

Newfoundland

Mr. Nicholson: Two other items were not mentioned by the Minister of Finance in his estimate of expenditures. The first was unemployment benefits. On page 63 of the report and documents I notice this provision:

Residents of Newfoundland in insurable employment who lose their employment within six months prior to the date of union and are still unemployed at that date, or who lose their employment within a six months' period after that date, will be entitled for a period of six months from the date of union or six months from the date of unemployment, whichever is the later, to assistance on the same scale and under the same conditions as unemployment insurance benefits. The rates of payment will be based on the individual's wage record for the three months preceding his loss of employment. The cost of this assistance will be borne directly out of moneys appropriated by parliament for the purpose and not out of the unemployment insurance fund.

Mr. Abbott: If the hon. gentleman had listened to my statement, in the figures I gave a little earlier this afternoon I mentioned a figure of \$2 million for unemployment assistance.

Mr. Nicholson: A further question was asked by the hon. member for Eglington as to the estimated cost of national defence. I notice according to the press that while in Washington the Prime Minister plans to discuss the taking over of the United States bases in Newfoundland. At a meeting I heard the Minister of Finance address in Wolfville, I remember he said that the cost of defence is going up, and that every time we take three hundred men into the service we have an additional expenditure of around \$1 million a year. I wonder if the Minister of Finance or the Prime Minister would indicate the estimated expenditures for defence.

Mr. Abbott: I cannot give any separate item for defence. The additional expenditures for defence in Newfoundland are included under the heading of departmental expenditures of \$22 million which I gave a moment ago.

Mr. Raymond (Beauharnois-Laprairie): I should like to have some information about a loan made to Newfoundland in 1931 or 1932 and guaranteed by the government of Canada. If my memory is correct, in 1931 or 1932, under the administration of Mr. Bennett, the government of Newfoundland arranged a loan of \$625,000 from four banks, the Bank of Montreal, the Royal Bank of Canada, the Canadian Bank of Commerce, and the Bank of Nova Scotia, which loan was guaranteed by Canada. Is that loan still outstanding, or what has happened to it?

Mr. Abbott: I shall have to verify this, but I do not think it is still in existence; I believe it has been paid off. If such a loan were in existence, of course it would be a dollar loan and would be taken over by the province of

Newfoundland; but I think I am correct in saying it has been paid off. Yes; it is no longer in existence.

Mr. Raymond (Beauharnois-Laprairie): Then in a letter addressed to the governor of Newfoundland by Mr. Mackenzie King, then Prime Minister, on October 29, I read this:

I feel I must emphasize that as far as the financial aspects of the proposed arrangements for union are concerned, the government of Canada believes that the arrangements go as far as the government can go under the circumstances. The government could not readily contemplate any change in these arrangements which would impose larger financial burdens on Canada.

Would the Minister of Finance be kind enough to tell me what is the difference between the offer made prior to October 29 and the burden we are assuming at the present time.

Mr. Abbott: To answer my hon. friend briefly, the difference is the increase in the transitional grant by approximately \$3,500,000 in the first year and on a descending scale. There is a total over-all increase of \$16,500,000 spread over twelve years and disappearing at the end of the twelfth year.

Mr. Raymond (Beauharnois - Laprairie): That is the only difference?

Mr. Abbott: Yes; that is the only difference.

Mr. Low: A fairly substantial aggregate of United States dollars must each year be spent in Newfoundland. The payrolls at the United States bases themselves would be fairly large, I would think. To whom is the United States dollar exchange now going? Is it going to the Newfoundland commission of government or to the government of Great Britain?

Mr. Abbott: It is now and always has been available to Canada. As my hon. friend is probably aware, the banking systems of Newfoundland and Canada are interlocked. The commercial banks in Newfoundland are Canadian banks. Our foreign exchange control board is operative in Newfoundland. Canada has provided Newfoundland with its requirements of United States dollars out of the common pool.

Mr. Stephenson: Has the government made any rough estimate of the total cost to Canada of taking over all the public service works and property and establishing the necessary governmental offices in Newfoundland?

Mr. Abbott: A little earlier this afternoon I gave to the hon. member for Rosedale the best estimate we can make of the dominion governmental expenditures in Newfoundland. With the reservation which I made, we have set this for the initial period at some