

change in the gross national product of Canada. Therefore I say this which the Ottawa delegation has brought in — \$6.8 million — is something which we cannot take for granted. We don't know what the gross national product is going to be this year, or next year, or the year after. The gross national product in Canada in 1944 and earlier was tremendous. Why? Because they were working and turning out guns, ammunition and ships, and all sorts of war material to send across to win this war. That in itself gave employment to people and put up the gross national product as never before in the history of Canada. The war ends, and as soon as the war ends all that industry has to cease, and has to be changed over to peace time industry, and it is inconceivable to think that Canada could, in such a few years, get back to the high peak of gross national product as it was in the war years.

That figure of \$6 million, I put the irreducible minimum in the books, and that's official — \$6,211,000, and that is the only figure that we can take. You cannot take the \$6.8 million, because by the time we, if we do, go into confederation, the gross national product of Canada may have changed to such an extent that we would not get any more than our gross irreducible minimum. To prove that, on the same page on which you are looking, you go to Saskatchewan. In 1944 Saskatchewan received by way of subsidy, or would have received, \$16,525,000. Now you notice in 1946 they got \$15,291,000, and you will notice Note D: "The adjusted figure being less than the guaranteed minimum, the guaranteed minimum is substituted." In other words, the population of Saskatchewan had changed, and if you go back to the population at the top of the page, you will find that the population in Saskatchewan in 1941 was 895,000, in 1942 it was 883,000, in 1944 — 858,000, in 1945 — 845,000 and still coming down. In 1946 it was 832,000, as against 895,992, so you see that change in the population in Saskatchewan over that brief four of five years made such a difference in the amount that you would have been glad the irreducible minimum was put in there, so the federal government gave Saskatchewan the irreducible minimum. So I take that figure. Yes, you will get that much, which is guaranteed, but anything more you cannot bank on. Now! Adding that and the revenues which I have already mentioned, this gives us a total

revenue, more or less assured, of \$8,461,756. From this we must take the amount before mentioned for interest payment on our debt of \$499,628, leaving \$7,962,000, and that, gentlemen, is the amount of hard cash which you will have to run your province under confederation, unless you are prepared to impose new taxation on the people. The Government of Canada however, realises how hopeless that would be, save that in the first three years (this is a sop, now) they will give us an amount of \$3.5 million, or a transitional grant, in order to facilitate the adjustment of Newfoundland to the status of a province, and note, "the development in Newfoundland of further revenue producing service".

In other words then, your revenue in the first three years of confederation will be, after paying the interest on your debt, \$11,462,128. After the first three years this amount of transitional grants is reduced each year by \$350,000, until at the end of the twelfth year you are back where you started, and the amount is \$7.9 million, or practically \$8 million, unless you increase taxation, and we understood that we have to. We must increase taxation if we are to partake of the glories of confederation. Mark that down. You have to increase taxation in this country if you want to go into confederation.

Somebody will say, "Oh yes, but you won't have any customs duties to pay." Mr. Smallwood will tell you. Gentlemen, I put it to you, if we enter into confederation it is the plan of Canada that we shall buy all the goods that she can make us buy. We are going to buy from Canada, don't worry about that, and isn't it reasonable to expect that the manufacturers will take advantage of that, and put the prices up to such an extent that the amounts which our people will pay for the things which they will buy from Canada will be about on a par with those which the people have to pay today under our customs duties. I don't think there is any question of that. I think, Mr. Smallwood, you will agree with that.

Mr. Smallwood All that's very sound, you could not deny that.

Mr. Hollett No question about it at all.

Mr. Smallwood No, not at all.

Mr. Hollett There is no question about that at all, but your provincial government — Mr. Smallwood will probably be prime minister