

the United States did not compel Newfoundland to sign that bases agreement. That is all I want to say in comment on what Mr. Hollett said. But a few days ago I gave notice of two questions to His Excellency the Governor in Commission. The replies have just arrived, and have been placed on my desk by the Secretary.

**Mr. Chairman** Do they have any bearing on this?

**Mr. Smallwood** Oh entirely, sir. If you remember, I gave notice on Thursday past that I would ask His Excellency the Governor in Commission to furnish the Convention with a statement showing the amount of the accumulated cash surplus of the Government of Newfoundland, up to 31 March, 1947. You will remember my reason for asking that question. Mr. MacDonald from Grand Falls drew the attention of Major Cashin to the fact that whereas in the Economic Report it was stated that our surplus is \$35 million, there were other statements appearing in print saying that the surplus was \$28 million. Major Cashin explained why he put the figure in the report, or why his Committee put it in the report, at \$35 million. He hoped that the house was satisfied with his explanation. Apparently it was, with one exception. I was not satisfied, and I said so. I therefore gave that notice of question to the Governor in Commission, to ask what is the amount. Is it \$35 million? Is it \$28 million? Or what is it? Here is the reply, sir.

**Mr. Chairman** May I see it first? I am not questioning that, but is there a covering letter?

**Mr. Smallwood** Yes sir, there is a covering letter.

**Mr. Chairman** This is in reply to the question forwarded on my instructions under rule 39, by letter of November 15 to the Secretary of Finance. All right.

**Mr. Smallwood** I will now read from the reply:

The accumulated surplus revenue at 31 March, 1947, was \$28,645,800, distributed as follows:\*

That is cash at St. John's, and cash at the Crown Agents invested in sterling securities, provisionally earmarked for the redemption in 1950-52 of sterling debt amounting to \$3,200,000.

Loaned free of interest to His Majesty's Government in the United Kingdom, \$7,300,000. Advances to finance dollar expenditure by His Majesty's Government in the United Kingdom, \$200,000; a total of \$28,600,000.

And then there are two notes, Mr. Chairman:

*Note No. 1:* The figure of \$28,789,000 given in the budget speech was subject to audit. The figure of \$28,645,000 now given is based on audited figures.

The second note has to do with the loan free of interest to His Majesty's Government in the United Kingdom, that is \$7.3 million dollars. The note on that reads:

*Note No. 2:* In addition to this loan made out of revenue, a sum of \$1,800,000 derived from the proceeds of the sale of savings certificates has been lent free of interest to the United Kingdom government.

I asked, you may recall, for the figures for the 31 March last, and also for the 31 December last, and their reply is that the figures for 31 December are not available. I don't know if Major Cashin has had a copy of this sent him or not.

**Mr. Cashin** No, I don't need it. I don't require them, I know all about it.

**Mr. Smallwood** The accumulated surplus at 31 March was \$28,645,800. Now the sinking fund. I was rather shocked by the statement of Major Cashin that Newfoundland has been plundered of an amount of \$1,750,000 on our sinking fund. If that can be shown to be true, the persons responsible must go to gaol. If anyone has plundered Newfoundland of \$1,750,000, the guilty parties should go to gaol or there is no justice.

**Mr. Cashin** I agree with you.

**Mr. Smallwood** So being shocked and surprised by that rather startling statement I gave notice of another question to His Excellency the Governor in Commission, to give us an account of the creation, nature and operation of the sinking fund against the guaranteed stock, that is against our sterling debt, the debt that is guaranteed by the mother country. The answer reads as follows:

The Sinking Fund, Newfoundland 3% Guaranteed Stock, was created under Section

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*	Cash at Bank of Montreal, St. John's	\$17,000,000
	" " Crown Agents for the Colonies	900,000
	Total Cash	\$17,900,000