

barrel duty. We consume 100,000 barrels of pork and beef in Newfoundland, on which we would pay \$6 a barrel; \$600,000 for one item alone in duty. That is to protect the Canadian packers in Canada. They have local industries in Canada and they protect them. They protect them by putting 3 cents a pound on pork and beef.

We are a bit ahead of our job. I feel, and I think we discussed it at a private meeting, that in order to get down to brass tacks we have to have before us an idea of how the Province of Newfoundland would operate — what the revenue and what the expenditure will be. We are not interested so much in how much the federal government is going to collect, as how we are going to run the province when she goes into confederation. Ottawa should prepare a proper report. This report is incomplete. It does not point out the sources of revenue we are going to collect taxes from. It does not point out the expenditures we are going to have as a province. And until such time as we know from a provincial standpoint where we are going, we cannot intelligently discuss the whole situation. We ought to defer discussion on these figures. They had experts in Canada; who are the experts in Newfoundland? Were they consulted to corroborate this? It is out at least 20%. I think before we go any further we should have a conference with the Finance Department and the Assessor and the Customs Department as to whether these figures are accurate. This is from Canada. We have to know from Newfoundland....

Mr. Smallwood Does Mr. Cashin think that the experts employed by the Government of Newfoundland are better equipped, more competent to make a financial report than are the financial experts of Canada? I disagree with him.

Mr. Chairman I do not think that is a fair question.

Mr. Cashin I would be prepared to accept Mr. Allen's word down in the Assessor's Department — if he should make up a report for us, based on the Canadian income tax law, the total revenue based on last year that would accrue to the federal government under the present rates of taxation — I am prepared to accept Mr. Allen's word in preference to the Bank of Canada.

Mr. Smallwood I agree when it comes to the question of income tax and Mr. Allen's ability. I may tell Major Cashin that Mr. Allen has visited

Ottawa officially and there has been exchange of information back and forth — ordinary inter-customs departmental procedure. But when it comes to the question of estimating the nature and volume of commercial transactions, I would say that, admirable as are some and many of our officials, they have not got the data. The department is not big enough. We have no economic research. We have no Department of Trade and Commerce. In our Department of Customs and Finance, we have a small staff. It is not fair to expect that they should be as competent to assess these matters and estimate on them as the Economic Research Department of the Bank of Canada and the Department of Finance of the Government of Canada.

If we become a province of Canada, our trade is going to be different from what it is now and from what it has been in the past, as regards the source of our goods. We have imported in the past from the United Kingdom, from Canada, from the United States and roughly speaking, take the years 1900-1938 ... on the average this country imported roughly one-third of its goods from each of them. That is in normal times and under normal conditions, Newfoundland having her own customs tariffs and running her own affairs. Newfoundland as a province becomes an entirely different country from the standpoint of tariffs and consequently from the standpoint of where she buys her goods. With free trade between the mainland and Newfoundland, we will naturally buy from Canada duty free all that we need that she has to spare. If she has not got them to spare, any businessman will import from wherever he can get them. When he does, he will pay taxation at the Canadian rate of duty — if there is a Canadian rate of duty. According to Chadwick and Jones,25% is the average rate of duty on everything coming into this island. It is higher if you take only goods paying 40% and 50% average duty. Take the same things in Canada and take all the imports into the Dominion, ... and what does it run to? 10% as against 25% in Newfoundland. Approximately half of all the imports that come into Canada, come in duty free.... If Newfoundland were a province and any importer ... bought goods from the United Kingdom or the United States, he would pay the current rate of duty on them, if there was a Canadian rate of duty. If there was no duty, they