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Mr. Butt I was wondering if we need go so far in discussing this matter, if we could not get the basic principles to tie in closely with our terms of reference. As I see it, some years ago we had some territory on the Labrador which was, at that time, worthless. As the world market developed we began to realise that we had some potential wealth; later, as the market developed further, that there was a possibility there of real wealth. Now, if we had had the experience, and financial resources, and the political climate, it is just possible that we might have been able to take our potential wealth and develop it solely for our own benefit, and the profit would stay entirely in Newfoundland; but we have neither the experience, the financial resources, nor the political climate, that is the whole thing. Therefore we say to outside capital, "You have found this potential wealth, if you will come in and spend a couple of hundred million dollars, dig out the hole and turn it into real wealth, the people of this country will get value in the form of wages, the government of this country will take from the company a certain percentage of its profits, which in this case turns out to be 40%." I am certainly not a competent person to discuss matters arising out of this law. For example, I have the temerity to question the principle of royalties altogether, but who am I? It seems to me that we can't expect to get any more than we are getting, and for our purpose it ought to be enough for us to know that we are going to get real wealth in the form of wages, and that we are going to get from the company a definite percentage of its profits. But we can add something to this, because shares are sold to Newfoundlanders, so that we can share further in the profits which this company may make.

The main thing from my point of view is that the Labrador mine is going to be developed. In the long run it does not make any difference to me whether you tax the companies coming in to do business or not. The main thing is that the hole is there in the ground. We say, "Come and get it out. Pay our people good wages, and give us a fair share of the profit, which may average over, or about 50-50." It seems to me as simple as that, and that we ought not to go probing too far into the technical details....

Mr. Penney I would like to say something about

the agreement as it affects the future of Newfoundland. I would not attempt to go through the maze of documents in connection with this mining matter. It would take a Philadelphia lawyer to unravel it all. I would like again to take up this agreement in the hope that something may be done to change it before it is forever too late. In doing so, may I ask you to pierce through the maze of expert legal phraseology and see in this amazing document two of the factors that will materially affect the economy of Newfoundland and its people for all time. No doubt there are other important factors hiding behind the profuse array of facts and figures, but that I prefer to leave to the good judgement and discernment of the other delegates.

Two key factors I wish to stress now are the Grand Falls¹ water-power potential, and the 5% royalty on net profits. The former is, to my mind, tied up literally for a song. The other is a joke if it were not so tremendously important; for 5% net profits, as you all know, can be smothered out so completely as to leave Newfoundland with nothing for its mineral excepting labour.... Apparently that iron ore should be figured in cents for promoters rather than in dollars for poor old Newfoundland, and in regard to this I say that clause in the agreement should be changed to provide a straight royalty of so much per ton for the ore exported.

In regard to that key asset in the great Grand Falls water potential, you will have noticed in the correspondence between one of the wealthy promoters and our Newfoundland representative, that there is prospective water-power available in Quebec that could be used instead of the Grand Falls water-power, which in itself, to put it mildly, is a subtle argument, yet so plain that I am sure delegates will not fail to take note; for if that is so, we may be quite sure that it cannot be obtained at a give-away price, for Mr. Duplessis and his associates in Quebec will see to that, and I may add Labrador also, if it can be gotten so cheap and easy.

I hope I have said enough to impress you with the urgency of impressing upon our present trustees the necessity of having this agreement changed, so that Newfoundland and its people shall obtain at least a fair return from its vast mineral deposits in Labrador before it is forever

¹Now Churchill Falls.