

the Grey Book.¹ You will note there that under the tax agreement their estimate is \$6,820,000. This amount, I pointed out, depended on the population of Newfoundland and the gross national product of Canada, and I as these two were variables the amount could not be guaranteed as being \$6,820,000, but that it should be listed as \$6,211,756.60. That is to say the irreducible minimum payment is the only amount which we can guarantee, or at least which the Canadian government can guarantee to us. Under the next item you will see that they have listed for old age pensions an amount of \$2 million to \$2.6 million. Now this is merely guesswork. They admit that themselves.

By the way, Mr. Smallwood has said very little about old age pensions of late, because he failed to point out in the first instance that the federal government demands that the Province of Newfoundland will have to assure it that the recipient of the old age pension has made over his property to the province, which on his death will be sold, the amount paid to the pensioner prior to his death to be taken therefrom and forwarded to the federal government. It is assumed, I take it, that the balance, if any, will be paid over to his heirs. But the main question in that particular item which I refer to was the sum of \$9.4 million under the heading "Other Departmental Expenditures." You will remember that I asked the Canadian government to break down that amount under the heading of the various services on which it would be spent. They have done that, and the answer is before you in that memorandum. I won't go through it now, I will just refer to some items. You will note that they intend to spend \$1.7 million on Veterans' Affairs. That is to say, if we become a province, Canada proposes to spend \$1.7 million on Veterans' Affairs in Newfoundland. Now let us look and see what we spent last year under Veterans' Affairs. You will find by reference to the government's estimates that we spent the following sum, that is to say:

War pensions	\$722,200
Civil re-establishment	735,000
Land development	39,883
Travel	30,000
Construction land development areas	642,000

War pensions, administrative	24,331
Merchant Navy hospital	48,521

Making a total of \$2,141,935 as against \$1.7 million which they are to spend when they come here. How in the name of goodness can they expect to come in here and handle veterans' affairs in this country with \$1.7 million? I don't know, and it's anybody's guess. Under the heading of Transport, Canada says she will spend \$1,393,000; last year we spent \$4.5 million. Take Posts and Telegraphs, Canada says she will spend \$1,164,000, last year we spent \$1,995,000. Take the Department of Fisheries, Canada says she will spend \$600,000 when she comes in here (God forbid!). Our own government last year spent \$1,031,000 as against \$600,000. Finance, Canada will spend \$275,000; last year we spent \$507,000. Canada will spend \$500,000 on the Royal Canadian Mounted Police (I suppose they are expecting some trouble, some disturbance); last year we spent \$726,000 — the Ranger Force cost this country \$726,000. Under the heading of National Revenue, including income tax, Canada says she will spend \$325,000. We ourselves last year spent \$665,000. I am drawing your attention to these figures, sir, in order to show how very unreliable are the estimates which Mr. Mackenzie King received from his various federal departments of the cost of the existing services in Newfoundland, when they quoted the figure of \$26.5 million.

I would also like to draw your attention to footnote no. 3, on the same page 16 of Annex IV, where they state: "That any cost in respect of the Newfoundland Railway or the auxiliary steamship services taken over by Canada are not included in this \$9.4 million" — and yet in this reply you have \$1,393,000 under the heading of Transport in the breakdown of this \$9.4 million. The more one looks at these terms in the light of the financial experiences of the various provinces of Canada during recent years, the more one has to come to the conclusion that Prime Minister Mackenzie King surely thinks we are really too green to burn, and yet Mr. Smallwood has the temerity to tell his countrymen that these terms are generous! Well, a good many of his countrymen have heard him tell his fairy stories before. They have heard him tell his bedtime stories in the north, the south, the east and the west, and by

¹Volume II:520.