

there in the end of the report that they are now considering having a survey made on Labrador. *[The committee of the whole rose and reported*

that it had passed the report. The Convention adjourned]

February 7, 1947

**Report of the Local Industries Committee:¹
Committee of the Whole**

Mr. Hickman Mr. Chairman, before the Secretary reads the report I would like to say that I do not intend to introduce it with a long talk, because after it has been read it will be only a matter of duplication. I would like to point out that, with respect to local industries, pulp and paper, mining, fisheries and forestry have their own committees, so consequently we could not touch on those and had to confine ourselves to the smaller or secondary industries. We did not have any statistics or sources of information whatever. We tried several channels but could not get anything on which to base our report. That presented quite a difficulty with the result that the report is not as complete as if there had been a statistical department of the government which had kept these figures over a number of years, and which could have given us comparative figures. This is a disappointment to the Committee, and perhaps to you too. The Committee worked very hard, and everything possible was done. You will see now that we have had a job in collecting a lot of that. *[The Secretary read part of the report]*

Mr. Cashin May I ask Mr. Hickman to turn back to page 3. I notice here that tobacco and cordage are grouped as one. Was it not possible to have them separate?

Mr. Hickman No. The questionnaire was sent out separately and we received one reply from the industries.

Mr. Cashin They came together and ganged up?

Mr. Hickman Yes.

Mr. Cashin I appreciate there are many members in this Convention who may not understand protective tariffs, and that is why I asked Mr. Hickman why these three things were put together. You will probably remember 22 years ago I made my House of Assembly debut on protective tariffs, and one of these industries was tobacco. That's one particular fault I find with this report; it does not show the protective tariff these industries have. I agree in principle they

should have a certain amount of protection, particularly when they are local, but here is one now that says it will not give full particulars, the Imperial Tobacco Co. Over 60% of the stock of that company is held outside the country, approximately 60% on watered stock, and they have a protection of....

Mr. Smallwood Would you explain watering stock?

Mr. Cashin When the company started we will assume that they have so many shares, I am bringing my mind back 20 years, and at that time they had watered their stock several times. That means that if they put in \$100 and they were getting 15% on it, then the next year, if they watered it and made those shares worth \$200, that would mean that they were getting 30% on their original investment.

Mr. Smallwood What is "watering"?

Mr. Cashin If they have a good year, and they pay a 20% dividend on their common stock, they would "water" that and give two shares for one. I am not particularly opposed to protective tariffs, but this company has \$550,000 a year in protective tariffs, and I think the people of this country should know, and also the members of this Convention. What is the use of this Convention if we can't get these facts? Here we have it borne out — three companies gang up and say, "We won't give the facts". I did not intend to speak on this, but I saw here that they had 218 employees between the three of them, and they pay \$400,000 wages that is about \$1,700 on average. Now some of our other industries that belong to Newfoundland and have protection, pay much more on an average than these people do to their employees. They are also paying 45% dividends on their stock. This is fact and it should be known. The protection has been increased by the Commission government. I am sorry that we have not got a copy of the tariff here, so that we could work it out. I think I gave some statistics to some

¹Volume II:154.