

staff of the Railway at the present time numbers 2,990, and of the steamers 761, a total of 3,751... This looks to be an undue number in relation to the size of the operation, but only a careful detailed study would reveal whether or not the staff would likely be creased under Canadian National administration.

And they tell us they would be offered employment by the CNR. Where? Vancouver or St. John's? Would they have to pick up their things and move out of here?

In view of this and in view of the fact that the General Manager of the Railway has indicated that once our present capital expenditures are completed, the Railway and its various subsidiaries would be operated at a loss of not more than \$750,000 annually, we must draw the conclusion that under the management of the Canadian National Railway system, the railway accounts would be balanced and that no deficits would be incurred. Therefore in federal revenues the Canadian government would collect an amount of not less than \$30 million annually.

Now what amount does the Canadian government propose to spend annually in Newfoundland? We have no definite information on this matter beyond what appears in Annex IV in the Grey Book (and the reply which Mr. Hollett received yesterday, which was very indefinite), which states that including subsidies the federal government would spend in Newfoundland some \$27 million annually. This includes \$8.35 million in family allowances which amount may, and probably will, be eliminated very shortly. I have already referred to this matter in the early part of this address. However, the amount of \$27 million does not include \$3.5 million transitional grant, which in my opinion is nothing more or less than a "coaxer", or attempted bribe to influence our people to join Canada. It is not a permanent grant, as it expires within 12 years. Therefore, in addition to taking over all our assets, which I estimate are worth not less than \$120 million and which would be under Canadian control, the Canadian government would make an annual profit on the administration of Newfoundland of around \$3 million. Yesterday Mr. Higgins had a reply to a question as to what they could replace all these things for, what it would cost, and everything. The Commission government had not brains enough to figure it out, because he had a nil

answer. This does not take into account any profits that may accrue from the development of our Labrador iron properties or the further development of our forest industries on the Labrador. Neither does it include any possible revenues that may accrue from the earnings of those people who would be employed in the development of those industries.

Another possible source of revenue for Canada, or if not revenue we will call it bargaining power, has not been taken into consideration. I refer now to the American bases located in our country, the 99-year leases of which were granted the American government by the government of the United Kingdom during the latter part of 1941. During the course of this Convention, many questions have been asked and addressed to the Commission of Government, requesting information which we thought would be necessary for our deliberations, and many times we have failed to receive satisfactory answers. In some instances we were practically told to mind our own business. It was therefore with some surprise that I noticed that Mr. Hollett had succeeded in dragging forth an answer to his question respecting the position of our military bases, if and when Newfoundland should enter confederation with Canada....

As you know, the text of this answer is that in such an event, the Government of Canada would replace the Government of Newfoundland as the lessor of these bases. I regard this position as most significant, because what does it mean? It means this: in the event of confederation, Newfoundland would lose all and every right, privilege, and benefit which might have been otherwise hers. Our people, the people of Newfoundland, would be finally and absolutely deprived of all opportunity of capitalising on our leased territories. And in this connection, it must be remembered that it was one of our hopes to be able to use our rights in these bases as an important bargaining power in connection with the possible export of our fish and other products to the American market.

Now this is but one phase of the matter. There is another one which to me at least seems of even greater importance. It is a well known fact that during 1946 a mutual defence pact was made between Canada and the USA relating to the defence of North America. And under the terms