

proposed terms, the sub-section dealing with the Newfoundland Hotel was then introduced by Mr. Smallwood, who stated that the federal government would take over the operation of this hotel if such was desired by the Government of Newfoundland. Mr. Smallwood said that the CNR operated a chain of hotels, and in the event of union it would be possible, perhaps advisable, that the Newfoundland Hotel would be acquired by that company. Mr. Bailey expressed the opinion that this was the best reason for confederation which he had heard so far.

The sub-section dealing with Posts and Telegraphs was brought up for discussion. These services, though considered as two separate services in Canada, would be taken over as a single service if Newfoundland entered confederation.

A question was raised whether the federal government would continue to employ the Newfoundlanders in the service at the time of union. Mr. Smallwood stated that the federal government was duty bound to employ in the public services of a province, citizens of that province. Mr. Fogwill wondered if the persons now employed by Posts and Telegraphs would be required to qualify for jobs according to standards set by the federal government: if the qualifications required were higher than those in Newfoundland, would it mean that persons now employed, who failed to meet these qualifications, would be discharged? Mr. Smallwood felt certain that if persons were unqualified for their jobs, every opportunity would be given to those employees to qualify.

Mr. Fogwill wanted to know why revenue from Posts and Telegraphs estimated by Canada was \$1 million below the amount estimated for the 1947-48 period by the present government. Mr. Smallwood stated that in the event of union this service would be taken over by the federal government. Postage rates would be lower and wages would be increased, hence the difference in the two estimates. He went on to say that during the period 1920 to 1940, Posts and Telegraphs in Newfoundland averaged a yearly deficit of \$500,000.

Mr. Miller was anxious to know if there was a guarantee that existing public services such as our coastal service would be continued as they were at present]

Mr. Chairman The thing Mr. Miller asks you is

whether or not there is any guarantee that there will be any material or other alterations in the operations of the railway and steamship lines as presently operated.

Mr. Smallwood I have good hearing. I heard him say that.

Mr. Chairman He asks if there is a guarantee.

Mr. Smallwood If he, or anyone else, takes the stand that because here it does not say...

Mr. Miller Could you answer "yes" or "no"?

Mr. Smallwood I cannot answer "yes" or "no".

Mr. Miller That is very apparent.

Mr. Smallwood If clause 5 does not say that "the following services will be taken over and become subject to the jurisdiction of the Parliament of Canada and will be maintained at existing levels or even better", are we to infer that there is a danger that the services may not be maintained at the present levels but may be reduced?

Mr. Chairman Which is a fair inference.

Mr. Smallwood It may be a fair inference from a purely legal standpoint. But to me it is not a fair or realistic inference at all; the Government of Canada in taking over these services will give us much better service, but as for a guarantee, no, there is no guarantee. That is a matter of what has been said and of what we believe. I believe, personally, that they will give us a little better service. I wish Mr. Higgins were here. He was one of the three delegates who were at the meeting. When the meeting ended we were chatting around in groups with the railway experts, especially Commander Edwards. The Deputy Minister of Transport said, "If and when Newfoundland comes into confederation, what do you think would become of the railway? What do you think, Captain, do you think they will do something for the railway, put it in good shape?" He said, "What else? Either that, or we will have a railway hanging on us, dragging on us, a burden on us." ...He said, "If you ever come in with us, you will have the best railway you ever had." But there is no guarantee of it in the Grey Book. No guarantee about the railway and the steamship services. No guarantee they would not even shut them down. If anyone prefers to think that, I cannot stop them. I do not believe that. On the contrary, I believe the services the Government of Canadian would take over would be operated more efficiently and with better service to the