

Mr. Higgins I think we were told that it would be out of the question. The amount would be too high.

Mr. Ashbourne Regarding the matter of the difference between debts, I particularly raised that point.... If I mistake not the matter was gone into and I believe one of the officials of the committee went into the matter and in one of our meetings read us a memorandum or a digest of the points to cover that, and I don't know where that is. I don't know if Mr. Bradley has it, or the secretary, Mr. Smallwood...

Mr. Smallwood I think I have.

Mr. Ashbourne It was very enlightening, and as far as I am concerned I realise that some of the assets of Newfoundland have been put on the other side to look after the debt. It is a small country with a small debt and small assets, whereas in a big country like Canada it would naturally be expected that they have big assets. There are other countries contiguous to Canada that have a bigger debt than Canada has, and on the other side as well, but that does not debar them from raising money. If they are in a liquid position, it is the assets they have that you have to look upon.... Furthermore, I would like to ask Major Cashin, since he gave us the figures of the per capita debt that we would be called upon to pay, if he would kindly give us the amount of interest at $2\frac{1}{2}\%$ that is on that money over in the Bank of England.

Mr. Cashin What is it?

Mr. Ashbourne Would you kindly give us that amount of interest and deduct it from the \$3,232,000 that is over on the other side?

Mr. Cashin Oh no, you are wrong there, that \$3,232,000 that is over on the other side is put there for a particular purpose, and it is to pay a debt that is coming due in 1950-52. That is not included in the \$6 $\frac{1}{2}$ million.

Mr. Ashbourne Oh, yes.

Mr. Cashin Oh, no.

Mr. Ashbourne It is included in the \$10 million. What is the rate of interest if we have got to pay that on \$6 million — 5-6% isn't it?

Mr. Cashin The \$3.5 million coming due in 1950-52 is taken care of by the setting aside of £800,000, which is invested at the present time by the Crown Agents in London at $2\frac{1}{2}\%$. There is one loan coming due in 1950, and they will pay it out of that, and the other comes due in 1952,

and the accrued interest added on to that \$3,232,000 will be sufficient to meet both of these loans, consequently that's out altogether. Therefore the balance of the loan would be charged up to the government, as I said it would be \$6.25 million or \$6.5 million. Now on that \$6.25 million you have got to find \$300,000 annual interest and sinking fund, and when you come to these matters as to where you got your revenues and expenditures, etc., it is not provided in here in the estimates of expenditure at all. That is another amount that's got to go on to this so-called deficit.

Mr. Smallwood When we were drawing up our guess, if you like, of what it would cost to run the province, we left out all the interest on public debt, because we hoped that Canada would take over our debt, not leave us even with \$6 million as they have done.... But on the question of raising the cost of running the province, I suggest that we leave that until we come to it. I don't want to duck it.

Mr. Cashin All this here?

Mr. Smallwood All this financial stuff should be left until we come to the discussion of taxation, etc.

[There followed an interchange between Mr. Cashin and Mr. Ashbourne on the public debt and its service]

Mr. Smallwood It is a good thing that Mr. Ashbourne did labour the point. The story would be that we start off with a public debt of anywhere between \$3-400,000 a year, and pay the interest and sinking fund on it. This would have to be provided by the provincial government, and added in to the provincial government's budget. We start off as a province with a debt of roughly \$6 million, and we would owe that to ourselves, and the interest on it we would be paying to our own people.

[The committee rose and reported progress. Various items were deferred]

Mr. Bailey I give notice that I will on tomorrow ask His Excellency the Governor in Commission to obtain copies for the members of the Convention of the year books of the different provinces of Canada; also statements of the urban, rural and municipal taxation system, whether by boroughs, ridings, counties or parishes of all the provinces of Canada; also copies of the taxation returns for all the provinces of Canada and the various