

right is not altogether free here this afternoon and that I resent.

In our Mining Committee investigations, we picked up material everywhere. Some of it was authentic, and some was fairy tales. Some that was given as authentic by responsible authorities, was retracted as late as 12 o'clock today. Can we, in view of all this, make up our minds and be straight about it? We looked back to the year books and other books to find the history of the iron ore industry and the steel industry, which we know nothing about in this country. We know plenty about the iron ore industry and the niggardly manner in which it has been developed here, and we find that iron ore mines never pay. One man said, "We lost 30 cents a ton last year due to a low dollar rate and 30 cents a ton because we wrote a contract and the sterling exchange failed." 60 cents a ton on their ore production, and they go right on operating! They don't hesitate. What is the answer? The answer is that they feed the raw material to the company away, and the steel company makes a profit. That is a mean position for Newfoundland to be in. If it can be avoided in a second instance, it is well worth consideration for a few minutes today. I don't want to force you into it, but I do point out that such is the position, and we may have a repetition of it again. True, there is everything in the act to protect us in the net profits and more in the income tax act, but that company has a right to sell out to a steel company, and after that our trouble begins.

We had a question of 10 cents per ton, which came up before the government some years ago and was written into the original agreement. The company argued that they could not operate if they had to pay 10 cents a ton, but among the information that we presented to you on page 16, there is a little tabulation of figures.... Let's not forget that this Labrador Mining and Exploration Co. could not pay us 10 cents a ton, and let's compare their operations with present prices in the Michigan area. We find there is one operation, taxes paid the government, 24 cents per ton. That's the Gogebic, it's underground mining and we believe the ore content would be about the same percentage. You have taxes of 24 cents per ton. You have 33.5 cents per ton royalty.... In the town you have federal income and excess profits to the extent of 15 cents a ton. If you add all these

up you will find that that mine pays out as royalty, as these figures add up, 69 cents per ton.... We find that the Michigan operation pays 69 cents per ton, and the company coming in here is flabbergasted at the idea of paying 10 cents a ton. Has anyone got the answer to that? Give me the answer to that, and I will sit down quite contentedly. But the information came at a late date on a lot of these items, and we have not been able to cover it thoroughly or give you our definite opinion, consequently we have the right of opinion, and we hold that right, and present the record to you in that same manner.

Mr. Hollett I don't intend to say much on this, but I am entirely in agreement with Mr. Miller. I am thoroughly convinced that Newfoundland as a country has got a raw deal in this 1944 act, and I can't understand any man trying to praise it and saying we got the best act in the world.

Mr. Smallwood Who said that?

Mr. Hollett I don't know. You might not have been here. The 1938 act does not look so bad. There were some chances for the treasury to obtain some income from it, and after all that's the only direct value to the treasury — the royalties and the income tax which can be obtained from the operations. Under this 1944 act, if you run through it carefully, you will find that by the time the company has taken out all the things which they may take out, it is practically impossible for them to make any profit whatever, and they will be like the mine in the Michigan area. They have been operating at a considerable loss but still are in operation, and I am quite sure that all these mines are under the contract of certain steel manufacturing companies. I am not convinced yet that this company in Labrador is not working in conjunction with steel manufacturers, because I can't understand anyone spending \$125 million without having made some provision for the sale of their ore, and I think the steel companies are in league with them on this deal. It is pointed out that we will have a lot of men down there in that visionary town. I fail to see where, in this country, they are going to get many miners. We have some in Bell Island and some in Buchans, but no others. If we put them in Labrador you have to deplete the manpower of these other places, and you can't expect the men to leave Bell Island or Buchans to go down to the Labrador wilderness, so where is the manpower