

when the St. Lawrence waterway goes through these larger ships can go right up to Fort William and Port Arthur, to Cleveland, which has the largest steel manufacturing plant, and Iowa and Pennsylvania. She is after the Labrador because she wants American dollars.

I admit that I have strongly stressed on more than one occasion in this Convention, and before this Convention ever met, the importance and value to Newfoundland of the potential wealth of Labrador.... During my recent two weeks in Canada I made enquiries about this whole business, and was invariably told by mining men and other business interests that all Canada wants Newfoundland for is for the iron ore of Labrador, as well as the 50 or 60 million cords of timber which is available there for the manufacture of pulp and paper. Canada today, even though she is in serious financial straits, has great national ambitions for the future. Canada is struggling to be one of the future powers of the world. Canada is sparsely populated. Her per capita population per square mile is less than that of our country. Canada carries a huge national debt, far too great for its present population of something over 12 million people. There is only one redemption for this Dominion to the west of us, and that is increased population. In order that Canada may continue to expand, and equitably place the cost, she must increase her population to not less than 20 million. That is necessary if Canada hopes to survive and develop as a nation. By the inclusion of Newfoundland in the Canadian federation, Canada would be in the position of controlling the steel production of the entire North American continent. This would be her salvation from an economic standpoint. I say that our Labrador possession must be guarded for the future generations of Newfoundland. I realise that strong influences are at work, both governmental and financial, to rob from Newfoundland her God-given rights. We, as a people, owe it to the future generations yet unborn, to guard those interests handed to us by a kindly Providence.

This whole Labrador business looks to me something like the deal made between Russia and the United States ... when Russia sold Alaska for about \$7 million. Like Labrador, Alaska was considered a barren wasteland, and the Russians thought they were making a good deal; but hardly was the ink dry on the contract when Russia had

the bitter experience of seeing their former territory becoming a land worth billions. Will we, by accepting these proposals made to us by the Canadian government, be guilty of a similar folly? Will we grasp at a few dollars and live to see French Canada take to herself the millions which should be coming to us — and which would have made us one of the richest little countries in the world? What a bitter pill that would be for our children to swallow — what a remorse to carry to our graves — to sacrifice hundreds of millions for a baby bonus!

Before concluding my remarks on this budget presented by Mr. Smallwood, let us see what would be our total revenues and total expenditures for the period of 12 years, by which time the transitional grant will have been eliminated and the Province of Newfoundland would be expected to administer its own affairs and balance its accounts through the avenue of further taxation.

At the rate of \$19.5 million annual expenditure, we would have spent at the end of 12 years the enormous sum of \$234 million. During the same period, our revenues derived from subsidies and other sources based on Mr. Smallwood's own figures would amount to slightly over \$116 million, exclusive of transitional grant. Now if we add the transitional grant for 12 years on the basis outlined in the Grey Book, we find that Canada would pay the province an additional \$26.25 million. These two amounts would total \$142.5 million, which would leave a deficit on ordinary account of over \$90 million. This means that if we were to be in a position to balance our provincial budget, we would have to impose taxes of an additional \$7-8 million per year. However, Mr. Smallwood has compiled this budget of his to include all our surplus as revenue. In this case, we would be in the position of having to raise, in extra taxation, over \$60 million for the 12 year period, or an annual increase in taxes of \$5 million annually. On the other hand, if we adopted this sort of policy, we would not be able to extend our roads to foster the tourist business, we would have to leave our hospitals and other buildings as they are today, and the construction of same incomplete.

[Short recess]

Mr. Cashin Speaking as many of us have during the past 16 months of closer economic union with