

we throw away an opportunity of some union with the USA, which country could, in my opinion, do so much better for us?

Mr. Smallwood reached the height of his class versus class propaganda when he took upon himself to tell you of monopolies and monies made here. I am afraid, from what Mr. Smallwood has said, that he does not know very much about business and I refer to the general channels through which trade is done. Business is done exactly the same as it is done in Canada, the United States, Great Britain or any other country. With regard to his reference to agencies that have sole monopolies, he is away over his head when he goes into the fundamentals of business and distribution. Canadian firms do not distribute or sell their goods to every Tom, Dick and Harry in this country or any other country. They themselves are the ones that use the principle of one agent or distributor, so that their goods may be better handled with more concentration of sales through one individual, and so that they may, through their distributorship methods, keep down the ultimate cost of their product to the countries to which they sell. You will find that where there are agents or distributors or representatives of any Canadian or American firm, it is by the policy of these firms that there are sole agents, and that it is to further Canadian export business and at the same time keep down the cost of their products that they adhere to these methods that Mr. Smallwood has taken so much trouble to call "monopolies". He has referred to the large volume of money made here in the last several years, but he omitted to say that a tremendous volume of the sales were made to American and Canadian firms who were contracting and building bases, and that the sales to them took not one cent out of the pockets of the people. In fact, it was the construction of these bases that first gave the people an opportunity to earn this money, and they were fed by these firms through the goods that were purchased in this country. He refers you to 105 firms that made a profit of \$15 million or an average of about \$150,000 each. He did not tell you, however, that this included Bowaters and the AND Co., and the Buchans Mining Co., which would account for the larger part of this profit and would probably bring the average of the 100-odd Newfoundland firms down to around \$80,000. He did not tell you that only 29 firms in

Canada made something like \$250 million to \$300 million — an average of over \$10 million each. Compare this to what he has given you for the 105 firms in Newfoundland, including the paper companies. If there is any profit that can be seen, it is in Canada and not here. The profits and mark-ups allowed by the Canadian government, even under the price control system, are away in excess of those here in Newfoundland, and in a lot of cases they are double. Yet this is the country, which to quote Mr. Cashin, "is the land of milk and honey". This again is only further propaganda to set class against class, and divide the people of this country to their own detriment.

Mr. Banfield, in seconding the motion, said that with confederation, the bulk of the taxes would fall on broader shoulders and not on the poor as today. Let me correct that right now. The sales taxes and excise duties in Canada will fall on those here in proportion to their purchases, but when you come to one of the real federal taxes, you will find that in Canada the income tax collected by the Canadian government is what will really hit our people here. In 1945 people earning less than \$1,000 — which is not taxable in Newfoundland — paid to the Canadian government \$19 million in income tax; the people earning between \$1,000 and \$2,000 a year paid \$146 million, and those earning between \$2,000 and \$3,000 paid \$137 million. For these last three income group brackets, that is \$3,000 and below, they paid a total of \$300 million out of a total collected by the federal government of \$680 million. In other words, the income tax paid by the lower-income group paid practically half of the \$680 million collected, and then Mr. Banfield tries to tell you that it will fall on broader shoulders than it does today. The federal government on today's basis estimates taking about \$3.2 million in personal income tax out of this country, but I feel sure that this will be closer to \$5 million because there are so many today not paying income tax in this country, who will have to do so if we become part of Canada. While I am on this question of taxes, I might say I have heard a lot of talk here about the vicious system of indirect taxation in this country, and that our union with Canada would get us clear of this system. Perhaps Mr. Smallwood does not know that the revenue of the Canadian government for the fiscal year ending 1947 was largely derived from indirect