

est-free to the United Kingdom, and there was about \$300,000 which we are using to finance agents' accounts in the service departments. The balance was on interest at the Bank of Montreal at very favourable rates of interest. I also mentioned last week that, in addition to that \$300,000 which we had outstanding on these allotment accounts, we have guaranteed an overdraft of approximately \$1 million for the same thing, the allotments, the Public Health and Welfare Department, and the Department of Finance. They have made certain payments to the wives and families of men overseas, and as soon as we get that we will send it back. We have not been getting any interest on that money. I think that is possibly what you are referring to.

**Mr. Higgins** What about the joint colonial account?

**Mr. Wild** That's a grand show. We get a better interest over there than we do here. We had that account over there because we have expenditures over there, also it was getting more interest over there. We were getting 2% until quite recently, now we are getting 1.5%. We get 1.5% at the Bank of Montreal.

**Mr. Higgins** On that point, you could get 3% or 3.24% from Canadian war bonds within a very short time.

**Mr. Wild** Well, it is always a risk.

**Mr. Cashin** In connection with the loan in 1943 of \$2 million, I think I gathered that that was to repay a loan on the other side. It is right here in the Auditor General's report. I have not the 1944 Auditor General's report here, but if I remember correctly it was sent over there in 1943-44, two years before it was due.

**Mr. Wild** There were two loans, but the 1943 one was to pay off the Colonial Development loan, and the second to repay that sterling loan.

**Mr. Cashin** That was sent over two years before this loan was due.

**Mr. Wild** No, the 1943 loan was to repay the loan for the *Burgeo* and *Baccalieu*.

**Mr. Cashin** That was made in 1941 — \$1.5 million more.

**Mr. Wild** There were three loans, in 1941, 1942 and 1943, to balance the budget, the Colonial Development Fund, and the third loan was raised to pay off the sterling debt, and was sent sometime before it was due. That was discussed at great length with the National Savings Commit-

tee. We raised that loan because we wanted to encourage thrift and savings, and we wanted to use the money to pay off external debts and the only external debt left to be paid off was the loan due in 1945, and, with our eyes wide open, at the end of 1943 we went all out for a savings campaign, and it was a successful campaign and did a lot of good to encourage deposits in the Savings Bank and we got our objective. We knew at the time that we were going to use the money for the debt which came due 18 months later on. We were getting a legal opinion as to whether we could repay that loan before its maturity date, but they told us no. In the meantime we got 2% on our money on the other side. The proceeds of war savings were loaned to the other side free of interest.

**Mr. Smallwood** Late in 1933 or early in 1934 the public debt was part of the deal whereby Commission of Government came here, the public debt was converted by the United Kingdom and they guaranteed it as to principal and interest. What actually happened? Isn't it that the Newfoundland government issued new bonds at the lower rate, which bonds then became guaranteed as to principal and interest by the United Kingdom, or was it that the United Kingdom issued its own bonds?

**Mr. Wild** Oh no, the Bank of England managed it on our behalf, but it is definitely a Newfoundland bond, it is just guaranteed by the United Kingdom. The name was the Newfoundland guaranteed 3.5% loan.

**Mr. Smallwood** Do you recall the exact terms of Britain's guarantee of the principal and interest? If any time the Commission of Government ceased to be in Newfoundland does that involve automatically the ending of Britain's guarantee? **Mr. Wild** Certainly not. It is unconditionally guaranteed. If you would like that confirmed I can do so, although I have not the exact words here with me, but I would give you \$1 million to one that it is unconditionally guaranteed.

**Mr. Smallwood** Well then, regardless of the form of government we have, as it stands now, the British government are behind our guarantee.

**Mr. Wild** Nobody would have taken these bonds if they were conditionally guaranteed. Mr. Bradley, you are probably familiar with the bill, but what happened at the time, if I remember, the holders of the Newfoundland bonds were told