

United States government for the duration of the war, and further, that the people of Newfoundland as a whole were prepared to make, and actually did make every sacrifice necessary for the winning of the war.

The matter of trade and tariffs was then taken up, and in particular the possibility for the sale of our fresh and frozen fish as well as iron ore to the United Kingdom. These specific matters were discussed generally at this meeting, and the Dominions Secretary promised to have some information on these matters for the next meeting. It was then suggested by Mr. Glenvil Hall that at our next meeting we would discuss the whole matter of our sterling debt, base deals and interest-free loans as one subject, as he felt and we felt, that such matters were so interwoven, one with the other, that they should be discussed along such lines. I feel sure that the majority of the members of our delegation left that meeting feeling that because of Mr. Glenvil Hall's attitude on the matter of our public debt, some reasonable consideration would be given to the readjustment, refunding and reduction of our sterling indebtedness.

Our next meeting<sup>1</sup> with the Secretary of State and his colleagues took place on May 1, and was held in the office of the Secretary of State in the Dominions Office building. When we took our places around the table, the following memorandum was handed us by the Secretary of State.

[*Mr. Cashin read the memorandum*<sup>2</sup>]

Mr. Glenvil Hall did not attend this conference, but one of the permanent officials of the Treasury sat in, evidently for the purpose of giving any information that might be required, or for the purpose of checking any errors which might be made in the discussion of financial matters. This gentleman never expressed any opinion, nor was he asked to do so. A general discussion took place on the contents of this memorandum. We were told that Mr. Glenvil Hall could not attend because he was busy with his parliamentary duties, but that he would probably attend our next meeting.

After this very interesting, and what I may term heated discussion of Newfoundland affairs, we were advised by the Dominions Secretary that we could present a memorandum of our own in

reply to the one received from the United Kingdom government. This memorandum, which has just been read by the Secretary of the Convention, has one or two matters contained in it with which I regret to say neither Mr. Bradley nor Mr. Keough could concur.

We will first deal with the public debt. This had been briefly discussed at our first meeting. It will be noticed that the British government puts this sterling debt under three main heads, as follows:

1. The two 3.5% sterling loans amounting together to about £870,000, which mature in 1950 and 1952.
2. The £400,000 temporary loan which was made available to Newfoundland by the United Kingdom government in 1917 for war purposes.
3. The 3% sterling debt of £17,790,000.

With respect to the £870,000 loans, we were informed that the redemption of these two loans, coming due in 1950 and 1952 respectively, had been provided for from our interest-free loans to Great Britain, by the transfer to the Crown Agents for the Colonies of £800,000, which has been invested at 2.5%. The accrued interest on this £800,000 will be more than sufficient to meet the principal of these amounts as they fall due.

We had already known that no interest had been paid on the £400,000 temporary loan raised in 1917 for war purposes, and this matter was referred to in the report of the Finance Committee now before this house. The Secretary of State advised us that the repayment of this loan would not now be sought. Therefore the loan is cancelled, and it should disappear from our records.

With regard to the 3% sterling debt, which amounts to approximately £17,790,000, or in dollar currency roughly \$71.75 million, which amount has been guaranteed as to principal and interest by the United Kingdom government, it will be noted that it is the intention of the United Kingdom government to convert this debt to 2.5% interest as from January 1, 1948. The United Kingdom government through Viscount Addison, and on the advice of the Chairman of the Commission government and the Commissioner for Justice, told us that because of the dollar shortage in Great Britain it would be im-

<sup>1</sup>Volume II:474.

<sup>2</sup>Memorandum in Response to Questions Raised by the Newfoundland Delegation. Volume II:471.