

eight years, before we come to \$1,750,000 a year, we are going to have a reassessment of our position to tell us if we are to go get any more help, having respect to our ability to pay taxation in line with the other provinces of Canada. That can only be read one way, and that is that we are to get transitional grants for a period until we are able to develop revenue producing services, so that we can pay our own taxes. That's the only way in which I can read it. I said yesterday that we would become the baby province of Canada. This transitional grant, I hope it's not being facetious, makes me feel that while we are the baby province we will get a few rattles and a few diapers, and we'll be kept clean and we'll be fed the extra bottle of milk, and we'll be played with to a certain extent, but when you grow up eight, ten years from now, you carry your own burden.... Representation: I'm going to skip over it — the fact that we're going to get six senators is really delightful. The fact that we're going to have seven people up in Ottawa, miles and miles away, to plead our cause is also delightful.

Mr. Cashin Maybe it'll be the same seven.

Mr. Butt It could be.

Mr. Smallwood I don't think so. There's two of them won't be there.

Mr. ButtNow sir, we come to transportation. I can see that the application of the Maritime Freight Rate to Newfoundland may be of help. Why, in the name of fortune we haven't asked for some concessions like that, in view of the favourable balance of trade that Canada has with Newfoundland, I don't know. Why couldn't we ask for it in the future? I took the \$40 million that we bought in Canada last year and I assumed that they would make 20%, which turns out to be \$8 million that's made by the producers of goods in Canada on their sale of goods to Newfoundland.... I'm talking about the markup and the profits which will be made by the producer or the manufacturer. I don't see that there's any earthly excuse for this country's not asking for concessions of that kind. It's only because we sit down on the job that we don't get these things. I don't know whether I'm very young and foolish, but these things really make me boil. There is a definite inertia that comes over the people of Newfoundland, and they're prepared to sit down under anything without asking for concessions from other people. It seems to me to be a stupid

sense of pride, or that we're altogether too naive. If we wait long enough, if we find the money to produce the roads and build up our tourist traffic, we'll get a ferry. I don't know how much the ferry is going to cost. I know our present boat cost \$2 million, and we found it ourselves. Why couldn't we find an extra \$2 million to find a ferry? If we want to go after the tourist business, if we're going to find the roads that are necessary, if we've got to find that money ourselves to build the roads, if we've got to find the money to pay for the lodges and cabins and all the other organisations, I think that we've stretched the point. We may be able to find another million or two to put a ferry on the Gulf.

The government employees — I don't suppose, Mr. Smallwood, that it would be fair to criticise you, in making up your budget, for leaving out one item because I don't see how it would ever occur to you. It did occur to me, however, because I was one time a civil servant. The point is this, you will find the civil servants are on scale, that there are yearly increments that are going to civil servants. That that has to be paid. It has to be found this year, it has to be found again next year.... These increments will have to go on for quite a few years, because a number of young people at the lower part of the scales are being taken into the civil service. I suggest that in the budget made up by Mr. Smallwood you could completely wipe out one item which he put in there this year, and that you would have to double it next year. That particular item is \$254,000 from refunds. One man estimated for me that within the civil service the yearly increments alone next year would cost practically 10% of the amount paid to the civil service normally. I'll be accused of propaganda if I say any more about this.... It only means one thing, that if you cut out that item, and I'm not talking about extra increases that the civil service are looking for now, you have to add an equal amount to your budget, which means that you have to add another \$2-400,000 a year to your provincial budget, which can only be found out of direct taxation on the people of Newfoundland. I would also point out that federal employees may get better wages than employees in the Newfoundland government. If they do, and if they have got to make contributions to the pension fund, then in all fairness, those that are kept by the provincial government,