

sinking fund annually of \$400,000 which when added to the half million dollar reduction in interest charges by the conversion of our debt to 2.5% as well as using the sinking fund, would mean an annual saving all told to the Newfoundland treasury of approximately \$1 million, and a reduction of our sterling indebtedness to less than \$54 million.

We pointed out to the representatives of the British government that the Newfoundland delegation was deeply conscious of the condition of affairs generally in the mother country, but that at the same time we were fully aware of what the saving of \$1 million annually would mean to the people of Newfoundland, who after all had suffered more than their share of hardship and privation in the past. We took occasion to draw the attention of the Dominions Secretary to the abnormal rise in our public expenditures during the past six or seven years, when such expenditures have risen from \$16 million in 1940 to over \$38 million this year. We suggested that there was no sound reason for these excessive capital expenditures, and that in our opinion under no circumstances should the expenditures exceed the revenues, and that our present cash balances should be conserved. We further pointed out that the application of this \$9.25 million interest-free loan to Britain to the reduction of our sterling debt was a sound business proposition, and that such a disposition of this money would in no way effect the dollar situation in Great Britain. Our efforts to get any commitment in respect to this matter were of no avail, and as usual we were informed by Viscount Addison that these matters had already been considered by the Commission government.

With regard to the operation of Gander airport, it will be seen from the interchange of memoranda that under the new arrangement Newfoundland is being held liable for a minimum of \$250,000 a year deficit on the operation of this international air highway. Our delegation felt that because Newfoundland as a country was not interested in the air transport business, and particularly in view of the fact that several foreign airlines were using the facilities of the airport, our country should not be called upon to pay any deficit that might be incurred in its operation. However, under the present circumstances it is quite evident that both the Dominions Office and

the Commission government are satisfied that the Newfoundland treasury should bear one third of any deficit that might be incurred. Nevertheless, it was pointed out to us that in the event of the country deciding to return to responsible government, the Newfoundland authorities will have the right to decide any future policy in respect to the administration of this particular airport. There is no doubt in my mind, Mr. Chairman, that the British government is using this airport for international bargaining.

You will observe that in our memorandum to the United Kingdom government, we stressed the importance of some effort being made by the United Kingdom to induce the Government of the United States to grant Newfoundland some *quid pro quo* in return for the 99-year leases of certain military, naval and air bases in Newfoundland, and as already pointed out, we were informed by the representatives of the British government that under the present trying times which their country was experiencing, they were not in any position to take the matter up with the American authorities.

With regard to matters of trade and tariffs, we pressed with all our ability the importance of the purchase by Great Britain of substantial quantities of our fresh and frozen fish. We took occasion to point out that during the war they had purchased considerable quantities of Newfoundland's fishery products at much lower prices than we could have obtained from the United States. They invariably replied sympathetically, but stated that their great difficulty was the dollar exchange. When the matter of their buying some 12,000 tons of fish from Iceland and over 20 million pounds from Norway was brought to their attention, the Secretary of State informed us that he was writing the Chancellor of the Exchequer on the whole matter. It was pointed out to them that this very year Newfoundland had purchased three ships from Great Britain at a cost of some \$2.5 million and that in our opinion they should have taken fish in payment, instead of transferring these dollars to the United Kingdom from the Newfoundland treasury, and not even buying our fish. At this point the representatives of the United Kingdom became somewhat indignant, because they felt that the people of Newfoundland would not mind them using our monies to their own advantage,