many hundreds of people work, and I really feel hurt about that. I would like to say to Mr. Smallwood, "Let him that hath no sin cast the first stone." I am sorry, but I cannot support the motion.

Mr. Fogwill Mr. Chairman and gentlemen, in speaking to this motion, this question of federal union of Newfoundland with the Dominion of Canada, to say the least, Mr. Smallwood's explanation of the Black Books and the Grey Book have, so far as I am concerned, been very unsatisfactory. These Black Books do give a good general outline of the Dominion federal services, and also a description of Dominion federal services, and also a description of Dominion-provincial relations, but for one to appreciate properly these services and their application to Newfoundland as a province, the explanations of Mr. Smallwood have been worse than useless. Take, for example, the tax structure of Canada, what do we know about it now? What does the country know about it? What does Mr. Smallwood know about it?

Some time ago, sir, I quoted some figures in respect to probable federal revenues which would be collected from the people of Newfoundland as a province. I had taken considerable time and trouble with this. I arrived at a figure, with the exception of the corporate and income tax, of over \$10 million in excess of the Canadian estimate. Now this total was got by actually applying the Canadian taxes to our imports for the year 1946-47, and also by making a reasonable estimate of taxes on local production. This figure of \$10 million is in my opinion conservative. Mr. Smallwood, in his summing up of the debate in committee, showed agreement with one source of Canadian taxes, that is in the general sales tax, and when doing so he very conveniently used the Customs Blue Book for the year 1945-46 which showed imports of \$9 million less than 1946-47. He also estimated taxable local production at only \$5 million, which is absolutely absurd when it is realised that three items only of local manufacture amount to over \$4 million in 1946-47. Now, sir, there has been

much criticism and abuse directed at Newfoundland's method of collecting taxes, particularly the method of collecting taxes on imports. Of course it is not an ideal way. It rests heavily upon the wage earner, but until a better method is devised, this system will remain. It is, if I may say, inexpensive in operation considering the scattered nature of our population when compared with methods used elsewhere. Of course, Mr. Chairman, the evils and iniquities of this kind of tax has been used by Mr. Smallwood in his argument for confederation; so much so, that he apparently forgot all about the Canadian taxes. He used the old argument time and again, that of computing wholesalers' and retailers' profits on cost of goods plus duty. Is it possible that Mr. Smallwood is so innocent that he thinks that under confederation the wage earner of Newfoundland will have any relief from this? Let us consider for a moment the Canadian system of collecting taxes. The Canadian federal government imposes a series of taxes much worse in their application to the wage earner than we have in Newfoundland; they impose excise duties, excise taxes, import taxes and the general sales tax, a multitude of taxes for which there seems to be no rhyme or reason. All of these taxes are indirect, the import taxes are imposed on goods at the point of entry, excise duties, excise taxes and the general sales tax are imposed at the point of manufacture, and in their application to Newfoundland these taxes will be, in their effect on the wage earner, the same as our import taxes. The importer, the wholesaler and the retailer will make profits on all of these taxes. In this respect the position under federal union will remain unchanged — in fact, in my opinion, it will be worse. On many items of taxable goods in Canada there are two, three and sometimes four separate federal taxes before the goods reach the consumer.

Mr. Chairman, it is the double and sometimes treble taxation which bears so heavily upon the wage earner, these are the taxes which dig down into the workingman's pocket. One or more of these taxes, sir, will be applied, with very few exceptions, to everything we use if this country enters federal union with Canada. I have computed the Canadian import taxes on a per capita basis, taking the average from the five year period ending in 1946. I have done the same in