

federal subsidies was wrong, and always led to extravagance." He quoted Mackenzie King himself as saying in 1930, "that it was a vicious principle to have one body raise the taxes and another body spend the people's money thus raised." When the conference resumed its sitting after lunch Premier Duplessis was not present. He had gone back to Quebec City as he had threatened, and after another 1 3/4 hours, the conference adjourned and it has not again been reconvened.

Certain provinces have since made five-year agreements with the Dominion government, whilst others have refused to do so, that is to say, Ontario, Quebec and Nova Scotia. This, very briefly, is the story of a Canada united in war, but greatly divided in peace. This is the Canada which we, as Newfoundlanders are asked to pledge our word to unite with. I ask you gentlemen to consider it well. You have heard the opinions of the prime ministers of the various provinces of Canada. I take it they are the best men that Canada can produce. These are their reflections on the tax agreement which has been offered to Newfoundland today. We have no prime minister, we have no parliament, we have no place where men can get together with a mandate from the people, as did Duplessis and Drew and all the others. These men came together and consulted and they came to the conclusions as I have just quoted.

There are certain things, sir, which stand out very clearly:

1. All provincial premiers agree that the provincial governments can best look after the welfare of their own people.
2. To do this they must have money.
3. To get the money they should be able to adjust their own taxes in certain fields, and not be in the position of beggars to the Dominion government.
4. In a changing world both economically and with regard to social services, a government's revenue must also change from year to year. It cannot be bound by fixed subsidies.
5. A people's welfare is subject to the hazards of their occupations, and the hazards of the fisheries, mining, lumbering, manufacturing, etc., are all different, and consequently the elected government in every area, whose duty is towards the people's well-being, cannot have its

hands tied. There must be a certain flexibility.

What of us in Newfoundland? Shall we rush blindly into something upon which the nine provinces of Canada, after many months of deliberation, themselves cannot agree? Now having the picture of Canada under confederation before us, let us take a look at what Mr. Mackenzie King and his Dominion government have to offer Newfoundlanders.

[Short recess]

Mr. Hollett Mr. Chairman, I come now to a consideration of the terms which have been brought back from Canada. I will try to be as brief as I can, but I do not expect to be able to finish this by the time we conclude.

Now when we look at these documents which have been brought back from Canada by the Ottawa delegation, it will be well for us first to refer to the letter of Prime Minister King, in which he says that he was of the opinion that the questions to be discussed with the delegation are of such complexity and of such significance for both countries that it is essential to have a complete and comprehensive exchange of information, and a full and careful exploration by both parties of the issues involved, so that an accurate appreciation of the position may be guaranteed on each side. There was one gentleman who fully appreciated the significance of Newfoundland's entering into union with Canada.

Well, what did our delegation do? We have some idea now of what they did. They got together certain facts and figures here before they went to Ottawa, put them together and went off to Ottawa, only to discover that these things which were brought back to us from Canada had been prepared months before they went up there. That to me looks very funny. The proposed arrangements, as I stated before, are set forth in the document, the Grey Book, and Mr. King, Prime Minister King again says, "I feel I must emphasise that as far as the financial aspects of the proposed arrangements for union are concerned, the Government of Canada believes that the arrangements go as far as the government can go under the circumstances." The government could not readily contemplate any change in those arrangements, so what you have, you have in the Grey Book, and Prime Minister King says there is to be, as far as he can see, no change whatsoever there.