

what source of direct taxation. In some large cities the police department is not a provincial responsibility; it is municipal. In Montreal they have the provincial mounted police and the municipal police. I imagine we will have Mounties costing \$500,000 a year.

[Short recess]

Mr. Cashin Before I proceed, I want to say that I understand His Excellency the Governor is leaving for England tomorrow on official business. I want to take this opportunity through the avenue of this Convention to say to His Excellency with all respect, in view of the statements I made yesterday, that before he returns to resume office as representative of His Majesty, he might ask the United Kingdom government to let us know why Great Britain failed to carry out its obligation or contract with the people of Newfoundland, and fulfil its agreement between the Newfoundland government and the United Kingdom in 1933.... There are others besides myself who think that this Convention which has been going on for some time — two and a half years ago I said this Convention was a farce and there are others now who have come to the conclusion that I was right. This Convention has been a failure and some have appealed to the government to have it called off. I would suggest therefore, with all due respect, that His Excellency ascertain from the United Kingdom government during his visit why they have not carried out this agreement. In view of the fact that this Convention has been termed a failure, the 1933 act should be carried out.

Speaking again on taxation in Canada at the present time, I notice Mr. Smallwood pointed out that practically all the taxes are paid by Ontario.

Mr. Smallwood Half.

Mr. Cashin Where do the raw materials come from? Ontario makes the profits on the raw materials from Saskatchewan and the lumber business of British Columbia. All that is controlled in Toronto and Montreal. These people have a right to pay these taxes direct and indirect because these people are located there. In some Maritime Provinces — take the Dominion Steel Company, their profits are distributed in Montreal, Toronto and New York. Even at the present time the DOSCO people have adopted a plan whereby some new American capital is to be brought in, and DOSCO steel will be control-

led from the United States. True, Ontario pays and Québec pays, but the raw materials come from British Columbia, Alberta and Saskatchewan — oil from Alberta, wheat from Manitoba and Saskatchewan; Ontario reaps the reward.

As I said, with regard to direct taxation, Mr. Smallwood has not told us how these taxes are to be collected or from what source. No one has told us how they expect to collect these monies. Mr. Smallwood has not told us. Why? Because there shall be extra taxation to go on. Every man, woman and child will be taxed; an extra \$8-10 million will have to be inflicted and do not let anyone fool you to that effect. Mr. Smallwood stated on occasions that the wealthy will have to pay this taxation. I think I heard him one time say that Mr. Job and Mr. Crosbie and some others, because they are merchants, they will have to pay it...

Mr. Smallwood I know; but I did not say it.

Mr. Cashin You are banking on the baby bonus. Next thing, you will have a baby farm. I say to you, that the rich will pay their share, but the ordinary man and woman of this country will, in the final analysis, pay all these taxes. Mr. Smallwood in his abortive budget has not indicated in what way these taxes will be collected. He has refused to do this, because he has been trying to convey to the country that there will be no such thing as additional taxation, when he knows quite well that there will be. Plenty of it. There are many kinds of direct taxation; property tax, which could be imposed on people owning property and homes. There is education tax, whereby people in the various outports would have to pay the increased cost of education for their children. There is also sales tax in force in some provinces, which means that every time one makes a purchase of goods in any store, one would have to pay a provincial sales tax. In Quebec it is 4%. If you want to buy a present, you have to pay 25% luxury tax. If you want to buy an alarm clock, you have to pay 25%. There is such a thing as a hospital tax effective in Canada, a 5% hospital tax in Quebec. There are many forms of direct taxation, many of which will have to be imposed on our people in order to collect \$8-10 million a year in provincial taxes in order to balance the provincial budget. I move that the committee rise.