

Mr. Chairman No, I don't think it will do. Personalities are not going to be permitted. It is not right and proper for one person to engage in debate by indulging in discriminations, and members will please refrain hereafter.

Mr. Harrington There were a few remarks made by the member from Bonavista Centre which were very interesting. He said that past governments had to borrow year after year to pay, amongst other things, the operating losses of the Railway. Later on he declared, again I think with reference to the Railway, that it has cost the people millions in taxes, and then, almost in the next breath observed that the government never did take in enough money in taxes to pay their bills — the government's bills. Mr. Chairman, perhaps unwittingly, that delegate struck at the very root of Newfoundland's trouble in the past. Governments are run, are financed from the taxes that are collected from the people. If these taxes are inadequate, the government must borrow. That is what happened in Newfoundland. People do not like to pay taxes in any country. It is said that Newfoundlanders are traditionally opposed to taxation, even in St. John's — which has had local government for nearly 60 years. But especially outside St. John's, in the thousands of communities where nearly every man is independent, owns his own house, his own boat, his own bit of ground, and where, until recent times, there was and still is no local government, and where taxes of any kind, that is direct taxes, are almost unknown.

Hence, these past governments, whose finance ministers were mentioned by the delegate from Bonavista Centre — the last thing they dared think of was increased taxation. He knows as well as I do that the manifestos of each party that strived for election always promised reduced taxation. That was the vote-getter in Newfoundland; it still gets a few votes in other countries too. Cut down the taxes. But they couldn't cut them all down. So they had to get as much as they could in a way that the people wouldn't feel too much. And that is one of the main reasons why we have a customs tariff that people say is too high. Local industries may have caused some of it by excessive protection, but no one will deny that the attempt by former governments to extract taxes the painless way, the indirect way, had more to do with it than people

admit.

But there was a limit to what revenue could be raised from the customs. And so there were deficits and the government had to borrow. And this happened time and again. And apart from the few instances of local government now in existence, the same antipathy to taxation of a direct kind exists. I don't think I'm a bit off the subject when I speak in this strain. For we cannot keep our heads in the sand forever. In this world the people only get what they pay for, and that applies to governments, and the things that governments nowadays are expected to provide — social services, social security and so on.

Governments will give the people what they demand; but they will charge them extra for each extra benefit. In this respect, and while taxation is the topic, I want to refer to the breakdown of the Economic Report's statement of revenue — that \$30 million. We see that the customs returns almost double the income tax figures — and that is a far cry from the budget of 1923, when customs returns were about 15 times as much. So we can see the burden is being shifted, and I hope there will be a gradual decrease in the indirect figures and a gradual increase in the direct tax figures.

But there again, how far can we go? That point interested me so much that when we had a meeting with Commissioner for Finance Wild, I asked him a plain question on it. I asked Mr. Wild, in view of the gradual shifting of the tax burden from indirect to direct, if it was his opinion that the great part of our revenue would or could soon be raised from direct taxation. His reply was a decided "No." And every man here knows why, even if Mr. Wild hadn't outlined why. Direct taxation can be successfully collected from people with fixed incomes, week by week, month by month. A large proportion of our people do not have such incomes. The fishermen are capitalists on a small scale. They are independent, individualistic. It is hard to assess their earnings. They know very little of direct taxation.

Newfoundland is synonymous with fish. That shouldn't offend us. But knowing that it is, we should be curious to note that of the \$90 million which the Committee estimates for our total earning power, only one-third is expected to accrue from the fishery. And that notwithstanding the fact that there are almost twice as many people