

they need to recommend more subsidies for the Province of Newfoundland. Not only whether they need to recommend more subsidies, but the form and scale of additional subsidies. Any government looks to get subsidies, and if they land here seven years after we become a province and look into it, what would the government of that day say?.... But there is a test. It is not enough for the government of that day to say, "We need more subsidy", there is a yardstick laid down.... The yardstick is this: how much more subsidy, if any, does the government require to enable it to continue the public services of Newfoundland not as they are now in 1947, but as they are in the year that the royal commission comes here ... without resorting to taxation on the Newfoundland people more burdensome than in the Maritime Provinces. That's not all. Without having to put on more taxation more burdensome than in the Maritime Provinces, *having regard* (and I direct Mr. Bailey's attention to this clause) *having regard to their capacity to pay*.... That's the clause: "having regard to capacity to pay". Don't lose sight of that clause in all your consideration of this section 14 of the terms of union.

**Mr. Bailey** I still can't understand a royal commission coming down here, and if I were to refer back to your budget I am glad I am able to see that this country will be able to be run for \$72, I believe that's the figure, \$72 a head.

**Mr. Smallwood** \$75.

**Mr. Bailey** \$75 instead of \$122. Well it's only \$3 out. Now then, we will take capacity to pay. I think if anybody here understands these two places I do. We will take Fortune and Shelburne. We will take the municipal taxes in the two places. I believe they have got a town council in Fortune ... and I believe the government is paying half of that town council for the current year. Then if we go over to Shelburne, a town with practically the same earning capacity as Fortune, we find they have got a population of 1,605, they have 50 sidewalks, 3.5 miles of asphalt, and no stone or gravel roads. And we find out ... they are spending \$19,299 for municipal purposes, and \$16,200 to educate their children. They have a total tax levied of 61%. The cost for each pupil is \$61 per year. The total tax is \$36,117. In the light of that, if a royal commission comes down here to Fortune, Grand Bank, Bonavista or Wesleyville, or Heart's Content or anywhere else,

because I believe in town councils, and I believe we should get them as soon as possible, those grants are going out. We are running the province and you said so, and I don't suppose you would get up here and deceive this National Convention that this country can be run for a mere \$75 per capita, instead of the \$122.36 they are drawing today, in the light of the fact that the Nova Scotia mean per capita tax today for all federal, provincial and municipal governments is \$216 per head. Now they are coming down here and they are going to let us off. It is preposterous, the whole set-up. These are the things we have got to take into consideration and put before our people. Because I have heard it ever since I was knee-high to a grasshopper how much better those people live in Canada, in this place or that place. I fail to see it. If they live they sweat for it. Take our position down here. If they cut out the town councils. We don't expect a man coming down here in the middle of the summer and sitting in the house to understand. They don't see our Octobers and Novembers and Decembers, when there is no way to get on the fishing grounds. In the southern part of Nova Scotia the vessels can go to the grounds seven days out of every ten in the winter, when our men have not been able to take to the grounds since October, not because there is no money to get there, or because they have not got the guts to go there, but simply because nature is against it. But it is no good to tell someone just coming down here, who don't know our climate, that those things exist, and then they turn around, and here's what they will throw up to you: "Look what our people pay!" And what can you say about it? So I don't hold with it at all myself. Let's admit today that we can't run this province under \$100 or \$125, and give this province, if we come under confederation, the things that our people are expecting if they vote for confederation. Remember that. We have got to be in a position to tax ourselves, we have to be prepared to fork up \$125 per capita at the very least. I fail to see the trend of the way things are going. We are masters in our own house, but when once somebody else gets over us it will be a different matter.... I know myself if we are ever going to lift our people to the standards they expect to be lifted to, we have got to start lifting ourselves by our own bootstraps.

**Mr. Smallwood** I would like to reply to just one