

Newfoundland

Mr. Probe: Referring to this deficit, which is estimated variously as running from \$23 million to \$35 million annually, as of this year, would the minister indicate what the position will be in five, ten or fifteen years. Some of these are non-recurring debts and expenditures as of this or next year. This figure, whatever it may be, of the present deficit, will be sharply or gradually reduced to what figure in what time?

Mr. Abbott: As I have often had occasion to say in the house, I claim no gift as a prophet; and anyone who could attempt to forecast what the revenues and expenditures of a province or of the dominion would be years ahead is a worker of miracles. It is absolutely impossible to make anything but a wild guess. But if one assumes that Newfoundland develops and occupies a full place in the Canadian economy, I think it is fair to assume that its revenues will expand; and my experience as Minister of Finance has been that expenditures will also expand.

Mr. Probe: Is it the minister's view that this temporary or this present apparent deficit will narrow considerably as soon as conditions stabilize?

Mr. Abbott: I should think that is bound to happen. Such matters as veterans affairs payments and transitional grants are both diminishing items. But I wish to take this occasion to say that I am never one who looks on the balance sheet of a Canadian province, the revenue from that province, or the federal disbursements in the province as a fair test of the contribution the province makes. We have "have" provinces in this country, and certain provinces which do not collect as much revenue. I am not one who accepts that as a criterion of the place that province occupies in confederation.

Mr. Probe: In section 23 it is stated that Canada will assume certain debts of the province of Newfoundland, and that the province itself will retain its surplus, as indicated in section 24. May I ask first of all in regard to section 23 whether there are in Newfoundland at the present time any arrears of debt for which Newfoundland is responsible, or for which she would be responsible if she were not entering confederation?

Mr. Abbott: No. The debt of Newfoundland has been fully serviced and all maturities have been met. The debt which Canada is assuming, as the Prime Minister explained, is its external debt, the debt which is payable in sterling. I am informed that all of that debt is now callable, if that is desired, at any time on three months' notice.

[Mr. Fleming.]

Mr. Probe: With respect to the guarantees for corporations or institutions within Newfoundland, are they also up to date or are there arrears of debts for which Newfoundland has some responsibility?

Mr. Abbott: So far as I am aware—and I am sure I am correctly informed—all obligations of Newfoundland have been fully met.

Mr. MacNicol: Mr. Chairman, I agree with some of the remarks made by the minister. I do not think we should split hairs, or be too much alarmed by a consideration of what Canada is going to get at the present time or in a certain number of years as a financial return from Newfoundland. The island has not had the opportunity it should have had. I have made an exhaustive survey of the facts, and I am convinced that it can do much better than it has done. I believe we have nothing to fear in that regard.

The railway has been mentioned. The first thing I would suggest to the minister and the government would be a plan for reservicing the railway for standard-gauge cars. It is a narrow-gauge line, and much more time is required to go from Port aux Basques to St. John's than should be required. The faster the trains could cover that distance, the more money would be made by the railway.

Therefore that is one of the first suggestions I would make, namely that it be made a standard-gauge line. Then I would suggest further equipment for the port of Port aux Basques so that larger ships, capable of carrying cars, could be unloaded quickly and reloaded rapidly at Port aux Basques. I can see myself at some time in the future boarding a train at Toronto, one properly equipped and having proper sleeping accommodation, and remaining on that train until I reached St. John's, Newfoundland. I do not see how the railway can be made to pay unless it is equipped so that people can travel on it in modern equipment.

It will take a few years to have that done; but the sooner it is done the sooner that railway will be able to produce a revenue. At the present time the passenger traffic on it is not as heavy as it should be. I have found the general service satisfactory, although the sleeping accommodation was a little cramped for me. However, a modern car would eliminate that difficulty. I found the meals quite satisfactory.

We will have an opportunity, not only to build up Canada but to build up this new province. I would not hedge at all in giving it opportunities to develop. It has vast resources of pulpwood. If the hon. member for Dufferin-Simcoe were here he could tell