

to consider it in the light of these things. Regardless of our desire to knock the Commission of Government, what we have to decide is what bearing will this Mining and Exploration Company have on the future ability of this country, its people and its government, to be self-supporting?

Personally, I am quite satisfied. I have my doubts about the fishery, doubts about other activities. But so far as Labrador is concerned, I say cheerfully and willingly that this, as Major Cashin says, is the biggest long-range thing that has come to this country: so big that we get lost in the details of these acts. Let us not get lost in the details. If this company will provide a town of 35,000, its wages will provide the future government of Newfoundland with an amount of maybe 1.5 million a year.

Mr. Higgins Before we go any further on the matter, I would like to draw your attention to the memorandum which was prepared by Mr. Eric Cook. As a result of a meeting which we had, it was suggested that we ask Mr. Cook to prepare a memorandum of the situation as he saw it. Mr. Cook is solicitor for the Labrador Mining and Exploration Company.

[The memorandum was read¹]

Mr. Higgins That figure of \$125 million Mr. Cook assures me, will be for the railway and the mine in Newfoundland. He is satisfied that is the figure that will be spent in Newfoundland alone.

With respect to the income tax, you have before you the Income Tax Consolidation Act, 1944. When Mr. Allen was before the Committee, we asked what the position would be if the Labrador Mining and Exploration Company was controlled by a parent company, which was a steel company, and they were selling ore to the steel company at a price lower than the regular price. Mr. Allen's answer was that if returns came in with the price of ore marked \$4 a ton and the real price was \$6, he might not know it, but he would send it to Mr. Claude Howse, who would give him the proper price. Mr. Howse says they get weekly prices. He says if the ore market was artificially depressed, if all the big companies got together and depressed prices, nothing could be done about it; not only Newfoundland, but no other authority could do anything about it. There would be no reason for them to pay taxes outside

Newfoundland rather than pay Newfoundland, because Newfoundland taxes are less than Canadian corporation taxes.... His point was there would be no reason for the companies to diddle the returns; they would have to pay bigger profit or income tax outside Newfoundland than inside. He has the right, if they put in returns he considers not fair, when dealing with an interlocking company, to go into the matter and determine what the fair amount is. Our paragraph commenting on the suggestion there might be depreciation value is not critically correct from the explanation we have now. I believe most of us are satisfied, we have to admit that now....

Mr. Fudge I am not going to say much in connection with the Mining Report because I do not know too much about acts.... As far as I am concerned, I think we have gotten a raw deal.

Mr. Miller I am open to convincing on the Labrador deal. I would like to make certain it is not a raw deal. I rather resent the approach made to this matter by some speakers. Some people went so far as to say that it was not our business whether we got a good deal or a bad deal. Now that's wild. Newfoundland's present position is probably entirely due to the fact that in the past we did not get deals that were so good. We now come to a stage today where we made comparisons, and we have worked a lot on this and we are still open to conviction. Some speakers do not want to hear it. Why? They argue that it is not in our economic interest. Can you convince me that if we get 15 cents per horsepower it is as good as \$1 per horsepower? We might have one million horsepower. I can't see why we refuse to agree or disagree after we consider it, but you actually refuse to consider the information that we humbly place at your disposal. It is immaterial to me, but we put it to you as fairly and plainly as possible. I would prefer not to deal with it here, and I still think it can be dealt with better out of here, but I am open to conviction and I hope there are many others too. We have been a long time on this Mining Report and a lot of people wondered what we were doing. Some people said we were not doing very much, and sometimes I felt the same, because we could not get all we wanted and if at the last minute something shows up and we have not formed an opinion on it we waive the right to go thoroughly into it, but that

¹Volume II:361.