

before the House. The other part was read the other afternoon, and it is now open for discussion or question.

Mr. Higgins I wonder if Major Cashin would tell us how the amount of \$25 million is computed?

Mr. Cashin If you will remember that time we brought the original Forestry Report before this House, we estimated that the total earning power from the pulp and paper industry would be in the vicinity of \$16 million. Since that time, we have had Mr. Lewin, General Manager of the Bowater Pulp and Paper Company before the Committee, and I think he stated in his address that the industry would be earning around \$20 million in a very short period. He said that the development of timber for export or pulp and paper on the Labrador could be very reasonably expected to produce another \$5 million a year. Consequently with the price of newsprint as it is today and the future prospects for it in the next two or three years at \$83 a ton, and figuring \$35 or \$40 a ton labour, and some 500,000 tons of newsprint annually, you will find that it will go over \$20 million annually. It is well known that newsprint gives an earning power of half the price obtained for it. That is general.

Mr. Higgins Why I asked this is not idle curiosity. In the end of the year issue of the *Daily News* Mr. Lewin wrote an article, and in that he said: "When it is also realised that the total payroll of the Corner Brook company will have increased nearly fourfold in the last ten years and will reach close to \$12 million in 1948, it will readily be seen what this means to the west coast in particular and the country as a whole." I assume his position was that Corner Brook would contribute \$12 million, and I presume he meant that Grand Falls would make up the other \$8 million.

Mr. Cashin Yes, the total industry of the country.

Mr. Smallwood When Mr. Lewin estimates the wage bill of Bowaters reaching around \$12 million in 1948, does that include the amount of wages that they are paying out on construction of the new extension to the mill, or is it for permanent labour in and around the mill and in the woods, or does it include the short-time construction period?

Mr. Cashin No, in 1948 the construction period

will be over, and the mill will be running in full capacity and will have around a \$12 million earning power....

Mr. Smallwood Has Major Cashin any estimate of what Bowaters are likely to spend year by year for the next few years?

Mr. Cashin Their programme calls for over \$12 million.

Mr. Smallwood That's Corner Brook or Grand Falls?

Mr. Cashin Corner Brook. Grand Falls is additional to that.

Mr. Smallwood What is under discussion is construction or extension?

Mr. Cashin Extension.

Mr. Smallwood Have you any idea what the AND Co. are paying out now and next year and the year after in regular wages?

Mr. Cashin \$7-8 million.

Mr. Smallwood So that if Bowaters pay out \$12 million in regular wages, and the AND Co. pay out \$7-8 million, it is \$19-20 million a year?

Mr. Cashin That's right.

Mr. Smallwood I notice that Mr. Lewin's estimate is based on present operating conditions. Your report goes on to say, "This means that our total prospective earning power from forest industry would be approximately \$25 million annually." I take it you mean \$12 million from Bowaters, \$7-8 million from the AND Company, and \$5 million from perhaps Labrador?

Mr. Cashin Yes, Labrador and the local industry.

Mr. Smallwood Would you give the local industry as \$1.75 million?

Mr. Cashin Yes.

Mr. Smallwood Is there any real reason for supposing there might be \$3-4 million spent in Labrador.

Mr. Cashin There is no official reason, but when Mr. Lewin came before the Committee he indicated that there might be people who were seriously interested in the timber resources of Labrador — sulphite mills in Hamilton Inlet and the Bay D'Espoir area.

Mr. Smallwood Did he by any chance say that his firm ...

Mr. Cashin No, they are interested at present.

Mr. Smallwood I don't want Major Cashin to use any names he is not supposed to use, but may we take it that there are pulp and paper mill