

taxes. Out of \$3 billion taken in this respect, over \$1 billion was from indirect taxes, such as customs duties, excise duties, etc., and \$1.5 billion from direct taxes. One-third of their total receipts in this respect was from indirect taxes, and yet we are told that union with Canada will banish this vicious system.

We have also heard the oft-made remark about the bottom falling out of fish prices, etc., and the price going down to \$5 per quintal, but surely the members who make these statements do not expect that union with Canada is going to prevent fish or any other commodity from dropping in price? That will be the result of world conditions, and Canada or any other country cannot stabilise or prevent the drop in prices of fish or any other product. In fact in my opinion, union with Canada will have a destructive effect on our fishing industry, inasmuch as we will be unable to make the marketing arrangements that we have today with European markets, particularly Portugal and Spain and perhaps Italy, and also I can see nothing in the terms of the Black Book, nothing official, that will show me that the Newfoundland Fisheries Board will be able to continue its present work which is resulting in the better marketing and selling of our products. It can only, as far as I can see, be the agent of the Canadian Prices Support Board, and this has nothing whatever to do with markets or export, and to lose the Fisheries Board in its present capacity would, in my opinion, not only be destructive, but also have a very far-reaching and bad effect on our whole industry.

It has also been said by some of our most ardent confederates that it is very difficult to provide full social services in this country because the population is so scattered over such an area. Do they mean to tell me that union with Canada would make our population less scattered and Newfoundland any smaller? We will have exactly the same problems under confederation, and to my mind this is just one more of the red herrings that are drawn across our trail, and if Mr. Crosbie had thought of it in advance, he could have put his herring factory here in the Convention because there are more red herring here than in Bay of Islands.

The people will want to consider what effects confederation may have on our industries. I have already told you briefly the detrimental effect it

will have on our fisheries; but here is also the effect it will have on our paper mills and paper industries. Newfoundland has one of the most economically operated paper industries in the world today, and while the demand for the next few years will be such that total outputs or production may be sold out, yet it may be that in the near future paper mills under union will have to restrict their output — to go on the quota basis as they did in Canada. If this happens, Newfoundland, under its own government, being operated so economically, the industry could still work at capacity without restriction; but as operated in Canada, our paper mills would be placed under production restrictions, with the result that perhaps 1,000 of our people would be put out of work in the mills and in the woods. The effect on our industries, as I have mentioned, must have consideration by the people, because it affects them directly in the amount of employment available, which might be reduced in this respect through confederation with Canada.

Our agricultural industry today is producing around \$12-15 million and if we should become part of Canada, I hesitate to say what effect it would have on our agricultural products and on our farmers generally, particularly in view of the increased land production that we are endeavouring to obtain. This is one very good reason why Prince Edward Island would like to see us in confederation at the expense of our west coast farmers, as well as those on the east coast. It would provide the Canadian farmers with an opportunity to increase their profit at the expense of the Newfoundlanders.

Do the people of this country realise that we are now discussing the terms offered by the Canadian government, which are based on a tax agreement that over 50% of the people in Canada have not subscribed to, and to which they do not agree? Both Québec and Ontario have not accepted this federal-provincial agreement, and it might be of interest to you to know that I understand that the Ontario government brought in some experts from the United States to go over the whole question and to advise the Ontario government as to whether it was wise or not to accept this tax agreement, and they have not done so. Yet we are trying to be pushed into an agreement that over half of the people in Canada have not accepted, and for the Canadian government