

that \$1. But the sales tax referred to in these Black Books is an indirect tax. Its effect on the consumer is exactly the same as a customs duty. For example, if an article cost 50 cents either from the importer or the manufacturer to the retailer, the first thing he does is add on the 8% tax, which would make the article 54 cents. After that it's on the 54 cents that the retailer puts his markup or profit. An article which cost 50 cents ... would cost 76 cents. I've taken one item at 50 cents, but that is the principle that we must have in mind when we think of a sales tax. It is exactly the same in principle as a customs duty. It should be borne in mind that there has been in the last 16 months a considerable amount of discussion on the profit that is made on customs duties, and on the profit on profit. That's the way it's been said, exaggerated beyond words to my mind.

I was referring to the things we would give up, and in doing that I really moved on to clause 5 of the proposed arrangements. But there is clause 4 and some people may have thought that I proposed to avoid clause 4, which concerns welfare services. Nothing was further from my mind. The welfare services enumerated in clause 4 are all good. Some such schemes must in the future be applied to Newfoundland if we are to keep abreast of the times. Any scheme however, that is applied to Newfoundland must be consistent with¹ national minimum standards, for the sole purpose of avoiding want, when the earnings of parents with large families for example, are either cut off or insufficient to avoid that want. Mr. Chairman, it is wasteful and unjustified to pay family allowances, for example, to a man earning \$5,000-\$10,000 a year. I'll put this on a personal basis. I have never been able in my life to earn very much more than \$3,000 a year. I have two children, and family allowances on the scale given by the Canadian federal government would be very nice. But I honestly feel that I am not entitled to family allowances as long as there are people in this country who earn way less than \$3,000 a year, especially when I can offset my family allowances against what I would normally pay in income tax, which is the principle applied in the family income allowances in Canada. People in the same category may or may not face up to that position.... In England they have a

family allowance scheme and the first child is exempt. That's one way of getting over the difficulty. I do not want to give you the impression that I'm an expert on social services, family allowances, or any of the welfare schemes. But I am concerned in the view which I have just expressed by reference to the Beveridge Report.² Anyone who wants to check on what I have said, a reasoned basis for it will find it on page 154 of that report. Also I would like members to read page 115 of a book which has been referred to many times in this Convention, *Quick Canadian Facts*. Bear in mind sir, that what I have said must not be taken to mean that I am or will be in the future opposed to social welfare services wherever and whenever we can handle them. Whatever form of government we have in the future, these things must and will be brought about, provided we can find a solid basis for paying for them.

Now let's take the old age pension. Here again, I am all for it. I believe it is the measure of a people, the standard of civilisation, the way in which the younger generation will take their part in doing the fighting for their country, and also in the protection of both the young and the old.... I want you to look for one minute at the *Canadian Year Book*, page 795. You will find there, that in Nova Scotia for 1945-46 the average monthly payment on family allowances was \$1 million. The population of Nova Scotia is 620,000.

Mr. Smallwood That's now.

Mr. Butt That's right now — 620,000. The population of Newfoundland now is 320,000.

Mr. Smallwood 327,000.

Mr. Butt 327,000 — that makes it better from my point of view.... The point I am making is this and it's only a matter of half a million dollars or so, but our population is half the population of Nova Scotia. The payments there are at \$12 million. Half \$12 million should be \$6 million. The estimate given here for family allowances is \$8,350,000.

Mr. Smallwood Mr. Butt, permit me on that.

Mr. Butt Surely.

Mr. Smallwood To begin with, the basis you were taking for Nova Scotia is merely the last three months of 1945. It's not a sufficiently long period on which to base anything. The other point

¹Gap in the recording.

²Great Britain, *Interdepartmental Committee on Social Insurance and Allied Services* (London, 1942).