

control of home and patrimony. But once in, there was no way out. Nova Scotia appealed in vain to Westminster for repeal. How in the light of this two members of the Ottawa delegation can get up and say we can get out, leaves me deaf and dumb. If such was the case, why wasn't it embodied in the terms? Then we would know there was some weight in it. But say, if in ten years time we wanted to withdraw from confederation, what an argument to present to the federal government and the Privy Council — the people voted for confederation with the understanding that they could withdraw if it did not suit them. They had it on the authority of Messrs. Smallwood and Ashbourne. British Columbia for 20 years demanded secession, but is still in. Now in the light of this, members of the National Convention, please, in Heaven's name, tell the people the truth. I see no difference in a political lie than any other kind of a lie; and this, in the light of the knowledge I have, is a political lie. We have heard a lot about finances, internal borrowing that don't cost anything! I have found in a lifetime that I had to pay.

I will try to give a summary of the impact of the depression on Canada and her industries in the 1930 crisis. For the truth is, the whole economic life of Canada was dislocated by the industrial collapse. She was not alone. Following 1930, Canadian currency in 1933 was inconvertible, like other currency. Then we had the pernicious system of trade and exchange quotas that was strangling everything when the war brought it to a quick end. Canada felt this to the full. First, because it still depends largely on exports from primary industries, like Newfoundland. The second reason she felt it was because, like Newfoundland, she is exporting cash profits out of the country because of the large amounts of foreign investments in the country. It was estimated in 1937 there was some \$2,684,000,000 of British capital invested in Canada. This was held in fixed obligations and in railway shares; besides this, there was \$3,932,000,000 of American capital, held in common stocks, municipal bonds and investments in subsidiary companies. All in all, it represented a volume of interest payments, much of it contracted in the terms of foreign currency. This gave a total of \$6,616,000,000 of foreign investment, which caused both government and people some anxiety. I want to bring

this to the fore when people say Canada will invest money here. There is need for money in her own economy. Perhaps that is the reason, as Mr. Reddy pointed out, that there is so little Canadian money invested here. They simply have not got it and they have furthered their own economy by handling our finances and insurances, always a cash transaction and a very lucrative profession. In fact we have been a cow to get milked, and we have been milked very thoroughly, and if this goes through we will be beefed as well. In coming back to this, I won't go into the case of the individual John Doe Canadian citizen in this upheaval, but the farmers held out as best they could while new aid and relief, total or partial, extended to 870,000 persons in 1938. It took a war to wipe the slate clean, and I guess after the war a new slate will be wanted.

Now I'll come to the matter of the Canadian national debt. I shall not stress it. I think Major Cashin has done justice to that, but something has been left out. I agree with Mr. Smallwood that this is something that our people are afraid of. They have had some painful memories of national debt and paying the interest on it. Mr. Smallwood has gone merrily along, telling us that it does not matter how large the national debt of Canada is, as it is held by Canadians. Strange to say, I agree with Mr. Smallwood to a point, that interest will circulate again in Canada when it is paid in Canada, but now I'm perplexed — how? Because if we go into confederation as new Canadians, with no bonds or very little bonds held here in Newfoundland, although we will shoulder our share of this debt, said to run from \$900 per capita by the confederates to \$1,500 per capita by the anticonfederates, how are we going to share in the cut of the interest take? Are we, after confederation, going to cut this island up in squares and fit the pieces into the nine provinces that hold the bonds? It seems to me Mr. Smallwood's arguments are hogwash, for if we are a province, the money we send to pay the interest on the bonds in Canada will be just as far out of the island of Newfoundland and the Labrador as regards doing us any good, as the interest we send to England.

Mr. Smallwood went to long lengths to describe the huge surplus that Canada had last year, and the sound healthy position she was in, he poohpoohed the idea that she would have any