

opinion of this House, Canada should favourably consider any proposals that may be made by Newfoundland for union with the Dominion of Canada." Speaking on this resolution, Senator Rufus Pope said in part, "That territory which has been awarded to Newfoundland by the decision given in England on the boundary line, has become very valuable, and if Canada desires to possess it, we have no time to lose...." That was the theme of the whole debate, the value of Labrador, the need for Canada to repossess it. That was only 20 years ago. The wheel has come full circle again. Let's not kid ourselves with that fatuous statement that Canada does not want Newfoundland, that we will be a drag on Canada. The only ones we will be a drag on are ourselves, when we try to make our little province pay and make both ends meet, out of the pitifully small and inadequate revenues left us after the Dominion has taken over the most lucrative fields of taxation.

Mr. Smallwood has made a valiant attempt to produce a provincial budget for eight years, and it is as fine a piece of financial juggling as anyone could wish to marvel at. He rakes the Finance Committee from stem to stern for giving a budget, admittedly based on conjecture, for three years, and then blithely produces one for eight years. All through the previous debates Mr. Smallwood was the champion of no limit on future expenditures; there had to be more money for this and that, for everything, every service of government. But now he has to cut the provincial coat to fit the cloth at his disposal, if we enter confederation; and we find him with a limit on everything, not for one year, but for eight! And the trump card for the provincial budget seems to be Clause 14 — *Reassessment of Newfoundland's Financial Position*.

In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of adjustment to provincial status, the Government of Canada will appoint a royal commission within eight years of union to review the financial position of Newfoundland and to recommend the form and scale of additional financial assistance, if any, which may be required by the Government of Newfoundland to enable it to continue public services at then prevailing levels without resorting to taxation more bur-

densome, having regard to capacity to pay, than that of the Maritime Provinces.

If we can only manage to struggle through the first eight years, then everything will be fine. We will get a royal commission to figure out how much additional financial help we will need. It will be plenty, and we will have no collateral, no security, nothing to exchange for the do-ray-me except Labrador. So the pressure is put on the provincial parliament, and they amend the legislation and alter the boundaries of the Province of Newfoundland, that part of it called Labrador. That is the consent of the province, and someone takes over Labrador or part of it, and that someone will be Quebec. I'll stake my life on it. On the other hand, we may never get that royal commission. We have heard a lot about what the Duncan-White Commission did, but how many commissions did not function? As recently as 1911 a commission of inquiry was set up for British Columbia to look into the matter of granting that province better terms. The commission was set up, but it never functioned. The letter of the law may have been followed, but its spirit was hardly interpreted. Could not this happen in our case? Remember, Newfoundland would be the tenth and last province. Once in, anything would be good enough for her because there would not be any more prospective customers for the confederation wares.

I just mentioned the provincial budget, Mr. Chairman, and now I want to make a few references to a table on page 2, "Probable Revenue and Expenditure of the Province". Expenditure is \$15,138,775, an annual average for the first four years. Then the revenue. Note two things — the word taxation at the very beginning, and the amount of almost \$3.5 million, and the sentence "New taxation is to be imposed", another million and a quarter. Total provincial taxation, \$4.5 million. It goes up another million in the next four years. Now I ask the people to note this: the Dominion has taken the income tax, the customs revenues, has put excise on liquor and tobacco. What is left? What remains to permit the Province of Newfoundland to raise \$4.5 million each year in taxation? Very little that I can see. There is \$750,000 raised on gasoline. That is not regular revenue as of now, it would be new taxation to add to the \$1.25 million earmarked in the budget as new taxation. Almost \$5 per person,