

perience whatever in either public or private finance, and I now quote from Webster his definition of the word "Revenue". It is as follows: "The annual or periodical yield of taxes, excise, custom duties, rents, etc., which a nation, state or municipality collects for public use. It also means income from investments".

**Mr. Smallwood** Investments?

**Mr. Cashin** Investments, right — income from investments. They are paying 3.5% on the Housing Corporation loan, and you credited that to your account certainly, but you don't take the \$4 million and put it in as revenue that the Housing Corporation owes you. If you do you are only cooking the budget. Now that is Webster, and Mr. Chairman I think he should know a little more about it than either Mr. Smallwood, myself or Mr. Hickman, with all due respect to the latter.

Now sir, I have shown that for a period of eight years, under union with Canada, and administering this country as a province, that we would have to find in extra money \$46 million after using up the \$10 million trust account. That means that an annual average amount of almost \$6 million will have to be found. How? What form of taxation has Mr. Smallwood in mind through which he could collect this extra money? However, let us suppose that Mr. Smallwood was in a position to cash in the money now held in sterling funds, amounting to some \$16 million, and let him also take the \$4 million cash surplus held in dollars, he would find that he would have to find at least \$26 million. That would leave nothing in the treasury. It would leave no new hospital completed at Corner Brook; there would be no new roads to encourage the tourist traffic. What would be our position? The Province of Newfoundland would be bankrupt. Then what happens? What happens to any bankrupt concern? The creditors step in and wind up the business. And so we find on referring again to the Grey Book, section 14 under the heading of Reassessment of Newfoundland's Financial Position. I will now read this particular section for the information of all concerned:

In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of adjustment to Provincial Status the Government of Canada will appoint a Royal Commission within

eight years of Union to review the financial position of Newfoundland and to recommend the form and scale of additional financial assistance, if any, which may be required by the Government of Newfoundland to enable it to continue public services at then prevailing levels without resorting to taxation more burdensome, having regard to capacity to pay, than that of the Maritime Provinces.<sup>1</sup>

What does this section really mean? It means that when the Canadian government experts compiled these proposals and forwarded them to us, they knew that as a province, Newfoundland would be unable to balance its provincial budget without the imposition of extra taxation on our people, and that it would be necessary for them to make further arrangements as to our continued existence as a province. The Canadian government knows that if and when we enter union with them, we can never recover our former status. The British government knows this also. Everyone knows the result of investigations by royal commissions in this country, and for that matter in Canada. New arrangements would have to be made so that Newfoundland would be able to carry on. Either the people would have to find additional revenue in the form of direct taxation, or a deal would have to be made, possibly forced upon us, whereby the 110,000 square miles of our Labrador possession would be mortgaged or taken over on a rental basis by the Canadian federal government or by the French Province of Quebec.

We all know that the future supply of high grade iron ore necessary for the manufacture of high grade steel both in Canada and the United States is to be found in Quebec and Newfoundland-Labrador. We know that Newfoundland, because of her ownership of the great Grand Falls waterpower, capable of developing not less than 1.25 million horsepower controls the future development of both the Newfoundland and Quebec mineral areas. We know that legislation has recently been enacted here in Newfoundland giving the Labrador Mining Company the right to build about 150 miles of railway through Newfoundland territory on Labrador. We know that efforts are now being made by the promoters of this mining company to rush the development of

<sup>1</sup>Volume II:513.