

**Mr. Smallwood** Neither have I, but say you loaned me \$1,000 and I agreed to pay you 3% interest on that \$1,000 every year, so the first year comes around and I pay you the interest.

**Mr. Cashin** \$30.

**Mr. Smallwood** Besides that, I am supposed to put aside so much in the bank to meet that principal of \$1,000 in say ten years, so that is \$100 a year.

**Mr. Cashin** Yes.

**Mr. Smallwood** The first year rolls around and I put in \$100 for sinking fund, and I pay you the interest of \$30. Is this what you mean, that at the end of the second year I have put another amount into the sinking fund, which reduces it by what? Say the sinking fund is another \$100, all right that reduces it to \$800, but I am still paying you interest on the \$1,000?

**Mr. Cashin** Oh no, you are not, you don't owe me \$1,000 now, you only owe me \$800.

**Mr. Smallwood** Exactly, well where have I lost money?

**Mr. Cashin** You have not, but the country has.

**Mr. Smallwood** Well, I am the country.

**Mr. Cashin** Well, you are not the country.

**Mr. Smallwood** Well, in this illustration I am the country, and you are the bondholders in England.

**Mr. Cashin** Well, the bondholders don't get the money.

**Mr. Smallwood** Well, I owe you \$1,000.

**Mr. Cashin** You don't understand it, and your talk is driving me crazy. You don't understand it, and it is impossible to drive it into your head.

**Mr. Smallwood** I am very thick-headed and

very dumb, but I am trying to get this straightened out. Where has Newfoundland lost it?

**Mr. Cashin** She has lost it in interest I tell you, by the trustees of the sinking fund not investing it when it went over there.

**Mr. Smallwood** They did not invest it in our bonds?

**Mr. Cashin** They did not invest it at all, and we have lost interest on it.

**Mr. Smallwood** And they lost interest on it?

**Mr. Cashin** Sure. When they bought it in the interest was £177,950. The next year when we sent over interest, the interest was paid into the sinking fund. The next year they sent over another £177,950, and they might not have been able to buy it in, and consequently they got on interest on it, but you are sending interest over.

**Mr. Smallwood** We are sending interest over, not on the sinking fund, but on the portion of the debt that they did not buy in. Is that because they could not buy it in?

**Mr. Cashin** I don't know, because here's the position. We have asked for a statement of account, and the sinking fund, and all you can get is two lines in the Auditor General's report.

**Mr. Hickman** I don't think the reporter can go on any longer.

**Mr. Chairman** Is it the pleasure of the House to adjourn?

**Mr. Cashin** I move that the committee rise, we are getting tangled up in a lot of figures here, and report progress, and ask leave to sit again tomorrow.

*[The committee rose and reported progress, and the Convention adjourned]*

#### November 7, 1947

**Mr. Chairman** Before calling on Major Cashin, with the indulgence of the House, I would like to direct the attention of members to the fact that my attention has been drawn to the second matter on the order paper, which isn't quite correct, and therefore, by and with your indulgence, I would ask the consent of the House that item two be amended ... so that it will read:

To move that the communication from the Government of Canada be received, and that the Convention resolve itself into a committee of the whole on tomorrow to consider the said communication.

....If you have no objection to that I will put the

question.

**Mr. Higgins** Is it intended to be two separate motions or what?

**Mr. Chairman** It could be two separate motions, but by that change it is immaterial.... One is just that you do now receive, and the other is that on tomorrow the motion will be made to resolve the Convention into a committee of the whole.

**Mr. Higgins** I suggest that it might be better to have two separate motions in the matter, rather than have this in the double-barrelled form that it is now.

**Mr. Bradley** I don't see that there could be any particular objection to that change, although I