

is not my figure. This is the public accounts of Canada; their public accounts.

Mr. Crosbie Then what are these?

Mr. Smallwood These are also provided by the Government of Canada. There is no contradiction between them and the 10%.

Mr. Crosbie I can be just as pigheaded and will labour the point as long as you can. They figured the duty at \$2 million. What is the exact amount of goods they expect to be imported into this country outside of Canada?

Mr. Newell On page 123 it says, "However, it must be recognised that these figures were greatly affected by heavy imports of duty-free raw materials of little interest to Newfoundland." Would not that support the contention that the proportion of our revenue would be higher than that raised from Canada in duties?

Mr. Smallwood Yes.

Mr. Ashbourne As I view it, the 10% we are talking about here happens to be 10% of \$20 million which the federal government expects to get. Now, if the amount of the ratio of total imports happens to be 10%, then they would expect it to be that, if the average was \$20 million. I think it would be a logical basis to figure on. If the average customs duty collected was 10% and they estimated the amount of \$2 million which they think they are going to get in customs duty, would it not be a fair assumption to assume the amount would be \$20 million? There are two different things. The 4.28% is the percentage of the total revenue as compared with import duties; not the total amount of goods imported at dutiable figures. Two different things altogether....

Mr. Chairman It still does not explain the theoretical conflict between the public accounts from which Mr. Smallwood quoted and the statement on page 123 referred to by Mr. Crosbie; the ratio of import duties collected and the total imports into Newfoundland which was 10.6% and in 1944 still lower, 10.1%. What, if any, connection is there between the 4.28% referred to by Mr. Smallwood and the 10%?

Mr. Smallwood I can put that very shortly. This year, we are told, Newfoundland collected \$40 million revenue. Let us say \$20 million was gotten in customs duty. That would make it, if it happened, 50% of all the revenue the Newfoundland government got. In Canada 4.28% of the total amount of revenue was collected in

customs duties. Mr. Newell put his finger on it.... Newfoundland would not be importing large quantities of raw materials and this goes a long way in accounting for duty-free imports — half the imports into Canada are duty-free, mostly raw materials, steel, iron, coal, oil and so on. Newfoundland would import a smaller proportion of raw materials coming in duty-free than the rest of Canada. A larger share of our imports would be dutiable than is the average throughout Canada; for that reason therefore, instead of the average 10% duty, we might, on all imports, pay 12% or 14% and that accounts for this \$2 million in the Grey Book.

Mr. Bailey We are taking all this trouble on this point. I think you will find that income in the Canadian bracket is broken down into two very easily handled taxes — direct and indirect taxes.... The direct taxes are \$1,155,000,000 which works out roughly at \$96 per capita. But on the other tax, Newfoundland is going to have to pay...

Mr. Smallwood Compare the direct with the indirect.

Mr. Bailey Customs tax, excise tax, sales tax and other taxes — indirect taxes is \$1,045,000,000 or \$89.26 per capita.... Anyone here can put two and two together. In Newfoundland we collected \$40 million. Divide that by 320,000 people and we will get \$122.36. That is the tax Newfoundland is paying. If she goes into confederation tomorrow, her indirect taxes will be \$89 a head. We are going to eat as Canadians, have as many bath tubs. We must pay the same amount of taxes. I know we are going to pay it; every man, from the cradle to the grave will pay. I imagine every man and boy will be paying the works. Whether it is customs tax, excise tax, sales tax or other tax, I will bet my last dollar I am right — \$89 per capita. Your tax under responsible government and Commission government, the highest I think was \$122.36. There is the whole thing in a nutshell. Whether it is 4% of the total or 6% or 3% I do not know. But there it is.

Mr. Smallwood I wonder if Mr. Bailey would give us the total amounts.

Mr. Bailey \$1,155,000,000 (direct)
\$1,045,000,000 (indirect)
\$2,200,000,000

Mr. Smallwood That is the total amount of the revenue of the government of Canada. Mr. Bailey