

(not including hand tools) as shall be used in the mining, transportation and shipping of ore and the generation of power in connection therewith." On the other hand, they have to "pay duty on spare parts, articles and materials required for renewals, replacements, and repairs in connection with the Company's equipment for the mining, transportation, and shipping of ore and the generation of power for the purposes in connection therewith, but in no case is the duty to exceed 25 percent." How does that compare with the other mining and industrial companies in the country? Does that apply to St. Lawrence, Buchans, etc.?

**Mr. Higgins** St. Lawrence has no concessions. They come under the 1930 act, so they informed us.

**Mr. Smallwood** In the next paragraph it goes on to say what the tax is, expiring in 1949. Maybe there will be changing that and making a new contract. Let me read it out: "The Company pays no royalties but instead pays an export tax, and under the above mentioned act for the 20 year period the export tax payable is (a) on the first 1,000,000 tons or part thereof exported by said Company during any one year, 10 cents per ton; (b) on iron ore exported by the Company during one year in excess of 1,000,000 tons and not exceeding a further 500,000, tons the sum of 3 cents per ton."

Now I remember after the general election of 1928, when Major Cashin was Minister of Finance. I remember the great joy, his voice literally rang with pleasure, when he got up and announced that he had managed to collect \$48,000.

**Mr. Cashin** You are wrong.

**Mr. Smallwood** Well, what was it?

**Mr. Cashin** \$136,000.

**Mr. Smallwood** I think my memory is very good. Well, that he had collected \$136,000 from the Bell Island company in taxes that they ought to have paid and had not paid, arrears of taxes that the outgoing government had never bothered to collect. Major Cashin got it, and then in the fall of 1929 and the spring of 1930 they got this new act collecting 10 cents a ton on the first million tons, and 3 cents a ton thereafter up to 1.5 million. I was not in that government, but I have been hearing since 1920 about taxing Bell Island, and I know it has been a filthy story, one of the

filthiest in the history of this country. If it were written it would be pretty rotten reading.

There were unions, I remember leading a delegation of the very union you are referring to in 1926 before the Monroe cabinet. I was the spokesman for the entire afternoon, and I remember that Chairman Bradley of the Convention here today was chairman of that meeting, and the father of Mr. Higgins was Attorney General, and he supported me from beginning to end that afternoon, and as a result they changed the Workmen's Compensation Act. It was a bone of contention with the government from 1920 down to a very short while ago, that the tax ought to be 50 cents a ton, and there was also a contention that it ought to be \$1 a ton. Now I see it is down to 10 cents a ton on their first million, and 3 cents a ton over that to 1.5 million. What happens then? Free? Lovely.

**Mr. Higgins** The highest is \$115,000.

**Mr. Smallwood** No income tax?

**Mr. Higgins** No.

**Mr. Jackman** They don't make the money, how can they pay the taxes?

**Mr. Smallwood** I hope as president of that union you are not deluded and deceived by the accounts and talks of mining companies when they talk about profits.

**Mr. Jackman** I don't want to get into an argument, but here is the position. Mr. Smallwood is not right. I do feel that the tax, insofar as royalty is concerned on the export of our ore, is not sufficient — it could be more, but here is what we get. It is the workers get it now and not the government. We get the full extent of what they can pay, and we don't pass it to the government. The less we pay to the government the more we will have for ourselves.

**Mr. Cashin** With regard to this Bell Island situation, and the criticism of them for not paying a higher royalty, or export tax on ore. In order to get to the bottom of this we have to go back to before 1919, when there were two companies operating. I think around 1920 they came together and called themselves the British Empire Steel Company — BESCO. They operated for a year or two and were always in financial difficulties. They cannot operate without Bell Island. Up to 1919 they were paying some profits taxes. There was a new government in 1920, and another in 1924, and when we came into office in