

unspent portion thereof at the end of the eight-year period to become available for the unrestricted use of Newfoundland.

In view of this, it is seen that under these proposed terms of union that \$10 million of this accumulated surplus at the time of union shall be set aside either in trust or on deposit with the Government of Canada at Newfoundland's option, withdrawable by the Newfoundland government as required, only for expenditures on current account. Therefore \$20 million of this surplus remains. Nearly \$10 million of this money is now to our credit in London in the form of interest-free loans to the United Kingdom government, and therefore it will become necessary to convert this money to dollar currency, and no provision has been made for this in the proposals now before us. Mr. Smallwood tells us in an offhand way that he feels confident that it can be arranged. The Canadian government does not undertake to do this, either in the Black Books or the Grey Book. We therefore, under these arrangements find ourselves in the position where \$10 million has to be set aside in trust for current expenditures and another \$10 million is located in England, and no undertaking to convert it to dollars. Therefore, there is only another \$10 million available. Now, of this latter \$10 million, at least \$6 million will be necessary for the purpose of payment of fish this past year; so out of all our surplus there will remain only \$4 million available in actual dollar currency for purposes of capital expenditure. This means that \$16 million of our surpluses is now held in sterling and there is no indication when it will be converted into dollars. I would like to know how much money has been paid for the conversion of sterling as payments for fish, particularly in view of the fact that in recent weeks the government has made available to Italy considerable money, and it would have been necessary for us to find dollar currency for Italian fish. These are matters one can only get if in contact with the government daily. We all know the difficulties that the United Kingdom government are having with regard to dollar currency, but even despite the shortage in Great Britain of American dollars, they have been compelled to help Canada with American dollars during the past 12 months, and when Mr. Dalton was Chancellor of the Exchequer, he made a public pronouncement to the effect that

Canada was in just as great a need of American dollars as Great Britain. However, Mr. Smallwood may have something up his sleeve in this respect, for if we follow his explanations of all these matters we must conclude that he has been appointed the representative of the Canadian government as well as the Commission government. However, I feel certain that any such statements made by Mr. Smallwood have been based purely on personal opinions, and that he has no foundation in fact for any of these wild statements he has been making.

Then again, I am forced to refer to the present serious financial predicament in which Canada finds herself. It is only a couple of months ago, whilst Prime Minister King was on an official visit to England, that serious steps had to be taken by the Canadian government to deal with the financial position. As a matter of fact, unprecedented steps were taken. These were the restrictions of the purchase by Canadians of a long list of consumer goods from the United States. In addition, extra taxation had to be placed upon consumer goods at home and all this was done by minute of council. Now it is well known that under British procedure, no taxation can be legislated for by minute of council. Such legislation must be passed by Parliament. We had it happen here over 50 years ago — an incident whereby a certain gentleman who was in public life went down on the wharf and took goods off it because the budget had not been passed and he got away without paying any duty. Some of their relatives occupy high positions in the present set-up of our civil service. However, I ran into conflict before, and I do not want to do it again.

As I said a moment ago, the situation was so serious that this present austerity programme was instituted by the Canadian cabinet and at the present time it is being fought bitterly in the Canadian House of Commons. Canada had applied many months ago for a loan of \$800,000 in the United States and was forced to accept a temporary loan of but \$300,000. In addition, the Canadian National Railway, which is seeking a loan of some \$60 million from the public, has been forced to withdraw the application for such loan temporarily because underwriters' offers were unsatisfactory, according to reliable reports. In view therefore of these known facts, how are we to expect the Canadian government to be in a