

their part nobly for defence of empire. It has been said by some member here that we may have a war at any time. Perhaps we may. And we realise that these countries have recognised the strategic position of Newfoundland; and not only that, the great United States of America has bases here in Newfoundland. These bases are part of a plan of defense for the western hemisphere. I don't think that Canada is going to make any move as regards these American bases, particularly as it works in with their scheme of defense....

Now I know that time is running short, and it is not my intention to go through all these terms which have been fully explained by Mr. Smallwood. Members have had as much explanation on these terms as probably they want. But there are a few points that I would like to touch on, such as the slight change in our form of taxation, and in the manner of raising taxes, which may have to be made if we become a province of Canada. But we must not assume that because we have been accustomed to a certain way of taxation for 100 years of so, that that way is according to the law of the Medes and Persians and cannot be changed. If it is in the interest of the masses of the people for a change to be made, then certainly it should be made. Very few people know exactly how much taxes they're paying. I doubt it.... Personally I can't say what taxes I'm paying. All I know, according to the last budget speech that was delivered, is that 54% of our revenue was collected through the Customs, something over \$20 million. Under these terms it's estimated that we shall be paying \$2 million. According to that, there would be a saving of \$18 million. Well, suppose we do have to find ... new taxation of \$5-6 million. Well, aren't we saving a considerable amount then?

Mr. Smallwood Don't forget the profit on the duty.

Mr. Ashbourne Yes that's right, there is a profit on the duty. Now the people who have to go to the bank and get the money to pay into the government chest, they're not going to get that money from the bank without interest. And if they have money of their own, well, their money is generally able to earn some interest. That's how the world is run. These people can't really be expected to take their money and pay the government without getting a certain profit on it.

But if they don't have to make that outlay on government duties, then they can't make a profit on it. And it's quite clear that the cost of living will come down, and people will have then more money to spend.

Now so far as I am aware, no province has seceded from the Canadian confederation. There are nine provinces and not one of them has seceded. If things were so bad in Canada ... why is it that one of the provinces has not left? During my stay in Canada I questioned a captain of one of the boats in which I was travelling, and I asked, "What about all this talk we hear down in Newfoundland sometimes, that you people, not being satisfied with confederation, would like to get out of it?" "Sir," he said, "I never heard talk of it." Do you think that Canada would send an army down here to keep us in confederation if we wanted to get out of it? I think it would be the other way around.... In union is strength. I believe that some real and marked increases in the money that the people would have in their pockets would ensue as a result of confederation. And if Newfoundland, after her surplus was used up ...¹ naturally, being a part of Canada, we would know where to look in order to get help. We have a tremendous overhead in Newfoundland. We have the trappings of an elephant and the back of a cat.

Somebody has remarked that the terms might be improved. But I read here in Prime Minister King's letter that the government could not readily contemplate any change in these arrangements which would impose larger financial burdens on Canada. We know that the economy of a country can change very quickly. We have been very fortunate in Newfoundland these last few years, in that millions of dollars have come in here from Canada and from the United States of America. We have had good prices for our fish, and the result is that we have built up a surplus. But let us not forget that we are spending this year about \$40 million. How long can we go on spending such a sum of money as that? It is only for the price of fish to drop and of certain other basic commodities, for the beginnings of a depression to start again. We are dependent upon world markets and dependent upon countries overseas to take our products, in Europe and the West Indies as regards the fishery, and America to take

¹Gap in the recording.