

the course of the next three or four years it is not improbable that another paper mill would be promoted and built on the southwest coast to be fed with timber from Labrador. Some people seem to think that the newsprint business is good, but it is not going to stay that way. No one can tell what is going to happen tonight.... Bowaters have faith in the country; they have borrowed up to \$8-10 million to further develop that industry. If they have faith, how could we give a pessimistic report on woods operations in Labrador?

**Mr. Burry** ....I did not challenge 50 million cords; I did challenge the amount of 100 million cords.... The question I asked was not in relation to the great possibilities of the Labrador. I asked what authority they had for saying that the Grand Falls<sup>1</sup> would be developed.... What reason have they for saying 1.5 million horsepower will be developed, and that it will be used in connection with Labrador and will be exported across the border?

**Mr. Cashin** We got the survey from the files of the Department of Natural Resources. The survey was made by the Aluminum Company of Canada in 1941. It was nearly developed in 1940-41, and it was unfortunate it was not. When the Aluminum Company at Arvida went down to survey it, they were seriously contemplating it for the production of aluminum and other products.... It was held under agreement with the Labrador Mining Company. Undoubtedly an agreement could have been made. I was told that by the General Manager of the Royal Bank of Canada. That is my authority. It may not all be developed at once. When the mine is developed within ten years, we are informed, it will produce 10 million tons in ten years, probably more. They have to have water-power to run the railway, they are not going to run it on coal.... I think the Committee felt justified in saying the water-power on the Labrador would be developed.

Mr. Northcott wanted to know why the subsidy on the Gulf steamer was cancelled in 1930. Newfoundland took over the railway in 1923; up to that time the Reid Newfoundland Company had been operating the railway, though the government had been financing it from 1920 or 1921. Once the government took over the railway officially, all subsidies were cancelled. I was a member of the delegation which went to Ottawa

to try to negotiate a subsidy for the operation of the boat on the Strait. We discussed it with members of the Mackenzie King cabinet at that time and they assured us that they were going to give serious consideration to giving us a subsidy. We pointed out that we felt we were justified, particularly in view of the fact that then the private companies operating on the Gulf had received substantial subsidies from the Canadian government. I am not in a position to say how much it was.

**Mr. Smallwood** Was that really the reason? One was a company and the other a government. Governments don't charge governments anything.

**Mr. Cashin** I don't believe that, Mr. Chairman, because they generally soak each other every opportunity they get. Now, my friend Mr. Smallwood and I have got to disagree again in connection with this mercantile marine.... The Amulree Report recommended that we should have a merchant marine, since we were shipping a lot of money out of the country annually. Now how much money does go out of the country on freights, etc.? Today we must have a gross business of some \$70 million in and out, and I figure that at least 10% of that is freight.... That means \$7 million a year in freight. How much of that goes out of the country today? Today we have nine or ten Clarendville ships which cost a lot of money, and now they are employing a lot of men from Newfoundland. We have two freighters, the *Random* and the *Rockfield Park*. They employ about 50 Newfoundlanders between the two of them, and the other ships have ten men each. That's only 140 seamen in the mercantile marine, apart from small ships that are operated by some local mercantile firms in the city who, I am glad to say, are going into the business further.... Our suggestion of a mercantile marine is one of the best things in our Economic Report because, apart from the employment it will give, it will keep money in our country and keep our seamen employed. I am prepared to back a mercantile marine tomorrow if we had the necessary funds to do so, and I feel that we should have a mercantile marine. If a private outfit wants to buy it let them buy it, or let the government guarantee the money and take a mortgage on the ship, or establish one of their own under a Crown company.

<sup>1</sup>Now Churchill Falls.