

services would also be taken over by the Government of Canada. They would become federal civil servants and they would suffer no loss in wages, salaries or pension rights. The employees of the railway system would also be taken over without loss of salary, and they would be guaranteed the same continuity of employment as other employees of the Canadian National Railways.

The Government of Canada would provide family allowances to all children under 16, old age pensions and pensions to the blind, old age beginning at 70, blind persons at the age of 21. They would provide unemployment insurance benefits, sick mariners' and fishermen's benefits, and assistance to housing. The Government of Canada would place a new ferry on the Cabot Strait. This boat would be specially fitted to carry motor cars, but it will not be put there until the road from Corner Brook to Port-aux-Basques is finished. The Government of Canada would also bring Newfoundland under the Maritime Freight Rates Act, which act provides a 20% reduction in freight rates on all goods moved by rail, moving within or going outside of the Maritime region — that is, the whole region this side of Point Lévis, near the city of Quebec.

On the financial side the Government of Canada would pay to the government of the Province of Newfoundland the following amounts of cash: \$180,000 each year, and 80 cents per head of our population each year, and \$1.1 million cash each year as a special subsidy for all time, and \$22.75 million in the first eight years of union — an average of over \$2.5 million each year as a special transitional grant. These amounts, together with the amount which the Government of Canada would pay under the tax rental agreement, would average \$9.5 million a year. Then in addition to that, the Government of Canada would pay back to us the amount which we will have paid them for the purchase of their rights in Gander — \$666,000. And the Government of Canada will also pay back to Newfoundland the cost of these two new boats that are still in Scotland to be delivered over here to us. The Government of Canada within eight years after we entered the union would appoint a royal commission to reassess our whole financial position as a province. That is, to see if we need any additional subsidies, and if so how much to enable our provincial government to carry on

without imposing taxation too burdensome for us to pay, compared with taxation in the Maritime Provinces, and having regard always to our capacity to pay tax. And within two years after we entered the union, if we wished to institute an economic survey of Newfoundland — which of course includes Labrador — the Government of Canada would provide the services of technical personnel and agencies to make this survey for the purpose of finding out what resources we have that may profitably be developed, and what new industries may be established, or what existing industries may be expanded.

Our accumulated cash surplus will remain our own. The Government of Canada would be willing to receive it on deposit for us and to pay us 2 5/8% interest on it each year. One-third of our whole cash surplus would have to be set aside to be spent, if we like, on the ordinary purposes of the provincial government. And the other two-thirds of the surplus would have to be set aside by us to be spent on the general development of Newfoundland. The provincial government would have the right to lend money out of the surplus to industries or fishermen or other producers, but it would not have the right to subsidise industries which were in competition with similar industries in the rest of Canada.

Education is left entirely and absolutely with ourselves. The Government of Canada would not and could not interfere with our school system. All the denominational schools existing at the time of union would have their rights guaranteed. That is, they could keep right on as they are, and they would continue to be financed out of the public chest. Any two denominations that wanted to unite or amalgamate their schools would have the right to do so, and if they did so they would continue to receive their full share of public money spent on education.

Newfoundland would be entitled to have six members of her own in the Senate of Canada and would also be entitled to elect seven members of her own to the House of Commons. So far as our own House of Assembly or provincial legislature is concerned, we could elect any number we like, ten or 15, 20 or 30, or whatever number we decided on ourselves.

The Government of Canada would collect about \$20 million a year from us in taxes, these are income tax, corporation tax, excise tax, sales