

did not refer to the paragraph in this other document.

Mr. Chairman We have been here two hours and accomplished practically nothing. I am not in a position to rule on this question because there are three schools of opinion amongst the Ottawa delegation as to what is confidential, if it is confidential, and to what extent it is confidential. Therefore, since I can't get unanimity of opinion, all I can do is to say that we will go on as we have been going, and if any member is going to refer to anything outside the Grey Book and the Black Books I will have to ask him to lay his foundation for it.

Meanwhile, I feel that if members of the delegation came into possession of information ... and if they have given an undertaking to keep it secret then I can't ask them to violate it.

Mr. Bailey I am not laying any stress on the Ottawa delegation. I am laying the stress on this, that the Government of Canada should have given to each and every individual everything they gave to the Ottawa delegation. It was us that sent them there, and it is up to us to know what went on. Whether we work for or against confederation, and whether it is a good thing or a bad thing, that's what we sent the delegation to Ottawa for, and that is what the Canadian government should have given them — not a little bit here and little bit there. Mr. Fogwill asked the question, and Mr. Hickman asked the question. There's nobody going to be laid off in the Newfoundland Railway. That's balderdash, as Mr. Higgins said.

Mr. Chairman Can we get along with section 7?

Mr. Smallwood Clause 7 — *Debt*.

Canada will assume and provide for the servicing and retirement of the 3 per cent Stock Issue maturing 1943-63 guaranteed by the United Kingdom. (This, in the opinion of the Canadian government, represents a fair estimate of the amount of debt incurred for purposes which would presumably have been the responsibility of the Government of Canada had Newfoundland been a province of Canada when the debt was incurred.) All sinking funds against this portion of the debt will be taken over by Canada.

The Province of Newfoundland will continue to be liable for the remaining portion of

the Newfoundland debt and retain all sinking funds against that portion.

The apportionment of the debt and sinking funds is set forth in Annex II hereto.

[*Mr. Smallwood read Annex II*]

The position then would be that Canada would take over \$63,569,000, and Newfoundland would have \$6,354,000. I don't know that there is anything I need to add to that. This public debt falls under two headings — what is guaranteed by the United Kingdom, and what is held here locally.... Canada will take over our external debt, and the Province of Newfoundland would be left with an internal debt owed to the people of Newfoundland....

Mr. Cashin Mr. Chairman, there are a couple of questions there. Do I take it, Mr. Smallwood, that Canada takes over \$63½ million of our debt? That's about right isn't it?

Mr. Smallwood Yes.

Mr. Cashin The outstanding debt then would be about \$6½ million from Newfoundland?

Mr. Smallwood Yes.

Mr. Cashin When you were discussing this national debt offer, did you talk to them at all with regard to the per capita debt of Canada as against the per capita debt of Newfoundland, and what was their reply?

Mr. Smallwood We did, Mr. Chairman, we had a committee on public debt. I know I was on it, but there are two others as well. I was secretary of the delegation, and I was therefore a member of all the committees. I forget now — it is in the Black Book.

Mr. Higgins Mr. Ashbourne, Mr. Ballam, myself and you.

Mr. Smallwood We met the men from the Department of Finance, and also some man from the Bank of Canada, and they gave us the history of what had been done by the federal government with the different provinces as they came in, what they did about the public debts.

Mr. Higgins It was Mr. Sharp, Dr. Watts and Mr. McKie.

Mr. Smallwood ...In our case it is a very much higher proportion, higher per capita figure, than in any other province. As a matter of fact, the highest amount of provincial debt that Canada ever took over was \$50 a head of the debt of Prince Edward Island. In our case I don't know what it works out at, but it is more than that. It is