

nostrils of our people. I estimate that if they had loaned that \$12 million at current rates of interest, we should have earned nearly \$2 million. On the other hand, if we had not had to pay the interest on the other \$9 million we borrowed we should have received another \$2 million. Working on the basis that a penny saved is a penny earned, this country has lost \$4 million. We have been told that the United Kingdom did not ask us for these loans, and that the Commission government gave them as a voluntary gesture; but I do not think that there is anybody in the sound of my voice so gullible as to believe this. Behind it all can be seen the guiding hand of the United Kingdom government.

Now, Mr. Chairman, we come to the matter of the sterling sinking fund. Mr. Smallwood admits that he had been hearing me talk about this matter for the past two years, and apparently he wants to hear me talk about it again. It is such a novelty to hear the member from Bonavista Centre say that he wants to listen to somebody else, that I think I should not lose the opportunity — I may never get it again, and I mean that. To those of us who can use ordinary intelligence, what I have to say will be an old, old story. In 1933 an act was passed which provided that beginning not later than July 1, 1938, there would be paid into a sinking fund for the redemption of our outstanding 3% sterling stock an amount equivalent to 1% of that stock, in this instance an amount equivalent to £177,950. On July 1, 1938, the first such payment was made. Each year this is paid to the trustees of the fund, and the trustees go out in the market and buy in the equivalent of this amount to the principal of our debt. They have been doing this for nearly ten years. Instead of reducing the principal of our debt each year by the amount of payment to the sinking fund, it is left to itself, consequently we have been sending over interest on interest. Therefore, if we compound these ten year payments at 3% each year, and allowing for the pound an average of \$4.60, we find that the fund as at July 1, 1947, should total in the vicinity of \$9.5 million.... I hold, Mr. Chairman, that each year when this sinking fund amounting to £177,950 is sent to England, and the trustees purchase our 3% stock, that then the national debt should be reduced by this amount and the stock cancelled; but if we survey the estimates of expenditure we find that no such

thing has been done, and our treasury has lost no less than \$1 million. I apologise to Mr. Smallwood, when I said \$1.75 million the other day I spoke in the heat of argument, and I was thinking of the interest-free loans as well. In other words, it means that this country has been improperly and unlawfully deprived of the amount referred to, but I want it distinctly understood, Mr. Chairman, that the implication that I accused John Doe of the British Treasury of putting this money into his pocket is, of course, ridiculous. What I intended to convey was that through the unbusinesslike methods of some person, the treasury of Newfoundland has been deprived of around \$1 million.

No official statement has been furnished regarding the handling of that particular fund, although I have requested the same, neither has Mr. Smallwood been able to give me this statement. He merely got an answer telling him what was happening. Also in the budget speech (last May) no statement was given, and the only statement given was in the annual statement of the Auditor General. Why should we lose this \$1 million? Are we so rich that we can afford to overlook it, or are we so generous that we can come out and defend it? That \$1 million would do a lot of good over where Mr. Bradley, Mr. Smallwood and Mr. Burry so often shed their crocodile tears. The position is that the people who control our cash are \$1 million short, so to speak, in their bookkeeping. There may be a satisfactory explanation, but in this case, until they prove their innocence, I shall hold them guilty of negligence.

[Short recess]

Mr. Cashin Reverting back to the interest-free loans, there is another point which I should like to bring to your attention. At the time we were in London in May, there stood to the credit of this country as interest-free loans to Great Britain roundly \$9 million. We discussed with Lord Addison the possibility of applying this amount to the reduction of our sterling debt. Lord Addison made what I regard as a most astounding answer. He told us that the Commission of Government had recommended that these loans remain intact and should not be used for this purpose. Now, when these interest-free loans were given, the pound sterling was valued at \$4.45 and consequently Britain received pounds based on that