

which, without confederation, our own government will have to pay for, and these services run to \$11 million a year. With the federal government paying for these services it would be stupid and silly to include them in the provincial budget. I am not stupid or silly, so in my provincial budget I have taken those items of expense out, which brings the provincial budget down to \$14-15 million a year. Not the estimate of \$17 million of Mr. Hickman, or the \$19 million of Mr. Hollett, or the \$19.2 million of Major Cashin.

Now let's take it again. The federal government will take in profit \$20 million, and the provincial government \$5 million or \$6 million, a total for the two governments of \$25 million or \$26 million a year — call it \$26 million a year taken from all of us in taxes, and don't forget the coming budget of the Canadian government, which everybody believes is going to reduce Canadian tax rates still more next month or the month after. If the Newfoundland people have to pay \$26 million a year in taxes to the two governments, what will they get in return? Let's look and see. First, what will the Canadian government spend each year in Newfoundland? Under the tax rental agreement, \$6.82 million. Old age pensions and pensions to the blind, \$2.6 million; family allowances, \$8.35 million; other departmental expenditures, \$9.4 million; transitional grant, taking the yearly average, \$2,843,000; interest on our sterling debt, that they will take over, \$2,156,000 a year; Railway operating losses, at least \$2 million a year. It is costing us \$1-2 million a year, but it will cost the Government of Canada much more than that, because they will have less revenue. They have to reduce the Railway force, taxpayers' rates and freight rates, to bring them down to Canadian rates, and in some cases they have to increase the wages to the Railway men, and then on top of that, railway and other capital expenditures by the Government of Canada, \$2 million a year. Remember, they have to spend \$17 million for the first ten years, or they estimate that is what they will have to spend on the railway alone, so that is \$2 million a year for capital account. That is a total of \$36.5 million a year which the federal government would spend in Newfoundland — \$36.5 million a year. Some of it will come to the provincial government, some direct to the New-

foundland people in social security payments, and some of it to pay for public services carried on here by the federal government. \$36.5 million a year to be spent by the federal government, and \$15.5 million a year to be spent by the provincial government, makes a total of \$51 million a year to be spent in Newfoundland by the two governments together. So we pay \$26 million a year in taxes, and receive benefits amounting to \$51 million a year, clear gain for us as a people of \$25 million a year for the first eight years of union. On a purely cash basis confederation would mean a magnificent gain for the people of Newfoundland. Confederation, during the first eight years of union, will cost the public chest of Canada over \$16 million net each year: \$16 million a year is what the entry of Newfoundland into the Canadian union will cost the Canadian public chest. That is, they will spend \$16 million a year more than they will get from Newfoundland. It sounds like a lot of money in our ears, I admit that, for the Government of Canada to be out \$16 million a year by taking us into the family, but, as Mr. St. Laurent said when the Canadian reporters pointed this out, "That is only chicken-feed to the Canadian government, where we are handling thousands of millions each year in these times."

Sir, that concludes a point. I have only one other point, I think, in connection with Major Cashin's speech, and it is a little too long to do at this moment before 6 o'clock. I wonder, sir, if I could have your indulgence and rise until 8 o'clock tonight? Would that be satisfactory?

**Mr. Cashin** To me anyhow, I don't know about the other gentlemen.

**Mr. Higgins** I think it would be all right.

**Mr. Chairman** Is the House agreeable? We will rise then, until 8 o'clock.

*[The committee adjourned to 8 pm]*

**Mr. Smallwood**<sup>1</sup> As I said before the recess, I have only one point left in Major Cashin's speech with which to deal. And that is the question of Canada's public debt. Major Cashin has made a great deal out of the fact that Canada has what sounds like a very large public debt. I say sounds like a large debt, though actually it is not large at all. There used to be nothing easier than to confuse people about this public debt question. An awful lot of nonsense is still talked about it, and

<sup>1</sup>The following section is taken from the recording of the proceedings.