

Now let's take a look first at the services which will be taken over by Canada. You will find those in section 5. You have all read it, and I don't need to go over it.... Now let's look at the financial arrangements, and first as to the public debt, let's take a squint at that. Canada, as you know, will assume and provide for the servicing of the debt now guaranteed by the United Kingdom, that is \$63,569,074. Now what happens really is this, gentlemen, that the guarantee of our debt would simply change hands from the Government of Britain to the Government of Canada, for mark you, our Newfoundland people would still raise the money to pay the interest. Don't forget that. Don't let us have our people think that Canada is wiping out the debt. She is just putting herself in the same position that Great Britain is today, as a guarantor of our debt, but don't forget that she will see to it that we people in Newfoundland will service that debt by the taxes which she will impose upon us. And another point, if I were a bondholder under that debt I would as soon have the guarantee of Great Britain as I would that of Canada. Be that as it may, I want you to note that Canada, in taking over our debt does nothing to help us along these lines whatsoever. We would pay for the servicing of the debt under confederation as we pay it now, through taxes, only it will be administered by the Dominion government. Well, let's say that disposes of the sterling debt, but remember that we would still be left, as a new province of Canada, with a total debt of \$10,465,593, besides interest at from 3.75% to 3%. Canada does not guarantee this interest for us. This interest, with our local dollar debt of \$10 million, is at the present time practically \$500,000, when you add on the \$123,000 which our friend from Bonavista Centre forgot. You will find that the interest on our national debt is \$499,000 and some odd hundred dollars, practically \$500,000, and that is the first charge on the new province.

Now let us take a look at where our revenue came from this year—I think that 1947-48 would be as good a guide as any other. The Customs Department gave us \$19.5 million. As a province we give that up completely. Posts and Telegraphs gave us \$1.7 million. That too, we surrender to Canada. The Assessor's Office yielded \$10.5 million. That too Canada takes over, only more so on account of higher taxes in Canada. Home

Affairs gave us \$194,000, and that's out, practically. Education will yield the provincial government nothing. Last year the Justice Department was supposed to yield \$47,000. Natural Resources and Public Health and Welfare yield precious small amounts as we know. In other words, practically all revenue producing sources are handed over to Canada. Now let us assume, and I am not talking about the latest budget brought in, but the budget prepared by the Ottawa delegation in these books, let us assume that these figures of revenue as a province are correct, or practically so. They say the yield will be \$1.25 million. On that they added, for a large profit, \$1 million, and that makes a total provincial revenue of \$2.25 million. Now what monies do we get from Canada? You have it outlined there in your Grey Book. They give you \$6.8 million, I think it is. But remember that's their estimate, based upon the irreducible minimum and the adjusted subsidy, which, as I already pointed out, depends on two variables: the increase in your population, and the increase or otherwise in the gross national product of Canada. The gross national product I think you all understand. Now I want you to look at page 148, book 1, and turn over to the next page, and see what I have taken. Instead of taking, as the Ottawa delegation did, the adjusted figure of \$6.8 million, I have taken the irreducible minimum, and that is \$15 per head of the population, and the statutory subsidies, the irreducible minimum. I want you to look at this particular list of figures here, and you will find that the minimum, for instance in Nova Scotia in 1944, was \$12,524,000, and the next year it was \$12,244,000, and the next year, 1946, it was \$11,521,000. Then they take a three year average, and they say, "For 1947 the Nova Scotia subsidy will be \$12,096,000." Well, if you look back to 1944 you will see that it was \$12,544,000, practically \$500,000 less than the estimated figure for 1947. Then you can look all along these figures and you will find that in every one of these provinces, the estimate for 1947 under this tax agreement is far, in some cases \$1 million, below that which it was in 1944. Why? Why was it?

Mr. Smallwood Which it would have been...

Mr. Hollett Why was it? Why say, "It would have been"? It is immaterial. Why should it have been? Simply because there was a change in the population of the province, and there was a