

different. In this case, the taxpayer doesn't put his hand in his pocket and hand over the taxes to the government direct himself. With indirect taxation somebody else puts his hand in his pocket, takes out the money and hands it over to the government, not the man who pays it at all. In fact, the man who really pays it doesn't know just what he is paying, because it was taken out of his pocket by somebody else. And that somebody else forgot to tell him how much he took out for taxes. If a fisherman goes into a shop and pays \$50 for a bedstead, he pays \$50 for it. Does the shopkeeper tell him how much of that \$50 goes to the government in tax? No. And all the fisherman knows is that he paid \$50 for the bedstead. He knows that he probably paid some tax on it, that some part of that \$50 went to the government, but how much? He doesn't know. If he had a copy of the customs tariff he could look it up and find out that the duty on that bedstead is 50%.... But not only does some of that \$50 go to the government in tax, but the shopkeeper has made a profit on that duty — I don't mean a profit on the bedstead itself now, but a profit on the duty that was paid on the bedstead. He doesn't tell the fisherman that and there's no reason why he should. The shopkeeper has already paid the duties to the government. He has paid out that money and he, the shopkeeper, is entitled to make a profit on the money he puts out, whether it's put out to buy the bedstead in Canada in the first place, or to pay the government the 50% duty on it. It's all the same to the shopkeeper. He's invested the money and he's expecting to make a profit on it. And that's how it goes, all the way through, wherever a customs duty is paid on an article. A profit is made on that duty as well as on the article itself. Two profits — and they both come out of the customers' pockets. Even when the customer has some idea of this, he usually doesn't know how much more the article cost him because of the duty and the profit on the duty. That's what we call indirect taxation. And that's how the bulk of our government's money is made in Newfoundland.

Suppose the wholesale merchant here in St. John's imports \$100 worth of goods from Canada. He pays \$100 wholesale for the goods in Canada. The goods are all at the wharf, but can he go and take it off to his own store? No, not till he pays the government say \$40 duty. So they

cost him \$140 landed in his store. So he puts his profit on the \$140.... Say his profit rate is 20%, that's \$28. So he sells the goods to a retail shopkeeper for \$168.... The government has its \$40 tax, the wholesale merchant has his \$100 back and his \$40 back, together with his profit on \$100 and his profit on the \$40 duty. Now the retail shopkeeper has the goods. They cost him \$168. So he puts on his 20% profit, and that makes the goods worth \$201. The retail shopkeeper sells them to the public, to the fishermen, and loggers, and miners, and everybody else, for \$201. Now what's happened? The wholesaler pays the duty tax to the government and gets it back with a profit from the retailer. The retailer gets it all back, together with his own profit from the public. The customer, the consumer, the man who finally forks over his money across the counter, he pays it all — a tax to the government, a profit to the wholesaler on the tax, and the retailer's profit on the wholesaler's profit — profit piled on profit. And the customer pays it all and wonders why the cost of living is so high. Yes, and some of them shiver when they're told in this Convention about the awful taxes they'll have to pay if we go in with Canada. That system of taxation is one of the most unjust, yes, one of the most vicious in this world today. It's bad enough to have to pay taxes to the government, but a lot worse when private individuals, private businessmen, are able to make their own private profit on those very taxes. That's what we get when we raise the bulk of our taxes through customs duties.

Last year we paid the government, all of us Newfoundlanders, around \$20 million in customs duties. That was bad enough, and it certainly drove the cost of living up high enough, but on top of that \$20 million we paid at least another \$5 million to the wholesale and retail merchants between them as profits on that \$20 million duty. You see, sir, the merchants paid the duty to the government. They laid out their money to pay the duty and they were fully entitled to make a profit for themselves on that money. I'm not saying one word against the merchants on this point. We can't blame them a bit. They have got to do it if they're going to stay in business. But the fact remains that the general trade of the country last year took at least \$5 million out of all of us, to compensate themselves for collecting the