

for the fairest distribution of wealth, but I have to remember that as taxation is increased for ordinary services, the farmer and the fishermen pays.

May I now comment on our work in connection with the Railway.... There is one point which is of particular interest to me, which has not been sufficiently brought out. I put a blunt question to the General Manager like this: "From the point of view of lessened maintenance costs in the future have you got today a better outfit to give service than you have ever had?" His reply was, and I ask the other members of the Committee to bear me out, an unqualified "yes". He went into details on the subject which I am not going to do. Further he was expecting a number of things to "break" favourably over the next few years of operating, so that the costs of our service may be lessened.¹ As Mr. Smallwood said yesterday, the General Manager hopes to see a gradual reduction of the ordinary deficit over the next ten years after we have passed the present period of terrifically high and abnormal costs, particularly materials. To me, looking at the probable costs of government in the foreseeable future, this is of the utmost importance. During the next few years, when we have money, we will be able to carry on and pay the high deficits. But after that period when things get back more nearly to normal, there will be a corresponding relief in the form of reduced railway deficit.

I turn for a moment to roads, Mr. Chairman. It is to my mind quite proper that we should have debated the relative merits of trunk versus community roads. As a result of our work I feel that the country has been reminded that there is a direct relationship between the development of the economy, or to repeat Mr. Newell's words, the economic potential of the country and the development of all necessary means of communication and transportation. One point here did not appear to me to be sufficiently brought out. It is the fact that roads themselves, their location, their standard, the method of building them, is of tremendous importance. And further, that there is or should be an economic basis for the standard, the location, and the method of building. For example, if it has been decided that a base depot should be established in a certain locality, it may be proper economy to build a

third-class road leading to it. If however, that area developed, it may be necessary and proper to re-build a road to a necessary standard. Finally, some time later because of the increase in traffic on that road, it may be necessary to put a hard top on it or to build it to a higher standard still.² Similarly, in thinking about the merits or demerits of a transinsular highroad, I have already reduced my thoughts to writing in an article in the *Atlantic Guardian*, wherein I stated we should have an overall design of a transinsular road but that it should be constructed in sections paralleling the development of these sections. The sections to be developed first should be based on the criterion of their adding to the development of our economy or our total production.

Mr. Chairman, at the moment I have not cleared my own thinking on Gander and the tourist report, and therefore I will reserve my comments to a later date. I wish also to say that the time taken by me today has a twofold purpose: to be helpful to the Convention; and to report particularly to that part of Newfoundland which is responsible for my being in the Convention. I do hope these purposes have been reasonably fulfilled.

Mr. Miller I find it difficult to reconcile this statement about the excellent condition of the railway. We are told we need seven new locomotives; we are told that due to the increased traffic handled, the main line needs to be re-railed. That will cost \$600,000. It cannot be so good. The report goes on to say that the present rails can be cut and used to re-rail the branch lines. If we anticipate laying new branch lines, they cannot be so good either. Further there is no mention of any money to re-rail those branch lines. That, I presume, is an expenditure that has been overlooked.

Mr. Smallwood There is another item that ought to be added to the cost of re-railing. Mr. Russell's estimate is \$600,000 for six years — \$3.6 million to re-rail the main line. To that has to be added another \$1 million to cover labour and other incidental expenses in connection with the re-railing; which would make a total of over \$4.5 million, and as I remarked before, there are those who contend that it will be extremely unlikely to re-rail the main line at an overall cost of

¹The following section is taken from the recording of the proceedings.

²The section taken from the recording ends here.