

have estimated we would receive in customs duties. Referring to our estimate of miscellaneous excise tax and other sources of federal revenue which was placed at \$1,500,000, he says that "on the Canadian per capita basis, Newfoundland would contribute in excise around \$3,900,000."

17. Mr. Pratt explains the above discrepancies by declaring that "Canadian Civil Servants" have given Newfoundland credit "only for the amount which they anticipate collecting within the geographical boundaries of Newfoundland." They have, he says, given Newfoundland no credit for the taxes which, under Confederation, would be paid in other parts of Canada on goods that would be shipped into Newfoundland. It must be remembered, he declares, that at the present time "sales taxes, excise taxes and customs duties . . . are now deductible from exports to this country."

18. Mr. Pratt goes on to say that "there are millions of dollars of other discrepancies, both in their estimate of the Federal revenue and Federal expenditure, which have never been challenged by Newfoundland" and also affirms that a bargaining point which Newfoundland should use with Canada is the extent to which it would in effect be subsidizing Canadian manufacturing industries "by enforced buying from Canada under their tariff." Then he says that "Newfoundland is in the unique position of being able to contribute American dollars to the Dominion of Canada," and suggests that this too should be offset against the estimated cost to Canada of Confederation.

19. Mr. Pratt made two points with respect to the fisheries. He said that it must be admitted that "a dark cloud hanging over our country is how are we to get Canadian money for the sterling which we must take if we are to retain our European markets for codfish." He said that, once Newfoundland had voted to enter Confederation, Canada would not agree to accept this sterling because this would oblige her to do the same for the other Provinces. On the other hand, a Responsible Government could use the need for such an arrangement as a bargaining point in negotiations, the *quid pro quo* being the American dollars which Newfoundland would bring to Canada.

20. His second point referred to the Fisheries Board and the controls exercised under its powers. He argued that the continuation of Newfoundland's present system of controlling the fishing industry is essential to successful marketing of codfish in countries where Government agencies or combinations of buyers control the purchases, as well as to continued assurance of a fair price to fishermen. The Newfoundland system of controls would, he said, come into conflict with the foreign trade policy of the Federal Government of Canada, but "if Newfoundland's present system of controls are to remain in force, it should be made a condition of union by negotiation."

21. Mr. Pratt said that he has studied the relevant figures and that he confirms the McDonald, Currie estimate of a Newfoundland provincial deficit of \$4,600,000 after allowing for the temporary transitional grant of \$3,500,000. He then declared that "there is not the shadow of a doubt that we shall have to impose widespread property taxes in Newfoundland, as in every Province of Canada." He said that the towns and villages of Newfoundland would have to impose their own taxes or do without education and other public services and that "we shall have to raise \$4,600,000, mostly by property taxes." He estimated that this