



Proceedings
of the
House of Assembly

During the Sixth Session
of the
Thirtieth General Assembly
of Newfoundland

1955

Sixth Session of the Thirtieth General Assembly of the Province of Newfoundland

MONDAY, September 12th., 1955

The House met at three of the clock in the afternoon, pursuant to adjournment.

SERGEANT-AT-ARMS: Mr. Speaker, I have the honour to inform you the Honourable the Administrator has arrived to open this Sixth Session of the Thirtieth General Assembly of Newfoundland.

His Honour the Administrator read the Speech from the Throne.

MR. SPEAKER AND MEMBERS OF THE HONOURABLE HOUSE OF ASSEMBLY:

You have been called together to consider a matter of very great public importance. I refer to the proposal to open a new large iron mine in Labrador and to build a railway to connect that mine with the railway already in operation in that territory. These combined undertakings constitute the Canadian Javelin Limited project.

All Newfoundlanders must have derived keen pleasure from witnessing the striking new developments that have already taken place in Labrador. Much employment has been obtained by our people in connection with the opening of the Knob Lake iron mines and the building of a railway from Seven Islands to that area and many millions of dollars have been paid in wages to our workers in that great enterprise. We have all been deeply impressed with the knowledge that the British Newfoundland Corporation have so energetically undertaken the work of prospecting for minerals in

Labrador and the even greater task of surveying the immense water power potentialities of the Hamilton River watershed. This present Javelin project is, my Ministers believe, but the latest in what is bound to be a series of vast and far-reaching developments in the Labrador Peninsula.

You will be asked to enact legislation authorizing my Ministers to guarantee a bond issue of \$16,500,000 to assist Canadian Javelin Limited in building the railway and in creating the mining establishment at Wabush Lake. You will be asked further to take the necessary steps to amend the legislation governing the railway operated by the Labrador Mining and Exploration Company Limited in Labrador.

MR. SPEAKER AND MEMBERS OF THE HONOURABLE HOUSE OF ASSEMBLY:

I am confident that you will give to these matters your careful and conscientious attention; and I invoke the Divine guidance upon your deliberations.

His Honour the Administrator then left the Assembly Chamber:

HON. L. R. CURTIS (Attorney General): Mr. Speaker, I move that a Bill entitled "An Act Further to Amend the House of Assembly Act," be now read a first time.

On motion Bill read a first time, ordered read a second time on tomorrow.

MR. SPEAKER: At three of the clock this afternoon, His Honour the Administrator was present to open this Sixth Session of the Thirtieth

General Assembly of Newfoundland. His Honour the Administrator was pleased to deliver the Speech from the Throne, which for the purpose of accuracy I have obtained a copy, and will now read to the House.

Speech from the Throne then read by Clerk:

MR. COURAGE: Mr. Speaker, I rise for the purpose of moving that a Committee be appointed to draft an Address in Reply to the Speech with which His Honour the Administrator has been pleased to graciously open this Sixth Session of the Thirtieth General Assembly of Newfoundland.

Mr. Speaker, the Speech from the Throne was very short and my reply will necessarily be correspondingly brief.

This Honourable House has been called together to consider one specific item and one only, A Bill to guarantee a bond issue to enable a railway to be built and a mine to be opened in Newfoundland, Labrador. I know that this matter will be given the most careful consideration by this House.

Since the arguments for this measure have not yet been presented to this House, I am not in a position to discuss the pros and cons. But I know that we will have ample opportunity and time for the fullest deliberations on this Bill, which is about to be presented. However, I do know that this is a measure designed for the development of Newfoundland, for employment of our people, and it will add revenue to the country. Now, Mr. Speaker, we particularly need these things in Newfoundland today — all countries must have them. We all know that it is the aim of every good government to increase the standard of living of its people. In order to do

that we must develop the natural resources. We must do this if we are to stem the flow of emigration from our Province. How else can we fight poverty, ignorance and disease? We can only do so by increasing the material resources of our people and enlarging their opportunities for enjoying them. The great imperial statesman, Sir Joseph Chamberlin, has said that men are born into this world with claims upon the generosity of society, and that these claims ought to have the authority and the sanction of law. And one of these claims is that a man must be given the right to work. There would be something wrong in a society where an honest, sober and industrious man cannot find work that he may earn enough to support his wife and children.

Mr. Speaker, this measure is designed to give work. As I said before it will increase the revenue to expand our industries and to develop our natural resources.

Mr. Speaker, there are those who through ignorance have nothing but slurs for politicians. But I say to you in all sincerity, politics is one of the greatest of all studies. It is the science of human happiness. And the vision of all politicians is to find out how they can raise the general conditions of the people, and how they can increase the hope of those less fortunate amongst us — And this Bill is designed as a measure that will help to do this very thing.

Sir, I have much pleasure in moving that a Committee be appointed to draft an Address in Reply to the Speech with which His Honour the Administrator has been pleased to open this House.

MR. CANNING: Mr. Speaker, I rise to second the motion so ably put

by my honourable and learned friend from Fortune and Hermitage.

In so doing Sir, I may say I concur whole-heartedly with what he has said. I am not at this moment, Sir, in a position to deal at any length with the legislation to come before the House, owing to lack of information, which I am sure will be forthcoming within the next few days.

To me, Sir, it means this: We will be asked to vote authority to guarantee a bond issue to construct a railway at Wabush Lake, Labrador. It will mean, I am sure, Sir, money for our people and dollars for the Treasury of our country. From the reports, Sir, we have all received and from the surveys, it is now certain that what we before considered lonely barrens contains rich minerals and rivers which can generate millions of horsepower of electricity.

I don't know, Sir, how our opinions will differ during this session, but there was once a man, Mr. Speaker, whose name was Cartier and whose first name was Jacques. He said (referring to Labrador) that it was the land that God gave Cain. But, Mr. Speaker, there is another man who has come up in our day who differed from Jacques, and whose first name was Joseph. He said, it was not the land that God gave Cain, it was the land that God promised to Moses, not a land of honey but a land of minerals and forests. Again, that man Jacques was looking back over his shoulder as he turned his back on Labrador and said, there was nothing there, not even a cartfull of dirt. This time the man Joseph agreed. He said: "Jacques is right, there is not a cartfull of dirt there, it is just one solid mass of mineral." Mr. Speaker, Joseph went forth and attracted some of the biggest mining companies in the world

and had them go in there. They went in, they sought and they found. And Canadian Javelin today knows that there are millions of tons of rich mineral lying waiting to be taken and shipped to the ports of the world.

I feel, Sir, that today will mark the beginning of a great mineral era, and the land that Cartier scorned will mean much for Newfoundland.

Sir, I take great pleasure in seconding the motion now before the Chair.

MR. SPEAKER: The motion is that a Committee be appointed to draft an Address in Reply to the Speech from the Throne.

MR. M. M. HOLLETT (Leader of the Opposition): Mr. Speaker, in rising to support the motion, it is not my intention to take up very much time of this House this afternoon.

I congratulate the mover and seconder on the brevity of their addresses. As they spoke I was trying to figure out in my mind just why the brevity of these speeches. Now I know nothing whatsoever about the proposition which is to be laid before us. But I should have thought that the members on the opposite side of the House would have been sufficiently well acquainted with the particulars of the Bill which is to be brought before us that the mover and seconder of this motion might have been able to say something about it. I don't know whether it is because it has become so common-place to raise loans or to permit this House to guarantee them. I don't know whether it is so common-place that the Government feels brevity, brevity I say, is the soul of wit, and wit means knowledge, so I take it — it sometimes means knowledge — but I take it they have ample knowledge, and at least they could have enlarged

a little bit on the natural resources, which were spoken to very well and very ably by the honourable member for Fortune Bay and Hermitage and also by the member for Placentia West.

Now we certainly, Sir, on this side of the House, are not against any industry of any kind whatsoever. We support to the best of our ability all attempts to bring in new industries which have any hope whatsoever of success. I should have thought, however, that both the honourable member for Fortune Bay and the honourable member for Placentia West must have felt some, I say, qualms of conscience, as they rose to move and second the motion on this auspicious occasion; an occasion which brings us here to guarantee a loan of some sixteen and a half million dollars to a company which hopes to make a success of an iron ore mine on Labrador. I would like to point out to the honourable members on the opposite side, particularly the two honourable gentlemen who have spoken, that Placentia West and Fortune Bay are two districts in this country which, to my mind, since 1949, and I dare say before, but particularly since 1949, are the most neglected areas, Sir, of any part of the Dominion of Canada and certainly of any part of Newfoundland. Both these districts, as I know, have lived and moved and had their being by the fisheries. To my own knowledge, very little has been done in the particular districts these two gentlemen represent, with regard to the fisheries in these areas. And if the Government had brought in here a Bill which was to guarantee a loan of some sixteen and a half million dollars to improve the fisheries in these two areas, then, of course, there would be no doubt whatsoever, immediately, without having seen any of the documents at all, there is no doubt what-

soever in our minds here on this side of the House we would support it.

In regard to this particular Bill brought in in connection with a guarantee, I say, Sir, we have none of the particulars therefore it is not our intention to say anything either for or against it except to say, we are for it if it can be shown to us by the Honourable the Premier and by the Government that there is some hope of success in this particular area of the Labrador.

I have to point out, Sir, to the Government, and to the people of this country, it is our duty, on this side of the House to remind all citizens of this Province that since 1949 when we were placed into Confederation with the great Dominion of Canada, we were left with a debt of some three and a half million dollars. I would remind the honourable members today that our debt is some forty-two million dollars. We have borrowed that money. We have spent it. And we have spent some forty odd million dollars cash, which was bequeathed to this Government by the Commission of Government. In addition to all that, Sir, we know that we have already guaranteed loans to various concerns in this country to the extent of many more millions of dollars. We have to take all these facts into consideration, Sir, when we come to considering the Bill which will be brought before us, and the agreement which is to be submitted in connection with Canadian Javelin. I want to remind not only us here but the whole country, every citizen in it, that we have to be very careful, that we do not get back into the situation in which we found ourselves in my lifetime and your lifetime when we as a country owed, so I believe, one hundred and six million dollars, and went broke and lost our independence as a people. And we

never got it back until 1949. I am not saying we have it back even yet, because we are not now a Dominion, as we were at that time. But that is what happened to us. But, Sir, that condition took one hundred years to produce, whereas the condition in which we now are in regard to debt and with regard to guarantees is pretty nearly half the extent that it was away back in the thirties. So we have to watch these things. We have to be careful as to what guarantees, Sir, that we make.

I don't know whether the brevity of the two honourable gentlemen who have spoken was an indication of the rush with which this matter has to be completed, or whether it is, as I said before, that it has become so commonplace to raise a loan or at least to guarantee a large sum of money that they think it is not worth while to make much comment about it.

I do regret, Sir, that in the Speech from the Throne I have seen nothing about the new industries. The honourable member for Fortune Bay referred to natural resources, and how it was our duty to get all we could out of these natural resources in order that our people may profit. But here is a House of Assembly of the people of Newfoundland opening today without one single word in connection with these new industries, which has cost this country, at the present time some twenty million dollars or thirty million dollars; not one word, Sir. I say too there was not one word said about the fisheries of this country. We do know that the people along the north-east coast and the west side of Placentia and in Fortune Bay and all up the great southwest coast, in the fishery, Sir, are not receiving from the fisheries anything like the living which is being obtained where people are engaged in other industries.

I see also in the Speech from the Throne, Sir, some reference to a railway and some reference also to the amendment of an Act in connection with the railway. It is possible our people will get the idea that we are going to build a railway in Labrador in order to take the fishermen from places in Placentia Bay and Fortune Bay and railroad them in to the mines of the far north, the frozen north. Well, I don't think they would be scared of that at all, if they had to go down there. But I should have thought it would be wise if the Government had added something to this Speech from the Throne which would indicate that something was being done in connection with the fishermen of this country.

I want to appeal to the members on the opposite side, as well as the members on this side — We have to give these facts and figures which will be given to us by the Honourable the Premier, I take it, the most urgent consideration. We have to make sure about everything submitted to us before we give our consent to guaranteeing any loan not only for this company but for any other company, particularly while some of our natural resources are being, in my mind, grossly neglected.

Now, Sir, there is an indication to me in the way these two honourable gentlemen have introduced this motion, of rush, of hurry. And we don't want to rush on this thing. We don't want to be hurried. We do not want to be hurried. I remember when this House was called together, I believe the 24th of March, we were told that same day that the House would close, I believe, on the 22nd of April in order that the Honourable the Premier might attend a conference in Ottawa. And we were rushed, Sir, morning, noon and night. And we had to con-

sider some of the most important legislation that was ever brought into this House — and we were rushed to death.

In this particular case, Sir, we will not if we can do it, and the people will see to it, we will not submit to being rushed. I do say now, Sir, if the Honourable the Premier and the Government can produce to us the facts and figures that can convince us that this is worth while for our people, then we will give it every consideration and support. As I said, I don't wish to take up the time of the House. I do know that the matter is important, and I have faith enough in the opposite side of the House to believe ample time will be given and all the facts and figures they have will be produced for us. With that in mind and also having in mind the urgency of the matter I do not wish at this time to take up any further time of the House.

Thank you very much, Mr. Speaker!

HON. J. R. SMALLWOOD (Prime Minister): Mr. Speaker, I shall follow the admirable example set by my two honourable friends and by my honourable friend the Leader of the Opposition and I too shall be brief.

My honourable friend the Leader of the Opposition referred, with a little dissatisfaction, to the brevity of the speeches of the mover and seconder of the motion. And he complained that they had not told the House in their speeches about the guarantee nor about this railway nor this Javelin deal generally. I am quite sure that my honourable friend spoke with his tongue in his cheek. He did not really expect that, before the Bill is introduced at all, that any member of the House was going to go into a description of the matters, or even with a discussion of the matters which are to

be contained in the legislation when that is brought down.

The House is in a rather peculiar position: We have the speech with which His Honour so graciously opened this special session of the House. A Committee will undoubtedly be appointed to draft an Address in Reply. The Address in Reply will be brought in here, and it will be open for debate. Now the Speech from the Throne itself, which is really what will be debated, contains reference to the matter of the railway in Labrador and to the amendment of the existing railway legislation, affecting the present Iron Ore Company of Canada, that is to say; the present railway which runs from Seven Islands to Knob Lake or Burnt Creek — Consequently, if there is to be a very extensive debate on the Speech from the Throne or it might tend to be rather limited as it deals with precisely the matters that are to be the subject of what, I hope, to be an extended and very thorough debate later in this present session. If my honourable friends opposite should feel that they want to debate these measures twice, then there is no rule in the Constitution of Newfoundland nor in the Rules of this House that will prevent their debating it twice. They can debate the Javelin deal, this proposed guarantee, the proposed railway into Wabush Lake and the mine at Wabush Lake — they can debate all of that thoroughly in the debate on the Address in Reply. They can debate it also and equally thoroughly on introduction of the legislation, in the Committee of the Whole and then on the resolutions, and then at second reading on the Bill itself and then in Committee of the Whole on the Bill. They can, indeed, have three thorough debates on the legislation in addition to the debate on the Address in Reply, if they so

choose. But surely they will not upbraid my honourable friends on this side in not making a fourth debate on it by beginning this afternoon, before the documents are tabled and before the Bill is introduced and before notice of it has been given. Surely he cannot mean that.

Now there was a passing reference by my honourable friend to the debt. It is true that the public debt of Newfoundland is what he said it is. It is also true that the public debt away back was what it was, or what he said it was. When the population of Newfoundland was less, was under a quarter of a million souls our funded debt was a hundred million dollars, and we had short-time indebtedness from the banks and elsewhere for another five millions, that is an indebtedness running over a period of three, four and five years, making a grand total of \$105,000,000, and the interest on it was over five million dollars a year, not counting any sinking fund, because there was no sinking fund in those days. Interest alone was five millions a year. Our population was less than a quarter of a million. Our economy was as thin as water.

Today our population is four hundred and fifty thousand. It is getting up to be double what it was when our debt was \$105,000,000. And our population is growing quite rapidly. We have today the highest birth rate in Canada and the lowest death rate in Canada. Figures released a week or two ago by the Dominion Bureau of Statistics show that of all the ten provinces of Canada, in the previous year, the absolute increase of our Newfoundland population was fifty, that is to say, the actual increase (I am not now referring to percentages nor proportion but to actual numbers of living people) in

Newfoundland in that year was more than Prince Edward Island or Nova Scotia or New Brunswick or Saskatchewan or Manitoba — the actual number — So that today you have a people who are growing rapidly in number, full of health as they have never been in years before, such as they have never enjoyed before, full of optimism and hope and confidence in themselves and in Newfoundland's future. You have an economy which makes the economy of the thirties a wretched and miserable thing in comparison. On every side, on every hand the economy of Newfoundland has become enriched, broadened, deepened, widened, strengthened — So that there is no comparison whatsoever.

If we had today, with our present population and with our present economy, the same public debt our poor miserable country had in the 1930's of \$105,000,000, we could take it in our stride, compared with what we did twenty or thirty years ago. Indeed twenty or thirty years ago our public debt of \$105,000,000 and our annual interest charge of \$5,000,000 bankrupted us. We just could not bear it. We did not, and we went under.

Now my honourable friend reminds us that in this Speech from the Throne today there is not one word about the new industries and there is not one word about the fisheries. He might have added that there is not one word about roads and bridges and there is not one word about schools, there is not one word about hospitals and clinics and public health matters. He might have added that there is not one word about a hundred other matters of great and fundamental concern to the people of Newfoundland, and he would have been quite correct. Because the Speech

from the Throne confines itself severely to the one matter about which the House has been called together in this special session.

My honourable friend used the word "rush." I believe he knows in his heart that there is no desire whatsoever on our part of any rushing in this session. Indeed the contrary is our strong desire, and indeed it is our intention. With the consent of my honourable friends opposite, I would hope that something like this would happen: That they will permit the House this afternoon to go into Committee of the Whole on these resolutions, the resolutions with which this legislation must be introduced. That they will permit the House to go into Committee of the Whole this afternoon, not for the purpose of considering these resolutions, but merely to enable me to introduce them, to lay them on the table of the House, and at the same time to lay on the table of the House, not to discuss today, copies of the legislation as they have come from the Queen's Printers, and to enable me also to lay on the table of the House today, for every member of the House, for the newspapers and radio stations and television stations, each, a copy of the complete set of documents upon which the Government itself came to its decision to request this House to guarantee this bond issue.

If the House agrees to that we will go into Committee of the Whole — that is a matter for my honourable friends opposite. They must agree, if it is to be done. It cannot be done without their consent. We will go into Committee of the Whole and table everything. Then we will rise the Committee and adjourn until today week. That will give members of the House, on all sides, I think, quite

ample opportunity, even busy men, to study the documents and come to their own conclusions as to whether this legislation meets the test laid down for us by my honourable friend, the Leader of the Opposition, on two occasions in his speech this afternoon.

I have asked Mr. Doyle himself to come to St. John's. Indeed he is in the Chamber at this moment. I have asked him to bring his Chief Engineer with him and also his leading counsel, Mr. Weldon, of the very distinguished legal firm in Montreal, that would be known to the legal gentlemen on the other side as on this side, as the firm to which the Late Commander J. L. Ralston was a leading figure. I have asked him to come so they might be available to the members of this House for questioning. And Mr. Doyle has promised me that he will come, with his Chief Engineer and his counsel, tomorrow morning at 10:30, in the Chamber through here in this building where the members of the Legislature only may question him, as closely as it is their wish to do, frankly, indeed with brutal frankness, if they so desire. And Mr. Doyle has promised that he will answer just as frankly as they wish him to do and as he is capable of doing. So that the members of this House will have before them not merely the reports upon which the Government itself has based their decision, but also the opportunity personally face to face, to question the principal in this whole project.

Then on Monday next I would hope that the debate might properly begin, that is the debate on the legislation might begin, and that it will be spirited, that it will be objective, that my honourable friend the Leader of the Opposition this afternoon, when he said: If the Government can show

the Opposition that this project would be good for Newfoundland, or words to that effect — if it can be shown, he said, that this is sound, that it is worthwhile — I think he used the word "worthwhile" — then they will not oppose it. And by that I assume they will support it. Now that is precisely what I would expect from my honourable friends. I believe that they will judge this legislation in precisely that spirit — Is it good for Newfoundland? — Is it sufficiently good to justify our guaranteeing a bond issue, putting our name as a Province, as a people, as a Government, on the back of the note for sixteen and a half million dollars? I believe that we will show them that we have become convinced ourselves. And I believe they too, even though they fulfil handsomely, adequately the duties of an opposition by opposing so that a thing won't be one-sided — the duty of the Opposition being to criticize the Government and keep the Government on its toes — then though they perform adequately their duty as an opposition, I believe at the end of a thorough debate, which may last a week or two weeks or three weeks, as long as the honourable gentlemen desire, I believe at the end of that debate they will vote for this iron mine and this railway and for the money that will come into the Treasury and for the money that will go into the pockets of six or seven hundred Newfoundland workers.

MR. SPEAKER: Moved and seconded that a Committee be appointed to draft an Address in Reply to the Speech from the Throne.

Members of the Committee consist of — the honourable members who have moved and seconded the motion, the honourable member for St. John's West.

MR. CURTIS: Mr. Speaker, may I ask through you, Sir, the unanimous consent of the House to resolve itself forthwith into a Committee of the Whole to consider certain resolutions in relation to a Guarantee of a Loan to be Raised by Wabush Lake Railway Company, Limited?

On motion leave granted.

Mr. Speaker left the Chair.

Mr. Courage, Chairman of Committee of the Whole:

MR. SMALLWOOD: Mr. Chairman, I intend to do nothing more than to table the documents and copies of the legislation itself.

Now, Mr. Chairman, the documents are first a series of maps, quite a series of them, and aerial photographs of the route of the railway from the present railway into Wabush Lake, that railway being forty miles in length, starting at Mile 224 on the present railway and going into Wabush Lake.

I may say the company has sufficient faith in the outcome of this Session that they have let a contract, and they are actually in there now, the McNamara Construction Company are actually cutting out the right-of-way. I don't know what would happen if the legislation does not pass. The geological map, the cross-cut section maps of the drill holes, of diamond drilling that has been done there. Outlines of substantially proven ore reserves, cross-cut section of the burden of No. 1 ore deposits; NALCO maps showing the diamond drilling done there — again, another NALCO map along the same lines. Then a map or two maps showing the one particular type of beneficiating plant for washing the ore and concentrating it to a higher iron ore analysis. These are the maps. Then here we have

printed in our printing and photographing department and Government drafting department, copies of a series of reports compiled by firms engaged by Canadian Javelin — There is a report by the Department of Mines of the Province of Quebec which shows that Wabush ore can be economically concentrated into 65% shipping ore — reports by an investigating company, Denver and Colorado, showing the same thing, done by the Humphrey Spur system. A report by the Battelle Memorial Institute, which I suppose has the greatest name in mining in the world for analysis in minerals, showing it can be beneficiated into 64% shipping ore. A report by Dr. W. I. C. Green, Geologist, Engineer, Port Arthur, Ontario, which confirms the estimate and shows a profit spread of \$3.50 per ton. A report by J. Longyear Company of Minneapolis. That is the company which did the diamond drilling which confirms the estimates of Javelin of the quantity of ore in the area.

A letter of interest from the German Steel Industries respecting the cost proposed in June 1955 for the sale of two or three million tons annually for ten years. The outline of capital requirements and methods of financing, July 1955. An economic report on the Lake Wabush Iron Ore deposits by Professor David W. Slater, M.A., Queens University, Toronto. A report by the Department of Mines and Technical Surveys, Ottawa, Ontario, on the adequacy of ore reserve at Lake Wabush mines of Canadian Javelin and amenable for this type of beneficiation. And finally, a report by Ford, Bacon and Davis, which confirms the estimates of the quantity and quality of Wabush ore and establishes the fact it can be profitably mined and marketed at the present time, I particularly invite the attention of the

House to the Ford, Bacon and Davis Report. It is the principal report of the whole series.

In tabling these reports, Mr. Chairman, I think it is the simple truth to say this: When the Bell Island Iron Mine project came before this House and the Grand Falls Paper Mill project came before this House and the Corner Brook Paper Mill project came before this House and the Buchans Mining project came before this House, documents were submitted, were tabled, but all of them put together, the Government of that day did not have half the documentation that I have now tabled in this Committee.

I believe that this project is the most thoroughly documented and thoroughly well documented project to come before this House of Assembly in over one hundred years of its history.

So, Mr. Chairman, I beg leave to table these documents and move that the Committee rise, report progress and beg leave to sit again tomorrow.

Now I may, for the benefit of the Honourable Leader of the Opposition, table a photographic copy of a letter dated August 18 from Ford, Bacon and Davis, Engineers of New York with whom an agreement is now made by Canadian Javelin to be the supervising engineers in the construction of the railway and the operation of the mine and building of the beneficiating plant. Ford, Bacon and Davis are to be the supervising engineers on behalf of Canadian Javelin. This is the letter accepting the commission. Then secondly, since all these documents were compiled, a new one reached my hand only today, an additional report by Behre Dolbear, a company of Consulting Mining Engineers and Geolo-

gists of New York. Now this brings with it the very last scrap of geological and drilling information up to date. I have only the one copy and would appreciate it if the Honourable Leader of the Opposition, having satisfied himself, would return it to me so that I may return it to Mr. Doyle from whom I received it today.

I move the Committee rise, report progress and ask leave to sit again tomorrow.

MR. JACKMAN: I understood the Premier asked us to go into Committee of the Whole for the primary reason of giving certain information relative to the Bill before the House. I wonder if the Premier himself would care to answer my question, which is this, Mr. Chairman: What effect would this contract have on the operations at Bell Island relative to the position of continuing in the future?

MR. SMALLWOOD: Mr. Chairman, while I have every good will for my honourable friend, I am duty bound to remind Your Honour that the House gave unanimous consent to our going into Committee of the Whole today, rather an unusual thing on opening day, so that I might table these documents and not that there might be a debate. And if my honourable friend will understand that I am unable to enter into a debate at this stage, my answer to him is this, that the President of the United States' report on materials, known as the Paley Report, reports that in the next twenty years the consumption of iron ore in the world will increase fifty per cent. The world consumption of iron ore will increase by fifty per cent. Bell Island will not and cannot be hurt, not in the least, by opening of this new mine in Labrador.

On motion the Committee rose, re-

ported progress and asked leave to sit again. Motion received. Ordered sit again on tomorrow.

Presenting Petitions

None.

Giving Notice of Motion

MR. CURTIS: Mr. Speaker, I give notice I will on tomorrow ask leave to introduce three Bills, all of which arise out of the resolutions which have been before the House.

A Bill, "An Act Further to Amend the House of Assembly Act."

A Bill, "An Act to Amend the Labrador Railway Act, 1948."

A Bill, "An Act to Amend the Wabush Lake Railway Act, 1955."

A Bill, "An Act for the Confirmation of an Agreement Between the Government and Labrador Mining and Exploration Company Limited."

Giving Notice of Questions

MR. HOLLETT: To ask the Honourable Minister of Finance to lay on the table of the House the following information:

1. What is the total direct debt of the Province of Newfoundland at the present time?
2. What is the total indirect debt, that is, the total of guaranteed loans and commitments, exclusive of the Newfoundland Savings Bank deposits?
3. Itemize all cash loans and guaranteed loans made by the Government since 1949, showing interest rates and amounts of interest received. State also the purpose for which these loans were made.
4. Itemize the several loans raised

by the present Government with dates of authorization by the House of Assembly; the amounts authorized and the net amount of each individual loan received by the treasury. State the periods of said loans together with the rates of interest payable and the percentage contributions to the sinking fund for each said loan.

5. What amount is at present credited to each sinking fund account? Are these amounts merely a credit on the books of the Department of Finance or do they represent separate accounts at the Bank of Montreal?

6. What, if any, is the amount of bank overdraft at the Bank of Montreal at the present time?

7. Give the total of actual revenue received for the fiscal year 1954-55 as of March 31, 1955, and also the total amount of expenditure for the same period.

8. What was the total revenue received by the Government month by month from March 31, 1955 to August 31, 1955. List also the amounts of monthly expenditures.

To ask the Honourable Minister of Economic Development to lay on the table of the House the following information:

1. Who are the present Directors of Nalco and who is the Chairman of the Board of Directors?

2. How many shares of Nalco are presently owned (a) by John C. Doyle (b) by Canadian Javelin Limited?

What amount of each for these shares was paid into the Nalco treasury by (a) John C. Doyle, (b) Canadian Javelin Limited.

3. What is the total number of shares which have been sold by Nalco?

List price paid for each of these shares by each several shareholder.

4. Table a copy of the agreement entered into between Nalco and Mr. John C. Doyle, or Canadian Javelin Company Limited, in connection with the 2300 square miles concession now held by them.

5. Table a copy of the agreement made in September 1953 in which Mr. John C. Doyle and/or Canadian Javelin Limited were to acquire control of Nalco.

6. How many shares did Mr. John C. Doyle and/or Canadian Javelin Limited agree to purchase according to this said agreement and what price per share was to be paid?

7. How much cash was paid over to Nalco at that time by Mr. John C. Doyle and/or Canadian Javelin?

8. Did Mr. Doyle and/or Canadian Javelin obtain the majority vote of the Board of Directors under that transaction?

9. Is it correct that Mr. John C. Doyle and/or Canadian Javelin Limited defaulted on the terms of this agreement on December 31, 1953?

10. Table a copy of the contract made between Nalco and Canadian Longyears Company for drilling in the Wabush Area. Did Mr. John C. Doyle negotiate this contract, and did Mr. Doyle sign this contract on Nalco's behalf? What amount of money was paid by Nalco to Canadian Longyears under this contract?

11. Table letters sent by Dr. Valdemanis as Chairman of the Board of Nalco to Canadian Javelin and dated January 4, 1954, requesting Canadian Javelin to send in to Nalco the resignations of their representatives on the Nalco Board.

To ask the Honourable Minister of Public Works to lay on the table of the House the following information :

1. What amount of money has been spent on roads under the following headings since March 31, 1955?

- (a) Local roads.
- (b) Secondary roads.
- (c) Trans-Canada Highway.
- (d) All other roads.

To ask the Honourable the Acting Minister of Public Welfare to lay on the table of the House the following information :

1. What is the total amount of able-bodied relief paid out in each month for the Province from March 31, 1955 to August 31, 1955?

2. Give similar figures for the amounts paid out as sick relief.

3. Give total number of people receiving :

- (a) Able-bodied relief.
- (b) Sick relief for the same period and according to districts.

MR. BROWNE: To ask the Honourable the Minister of Economic Development to lay on the table of the House the following information :

(a) Who are the present Directors of Newfoundland Hardwoods Ltd.?

(b) When were they appointed, and by whom?

(c) Has any alteration been made in the original contract with Chester Dawe regarding the operation of the Birch Plant? If so please table copies of all minutes of Council authorizing such alterations and set forth all such alterations.

(d) When did Mr. Chester Dawe cease to manage the Birch Plant? Did he resign voluntarily or otherwise? Why did he resign?

(e) Was any audit made on behalf of the Government of the books of the Newfoundland Hardwoods Ltd. at the date of Mr. Dawe's resignation? If so, table a certified copy of such audit.

(f) Was there a stock taking made at the date of Mr. Dawe's resignation? If so, table a certified copy of same.

(g) Who is the present manager of the Birch Plant? Is he associated with any other manufacturing or selling agency? How is he remunerated for his services?

(h) How much money has been advanced by the Newfoundland Hardwoods Ltd. by way of direct loan or by guarantee or other assistance since Mr. Dawe's resignation?

(i) What has been the total expenditure to date for all purposes on the Birch Plant?

To ask the Honourable Minister of Economic Development to lay on the table of the House the following information :

(a) The names of the Directors of Superior Rubber Co. Ltd., as at January 1, 1955, and at July 1, 1955.

(b) What was the valuation for customs purposes of the plant and machinery supplied by the promoters of the Company?

(c) What was the total valuation of the investment of the German promoters of this Company? What is the total amount of the money loaned to this Company by the Government or guaranteed by the Government?

(d) Were any officers or Directors of the Company dismissed since May 1, 1955? If so, when, by whom and for what reasons? Who are the present Directors in office of the Company? Who are the present shareholders if any in the Company? By whom were the present Directors or officers appointed?

(e) What amount of money was paid Mr. Max Braun Wogan in settlement of his action against the Superior Rubber Co. Ltd.? From what account was said money paid? By what authority was it paid?

(f) Has the Government or any Government representation assumed complete responsibility for the operation of this company? If so, table a copy of the authority for same.

(g) Was any audit made of the books of the Company when officers were dismissed, or was any investigation made of the management of the affairs of the Company? If so by whom? Table a copy of the auditors or other reports received by the Government.

To ask the Honourable Minister of Economic Development to lay on the table of the House the following information :

1. Copy of any agreements made by the Government with any persons or corporations, regarding the establishment of new industries since January 1st, 1955.

2. Statement showing :

- (a) Balance sheets.
- (b) Trading account, if any.
- (c) Profit and loss account of Nalco annually since its formation.
- (d) Who are present shareholders

and what amount of shares does each hold.

(e) Who are the present directors?

(f) How often have they met since January 1st, 1955, giving dates of meetings, if any.

(g) Who are the paid officials of Nalco and what salary does each receive?

Table copies of all reports received on Lake Wabush ore deposits.

To ask the Honourable Minister of Economic Development to lay on the table of the House the following information :

A statement showing the amounts advanced by way of loans or guarantee to each of the new industries since March 28, 1955. Also give total advances to such industries up to August 31, 1955.

To ask the Honourable Minister of Finance to lay on the table of the House the following information :

A list of all moneys expended by special warrant since April 1st, 1955, giving purpose for which money was spent, amount of same, and the authority for such expenditure in each case.

MR. BROWNE: Mr. Speaker, I have a question here covering something my honourable friend, the Leader of the Opposition just asked. That is the one on Nalco directors, etc.

MR. SMALLWOOD: Mr. Speaker, I move that the House at its rising do adjourn until tomorrow, Monday, Sept. 19, at 3:30 of the clock.

MR. BROWNE: Mr. Speaker, on the motion to adjourn, may I ask the Honourable the Premier a question

arising out of his statement earlier this afternoon, re the attendance of Mr. Doyle and his counsel in the Old Legislative Chamber at 10:30 for the purpose of being examined—I wonder if the Premier could inform the House whether it was his intention that the press should not be present, and nobody but members could be present—but if we could have a stenographer present to make reports of answers.

MR. SMALLWOOD: I have already answered the first part. To the second part my answer is, no. No stenographer. To clarify that, I have already said members of the House only, so that the questions might be thoroughly frank and answers equally frank. I said that.

The House on motion then adjourned until tomorrow, Monday, Sept. 19 at 3:00 p.m.

MONDAY, September 19, 1955

The House met at three of the clock in the afternoon, pursuant to adjournment.

HON. J. R. SMALLWOOD (Prime Minister): Mr. Speaker in the "Evening Telegram" of Friday, the 16th, of this present month there appeared an editorial written as follows:

WITHOUT PREJUDICE

"A question certain to be asked by the Opposition and demanding a reply by the Government with reference to the proposed agreement to guarantee sixteen million five hundred thousand dollars bond issue of Canadian Javelin is, whether any member of the Legislature are shareholders in the company.

The proposed guarantee is a matter which is of concern to the general public. And pledged to apply themselves to public welfare with complete disregard of personal interest, representatives who were financially interested in the deal would not be expected to express themselves or vote on this issue without prejudice. In a similar case recently in the Federal Government, the members involved, if we are not mistaken, had to resign."

Mr. Speaker, while I do not admit the propriety of this editorial, I do admit quite frankly and quite readily that the point raised in the editorial, whether it should have been raised or not, in that it has been raised in the public press, ought to be answered. I cannot, of course, answer it for all members of the Legislature. I cannot for example answer for members of the Legislature on the opposite side of the House. I have no doubt that my honourable friend, the Leader of the Opposition will answer for them. No one would expect me to answer for the members on the other side. I can say, for the members on this side of the House, that I have seen all of them, with the exception of one member only, and he is not in the Province. He has been absent from the Province for well over a week, and I have not been able to get in touch with him. But, with that sole exception and with the exception of Your Honour — I have not presumed to ask Your Honour. And Your Honour will do as he sees fit in the matter. But, with the exception of Your Honour and one member of the House, seated on this side of the House, who has been absent from the Province for well over a week, and with whom I have not been able to get in touch, with these exceptions, I have questioned every member of this side of the House. And I am fully assured by all

of them, without exception (a) they have no shares in Canadian Javelin Limited (b) that their wives have no shares in Canadian Javelin Limited and (c) that no relative that they know of has any share in Canadian Javelin Limited and (d) no one that they know of has any share in their behalf. In short, all of the members who sit on this side of the House, with one exception, and so far as he is concerned, I believe, the same statement would apply. But I cannot say this as I have not been able to contact him, with that possible exception, all the members on this side of the House are absolutely free of implication in shares or finances of Canadian Javelin Limited.

I have one other thing to say, Mr. Speaker: On the order paper today are notices of a number of questions. Some of these questions will be answered and will be answered today. Others of them will be answered perhaps tomorrow or the next day. Some of them will not be answered in this session. And I wish to inform the House now that it is not the intention of the Government in this special session to deal with questions which have not got a direct and immediate effect upon the special business of this special session, and direct bearing upon the special business of this session for which the session is called and is being conducted. Information bearing upon the business for which the session is called and being conducted may be asked with the assurance the answers will be forthcoming as quickly as we can get these answers. Any questions bearing upon matters with which this House has not been called to deal will not be answered, but may be answered in the regular session of the House when that is held.

HON. M. M. HOLLETT (Leader of

the Opposition): Mr. Speaker, as the Honourable the Premier has raised the point of Javelin shares: In the first place I see no reason why the Honourable the Premier should have raised the point except the editorial. And if he is going to pay attention to editorials as they appear in the "Daily News," the "Evening Telegram" or any other paper and speak to a point of privilege on them, then we will be here a long time. Now that he has raised the point, I wish to state emphatically I myself and no member of the Opposition here today nor the ones that are not here, there is one I have not seen, but the three members here today have no shares in Javelin nor had at any time any shares in Javelin. I did not hear the Premier say that, I repeat — have none, and at no time had we any shares in Javelin. Perhaps the Premier would like to enlarge his statement in regard to that.

I might say, in regard to any questions I have tabled, Sir, are tabled with a view of getting the present position of the country financially so that we may be able to discuss the matter which is to come before this House with a fair amount of reason and intelligence. We should only ask such questions.

MR. SMALLWOOD: Mr. Speaker, before the matter is allowed to pass, perhaps I would be permitted to reply to the point raised by the Honourable Leader of the Opposition as to whether or not members on this side have been owners of shares in Canadian Javelin, Limited. Now my frank answer to that is that I don't know. I do not know. Many hundreds of persons, Newfoundlanders living here in St. John's and elsewhere in Newfoundland, perhaps many hundreds, by common rumor, have been buying and selling Javelin shares. And that has

been true across Canada. That has been true down in the United States. There has been a considerable trade in buying and selling of Javelin shares. Whether any of my honourable friends on this side of the House have in the past bought and sold Javelin shares is, I think, none of my business — none of my business. Nor do I think it to be any of the business of my honourable friend, the Leader of the Opposition. It is his business and certainly my business to know that while members of the Government — Government as distinct from members of the Legislature — that no member of the Government has shares while he is deciding whether to put through this legislation or not; and that no member of the House has shares while it is before the House. That I can assure the House. What happened in the past, before this matter came up, before the question of guaranteeing these bonds came before the Cabinet and the House, I do not know, and I care less — is that clear? Before this issue came up, before there was a question of guaranteeing the bond issue, before the decision was taken, during the talks of it and since —

MR. HOLLETT: On that point, Mr. Speaker, I realize we should not prolong this — I want to say that the consideration by certain members of the Government and with the Cabinet, the consideration of obtaining a guarantee for Canadian Javelin has been going on for a considerable period — a considerable period — And I would be much better pleased if the Honourable the Premier had been able to say; that at no time since the consideration of this matter was taken up.

MR. SMALLWOOD: Exactly what I said.

MR. HOLLETT: Not exactly, I would be better pleased if the Hon-

ourable the Premier could say that. Because, Sir, we are the Opposition. And we we do know a few things. We do find out a few things. I don't want to raise the matter. The Honourable the Premier raised it. I don't want to have anything to do with the personal affairs of any members of the Government side or the Opposition. Their personal affairs are their own. It would be unfortunate to come before this House and prove certain members on the opposite side did trade in these shares while they were juggling up and down to some extent on account of negotiations with the Government. It would be unfortunate. But that, I say, is not my affair at this particular time.

MR. SMALLWOOD: Mr. Speaker, as this final word — I thought I had made it absolutely clear — The members of the Government while considering this application for a guarantee were not owners of any shares. What happened prior to that I don't know and don't care. It is none of my business.

MR. BROWNE: Mr. Speaker, on a point of order — On the point raised by the Honourable the Premier that the Government would answer certain questions, but if anything was asked that did not appertain to the special business for which the House had been called they were not going to answer. I think there is a great principle at stake here. The House is called by the Government for certain business. But honourable members in this House have equal rights. Any member is entitled to introduce legislation in the appropriate manner. Any member is entitled to ask questions of the Government. If the Government, in its wisdom refuses to answer questions as questions come up it is another matter. But to lay down hard and fast

rules that they are not going to answer any questions because they don't deal with the Javelin matter, I think, Mr. Speaker, it is out of order.

MR. SPEAKER: The Government of course refuses to answer questions entirely at its own political risk, I have to uphold the point.

MR. SMALLWOOD: Mr. Speaker, may I inquire what point Your Honour is upholding?

MR. SPEAKER: That the honourable member has the right to ask questions or introduce legislation.

MR. SMALLWOOD: No one suggested that honourable members were not to ask questions. I only said the Government has no intention of answering questions which have no direct bearing on the business before this special session. That is all I said. It was not asking but answering. But I would like to know what Your Honour upholds, my point that we are not going to answer or the other point that an honourable member may ask?

MR. SPEAKER: I thought it was quite clear. The Honourable member objected to the flat statement that no questions would be answered. I pointed out the right to ask questions and the Government's right to refuse answers when question were asked. I had to uphold it, when I said the Government has the right to refuse at its own political risk. That matter concerns the Government only. I had to agree with it.

Presenting Reports of Standing and Select Committees

MR. J. R. COURAGE: Mr. Speaker, I beg leave to present the report of the Select Committee appointed to draft an Address in Reply to His Honour the Administrator, Sir Brian

Dunfield. I move, Sir, that this report be received.

On motion report received and adopted.

MR. SPEAKER: Does the House wish to discuss the motion?

MR. SMALLWOOD: Later, Mr. Speaker.

MR. BROWNE: Defer it until after questions.

MR. SMALLWOOD: Until later, Mr. Speaker.

MR. BROWNE: Until after questions, Mr. Speaker.

MR. SMALLWOOD: My motion, Mr. Speaker, is to defer it until later.

MR. HOLLETT: Mr. Speaker, I wish to raise the point, if the motion could be deferred until after presentation of answers.

MR. SPEAKER: It has to be deferred until after questions. But when the Government wishes to enter into debate I do not know.

Giving Notice of Motion

None.

Giving Notice of Questions

(10) MR. HOLLETT: To ask the Honourable the Minister of Finance to lay on the table of the House the following information:

(1) Table all minutes of council under Sections 37 (1) and 37 (2) (a) and (b) of the Revenue and Audit Act under and by which amounts of money and expenditure have been authorized or expended since February 28, 1955.

(2) Show the amounts authorized under these minutes of council and

the reasons for such issues and authorizations.

(11) MR. HOLLETT: To ask the Honourable the Minister of Public Works to lay upon the table of the House the following information:

1. What contracting firm has been engaged in grading on the Deer Lake Road?

2. Is this work being done on special contract, and how much money has been paid to the contracting firm for grading the Deer Lake Road to date?

3. Is it correct that the Department of Public Works also have men and machinery engaged in grading this road?

(12) MR. HOLLETT: To ask the Honourable the Minister of Fisheries to lay upon the table of the House the following information:

1. How much money has been (a)

loaned (b) guaranteed to the O'Brien Fisheries Limited at Curling?

2. What mortgages, if any, have been given to the Government on these loans?

3. Where are the properties so mortgaged situated and their valuation in each case?

Answers to Questions

HON. G. J. POWER (Minister of Finance): Mr. Speaker, I have the answer to question (1) Sections 1, 2, 3, and 6 which I table.

(Mr. Hollett)—QUESTION NO. 1.

(1) \$4,000,000.00 (Gross)

3,045,941.29 (Sinking Funds).

\$39,954,058.71 (Net).

(2) \$12,897,771.94 (as at 31-8-55)

(3) See attached.

(6) Nil.

CASH LOANS	Amount Advanced to 31/8/55 \$	Interest Rate %	Interest Paid \$	PURPOSE OF LOAN
A. Adler of Canada Ltd.	72,000	5	—	To enable the Company to set up operations of a chocolate plant.
Andrews Labrador Fisheries Ltd.	120,000	5	—	See guaranteed loans.
Atlantic Films & Electronics Ltd.	150,000	5	—	To assist the Company in establishing a motion picture business.
Atlantic Films & Electronics Ltd.	50,000	5	—	See guaranteed loans.
Atlantic Gloves Ltd.	350,000	5	—	To enable the Company to establish a factory for the manufacture of leather gloves, etc.
Atlantic Gloves Ltd.	219,529	5	—	To provide working capital.
Atlantic Hardboard Industries Ltd.	575,000	4½	—	To construct and operate a factory for the manufacture of hardboard.
Atlantic Hardboard Industries Ltd.	60,000	4½	—	To secure license from the patent holder for the manufacture of light-weight wallboard.
Atlantic Hardboard Industries Ltd.	285,000	4½	—	To enable the Company to install a sprinkler system.
Atlantic Hardboard Industries Ltd.	278,000	4½	—	See guaranteed loans.
Atlantic Hardboard Industries Ltd.	40,000	4½	—	See guaranteed loans.
Atlantic Optical Co. Ltd.	150,000	4	2,027.63	To assist the Company in starting an eye-glass factory.
Bonavista Cold Storage Co. Ltd.	1,050,000	3¼	13,192.20	See guaranteed loans.
Bonavista Fish Meal & Oils Ltd.	40,500	3½	2,835.00	To finance the erection of a fish meal plant at Bonavista.

C.M.I.C. Ltd.	2,500,000	4	—	To assist the Company to erect a machinery plant.
Duffett, Alexander	20,000	4½	—	To assist in the purchasing of a vessel.
Eckhardt Mills Ltd.	387,400	4½	—	To enable the Company to set up a knitting mill.
Eckhardt Mills Ltd.	160,000	5	—	See guaranteed loans.
Fishery Products Ltd.	750,000	3½	21,543.49	See guaranteed loans. \$350,000 of this loan was previously a guaranteed loan.
Fishery Products Ltd.	937,000	3½	45,083.80	To finance the construction of several plants.
Fishery Products Ltd.	29,000	Free	—	To assist the Company in purchasing three vessels.
Fishery Products Ltd.	1,417,700	3	5,479.77	To finance the new expansion programme.
Gaultois Fisheries Ltd.	425,000	5	—	See guaranteed loans.
Gold Sail Leather Goods Ltd.	50,000	5	—	To establish a factory for the manufacture of leather goods.
Gold Sail Leather Goods Ltd.	145,000	5	—	For the purchase of materials and working capital.
Hanning Electric Co. Ltd.	325,000	5	—	For the construction and operation of a factory for the manufacture of electric storage batteries.
Hanning Electric Co. Ltd.	120,000	5	—	For the purchase of materials and working capital.
Harbour Grace Town Council	7,112	Free	—	Acquisition of outstanding shares of Harbour Grace Water Co.

CASH LOANS	Advanced	Interest	Interest	PURPOSE OF LOAN
	Amount to 31/8/55	Rate	Paid	
Humber Gardens Ltd.	100,000	Free	—	For the construction of a stadium at Corner Brook.
Koch Shoes Ltd.	750,000	5	—	For the construction of a boot and shoe factory.
Koch Shoes Ltd.	120,000	5	—	For the purchase of machinery and working capital.
Lourdes Co-op. Society Ltd.	50,000	4½	—	See guaranteed loans.
Newfoundland Asbestos Ltd.	250,000	5	—	Construction and operation of a mill and the mining of asbestos.
Newfoundland Asbestos Ltd.	130,000	5	—	See guaranteed loans.
Newfoundland Quick Freeze Ltd.	40,000	4	—	For the construction of a fresh frozen fish plant.
Newfoundland Tanneries (Wm. Dorn) Ltd.	300,000	4	—	To establish a tannery.
Newfoundland Tanneries (Wm. Dorn) Ltd.	58,800	6	—	Machinery and expansion of plant.
Newfoundland Tanneries (Wm. Dorn) Ltd.	25,000	4½	—	Working capital.
Newfoundland Tanneries (Wm. Dorn) Ltd.	8,000	5	—	To enable the staff to transport their families from Europe.
Newfoundland Tanneries (Wm. Dorn) Ltd.	76,200	4½	—	Purchase of materials.
North Eastern Co-op. Fisheries Ltd.	57,734	—	—	See guaranteed loans.
O'Brien Fisheries Ltd.	95,000	4	—	To establish a fish plant.
Olsen Whaling & Sealing Ltd.	127,997	5	—	See guaranteed loans.

Petite, H. E. Ltd.	15,000	5	1,087.50	For the purchase and expansion of J. Petite & Sons Ltd.
St. John's Memorial Stadium Association Ltd.	100,000	Free	—	For the construction of a stadium at St. John's.
St. John's Municipal Council	150,000	Free	—	To assist the Council in meeting its deficit.
Superior Rubber Co. Ltd.	1,000,000	5	—	To enable the company to construct and operate a rubber plant.
Superior Rubber Co. Ltd.	400,000	5	—	Machinery materials and working capital.
Terra Nova Textiles Ltd.	289,000	5	—	To assist the company in starting its operation. Part of this loan was originally a guaranteed loan.
Terra Nova Textiles Ltd.	172,000	5	—	Materials and working capital.
Thomsen & Nickels	33,500	3½	—	For the purchase of shares in Bonavista Fish Meals & Oils Limited.
United Cotton Mills Ltd.	298,618	4	16,798.35	To assist the Company in establishing a textile industry.
United Cotton Mills Ltd.	74,081	4½	2,059.55	For the training of additional staff.
United Cotton Mills Ltd.	109,000	4½	—	Materials and working capital.

This statement does not include expenditures in respect of Atlantic Gypsum Ltd., North Star Cement Co. Ltd., or Newfoundland Hardwoods Ltd. Enquiries relating to Town Council loans should be addressed to the Honourable Minister of Municipal Affairs and Supply.

(MR. HOLLETT)

QUESTION No. 1 (SECTION 3)

Guaranteed Bank Loans	Guaranteed	Rate of Interest	Purpose of Loan	Remarks
		%		
Alberto Fisheries Ltd.	65,000	3½	To acquire the M.V. <i>Alberto Wareham</i>	
Andrews Labrador Fisheries Ltd.	160,000	3½	To purchase the assets of James Baird (Labrador) Ltd.	Subsequently converted to a cash loan.
Andrews Labrador Fisheries Ltd.	125,000	4½	To pay for saltbulk fish purchased from fishermen	
Arctic Fishery Products Ltd.	125,000	3½	To enable the Company to expand their premises and equipment at Dildo	
Atlantic Films & Electronics Ltd.	50,000	5	To assist the Company in its expansion programme.	Subsequently converted to a cash loan.
Atlantic Hardboard Industries Ltd.	278,000	4½	To erect a warehouse and acquire additional machinery.	Subsequently converted to a cash loan.
Atlantic Hardboard Industries Ltd.	40,000	4½	Additional working capital.	Subsequently converted to a cash loan.
Blackmore, Capt. J. H.	106,000	5	To purchase a vessel to replace the "Newfoundland."	
Bonavista Cold Storage Co., Ltd.	1,050,000	5	To assist the company in purchasing the assets of Northlantic Fisheries Ltd. and to extend its premises at Bonavista.	Subsequently converted to a cash loan.
Bonavista Cold Storage Co., Ltd.	600,000	4½	For the purchase of three trawlers.	

Burgeo Fish Industries Ltd.	650,000	5	To purchase Fishery Products plant at Burgeo.	
Cape St. Francis Co-op Society Ltd.....	10,000	5	To assist the Society in the payment of its debts and to provide working capital.	
Corner Brook Regional High School.....	700,000	4	To provide additional class rooms.	
Dunphy's Limited	45,000	3½	To acquire a vessel for the herring fishery.	
Eckhardt Mills Ltd.	160,000	5	To enable the Company to construct a staff house.	Subsequently converted to a cash loan.
Fishery Products Ltd.	110,000	3½	To finance the production of fish solubles.	
Fishery Products Ltd.	350,000	3½	To enable the Company to acquire two draggers.	
Fishery Products Ltd.	350,000	5	To maintain bait depots and construct several plants.	Subsequently converted to a cash loan.
Fortune Bay Products Ltd.	200,000	5	For extension to the plant and the acquisition of freezers, etc.	
Fortune Shipping Ltd.	250,000	5	For the purchase of two trawlers.	
Gaultois Fisheries Ltd.	425,000	4	To acquire two draggers and establish a plant at Gaultois.	Subsequently converted to a cash loan.
Hollett Sons & Co., Ltd.	125,000	3½	For the purchase of two vessels.	
Koch Shoes Ltd.	120,000	5	For the purchase of machinery and to provide working capital.	Subsequently converted to a cash loan.

Guaranteed Bank Loans	Guaranteed	Rate of Interest	Purpose of Loan	Remarks
Lourdes Co-operative Society Ltd.	40,000	4½	To liquidate its debts and assist the Society in its programme of development.	Subsequently converted to a cash loan.
Layman, Harry	15,000	5	To complete and equip his hotel and construct five cabins.	
Locke, Gordon	7,000	5	For the erection of a tourist hotel.	
Mackinson's Ltd.	30,000	5	For the extension of the restaurant and the construction of six to eight additional cabins.	
MacLellan, C. F.	75,000	5	To purchase and operate a ferry to Bell Island.	
Newfoundland Asbestos Ltd.	130,000	4½	To enable the Company to complete the mill and undertake further exploratory work.	Subsequently converted to a cash loan.
Northeastern Co-op. Fisheries Society....	35,000	5	For the erection of a fish drier.	Subsequently converted to a cash loan.
Newfoundland Tanneries (Wm. Dorn) Ltd.	58,000	5	For the purchase of materials and the installation of two tanning drums.	
North Eastern Fish Industries Ltd.....	400,000	4	To assist the Company in the purchasing of two draggers.	
Northlantic Fisheries Ltd.	675,000	4½	For the purchase of three trawlers.	
Olsen Whaling & Sealing Ltd.,.....	425,000	3½	To finance the enlargement of the plant at Williamsport.	Subsequently converted to a cash loan.
Parsons, Claude	10,000	5	For the construction of a motel.	

Richard Limited	250,000	4	Acquisition and operation of Icelandic trawlers.	
Roberts, Edgar L.	16,000	5	To erect five or more tourist cabins.	
Springdale Fur Farmers Co-op. Society Ltd.	7,000	3½	To finance the erection of a cold storage.	Subsequently converted to a cash loan.
St. Lawrence Corporation of Nfld. Ltd.	250,000	3½	To expand the operations of the Company.	
St. Lawrence Corporation of Nfld. Ltd.	287,500	3½	To purchase a freighter and diesel plant.	
Superior Rubber Co. Ltd.	150,000	5	Working capital and the acquisition of new machinery.	Subsequently converted to a cash loan.
Terra Nova Textiles Ltd.	185,000	5	To enable the Company to commence operations.	Subsequently converted to a cash loan.
U. C. Board of Education	40,000	3½	To provide additional educational facilities.	
Union Electric Light & Power Co. Ltd....	500,000	5	To provide interim financing until the proceeds of its bond issue were realized.	
United Engineers & Contractors Ltd.....	75,000	4	To assist the Company in starting up its operations.	
Wellon, Raymond	60,000	5	To build and equip fifteen tourist cabins.	

This statement does not include expenditures in respect of Atlantic Gypsum Ltd., North Star Cement Co., Ltd. or Newfoundland Hardwoods Ltd. Enquiries relating to Town Council loans should be addressed to the Honourable Minister of Municipal Affairs & Supply.

MR. SMALLWOOD: Mr. Speaker, notwithstanding the fact that a good many of these questions have already been answered in this House, and therefore would not require answering now, I shall answer them because of the peculiar interest that attaches to the questions and answers in this particular session:

Question (2) 1. Directors:

Hon. J. R. Smallwood.

Hon. L. R. Curtis.

Hon. Gregory J. Power.

Mr. John C. Doyle of Montreal.

Mr. George McIntosh of New York.

There is no chairman. The office of chairman is vacant. Vice-President, Secretary - Treasurer, Mr. Ronald Turta.

Question (2) 2: (a) None owned by Mr. Doyle. He is not a shareholder of NALCO. Canadian Javelin has been issued 76,642 common no par-value shares at \$5 per share for a paid in total of \$383,360.

(2) 3. The Government of Newfoundland 900,000 shares at \$1 each; Harriman Ripley & Co. Inc., of New York 40,000 shares at \$1 each; Wood Gundy & Co. Ltd., Toronto 28,000 shares at \$1 each; Charles S. Payson 10,000 at \$1 each; Michael Lewin 5,000 shares at \$1.

Now that is all at \$1, Mr. Speaker. The rest are at \$5.

L. J. Forget & Co., Montreal 500 shares at \$5 each; Jackson & Co. 500 shares, \$5 each; Rittenhouse & Co., Montreal 500 shares; \$5 each; Burton & Co. 500 shares, at \$5 each; Canadian Javelin Limited 76,672 shares at \$5.

Now Mr. Speaker, all these shares of \$5 each were bought by a group of

investors of which the firm of Canadian Javelin Limited was the leader. That is to say, Messrs M. J. Forget & Co., Jackson & Co., Rittenhouse & Co., and Burton & Co., are well-known Canadian bond houses, investment houses, who followed Javelin in the making of this bulk purchase of shares at \$5.

Now then in the second place, common-non-par value, partly paid shares. An initial payment of 66-2/3c. per share and the balance of the issued price in five equal instalments. That is per the NALCO Articles of Association, the rules of NALCO, under a certain section, where new shareholders are permitted to buy shares the old shareholders are permitted to buy an equivalent or corresponding number and pay for them over a period of years. So we have therefore, Michael Lewin 1,250 at \$5 and Jackson & Co. 1,250 at \$5. The total amounts paid in therefore for shares has been as following: 1,078,672 shares at \$1,393,360 and partly-paid, no par value, common, 1,500 shares at \$2,300, making a grand total paid into the Treasury of NALCO for shares of \$1,395,660.

I table a copy of the agreement entered into between NALCO and Mr. J. C. Doyle or Canadian Javelin in connection with twenty-three hundred square miles now held by them. This is the agreement — Tabled.

I table a copy of the agreement made in September 1953 in which Mr. John C. Doyle and/or Canadian Javelin, Limited were to acquire control of NALCO — Agreement tabled herewith.

(2) 6: That is all stated in the agreement.

(2) 7: On account of no-par value, common, fully paid shares \$24,500.

Amount paid on account of no par value, partly paid shares \$663,400, total amount paid in accordance with the terms of the September 3, 1953 agreement, \$687,000. Amount actually paid in in issuance of agreement was on account of non-par value common fully paid shares \$24,500 and on account of no par value common, partly paid shares \$663,400, making a total of the two together of \$687,900.

(2) 8: They did.

(2) 9: They did not, except in the very strictest technical meaning of the term they did not default. But by common sense, by agreement which took some weeks to reach the deal was not proceeded with — by common sense, by agreement between Javelin and ourselves as principal owners of NALCO, the agreement whereby they were to buy and pay for one million shares was dropped. That whole agreement was dropped by mutual consent so that Javelin might concentrate all of its efforts, so that they might concentrate all of their efforts, on promoting and developing the Javelin concessions in the Wabush Lake part of Labrador.

(2) 10: I table herewith a copy of the agreement between NALCO and Canadian Longyear Company. It was negotiated by Mr. Horace C. Young, who was then the Chief Mining Engineer of NALCO and Mr. Paul I. Pesonen, Mining Engineer of Canadian Javelin. It was jointly negotiated by NALCO'S chief engineer and Javelin's chief engineer, and, I think, initialled by Mr. Doyle as Chairman at that time, momentarily or temporary chairman of NALCO.

The total expenditure at that time on Javelin, on Wabush drilling, the total expenditure arising out of that contract, was \$379,137.11. This was

paid by NALCO and re-imbursed by Canadian Javelin. It was paid in the first instance by NALCO, in whose behalf the drilling was done but was re-imbursed to NALCO by Canadian Javelin.

THIS AGREEMENT made this 11th day of March Anno Domini, one thousand, nine hundred and fifty-four BETWEEN Newfoundland and Labrador Corporation Limited, a statutory corporation under the Newfoundland and Labrador Corporation Limited Act, No. 88, 1951, having its head office at St. John's in the Province of Newfoundland, (hereinafter called "the Corporation") of the one part AND Canadian Javelin Foundries and Machine Works Limited, a Company incorporated under the laws of Canada and having its head office at Dominion Square Building, Montreal, in the Province of Quebec, Canada (hereinafter called "the Company") of the other part.

WHEREAS the Corporation is desirous of furthering the economic development of Newfoundland by exploration for and development and production of all or any mineral deposits that may be located in the area in Newfoundland controlled by the Corporation.

AND WHEREAS the Company has requested the Corporation to enter into this Agreement and the Corporation has agreed to grant to the Company mineral rights and properties hereinafter described for the period and upon and subject to the terms and conditions hereinafter set forth.

NOW THIS AGREEMENT WITNESSETH as follows:

1. The Corporation shall forthwith irrevocably reserve for the sole and exclusive use and benefit of the Com-

pany and hereby grants to the Company for the period of three years from the 1st day of January A.D. 1954, (hereinafter called "the exploration period") the exclusive right to explore, develop produce, extract and remove all minerals, both metallic and non-metallic, in and from the areas described in the First Schedule to this Agreement (hereinafter called "the reserved areas") except such portions of the said reserved areas as are held by any person or persons under existing valid mining grants, leases or licenses from the Crown or any other existing rights. The Corporation represents that it has no knowledge of any such grants, leases, licenses or rights of a substantial nature.

2. During the exploration period the Company shall have the exclusive prospecting and exploration rights in and over the reserved areas upon the terms and conditions set forth in this Agreement and shall be entitled to enter upon and survey and prospect and explore the reserve areas or any part thereof by all or any such means as the Company may deem necessary to prove the existence, value and extent of the minerals thereon and thereunder, whether by geological or geophysical survey, diamond drilling, surface or subterranean prospecting, excavation or works pertaining to the execution of an active exploration and development program.

3. The Company shall cause exploration work to continue upon some portion of the reserved areas as early hereafter as the season will permit and shall pursue prospecting and exploration diligently and in good faith throughout the normal exploration seasons during the exploration period using geological and or geophysical surveys, diamond drilling, surface or subterranean prospecting, excavation

or works or any or all of such methods of prospecting and exploration as the Company may deem necessary.

4. The Company shall be required to expend the sum of one million dollars in connection with the prospecting and exploration of the reserved areas or any parts thereof during the exploration period. Prior to the date of the execution of this Agreement the Company and the Corporation have expended or have caused to be expended certain sums for the purposes aforesaid. It is understood and agreed that such amounts as have been so expended prior to the date of execution of this Agreement shall be considered as part of the said sum of one million dollars. The Corporation acknowledges that it has been reimbursed for such moneys expended by it on or before December 31, 1953 and it is further understood and agreed that the moneys expended by the Corporation on the reserved areas on or after January 1, 1954 shall be paid by the Company to the Corporation prior to December 31, 1954 upon receipt of a statement of the expenditure of the said moneys certified by a Chartered Accountant approved by the Company and geological data and the results of the exploration work done by the Corporation in the reserved areas will be made available to any person or persons authorized in writing by the Company at any time after the receipt of the before mentioned statement.

5. For the purpose of this Agreement, expenditures on prospecting and exploration shall not include any office or overhead expenses of the Company outside of Newfoundland other than the salaries and expenses of officials or employees of the Company while actually engaged in Newfoundland or in connection with the work

of prospecting and exploration of the reserved areas or any part thereof.

6. The Company shall furnish to the Corporation not later than the 1st day of February in each year (commencing on the 1st day of February 1955) during the exploration period, a reasonably detailed report of the prospecting and exploration work (including copies of geological, topographic and underground maps, assay reports and related records) done or made by the Company under this Agreement to the end of the preceding calendar year; and the Corporation agrees that any such information will be treated as confidential so long as the Company retains any interest in the reserved areas. If the Company terminates this Agreement and surrenders or releases the reserved areas to the Corporation or if the Company forfeits its rights under the terms of this Agreement, the Company shall deliver to the Corporation a detailed report of the prospecting and exploration work done and copies of geological, topographic and underground maps, assays and other records obtained or made by it and not theretofore delivered to the Corporation.

7. Any person thereunto authorized in writing by the Corporation shall be given by the Company every reasonable opportunity at the risk and expense of the Corporation to inspect the field work and subsequent maps and compilations of the Company in order to correlate the work of the Corporation with such geological work as may be done by the Company.

8. The Company shall submit to the Corporation on or before the 31st day of March in each and every year, commencing in the year 1955 and ending in the year 1958 an account of its expenditures during the preceding

calendar year incurred in connection with the work of prospecting and exploration of the reserved areas which account shall be certified by a reputable firm of Chartered Accountants and approved by the Corporation.

9. The Company shall have the right during the exploration and development periods to remove without payment reasonable quantities of rock, ores or minerals from any part of the reserved areas and to export the same for the purpose of sampling in bulk or otherwise or for metallurgical testing or assaying.

10. All work performed by the Company in the reserved areas shall be fully paid for by it and the Company shall protect the reserved areas against liens of mechanics or material men registered on account of any labour performed upon or material furnished to any part of the reserved areas at the instance or request of the Company.

11. The Company shall be entitled at any time during the exploration period but not after the 1st of January, 1957, to apply to the Corporation for a development permit or permits for one or more areas which shall not be greater than is reasonably necessary for the proper exercise of its rights to produce and remove such minerals as are mentioned in Section IV, paragraph 8 of the Second Schedule attached to this Agreement. Such area or areas shall not be less than one square mile each but not exceeding fifty square miles in the aggregate. The shape, maximum size and orientation of such area or areas may be located anywhere within the reserved area but need not be contiguous. Upon receipt of such application the Corporation shall execute a permit or permits authorizing the Company to

develop the area or areas selected for a period of two (2) years from the date of the permit or permits and to carry on in the said selected area all such exploration and development work as the Company may decide for a period of two (2) years following the date of the permit. In order to maintain such permit or permits in effect the Company shall engage in and carry out with reasonable diligence such work on the permitted area or areas as is reasonably required for such development.

12. The Company shall be entitled at any time during the exploration period and/or the development period but not after the 1st of January, 1954, to apply to the Corporation for a mining lease or leases limited to an area or areas which shall not be greater than is reasonably necessary for the proper exercise of its right to produce and remove such minerals as mentioned in Section IV, paragraph 8 of the Second Schedule attached to this Agreement. Such area or areas shall not be less than one square mile each but shall not exceed fifty square miles in the aggregate. Upon applying to the Corporation for such mining lease or leases the Company shall incorporate and register in Newfoundland under the Newfoundland Companies Act a subsidiary corporation of the Company, hereinafter referred to as the "New Company", in such form and with such capital, par value of shares, number of directors and corporate organization as shall be determined by the Company. Upon completion of the organization of the New Company, and provided that all obligations of the Company under this Agreement have been fulfilled, the Corporation shall grant to the New Company a mining lease or leases substantially in the form and

upon the terms and conditions set forth in the Second Schedule hereto for a term not exceeding Ninety-nine (99) years from the date of issue of each lease (and hereinafter referred to as the said lease) of the area or areas so selected and all minerals thereon and thereunder together with the exclusive right to explore, develop, produce, extract and remove therefrom all minerals, both metallic and non-metallic, upon and subject only to the terms and conditions of the said lease PROVIDED that the Company shall assign and set over to the New Company all its rights in this Agreement subject to its obligations herein contained AND ALSO all its plant, machinery and equipment already in use or to be used on, in or in connection with the said area or areas so selected, to the new company AND PROVIDED ALSO that the new company will accept all the rights and obligations under this Agreement and the said lease and will agree to be bound by all the terms, covenants and conditions of this Agreement and the said lease as if the new company were a party to this Agreement.

The Corporation shall have the right to subscribe for shares of capital stock of such new company in an amount not exceeding 30% of the total capital stock of such new company as and when issued and shall have the right to name at least two of its nominees as directors of such new company. The right to subscribe to such stock shall be exercised within thirty (30) days of the date of notice of offer to the Corporation. The said shares shall be subject to no restriction as to transfer. Upon the grant to the new Company of such mining lease of the area so selected as provided herein before the New Company shall pay to the Company an amount

in cash equal to the costs incurred by the Company in exploring and developing such selected area or areas up to the time of such grant which amount shall be duly certified by a Chartered Accountant approved by the Corporation and shall not, however, include any expenditures made on any other areas but shall include all direct expenses and a fair allocation of general expenses applicable to the selected area.

13. All parts of the reserved areas not selected by the company in accordance with the provisions of Section Eleven (11) of this Agreement shall revert to the Corporation on January 1st, 1957 and be thenceforth free from the terms of this Agreement.

14. If the Company shall fail in any year to submit any report or account in accordance with the provisions of Clauses 6 or 8 of this Agreement or if any report or account does not contain the data or to show any expenditure required by this Agreement, the Corporation may notify the Company and the Company may within one month from the date of the giving of such notice remedy the omission and submit the report or account as provided by this Agreement to the reasonable satisfaction of the Corporation but in default of submission of such report or account within the said period of one month after notice this Agreement and the exclusive prospecting and exploration rights of the Company thereunder shall wholly cease and determine.

15. The Company shall at any time during the currency of this Agreement or within six months after the termination thereof remove any or all buildings, plant, machinery, equipment and all supplies, articles and

things placed by it upon the reserved area or any part thereof.

16. Any notice required hereunder shall be deemed to be complete when made in writing and deposited in registered mail of the U. S. or Canada postage thereon prepaid, addressed :

If to the Corporation

Newfoundland and Labrador Corporation, Limited,
St. John's, Newfoundland.

And if to the Company

Canadian Javelin Foundries and Machine Works Limited,
Dominion Square Building,
Montreal, Quebec.

or to such other address as the party addressed may have therefor specified by notice in writing.

17. These presents shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto and the Corporation agrees that the Company may assign to a party or parties of financial repute approved by the Corporation all or any part of its right under this Agreement.

18. It is understood and agreed that this Agreement and the proposed lease being the second schedule to this agreement are made pursuant to the provisions of and in particular but without limiting the generality of the foregoing words to Section 8 (e), subsections (6) and (8) and by virtue of the powers and rights granted to the Corporation by the Newfoundland and Labrador Corporation Act, 1951 and all amending Acts thereto, and the said agreement and lease shall be read and construed accordingly. If there is any conflict between the said agreement and lease and the provisions of the said Act the provisions of the said Act as amended at the date hereof shall prevail.

IN WITNESS WHEREOF the Parties hereto have executed and delivered these presents at the time and place and in the manner set forth in the preamble hereof.

NEWFOUNDLAND & LABRADOR CORPORATION LIMITED

Per (Sgd.) J. R. SMALLWOOD.
Per (Sgd.) LESLIE R. CURTIS,

"the Corporation"

The Common Seal of
Newfoundland & Labrador
Corporation Limited
was hereunto affixed in
the presence of:
Ronald Turta (sgd.)

CANADIAN JAVELIN FOUNDRIES AND MACHINE WORKS LTD.

Per (Sgd.) JOHN C. DOYLE.
Per (Sgd.) M. F. DEVONPORT.
Secretary-Treasurer.

"the Company"

The Common Seal of
Canadian Javelin Foundries
and Machine Works Limited
was hereunto affixed in
the presence of:
(Sgd.) E. A. Glaeser.

**FIRST SCHEDULE
RESERVED AREA (S)
CANADIAN JAVELIN AREA**

Commencing at a point where the line of Longitude 67° West intersects the Quebec - Newfoundland - Labrador boundary (height of land) thence running and following the southern boundary of the Iron Ore Company of Canada North along Longitude 67° West to its intersection with the southernmost part of Long Lake; thence turning and running in a Northeasterly direction along the East

shore of Long Lake; thence turning and running along the East bank of the stream flowing in an Easterly direction into Wabush Lake; thence running along the Eastern shore of Wabush Lake in a general Northerly direction to Shabogamo Lake; thence running along the Eastern shore of Shabogamo Lake in general southeasterly and northeasterly directions to its Easternmost part, thence turning and running along a line joining the Easternmost part of Shabogamo Lake and the Westernmost part of Ossokmanuan Lake; thence turning and running in a Southeast by Southerly direction along the West bank of Ossokmanuan Lake, Panchia Lake and Atikonok River to its intersection with North Latitude 53° 00', thence turning and running West along north Latitude 53° 00' to its intersection with West Longitude 65° 27' 30", thence turning and running North along West Longitude 65° 27' 30" to its intersection with North Latitude 53° 02', thence turning and running West along North Latitude 53° 02' to its intersection with the Quebec-Newfoundland-Labrador (height of land) boundary, thence following the height of land in a Northern, Southerly and Westerly direction to the place of commencement. Containing an area of 2300 square miles more or less.

SECOND SCHEDULE

THIS INDENTURE made this day of Anno Domini One thousand nine hundred and fifty-three BETWEEN Newfoundland and Labrador Corporation Limited, a statutory corporation under the Newfoundland and Labrador Corporation Act, 1951, having its head office at St. John's in the Province of Newfoundland, Canada (hereinafter called "the Lessor") of the one part and a Company incorporated under the Newfoundland Companies

Act (hereinafter called "the lessee") of the other part WITNESSETH as follows:

1. In consideration of the rents and royalties and of the covenants and conditions to be paid, observed, performed and fulfilled by the Lessee the Lessor HEREBY DEMISES unto the Lessee the exclusive right to explore, investigate, develop, produce, extract, remove, process, make merchantable, store and sell all minerals both metallic and non-metallic in or under ALL THAT piece or parcel of land or ALL THOSE pieces or parcels of land as the case may be (hereinafter referred to as "the demised premises") described in the Schedule to this lease and shown upon the plan hereto annexed and thereon delineated in Red which plan is to be taken as part hereof TO HOLD the same unto the Lessee for the full end and term of years to commence and be computed from the date hereof YIELDING AND PAYING therefor on the day of in each and every year the rental of dollars (being at the rate of ten cents per acre) less such sum as shall be expended by the Lessee after the commencement of this lease, on the prospecting, exploration, development or mining of the demised premises or any part thereof.

II. The Lessee hereby covenants with the Lessor as follows:

1. That the Lessee will during the said term pay to the Lessor the rent and the royalties hereby reserved at the times and in the manner provided by these presents clear of all deductions other than those provided by this lease.

2.

(a) That the Lessee shall pay to the Lessor on or before the thirty-

first day of March in each calendar year as royalty in respect of the minerals gotten in or from the demised premises during the preceding calendar year an amount equal to ten (10) per cent of the "net income" as herein defined, derived by the Lessee from its mining operations on and in the demised premises during the preceding calendar year, provided always that the net income shall in no year be less than six (6) cents per ton of 2,240 pounds of merchantable ore mined and shipped by the lessee during that year.

(b) "Net Income" as used herein upon which the said royalty shall be based is agreed to mean the gross proceeds derived by the Lessee during any calendar year from the sale by the Lessee of any and all metals or mineral products recovered and sold by the Lessee from the leased premises after deducting therefrom all costs of processing, handling, transportation and haulage from the premises to the consumer together with all costs both direct and indirect incurred by the Lessee in the development and operation of the leased premises and the recovery and sale of metals and minerals therefrom and a reasonable allowance for depreciation but with no deduction for any taxes or depletion of any expenses of overhead outside of the Province.

(c) All mines worked or operated by the Lessee on the premises demised under this lease or on any area or areas demised by any other lease, issued to the Lessee under the provisions of the said agreement dated the day of 19 made between the

Lessor and the Canadian Javelin Foundries and Machine Works Limited comprising any part of the reserved areas described in the First Schedule to the said Agreement, shall be deemed to be and be dealt with as one and the same and not as separate mines.

3. That, pursuant to the provisions of the said Agreement dated the day of 19 , made between the Lessor and Canadian Javelin Foundries and Machine Works Limited the Lessee shall continue the prospecting and exploration of the reserved areas described in the First Schedule to the said Agreement or some part thereof and shall continue to make expenditures on such prospecting and exploration in accordance with the provisions of the said Agreement until the total expenditures required by Clause 4 of the said Agreement have been made and all expenditures made in respect of prospecting and exploration on the area or areas comprised in this lease shall be deemed to be such expenditures on the reserved areas and a compliance with the provisions of the said Agreement.

4. That the said Lessee will commence mining operations as herein defined of the minerals on the demised or some part thereof within two years from the date of the issue of this lease and shall continue the same so long as this lease remains in effect except during such period or periods of time as the said mining operations cannot reasonably be conducted at a profit by the Lessee. "Mining Operations" as used herein is agreed to mean the production of broken ore delivered at the mouth of the shaft, tunnel or pit, ready for transportation to the concentrator. Lessee shall perform the work of mining the minerals in a skill-

ful and workmanlike manner according to approved mining practice and will give the Lessor all data or other information whatsoever as may be required and at the times and in the manner, by the Crown Lands Act of Newfoundland.

5. That the Lessee will permit the Lessor by its agents at all reasonable times and at its own risk and expense to enter upon and inspect and examine the mine or mines and premises and every part thereof for the purpose of ascertaining the condition thereof and the manner of working and managing the same; provided, however, that such inspection and examination shall in no way interfere with the working by the Lessee of the demised premises.

6. That the Lessee will maintain throughout the term hereby granted good and sufficient corner posts or mounds and boundary marks according to the most approved practice for the time being and in accordance with the provisions of the Crown Lands (Mines and Quarries) Act, 1951.

7. That except where it is necessary to employ technical experts the Lessee shall at all times in the working and production of the minerals employ Newfoundland workmen if they are available.

III. The Lessor hereby covenants with the Lessee as follows:

1. That the Lessee paying the rents and royalties hereby reserved and observing and performing and fulfilling the several covenants and conditions herein contained and on the part of the Lessee to be paid observed performed and fulfilled shall peaceably hold and enjoy the mines premises, liberties and powers hereby demised and granted during the said term with-

out any interruption by the Lessor or any person rightfully claiming under or in trust for it.

2. That the Lessee shall have the full and free right, liberty and license during the continuance of this Lease by way of surface or subterranean operations to work, mine, extract, remove, mill or process and sell for the benefit of the Lessee the minerals on it and under the demised premises and to do all other acts and things as are necessary for the purposes of mining or incidental thereto making compensation for any damage or injury sustained by the owner of any surface rights or the holder of any timber license within the demised premises.

3. That the Lessor hereby undertakes and agrees to grant to the Lessee from time to time such surface lands owned or controlled by the Lessor as may be reasonably necessary in connection with its mining operations, including, without limiting the generality of the foregoing, such lands as may be reasonably necessary for rights of way for telegraphs, telephones, electric power transmission lines, railways, tramways, or roads, or sites for mills, works, factories, warehouses, townsites, wharves, piers, docks or other shipping facilities for the purposes of the efficient construction, maintenance or operation of any mining undertaking of the Lessee under this lease or for any other purposes incidental thereto, on such terms and conditions as to rental or otherwise as may from time to time and as to each particular request be mutually agreed upon as reasonable and equitable between the parties hereto. Any such grant may be by lease, license or as may be agreed. The undertaking and agreement of the Lessor under this clause shall not have the effect of preventing the Lessor after prior consultation

with the Lessee from granting at any time to any person any surface lands which have not been granted or specifically agreed to be granted to the Lessee.

IV. It is mutually agreed by and between the parties hereto as follows:

1. That the Lessee may at any time determine the tenancy hereby created by giving to the Lessor six calendar months previous notice in writing to that effect and thereupon provided the Lessee shall up to the time of such determination pay the rents and royalties on the part of the Lessee to be paid the present demise and everything herein contained shall cease and be void save in respect of any rents and royalties which ought to be paid upon or before the determination of the tenancy.

2. If at the determination of the tenancy there shall be minerals which have been produced, won, gotten and raised before the determining of this Lease and not removed from off the demised premises the Lessee shall have the right to remove the same within a period of six calendar months from the date of the determination of the tenancy paying thereon the royalties hereby reserved upon such removal and shall have full right of access to the demised premises for the above purposes.

3. That it shall be lawful for the Lessee to remove all buildings plant machinery and all articles and things of the Lessee in and upon or under the demised premises at anytime within six months after the determination of the tenancy. Provided that the Lessor shall have the right by notice in writing to the Lessee within two months from the date of termination

of this lease to purchase all or any part of the said properties, articles and things at the then reasonable market price to be determined, failing agreement thereon between the parties, by arbitration in accordance with the arbitration provisions of this lease.

4. If any part of the rents or royalties hereby reserved shall be unpaid for thirty days after becoming payable, or if any covenant or condition herein contained shall not have been duly performed or observed, then, and in such event, it shall be lawful for the Lessor, upon giving sixty days notice in writing to the Lessee that such rents or royalties are unpaid and demanding payment thereof, or that any covenant or condition has not been performed or observed, and if such payment is not made or such covenant or condition is not performed or observed within such period, at any time thereafter upon the demised premises or any part of them in the name of the whole renter and thereupon this demise shall absolutely determine but without prejudice to the right of action of the Lessor in respect of any breach of the Lessee's covenants herein contained.

5. Notwithstanding any other provisions of this lease, if the amount of any rents or royalties payable in any year under this lease or the performance or observance of any covenant or condition contained in this lease is in dispute between the Lessor and the Lessee, such rents or royalties shall be deemed to be payable and such covenant or condition shall be deemed to be performed or observed within sixty days of the date of the award of the arbitrators appointed to decide such dispute in accordance with sub-Clause 7 of Clause 4 of this lease; Provided that the Lessee shall not be entitled to the benefit of this clause unless it has paid the amount which

it considers is payable in respect of such rents or royalties within thirty days of the date upon which the said rents or royalties are payable and provided further that if the full amount of such rents or royalties payable under the said award shall not be paid within the said sixty days after the date of such award then the Lessor may exercise the rights conferred on it by the immediately preceding sub-clause and the Lessor shall not be obliged to give the notice required thereby.

6. Should the mining operations of the Lessee cause subsidence of or other injury to the surface land of the demised premises, the Lessee shall not be liable to pay any compensation therefor to the Lessor.

7. If any dispute, question or difference shall arise at any time between the Lessor and Lessee as to any matter contained in this lease or touching or concerning the provisions of this lease or the construction, meaning, operation or effect thereof or arising out of or in relation to this lease, then such dispute, question or difference shall be determined by arbitration in manner following: The Lessor shall appoint one arbitrator, the Lessee shall appoint another, and the two arbitrators so appointed shall appoint a third or umpire, and in the event of the Lessor or the Lessee failing to appoint an arbitrator after seven clear day's notice by the Lessor or the Lessee, as the case may be, so to do, the Lessor or the Lessee may apply to the Supreme Court or a Judge thereof, who may after due notice to the Lessor or the Lessee as the case may be, appoint such arbitrator, and the arbitrators so appointed by the Lessor or the Lessee and by the Court or Judge shall thereupon appoint a third arbitrator or umpire, and in the event of the

last mentioned arbitrators failing to appoint a third arbitrator or umpire after seven clear day's notice from the Lessor or the Lessee so to do, the Supreme Court or a Judge thereof may, on the application of the Lessor or the Lessee, as the case may be, appoint such third arbitrator or umpire, and the award of such arbitrators or any of them shall be final and binding upon the parties.

8. The word "minerals" as used in this lease means any naturally occurring inorganic substance but does not include quarry materials, coal, oil, natural gas, or salt.

9. The Lessee may at any time assign this lease or any interest of the Lessee therein by written assignment upon the execution and delivery of which the assignee shall become bound by the terms of this lease and the Lessee shall be released thereby to the extent of the interest assigned.

10. That should anything herein conflict with the Newfoundland and Labrador Corporation Limited Act, 1951 as amended at the date hereof and/or the lease of the area demised hereby from the Crown to the Corporation, then, and in that event, the said Act and the said lease from the Crown shall prevail and the Lessee covenants to abide by the terms of the said Act and the said Crown Lease and to do all things and take all steps necessary to keep the Lessor's title to the said area good and free from all defects or defaults.

IN WITNESS WHEREOF the Seals of the parties hereto have hereunto been subscribed and set the day and year first above written.

The Common Seal of
the Lessor
has been hereunto affixed
in the presence of:

The Common Seal of
the Lessee
has been hereunto affixed
in the presence of:

MEMORANDUM OF AGREEMENT made in triplicate in the City and District of Montreal, Province of Quebec, Canada, this 3rd day of September, 1953.

BY AND BETWEEN

NEWFOUNDLAND AND LABRADOR CORPORATION LIMITED

A body politic and coporate duly incorporated according to the laws of the Province of Newfoundland and having its head office and principal place of business in the City of St. John's in the Province of Newfoundland, Canada (hereinafter called "NALCO"),

PARTY OF THE FIRST PART
AND

CANADIAN JAVELIN FOUNDRIES AND MACHINE WORKS LIMITED a body politic and coporate duly incorporated according to the laws of Canada and having its head office and principal place of business in the City of Montreal in the Province of Quebec, Canada herein acting for and on behalf and as Agent of L. J. Forget and Company of Montreal, Jackson & Company of Montreal, Rittenhouse & Company of Toronto, R. S. Weston & Company of Calgary and Edmonton, Burleigh & Partners Limited of Vancouver, John Murdock of Chicoutimi and John C. Doyle of Montreal, being duly authorized for such purpose as it declares (the said Canadian Javelin Foundries and Machine Works Limited herein acting as such Agent being hereinafter called "CANADIAN JAVELIN AGENT")

PARTY OF THE SECOND PART
AND

CANADIAN JAVELIN FOUNDRIES AND MACHINE WORKS LIMITED a body politic and corporate duly incorporated according to the laws of Canada and having its head office and principal place of business in the City of Montreal in the Province of Quebec Canada, herein acting on its own behalf (the said Canadian Javelin Foundries and Machine Works Limited herein acting on its own behalf being herein called "CANADIAN JAVELIN PERSONAL")

PARTY OF THE THIRD PART
WITNESSETH:

THAT, for and in consideration of the sum of One dollar (\$1.00) by each of the Parties hereto unto the others in hand paid whereof quit and other good and valuable consideration including the covenants and agreements hereinafter contained, the Parties hereto, each for itself and not one for the other, covenant and agree as follows:

1. Canadian Javelin Agent for and on behalf of each of the subscribers hereinafter mentioned in this Paragraph 1 hereby subscribes for the number of fully paid and non-assessable shares of NALCO hereinafter set opposite each of such respective names and NALCO hereby undertakes to allot, issue and sell to each of such subscribers respectively such shares of NALCO as follows:

NAME	NUMBER OF SHARES
L. J. Forget & Company.....	500
Jackson & Company	500
Rittenhouse & Company	500
R. S. Weston & Company.....	500
Burleigh & Partners Limited....	500

John Murdock 1,200
John C. Doyle 1,200

for and in consideration of the sum of Five Dollars (\$5.00) per share payable in cash upon delivery of the relevant certificates representing such shares.

2. Canadian Javelin Personal hereby subscribes for Nine Hundred and Ninety-five Thousand, One Hundred (995,100) shares of NALCO (which shall include any and all shares of NALCO for which Canadian Javelin Personal has heretofore subscribed or agreed to subscribe) and NALCO hereby undertakes to allot, issue and sell such shares to Canadian Javelin Personal for and in consideration of the sum of Five Dollars (\$5.00) per share payable as follows:

- (a) Six Hundred and Sixty-three Thousand, Four Hundred Dollars (\$663,400) in cash upon the delivery of the relevant certificate or certificates representing such shares; and
- (b) Twenty Per cent (20%) of the balance of Four Million, Three Hundred and Twelve Thousand, One Hundred Dollars (\$4,312,100) on the 1st day of October in each of the years 1954, 1955, 1956, 1957 and 1958.

3. NALCO shall, on or before the 15th day of September, 1953, offer to allot and issue and to sell to its shareholders (then including Canadian Javelin Personal and those firms herein represented by Canadian Javelin Agent) Five Hundred Thousand (500,000) shares of NALCO for and in consideration of the price of Five Dollars (\$5.00) per share payable as follows:

- (a) Sixty-six and two-third Cents (66 2/3c.) per share upon delivery

of the relevant certificates representing such shares; and

- (b) Twenty Percent (20%) of the balance on the last day of October in each of the years 1954, 1955, 1956, 1957 and 1958.

and Canadian Javelin Personal undertakes that upon such offer it will subscribe for and agree to purchase all of the said shares for which it may be entitled to subscribe under the provisions of the Act of Incorporation of the Company including all of the said shares with respect to which other shareholders of NALCO may refrain from exercising or may waive or abandon the preemptive rights to which they may be entitled under the provisions of the said Act of Incorporation.

4. This Agreement shall, at the option of Canadian Javelin Personal, become null and void and the cheque hereinafter mentioned in Paragraph 5 hereof shall be returned to Canadian Javelin Personal.

- (a) if the shares of NALCO to which reference is made in Paragraph 1 and in Paragraph 2 hereof are not allotted and issued and the relevant certificates therefor tendered for delivery on or before the 15th day of September, 1953: or
- (b) if the offer to which reference is made in Paragraph 3 hereof is not made on or before the 15th day of September 1953; or
- (c) if, on or before the 15th day of September, 1953, such number of nominees of Canadian Javelin Personal as shall constitute a majority of the Board of Directors of NALCO are not elected as Directors of NALCO.

5. NALCO acknowledges that, concurrently with the execution of this Agreement, Canadian Javelin Personal has delivered to NALCO a cheque payable to the order of NALCO in the amount of six hundred and sixty-three thousand and four hundred dollars (\$663,400) representing the amount to become payable to NALCO under the provisions of sub-paragraph (a) of paragraph 2 hereof and NALCO undertakes to return such cheque to Canadian Javelin Personal in the event that this Agreement becomes null and void in accordance with the provisions of paragraph 4 hereof and in the meantime to refrain from cashing such cheque or presenting the same for payment.

6. Canadian Javelin Personal shall cause all of its nominees who may be elected as Directors of NALCO to undertake, prior to their election, to resign forthwith in the event that Canadian Javelin Personal fails to make the subscription to which reference is made in paragraph 3 hereof or in the event that, following such subscription, Canadian Javelin Personal fails to make the payment to which reference is made in sub-paragraph (a) of paragraph 3 hereof.

7. In the event that Canadian Javelin Personal at any time fails to make any payment to be made under the provisions of sub-paragraph (b) of paragraph 2 hereof or sub-paragraphs (a) or (b) of paragraph 3 hereof and such failure continues for a period of sixty (60) days from the date when such payment becomes due and payable Canadian Javelin Personal shall be entitled to retain, as fully paid and non-assessable, only that number of the shares of NALCO theretofore allotted and issued in accordance with the provisions of this Agreement which shall be equal to the quotient obtained

by dividing the aggregate amount theretofore paid hereunder by Canadian Javelin Personal to NALCO on account of the purchase price of any shares of NALCO by Five Dollars (\$5.00), and the balance of any shares of NALCO theretofore allotted and issued to Canadian Javelin Personal hereunder shall be forfeited and shall be returned to the Treasury of NALCO and all obligations of Canadian Javelin Personal to pay any further amounts to NALCO hereunder shall thereupon be cancelled.

In the event of such forfeiture Canadian Javelin Personal shall be entitled to obtain from NALCO a certificate representing the shares which Canadian Javelin Personal is then so entitled to retain as fully paid and non-assessable against surrender of any certificate or certificates representing the shares of NALCO theretofore allotted and issued to Canadian Javelin Personal in accordance with the provisions of this Agreement.

IN WITNESS WHEREOF the Parties hereto have executed and delivered these presents at the time and place and in the manner set forth in the preamble hereof.

NEWFOUNDLAND AND LABRADOR LIMITED

(Sgd) JOSEPH R. SMALLWOOD,
Honorary Chairman.

(Sgd) ALFRED A. VALDMANIS,
Chairman.

PARTY OF THE FIRST PART

CANADIAN JAVELIN FOUNDRIES AND MACHINE WORKS LTD. herein acting for and on behalf and as the agent of

L. J. Forget and Company
Jackson & Company
Rittenhouse & Company

R. D. Weston & Company
Burleigh & Partners Limited
John Murdock
John C. Doyle
(Sgd) JOHN C. DOYLE,
President.

PARTY OF THE SECOND PART

CANADIAN JAVELIN FOUNDRIES AND MACHINE WORKS LTD. herein acting on its own behalf
(Sgd) JOHN C. DOYLE,
President.

PARTY OF THE THIRD PART

September 17, 1953

Newfoundland and Labrador Corporation

c/o Canadian Javelin Company
Suite 19, Dominion Square Building
Montreal, Quebec.

Gentlemen:

Reference is made to recent conversations with you and Mr. Paul Pesonen relative to the supply of drilling equipment and personnel, which you will require to execute a programme of work on property situated near Wabush Lake, Labrador.

It is our understanding that the above project will entail a minimum of twenty-five thousand feet (25,000') of drilling and that you desire to employ not less than three (3) drilling rigs in commencing the undertaking. It is also our understanding that your company will provide and arrange without charge to the contractor, all transportation from Mont Joli to the job and back to Mont Joli when the drilling programme has been completed. Your company will establish complete camp accommodation and storage facilities near the site of operations. The contractor will have complete responsibility for the manage-

ament of the camp set-up, including all purchasing of groceries and other maintenance supplies.

As compensation for the services which we would furnish, it is proposed that your company will reimburse Canadian Longyear Limited, as follows:

1. Rental of complete drilling outfits (with possible exception of drill shanks) at the rate of twenty dollars (\$20.00) per outfit per day: — rental to commence on the day such equipment arrives at Mont Joli and to remain in force until returned to Mont Joli. In connection with this item, it is agreed that in the event of any extraordinary delay caused by breakdown of an outfit, traceable to neglect on the part of the contractor's employees, appropriate deductions will be made from rental account. Should you at any time desire to suspend operations of one or more outfits, for a substantial period of time, then a nominal charge of two hundred and fifty dollars (\$250.00) per month per outfit will be applicable while such outfit (s) are idle.
2. Salary of foreman at the rate of six hundred dollars (\$600.00) per month, plus board.
3. Salary of assistant foreman at the rate of five hundred and twenty-five dollars (\$525.00) per month, plus board.
4. Wages of skilled operators at hourly rates adequate to sustain good morale and incentive. Such rates to be later established by mutual agreement and in any case not less than the equivalent of four hundred and seventy-five dollars (\$475.00) per month gross. Wages to start from the time of arrival at Mont Joli.
5. Wages of drill helpers at hourly rates adequate to sustain good moral and incentive. Such rates to be later established by mutual agreement and in any case not less than the equivalent of four hundred dollars (\$400.00) per month gross. Wages to start from the time of arrival at Mont Joli.
6. Cost of travelling expenses of all personnel from North Bay and return.
7. Excess cost of board and lodging for skilled operators and drill helpers, where the cost of such board and lodging exceeds one dollar and seventy-five cents (\$1.75) per day per man.
8. Cost of Workmen's Compensation, Unemployment Insurance and other similar charges required by law, as applicable to items 2, 3, 4 and 5.
9. Cost of transporting equipment and supplies to Mont Joli from North Bay and return North Bay.
10. Cost of diamonds consumed in the work at the rate of ten dollars (\$10.00) per carat, plus the cost of manufacturing diamond bits and shells.
11. Cost of lubricants and gasoline and other fuels that are consumed in the work.
12. Cost of pipe or casing damaged or consumed in the work.
13. Cost of miscellaneous items of supplies.
14. Cost of all parts and services required to maintain a tractor on the job; — the unit to be returned to the contractor in first class condition on completion of the project.
15. A fee of seventy-five cents (75c.) per foot for each foot of drilling performed is suggested.

In outlining the foregoing, we have endeavoured to confirm with fidelity

the highlights of our verbal agreement. We trust we have been successful in so doing; — if not, we will be very pleased to receive any criticism you may wish to offer.

Should you decide to launch the programme at this time we would undertake to have all necessary equipment at Mout Joli within not more than ten days after receipt of your instructions to proceed.

Thank you again for this opportunity to be of service.

Yours very truly,

CANADIAN LONGYEAR LIMITED
(Sgd.) P. A. HERMISTON,
Manager
Contract Drilling Division.

September 18th., 1953.

The terms of the above proposal are accepted by the Newfoundland and Labrador Corporation and will serve the same purpose as a formal contract.

(Sgd.) JOHN C. DOYLE,
Chairman — Executive Committee.

(2). 11: I table herewith not one but three letters. First a letter to Mr. Doyle from me as Honorary Chairman of NALCO and (2) a letter from Dr. Valdimanis to Canadian Javelin sent by Dr. Valdimanis as Chairman of NALCO, as he was at that time, and officially a letter from Mr. Ronald Turta, Secretary of NALCO addressed to Canadian Javelin attention Mr. John Doyle. All these letters have to do with the fact that the agreement, undertaken, by Canadian Javelin to buy a million shares and acquire control of NALCO having by agreement and consent been withdrawn, it became necessary to ask for the resignation of these directors of Javelin on NALCO's Board who gave Javelin con-

trol of NALCO. This was done. And we then elected Mr. Doyle alone on the Board of NALCO. And he is a member of the board of NALCO at the present time because he represents Javelin, and Javelin are by far the biggest shareholders in NALCO, apart from the Government of Newfoundland. In order of size the shareholders of NALCO are: the Newfoundland Government with 900,000 shares; Canadian Javelin with eighty odd thousand shares or 78,672 shares. The next one after that is Harriman Ripley with 40,000 shares and the next after that Wood Gundy & Company 28,000 shares and the next after that is Payson with 10,000 shares. I may say Mr. Payson is one of the principal owners of Amco Steel, of one of the five steel companies who started the Iron Ore Company of Canada.

February 10, 1954.

Mr. James C. Doyle,
Newfoundland Hotel,
City.

Dear Mr. Doyle:

General Wallis informs me that you have not as yet handed to Mr. Turta, the Secretary-Treasurer, your resignation as a member of the board of directors and of the executive committee of the Newfoundland and Labrador Corporation. He informs me further that the resignations of your nominees have not been received by Mr. Turta.

It seems imperative to me that these resignations should be received before I ask my colleagues in the Government of Newfoundland to consider and pass upon the proposals you have submitted in connection with the Corporation.

It seems to me that there should also be surrendered to the Corporation the partly-paid shares that have been

delivered to you and your associates. These are all extremely important formalities that ought, I think, to be fulfilled before the wider questions submitted by you are examined by the Government.

I understand that you propose to return soon to Montreal and you might care to hand in to Mr. Turta your own resignation and arrange, following your return to Montreal, to have your friends pass their resignations in.

Yours very truly,

Honorary Chairman,
Nfld. and Labrador Corporation,
Premier of Newfoundland.

January 6, 1955.

Canadian Javelin Foundries and Machine Works, Limited,
Dominion Square Building,
Montreal, Quebec.

Dear Sirs:

Memorandum of Agreement dated September 3rd.

We have been advised by the Treasurer of the Newfoundland and Labrador Corporation, Limited that Canadian Javelin Foundries and Machine Works Limited personnel have failed to execute the said Memorandum of Agreement, by failing to make payment in accordance with Article 3 of the said Memorandum of Agreement. Acting upon the advice of our lawyers and the other directors of our board, I kindly request you to send me the resignations of your nominees on the board of directors of the Newfoundland and Labrador Corporation Limited, which resignations you have been holding in trust (Article 6 of the said Memorandum of Agreement.)

Such prompt action by you would eliminate any need on the part of the

other directors to act on this matter, and would help to uphold the friendly relations which have always existed between the old and new members of our board.

Yours sincerely,

DR. ALFRED A. VALDMANIS,
Chairman.

Canadian Javelin Foundries and Machine Works Limited,
Dominion Square Building,
Montreal, Quebec.

Dear Sirs:

Attention Mr. John C. Doyle, Esq.,
President; Mr. F. Davenport, Secretary-Treasurer.

At a board of directors meeting of the Newfoundland and Labrador Corporation, Limited, held on October 27th., 1953 attended by all the nominees to the board including your President and Vice-President, you were allotted four hundred and ninety-four thousand, five hundred and twenty-five (494,525) shares.

In accordance with your subscription and the board of directors allotment, five thousand (5,000) of these shares were issued to you on October 27th., 1953, and a further two thousand (2,000) shares were issued to you on October 31st., 1953, leaving a balance of four hundred and eighty-seven thousand, five hundred and twenty-five (487,525) shares for which the initial payment of sixty-six and two-third cents per share has not been received by the Corporation to date.

You are thereby duly notified that the initial payment, of sixty-six and two-third cents on 487,525 shares, for a total of \$325,016.67 has not been received to date, and it would, therefore, appear that you are now liable to the provisions of Clause 6 and 7 of the

Memorandum of Agreement, dated September 3, 1953.

Yours very truly,
RONALD TURTA,
 Secretary-Treasurer.

MR. BROWNE: Mr. Chairman, I wonder if the Premier would elaborate on sub-question (1). He said there was not any chairman of the board of directors at the present time. Could he tell us who was last, and how long it has been vacant and if they elect a chairman from time to time or an acting chairman?

MR. SMALLWOOD: I am the honorary chairman, by statute. The charter of NALCO was given to it by this House in the form of a statute, and that statute provided that I, naming me, be named honorary chairman, and in the absence of the chairman always assume the office of chairman at a meeting and preside at that meeting, and indeed I have even presided when there is a chairman. The last chairman (I speak from memory) was Mr. Doyle, either Mr. Doyle or Dr. Valdmanis, I believe Dr. Valdmanis. I don't think we have filled the office of chairman of the board since Dr. Valdmanis resigned.

MR. HOLLETT: Mr. Chairman, I wonder if I could ask a supplementary question in connection with (2) 7? Mr. Doyle is supposed to have paid six hundred and some odd thousand dollars — May I ask if that was returned to Javelin following the breakup of the agreement, or was it cash?

MR. SMALLWOOD: Cash. We still have it. Of course we have been spending money on a programme this year. We have thirty, forty, sixty or the better part of one hundred people in the field and prospecting this year, and we spent perhaps a couple or three hundred thousand this year. But

the point is it was paid into NALCO Treasury and not paid back to Mr. Doyle, he was a chairman, and we had the money.

Questions 3 and 4: Deferred. (Honourable Minister of Public Works not present).

MR. BROWNE: Mr. Speaker, is there to be any answers to questions 5, 6, 7 and 8?

MR. SMALLWOOD: I have some more here.

MR. SPEAKER: They are all addressed to the Minister of Economic Development.

MR. SMALLWOOD: I have the answer here, but perhaps the other questions still bearing on Javelin.

Question No. 7: Mr. Speaker, this answer has been tabled here before and I feel no obligation whatsoever to table it again, but I do so because of the fact it has immediate bearing on the legislation before the House and will assist the House to give proper consideration to this legislation. These are auditors reports. Statements for 1951, 1952 and 1953.

(d) and (e) I have already answered.

(f) A board of directors meeting February 11 and again Sept 6. A shareholders meeting Feb. 11 and again Sept. 6.

(g) I frankly don't know what that means. I merely passed the question over to NALCO, and the answer I got—paid official (singular) as at Sept. 19, 1954, Ronald Turta, vice president and secretary-treasurer, salary \$10,000 per annum. Now I don't know if the questions require to list every name of every official, woodsman, cook and cookee and all the

employees of NALGO temporary or casual and all, or merely officials of the company. There is in fact, I believe, only one official who is Mr. Turta. If further information is desired on this point I am sure it will be answered if the questions are made clearer as to what is desired.

MR. BROWNE: Mr. Speaker, do I understand then that the Honourable Minister of Economic Development declined to answer No. 6, No. 5 and No. 8.

MR. SMALLWOOD: No. 6 I do and No. 5 I do and 8 I do.

MR. HOLLETT: May I ask the Honourable Minister of Finance, Mr. Speaker, if it is his intention to answer all the sub-questions under Section 1?

MR. POWER: With the exception of 7 and 8.

MR. BROWNE: Does that apply to Question No. 9? Does the Honourable Minister of Finance decline to answer No. 9?

MR. POWER: I will answer Question No. 9 in the regular session.

MR. BROWNE: You mean next year.

MR. POWER: Yes.

Orders of the Day

MR. BROWNE: Mr. Speaker, I wonder if we are to go on with the Address in Reply now? It is usual, I submit, that in the beginning of a session the debate on the Address in Reply takes place before the debate on legislation which comes before the House.

MR. SMALLWOOD: Item 1, Mr. Speaker, (Committee of the Whole—To consider certain Resolutions in

Relation to the Guarantee of a Loan to be raised by Wabush Lake Railway Company).

MR. BROWNE: On a point of order, Mr. Speaker—I submit the proper procedure is to go on with the Address in Reply. Here we are debating legislation which has been introduced in the Speech from the Throne and no opportunity is given to members to discuss the general state of affairs of the country as a whole. The Premier now by his remark—item (1)—suggests that we are to go on with Orders of the Day, which means to say there may not be any address in reply, no debate. Therefore we have not been given any opportunity to debate the general affairs of the country. I submit the members of the House are entitled to debate such conditions, and that is the only opportunity they can have in such a session as this, that is, where no budget debate takes place there is no opportunity to speak about these particular things. Mr. Speaker, that is a breach of the privileges of members of this House.

MR. SMALLWOOD: Mr. Speaker, there is no intention in the world to have no debate on the Address in Reply. There will be such a debate. —The constitution requires there will be such a debate. Mr. Speaker, it does not necessarily follow it will not be debated.

MR. SPEAKER: I call item (1). Leave granted for this Committee to sit again — I do now leave the Chair.

Mr. Courage Chairman of Committee of the Whole.

MR. SMALLWOOD: Mr. Chairman, I see no reason whatsoever why I should indulge in any lengthy remarks whatsoever on these resolutions. The Bill itself will, of course, require

a considerable debate, and every opportunity will be given to every member of this House, who desires to debate it to do so. The resolution is merely that the Bill be brought in so that we may debate it. In that case, let us bring in the Bill and debate it. This is the way such a Bill must be brought before the Legislature, by resolution. The resolution itself says merely that it is expedient to bring in a measure to authorize the execution of an Agreement between the Government of Newfoundland and Canadian Javelin Limited and Wabush Lake Railway Company, Limited, setting forth the terms and conditions under which the Government of Newfoundland will guarantee a loan of sixteen million five hundred thousand (\$16,500,000) dollars to be raised by Wabush Lake Railway Company, Limited, by way of bonds or debentures issued by that company.

Now that may or may not be the right thing to do. That we can debate on the Bill itself. This is merely a resolution to the effect that a Bill should be brought in. And I see no reason no particular reason for my taking up the time of the House on that matter.

MR. HOLLETT: May I ask the Honourable the Premier just why it is expedient to bring in this matter to authorize—"Be it resolved," says this resolution, "that it is expedient to bring in a measure to authorize the execution of an Agreement between the Government of Newfoundland, Canadian Javelin Limited and Wabush Lake Railway Company, Limited, setting forth the terms and conditions under which the Government of Newfoundland will guarantee a loan of sixteen million five hundred thousand (\$16,500,000) dollars to be raised by

Wabush Lake Railway Company, Limited, by way of bonds or debentures issued by that company."

At this time I merely ask a question, Mr. Chairman—Could the Honourable the Premier tell us just why it is expedient?

MR. SMALLWOOD: Mr. Chairman, the Honourable gentleman is just as well aware as I am that this is the classic form in which a resolution of this type is worded—that it is expedient to bring in a Bill—Now before he was born and before I was born and before his father and mine were born that is the form that was used for bringing a money Bill before the Legislature, to do it by resolution, which always says, it is expedient to bring in such and such a Bill. I shall not give in to the temptation which he lays at my feet, to debate the meaning of the word expedient or even the desirability of using that word. In our opinion it is expedient. It is sufficiently expedient for us to have desired His Honour the Lieutenant-Governor to call a special session of this House.

MR. BROWNE: Mr. Chairman, that remark only means that when the Premier desires to call a special session of the House he can have one. That is what it means. It seems that when he wants anything he can have it, and if he does not get that thing there is trouble. I don't think it is expedient to bring in any measure, and I am going to oppose it right from the start. This is the most ridiculous reason, Sir, for which a House was ever called together in the whole history of Newfoundland. As a matter of fact, I don't believe ever in the history of Canada was a House ever called for the purpose of guaranteeing anything like this—a special session to

guarantee another loan. This is a Government by guarantee. The guarantee Government it will be known as in history, because it is doing nothing but guaranteeing loans. And I say Mr. Chairman, it is not only expedient, not only desirable but absolutely necessary right here and now to examine this position of guarantees that the Government has been giving to private interests. For example, I have two questions on the order paper this afternoon, asking what has happened in the birch plant, which the Government built and in Superior Rubber Company for which it guaranteed a million dollars, and which they had to pay, and for more than a million dollars. And it is not expedient, Mr. Chairman, to answer such questions. Of course not, they are not expected to tell anything about the new industries because the Government is ashamed of them. That is one thing which might be said in their favour, they are ashamed to mention them. It is very significant, Mr. Chairman, that we hear nothing more whatsoever about the new industries—because every one of them, except those which the Government built at government expense are fine pieces of extravagance, every one of them are in default not only in regard to principal and interest but not one of them is carrying out the agreements which were put through this House under pressure, under salesmanship pressure from the honourable Minister of Economic Development.

MR. CHAIRMAN: Order—I must ask the honourable member to confine himself to the resolution.

MR. BROWNE: Mr. Chairman, if this is not in order to say: whether it is expedient to bring in a measure, I don't know what is expedient? To guarantee a loan of sixteen million

five hundred thousand dollars—I am not entitled to call the attention of honourable members and the country generally to the conditions applying to all other loans and guarantees during the last four years? And if the facts show that these loans were guaranteed by the government and all were in default, all or practically all—so it is certainly not expedient now to go to the extreme to introduce resolutions to guarantee a loan up to sixteen and a half million dollars.

MR. CHAIRMAN: It is in order, but not to be debated.

MR. BROWNE: Not to be debated? The industries? But this is an industry—and the other industries established by government guarantee and loans—and Mr. Chairman, if there is any doubt about any of them—I have the book here, the Statutes, to read to you of guarantees given by the Government. Surely, Mr. Chairman, on the other side of the House today we have sensible, intelligent men, who can listen occasionally to the voice of reason and not to the voice of the charmer, the hypnotist, the man who hypnotized his followers and the people of this country on two occasions to follow and listen to him, the man who is leading this country to perdition. Surely we are entitled to point out to them how much experience they should have in matters of guarantees. To say to him, "No, Mr. Premier, don't you think now is the time to draw a line? Don't you think now we have guarantees enough or too much?" What about that loan or guarantee of a million dollars to the rubber company, and they never paid a cent of it? What about that guarantee to Koch Shoes of \$750,000 on which they never paid a cent? In fact they owe you a million dollars.

What about that, Mr. Premier, and the rubber company up to a million and a half?

What courageous man on the other side of the House has the courage who might some day rise up and say in a council meeting or in a Cabinet meeting, or in a caucus meeting, "Mr. Premier what about these loans you guaranteed? What about all these Acts on the Statute Books, guaranteeing principal and interest for fifteen industries and not one of them have paid a cent on principal or interest since they have been formed, and every one is in default in every way you can look at it. What about that, Mr. Premier?" Don't you think, in the light of that experience we should today look at this preposterous request from people we don't know anything about at all. Is there a man of courage over there willing to stand up in council or caucus meeting and speak in that fashion to this man before it is too late? Well, if there is no man on the other side of the House someone has to do it on this side. Someone has got to stand up and tell the country where the country is going by the form of government, this silly, socialized form of government that the Premier has introduced here.

I would prefer to see any man on the other side of the House sitting in the Chair the Premier occupies today than he. Because I know that we would not have a socialized government, we would not have "Government by Guarantee," we would not have people coming from Iceland and people coming from Latvia and from God knows where and walking into his office and saying, "Oh, hello, Mr. Premier," to the Premier of Newfoundland and paying his respects. "Oh you are from Iceland—You are the man

I want to see, Mr. Richards." And Mr. Richards had run away from Iceland and he gets two hundred and fifty thousand dollars of the people's money of Newfoundland. That is the reason why I would like to see anybody else—The Mr. Latvia comes in with a terrible story of how he had suffered and he runs off with five hundred thousand dollars. Is there no experience which the Government did have, or the members of the other side of the House did have which will make them say to the Premier—"This far and no further will you go. You have reached the border line now!"

MR. SMALLWOOD: Mr. Chairman, is this in order?

MR. CHAIRMAN: I must remind the honourable member the debate must be confined to the terms of the resolution. Page 748 Beauschene.

MR. BROWNE: Mr. Chairman, I notice, is reading from a note.

MR. CHAIRMAN: I take exception to that.

MR. BROWNE: Are you or are you not reading from a note, Sir, someone has supplied you?

MR. CHAIRMAN: Someone has not supplied me. I regard that as an insult. I am capable of making my own decisions — nobody supplied me.

MR. BROWNE: Surely you did not come in prepared with a note like that. Surely we may read from "May" himself what is supposed to be said on such a resolution as that, which means so much to the people of this country.

MR. CHAIRMAN: Order — The honourable member will speak of the debate, and will please refrain from insulting the Chair.

MR. BROWNE: Mr. Chairman, I am not insulting the Chair, I am sorry, if he considers I was insulting the Chair, it was not my intention.

MR. CHAIRMAN: To say the Chair is quoting from notes supplied by some one — The Chairman does not quote from notes supplied him.

MR. BROWNE: I take it back, Mr. Chairman. I am very sorry — and I am very anxious to keep to the point of these resolutions. Mr. Chairman, I trust you do not think for a moment that this debate must be limited to saying, "No, Mr. Chairman, this is not expedient." Surely I am entitled to show why it is not expedient and to give the reason, or at least the fifteen different reasons. I could give another fifteen, but the fifteen reasons why it is not expedient to bring in such a measure — the fifteen industries that the Honourable Minister of Economic Development, the Minister of the Department of Economic Development — God help us. The Department of Economic Development! These are the reasons, these fifteen reasons, fifteen companies which the Government guaranteed principal and interest on their loans and every one of them is in default. And if that is not reason enough I would like to know where any reason could be found to justify the turning down of this resolution by every member of the House.

Why is it, Mr. Chairman, that the Premier is refusing to answer questions about the new industries? Surely, as a matter of logic, it is important for us to know how we got along in these industries, before we go and guarantee another big one of sixteen and a half million dollars. What particular virtue applies to a sixteen and a half million dollar industry that does not apply to a million dollar one? Adler's

Chocolates is now almost constructed, without any resolution at all. Why does the Premier honour us by inviting us here to consider this: Why not go ahead like in Adler's chocolates over in Bay Roberts, which is soon to be making chocolates; and it has not even been brought before this House? We are not to be consulted about that. That has been established. And the chocolates will be on the market before Christmas — and we don't know anything about how it was done. And we don't know how much of the people's money has been put into chocolates. Therefore, Mr. Chairman, there is nothing involved in the amount of money — the principle is the thing — We have to consider here whether it is expedient to guarantee a loan for another industry. This is not another paper mill about which we were regaled for several days in the last session, nor another fish plant about which we were regaled last year for a week. This is a mining industry. This is the highest form of speculation in industry — everyone knows that. Everyone knows that. Therefore, Mr. Chairman, I submit that it is perfectly in order, that it is not only in order but it is necessary for us to stop and consider whether it is wise to go on with this thing at all or to drop it here now — Or are we to take it, Mr. Chairman, that the whole thing is cut and dried and that I might just as well sit down as to get hoarse trying to convince members on the other side of the House? Is it settled now? Every man over there, is he told to keep quiet and get through this quickly? And is the honourable member for Trinity South, over there, up in his office now engaging men? The honourable member for Trinity South is up in the Unemployment Office engaging men. What kind of job has he got?

MR. BUTTON: What is wrong with that?

MR. BROWNE: A great deal, as you will hear before the session is over. Surely Mr. Chairman, as serious men, we are to consider this as a serious proposition. "It is expedient to bring in a measure to authorize the execution of an Agreement." I say no.

Now I asked a question a moment ago — Why is it the Government don't wish to tell the House, don't wish to tell the country, don't wish to tell even the Auditor General, the man who reviews the books and accounts of this country, anything about the new industries. He does not know as much as I do; and the members opposite — and that is not much because I know none of them know much except the honourable member for Fogo, and the honourable member for Green Bay so busy looking after Koch Shoes. I am surprised the honourable member for Fogo is able to spare the time from his duties at Atlantic Hardboards.

MR. SMALLWOOD: To a point of order, Mr. Chairman — Is any member of the House allowed to come in here almost like God Almighty, and begin ranging around amongst members and expressing his opinion of them? Is that in order? Would it be in order for me or any member? Is it in order for him?

MR. CHAIRMAN: Remarks that are offensive to any member of the House are out of order.

MR. BROWNE: Remarks, Mr. Chairman, remarks that are offensive to truth, but surely not because they are offensive to a member — because they take offense if we contradict at all — yes.

MR. SMALLWOOD: Mr. Chairman, to the same point of order — The

honourable member for Fogo comes in here and takes his place, as does the honourable and learned member for St. John's West. They both are doing the same thing, taking their place when called to duty. Is it anyone's business where the honourable member comes from, from an outhouse, running an outhouse or running a pigsty or anything else? Is that the business of this House, where any honourable member came from? It is highly offensive, and should not be allowed, and I ask Your Honour to stop it.

MR. CHAIRMAN: I think the debate would make better progress if all remarks that are offensive, not necessarily the truth, but to the members of the House — We can find plenty of precedents on remarks offensive to members of the House — And I must uphold that point. I don't think any honourable member should pick on another honourable member who is there in his seat, saying nothing.

MR. BROWNE: Mr. Chairman, I was saying it was very important for us to know how the industries are being carried out. And, Mr. Chairman, I would like to draw to the attention of members of the House, an article which appears in the Canadian Press and the U.S. Press concerning these industries, which states that everyone of them is in a flourishing condition — It states: Mr. Pushie, the Director General of Economic Development said the other day, they were almost all in the black. Well, now, that is news — They are in the black — Mr. Chairman, I have a feeling they are all in mourning, and that is why they are in the black. The Hardboards Industry, for example, is in mourning. Mr. Dawe is gone. I wonder how many members know Mr. Dawe has left the birch plant and is no longer in charge. It is in charge of other people, but we cannot

find out anything about them. We are not told what alterations there have been in the agreement. We don't know what the agreement is. I asked a question last year and never got an answer. Why, Mr. Chairman, must we stand here and beg members opposite to tell us what they are doing with the people's money. This is the people's house, and the people are entitled to know — and because they are fooled, and can't get the answers, the Premier thinks he can get away with it.

MR. SMALLWOOD: Mr. Chairman, is that parliamentary? "Only because the members are fooled."

MR. BROWNE: The people are fooled.

MR. SMALLWOOD: My understanding.

MR. BROWNE: "Because," I said, "the people are fooled."

MR. SMALLWOOD: Well, if the people are being fooled, the implication is that this government is fooling them. Is that parliamentary, Mr. Chairman? I ask you now, Mr. Chairman, that the honourable gentleman withdraw that remark, unqualifiedly—that this government fooled the people.

MR. BROWNE: Mr. Chairman, do you take orders?

MR. SMALLWOOD: Let that go on record. I asked you—order I did not.

MR. CHAIRMAN: The honourable member knows very well the Chairman does not take orders from anyone. The Premier asked. If he had ordered, my reaction would be different. Now if any honourable member says that the members of this House are being fooled by any in-

dividual in the House, I think it unparliamentary—If it refers to people outside the House I would not rule it out of order. However, I would suggest that members try to contain themselves. Certainly any implication that the Chairman takes orders is out of order.

MR. SMALLWOOD: Mr. Chairman, the thing I asked Your Honour to do was to order the honourable member for St. John's West to —

MR. BROWNE: To order?

MR. SMALLWOOD: I asked Your Honour to order the honourable and Learned member for St. John's West, unqualifiedly to withdraw his statement that this government have fooled the people. I ask Your Honour to order the honourable and learned member for St. John's West to withdraw that remark, unqualifiedly, that this government fooled the people—that is an imputation on this government. I ask Your Honour to do that.

MR. BROWNE: I answer the Premier by saying, yes, it is intended to be an imputation on the government and on the honourable minister of Economic Development. I repeat it so there will be no doubt—the Premier has been fooling the people and members of this House too—it follows the members are the House.

MR. SMALLWOOD: I must insist. I must first make clear what I am requesting—That Your Honour order categorically, the honourable and learned member for St. John's West to withdraw that remark, which he has now added to, and says that I, as Minister of Economic Development, I personally, as minister, have and am fooling the people. I ask Your Honour to order an unqualified with-

drawal of that remark, from the honourable and learned member.

MR. CHAIRMAN: It is usual in the heat of the debate, for honourable members to allow remarks to slip out which might be offensive to other honourable members, and when it is brought to the attention of the Chair to say he is sorry, and go on with his speech, I think this is a case where that might happen—To say that the Premier is fooling the people and fooling the House, is, I think, definitely out of order.

MR. BROWNE: I cannot accept that. I will have to call the Chair and have a vote on it. I want to prove the Premier is fooling the House and fooling the public and fooling the world, for that matter. I want to prove it. I am not allowed. I make a statement of fact, I say I can prove it, and I am not allowed.

MR. CHAIRMAN: That language is out of order.

MR. BROWNE: Mr. Chairman, I can prove it so easily. It is all on the record, all on the Statute Book—There is a speech here from the Premier himself that I want to quote:

MR. SMALLWOOD: Mr. Chairman, I ask for that.

MR. CHAIRMAN: Order.

MR. HOLLETT: Mr. Chairman, may I speak to that?

MR. CHAIRMAN: Now—The honourable member is asked to withdraw the remark.

MR. HOLLETT: I would like to make one statement, as Leader of the Opposition—Surely this is a place where we have free speech. And I think we ought not to ask that any

chairman or any speaker debar or make nor debar the right of free speech. Now if the honourable member said something imputing dishonesty or discredit.

MR. SMALLWOOD: If that is not imputing dishonesty on me, what does it do?

MR. HOLLETT: It says—fooling the people.

MR. SMALLWOOD: And fooling the House. If that is not dishonest, what is the honourable gentleman's concept of honesty.

MR. HOLLETT: Well, I have a concept of honesty, I will have you to know.

MR. CHAIRMAN: I do think that remark is offensive. I think it could be considered as meaning the honourable the Premier is dishonest. I do think so—And I ask the honourable and learned member who is speaking to withdraw the remark and go on with his speech.

MR. BROWNE: You will give a definite ruling on that point, Mr. Chairman. I state definitely the Premier has fooled the members of the House and members of the public. I ask you, Mr. Chairman, to rule whether this is out of order or not. If not, I wish to call the Speaker.

MR. CHAIRMAN: That is all right. That remark is out of order—I have said it two or three times.

MR. BROWNE: Mr. Chairman, I would like to have Mr. Speaker rule on that.

MR. SMALLWOOD: Mr. Chairman, I again, ask Your Honour to demand an unqualified withdrawal of the remark made by the honourable

and learned member for St. John's West. And in the failure or refusal of the honourable and learned member to do so, I ask Your Honour to impose the full penalties on him.

MR. CHAIRMAN: There is not anything I can do except to rise the Committee — if the honourable member refuses to comply with an order of the Chair. I asked him, don't want to order him. I ruled, in my opinion, the remark is out of order and certainly offensive to the Premier and members of the House of Assembly — and I have asked the honourable and learned member to withdraw the remark.

MR. BROWNE: Mr. Chairman, I am sorry, I can't. I can do not other than say what I think — And I am absolutely convinced the man in the Premier's seat today is fooling everybody, fooling the public, fooling the members and everybody.

MR. CHAIRMAN: Will the honourable member please resume his seat. He refuses to comply with orders of the Chair. Therefore the Chairman will call His Honour the Speaker and report to His Honour the Speaker. That is all I can do.

Committee rose.

Mr. Speaker returned to the Chair.

MR. COURAGE: Mr. Speaker, as Chairman of the Committee of the Whole, I beg to report that the honourable and learned member for St. John's West, while speaking to the resolution, stated that the Premier was fooling the people and fooling the members of this House. I called him to order on this account, because, in my opinion, this language was unparliamentary and offensive to the Premier and members of the House. The honourable member refused to retract

and persisted in his remarks, and said that the Honourable the Premier was fooling the world. I ordered him to withdraw the remarks. After having given him lots of opportunity to do so, he still persisted in these remarks. I therefore told him that I would rise the Committee and make the report to Your Honour. I will now ask the House to deal with this report.

MR. SPEAKER: What is the pleasure of the House?

MR. SMALLWOOD: Mr. Speaker, as I am the aggrieved person and the one who made the complaint, I ask Your Honour to order the honourable and learned member for St. John's West to consider —

MR. SPEAKER: I believe the honourable member is not asking me to do anything but consider.

MR. SMALLWOOD: To consider ordering the honourable and learned member for St. John's West unqualifiedly to withdraw the offensive remarks he has made about this government and about me as Minister of Economic Development and about me as Premier, when he said this government are fooling the people and fooling the House. That the Premier is fooling the House, fooling the people, fooling everybody. This was not all made in one statement, one sentence, but over a period of four or five or eight or ten minutes, and repeated several times by him although I had objected about three times and on three occasions in this period asked the Chairman to order the honourable and learned member to withdraw the remarks unqualifiedly. Instead of withdrawing he repeated them, and said he would not withdraw, and insisted on repeating them, and did repeat them. I feel very much offended. I feel it is a very offensive imputation against my

sincerity and my honesty, that I should be fooling this House and fooling the people and fooling everybody, fooling the world. In other words, I am a fraud and a bluff. It bears no other interpretation. I for one, Your Honour, will feel satisfied if the honourable and learned member unqualifiedly withdraws these remarks and any imputations against me, I think, under the rules of Parliament, I have the right to be protected against any imputations.

MR. SPEAKER: I will say again, it is always a matter of constant surprise to me that a matter of public business can not be discussed without personalities creeping in. Secondly: Points like this ought not to come before the Chair at all. Thirdly: I suppose there is hardly anything which an honourable member may wish to say that cannot be said in a House, providing it is said in the proper manner and at the proper time. It is improper to use offensive or opprobrious expressions applied to any member or any group of members of the House. When used they ought to be promptly withdrawn. There is no other course open to me but to ask the honourable member to withdraw his remarks.

MR. HOLLETT: With your permission, Mr. Speaker, I was going to say just one word, i.e., in connection with the way in which the Chairman of the Committee was practically ordered to order the honourable member for St. John's West to withdraw that remark. He said — I ask you, Mr. Chairman to —

HON. L. R. CURTIS (Attorney General): Mr. Speaker, to a point of order — I understand there is no discussion allowed on a matter of this kind. I refer Your Honour to page 32 of the rules.

MR. HOLLETT: I may say, Mr. Speaker, I was not discussing, I was merely telling the Chair something the Chair was not aware of, and the very thing which Your Honour objected to when Your Honour sat in the Chair.

MR. SPEAKER: The point is a fine one. The matter did not arise in the House. I have to hear the honourable member.

MR. BROWNE: I don't know, Mr. Speaker — now you have given a ruling — that any thing can be served by prolonging the discussion, and I withdraw the remark.

MR. SPEAKER: Is the House satisfied?

MR. SMALLWOOD: I move we return to Committee, Mr. Speaker.

On motion Mr. Speaker left the Chair.

MR. G. JANES: Chairman of the Committee of the Whole.

MR. BROWNE: Mr. Chairman, before the Committee rose I was pointing out that the Director General of Economic Development had made a statement about the new industries; and that we had to learn from publications on the mainland and in the United States about how they are getting on. Now, Mr. Chairman, it seems to me to be perfectly relevant to this resolution today to see how this country fared in connection with all these new industries.

Now I was not here at the time the birch mill was introduced. I think a contract was made back in 1950, outside the House, and not confirmed for some time thereafter. Afterwards it was confirmed. But the agreement, as I understand, called for a plant that was to cost a million dollars. That

plant cost \$1.8 million. And up to this time, I believe it has possibly cost the country over \$4 million. Now when the government considered that mill, they thought they had a wonderful thing. The Premier talked about the magnificent birch stands in this country, and he talked so fluently and so convincingly that he convinced every member of the House. He was sure that the best thing for this country was to have a birch mill, a birch mill owned by the government, in which they would get Mr. Chester Dawe, an experienced mill man who knew the woods of this country thoroughly and who seemed to be an ideal person to take charge of such a venture.

(Mr. Courage returned to the Chair, as Chairman of Committee of the Whole).

Look how disastrous that has been from the financial point of view. No, it is not sufficient, I suggest, to say, "look at all the employment it gives." If a business is losing money do you say, but look at all the employment it gives. Is that justification for the enterprise? Is there not another criterion?

MR. SMALLWOOD: Mr. Chairman, to a point of order: The point of order is that the honourable and learned member is now completely out of order. I draw Your Honour's attention to this fact. We are now in Committee of the Whole on a resolution, one relatively simple resolution; that it is expedient to bring in a Bill. If that resolution carries, then what must happen is that the Bill be read a first time, then that it be read a second time. There it will of course be debated because that is the debating stage of the legislation. When that debate is over, however long or short it be, it then goes to Committee of the Whole where it can be debated again,

line by line, clause by clause and almost word for word. In other words, if the Bill itself comes in there will be ample opportunity for debate, at second reading at which time the principle is debated and in Committee of the Whole in which it is debated line by line and word for word and clause for clause and sentence for sentence, as much as the Committee of the Whole may wish to do, and in which members may speak as often as they like.

Now the speech which the honourable gentleman is now making is admittedly, and the one he has been making since he stood up is admittedly, except for certain references, the kind of speech he would make, and it would be proper to make, or that any member might properly make, in second reading of the legislation itself.

Then there is a rule against tedious repetition. If the honourable gentleman insists on making here in Committee of the Whole on the resolution, the kind of speech which I had hoped he would, and more properly, make in Committee of the Whole on the Bill itself or in second reading on the Bill itself. If he makes that speech now in the Committee of the Whole on resolutions what speech may he make on second reading of the Bill, if the Bill should be reported out of this Committee? In other words the speech the honourable gentleman is making is clearly a speech for second reading of the Bill itself where he may argue the reasons why the Bill should not pass; the failure of other industries, the failure of other guarantees, default of the other guarantees, etc. That is the argument against the Bill but not against the resolution. You cannot debate the Bill until the Bill comes before the House.

That is my point of order, Mr. Chairman.

MR. BROWNE: To a point of order, Mr. Chairman.

MR. SMALLWOOD: The Chair cannot deal with two points of order. It must deal with one.

MR. CHAIRMAN: I believe the point of order is that the honourable member now speaking is not strictly relevant to the debate.

MR. SMALLWOOD: It is more than that, Mr. Chairman. It is not only that he is not strictly relevant, but is making the kind of speech it is improper to make at this stage, but it is proper to make it at second reading of the legislation, of the Bill. The Bill is not even before the House.

MR. CHAIRMAN: I think we might deal with one point at a time. It seems to me the honourable gentleman should be strictly relevant to the resolution under consideration, whether he is going to make a speech at second reading or not — We cannot anticipate that at this time. But might I refer the Committee to "May", page 748 of his well-known book on Parliamentary Procedure — He says — "debate must be confined to the terms of the resolution, and is not to be extended to the Bill."

MR. BROWNE: Mr. Chairman, I have not mentioned the Bill. I have not even mentioned the Bill. That is just what I am trying to show you. I am not going to mention the Bill now at all, but all the guarantees the Government gave other industries to show you the history of guarantees, which is a history of failure, and which the people of this country have been called upon to pay the piper, and will likely have to do the same thing if this thing goes through.

MR. SMALLWOOD: Mr. Chairman, is that relevant? Is it proper for the honourable member to do that? It is expedient to bring in a Bill dealing with a railway in the Labrador. On that is it proper to deal with all kinds of other industries and all kinds of other guarantees and all kinds of other loans made which may or may not have defaulted? Is this the time to do that, or is it proper?

MR. CHAIRMAN: Not for a full-dress debate. Any honourable member might merely mention them in building up his case that these resolutions should not pass.

MR. BROWNE: But, Mr. Chairman in other words I am only allowed to say what the Premier wishes — That is what it seems — He is objecting to my line of argument. I am showing that in fifteen cases, I believe it is fifteen, twelve or fifteen cases the Government guaranteed principal and interest for industries.

MR. SMALLWOOD: That is not even factually correct, Mr. Chairman, the Government did no such thing.

MR. CHAIRMAN: Order.

MR. BROWNE: This is something new.

MR. CHAIRMAN: I must deal with the remark made by the honourable member for St. John's West. I don't think it is in order to say that in the House any member can say only what the Premier wishes — Any member may at any time rise to a point of order.

MR. BROWNE: Take Superior Rubber Company just as an illustration: The Premier just said the Government did not guarantee principal and interest for any company.

MR. SMALLWOOD: I did not say "any company." I said to fifteen companies. That is what the honourable gentleman said ten times.

MR. BROWNE: I have lost track of the number it may be only twice or twelve times —

MR. CHAIRMAN: Order.

MR. BROWNE: "The Province of Newfoundland hereby guarantees the payment of interest on due dates at a rate not exceeding five and one half per cent per annum on loan or loans not exceeding in all the sum of one million dollars." Now what the Government did in that case was to give the million dollars to the company, and I think it is nearer one and a half million dollars, and charge no interest at all. We have lost the interest they did not pay. We just lost it.

MR. SMALLWOOD: I am sure the honourable gentleman does not mean to misrepresent, and say the Government gave them a million and does not charge interest. A moment ago it was a guarantee, now it is that it was given and we did not charge interest. It is factually haywire.

MR. BROWNE: I am reading from the Statutes: "The Government of Newfoundland hereby guarantees the interest on due dates." But Mr. Speaker, there was never any loan raised by the Superior Rubber Company.

MR. SMALLWOOD: All right — So we did not guarantee it.

MR. BROWNE: Oh yes, under the Act you were supposed to. Here is the guarantee: "The Lieutenant-Governor in Council have power to give and execute —

MR. SMALLWOOD: Have power to do it, but did not.

MR. BROWNE: Because they could not raise a loan.

MR. SMALLWOOD: Whatever the reason. The honourable gentleman has said ten times that we did, when we did not ever, not once.

MR. BROWNE: No, Mr. Chairman, I am not going to be diverted from my chief point that in connection with these industries the Government passed Bills and introduced resolutions to take power to guarantee principal of loans to companies, and the companies could not raise the loans and the guarantees therefore were not necessary, because the Government supplied the money, the cash. They did not go to the banks at all. They got the cash right from the Government. And the Acts says the Government should guarantee the principal and interest and the Government has lost the interest because it was their own money that was given to these companies.

Now, Mr. Chairman — It is expedient to bring in a measure to authorize the execution of an Agreement — setting forth the terms and conditions under which the Government guarantees a loan of sixteen and a half million — and there is only a loan of a million — And I say, if there was only one precedent it would be sufficient to quote here in justification of this House considering that it was not expedient to bring in a measure to authorize a loan of sixteen and a half million. But when we have a dozen industries, which were set up by the Statutes of Newfoundland, in every case in which the Government had power to guarantee the loan, but the companies were not able to get a loan, and which the Government guaranteed — There is not one of them, not one of them raised a loan, not one, not one of them had credit enough at the

bank to be able to get a loan. So that the Government had to supply the money, and had supplied the money in all these industries to the tune of \$25 millions. There is \$25 millions of the people's money now invested in these industries. And I feel we should know more about them before taking on a sixteen and a half million dollar loan, to guarantee a loan.

I was talking about the hardboards plant when I was interrupted. It was only supposed to cost one million, and now, up to the present time, the country has paid four million dollars out on that. If the members of this House had been told, when it was before the House in the first place — "Now gentlemen we are going into this business. It is a speculation, and it may cost four million before we are finished, or five millions," would they then have been so willing to favour it and pass it?

Now we are going into a sixteen and a half million guarantee, and what guarantee is there to the House or to the people of this country we won't be called upon to spend twenty or thirty millions before we are finished? I want to point out, Sir, it is not the business of the Government to be guaranteeing loans for business or for mining companies or for wood companies or rubber companies. Mr. Chairman, the general manager, and I believe the president of Superior Rubber have gone, and the man who set out to arrest Sennewald, to keep his mouth shut from telling what he knew about the way the industries were started. Braun-Wogau knew how Sennewald's mouth was stopped.

MR. CHAIRMAN: I don't understand — It seems to me the honourable gentleman is getting afield. This does not seem to be very relevant to these resolutions.

MR. BROWNE: Mr. Chairman, I don't know what I am allowed to say. If there are scandals connected with these industries it ought to be shown, so that the public and the House may know about them. Why was Dr. Sennewald stopped by Braun-Wogau? Why was a plane chartered at the last minute from the Canadian Air Force to send Braun-Wogau out to Gander to bring Dr. Sennewald in so he could not go on the air for Gordon Higgins.

MR. SMALLWOOD: Why did I give the honourable gentleman a seat in this House, as I gave it to him, on a silver platter? I am beginning to wonder.

MR. CHAIRMAN: The debate is decidedly out of order.

MR. BROWNE: Yes, the Premier admits it now — the hardboard plant of which my honourable friend, the member for Fogo, I believe, is now manager — They are in mourning for most of their technical personnel.

MR. SMALLWOOD: Mr. Chairman, is all this in order? If it is not, is the honourable gentleman allowed to go on as if it were in order? Does his saying so put it in order?

MR. CHAIRMAN: I did not hear enough of the last part of the honourable gentleman's remarks to know if they were out of order or not — But I must remind honourable members of the rule of relevancy in Committee of the Whole. Debate must be strictly relevant to the matter under consideration, according to standing orders.

MR. BROWNE: Mr. Chairman, how much was it we guaranteed for Hardwoods Plant? — I just want to show how that turned out.

MR. SMALLWOOD: Mr. Chairman, is that in order?

MR. CHAIRMAN: I have not heard enough of the remarks to know.

MR. SMALLWOOD: Mr. Chairman, I would draw Your Honour's attention, if I may, to the wording of the resolution we are now supposed to be debating — I am on a point of order — That it is expedient to bring in a measure to authorize the execution of an Agreement between the Government of Newfoundland, Canadian Javelin and Wabush Lake Railway Company Limited, setting forth the terms and conditions under which the Government of Newfoundland will guarantee a loan of sixteen and a half million dollars to be raised by Wabush, etc. I ask Your Honour is it in order for any member, not only the honourable and learned member, but any member of this House at this stage on this perfectly simple resolution, uncomplicated and simple, just to go right ahead and go over the whole field of economic development and all the industries? Is that really in order? Is that strictly relevant?

MR. CHAIRMAN: I dealt with that point — It is not in order. However, the honourable member has an argument, and may touch upon the industries to prove it is not expedient.

MR. SMALLWOOD: It has been quite a touch up to now.

MR. BROWNE: And, Mr. Chairman, this is to be the biggest touch of all, sixteen and a half million dollars.

MR. CHAIRMAN: Order.

MR. BROWNE: And we have been touched for twenty-five millions.

MR. CHAIRMAN: There must be order in the galleries. There must be order. I ask the honourable member to continue his remarks remembering the rule of relevancy.

MR. BROWNE: Perhaps, Mr. Chairman, the honourable member for Fogo could enlighten me — I think five hundred thousand was the amount of the guarantee originally, but the amount up to the end of February was \$1,469,000. There is a guarantee we gave, and I am not sure whether it was for five hundred thousand or seven hundred and fifty thousand. I know that the figure is away above what was guaranteed, and in the case of the Hardwoods Plant it went from one million up to over four millions, and in this case it went from five hundred thousand up to one and a half million, money of the people of this country. Surely these are two precedents to show it is very unwise and unexpedient to be guaranteeing loans, and therefore for bringing in the measure at all to guarantee further loans.

Now the Government have not enlightened us. We do not know why those heavy expenditures have been incurred, nor why all of them are losing money and none are paying interest. The Koch Shoes and Gold Sail. Now I know something about them, more than about the others because I was talking to the manager of Gold Sail and the chief accountant of Koch Shoes last year, and he told me a good deal about them. The great Mr. Koch is gone and his glamorous wife, and the honourable member for Green Bay has replaced him. Here is an opportunity for the Government to come forward and say, look here, we did so well with all the other industries this thing is just really money in the bag. From this sixteen and a half million we are going to get a million and a half a year from them. But, Mr. Chairman, the Premier promised all the industries were to be profitable and were to plow profits back into the industries. I don't want to develop that

at the present time, because I have some very choice morsels to relate from the Premier's speech, if I am permitted.

I am sure, Mr. Chairman, it is only reasonable that we should draw attention to the way in which these guarantees have worked out in previous cases. We have to depend upon gossip or reports from former employees in these factories or disgruntled employees who come to us and bring us stories about what is going on. Why all the secrecy? Why not give all the information, Mr. Chairman? In regard to these fifteen industries we cannot get any information we are asking for? I am refused it. It is not relevant to know what happened. Supposing this thing goes through and there is a general election, if you like, and next year another House comes in and someone gets up and says he would like to know how the industry is coming on in Labrador. Is there any more duty for the Government to give information about what is going on in Labrador than in Harbour Grace or Holyrood or any of the other industries? The principle is there. The money belongs to the people of the country. It has been invested in these industries, and the people are not allowed to know what has happened to them.

We asked for this information in the last session. We did not get it. We asked for it in the previous session and did not get it. We moved a vote of non-confidence last session and in the previous session, and last session at the end of the session the Honourable Minister for Public Welfare resigned — and why did he resign? Let me draw to the attention of his former colleagues —

MR. SMALLWOOD: Mr. Chairman, is this relevant?

MR. CHAIRMAN: I don't believe it is relevant.

MR. SMALLWOOD: Is this a debate in which the honourable member may just range around everything under the sun. There is nothing here in the Speech from the Throne about Dr. Pottle.

MR. BROWNE: Mr. Chairman, bear with me a little while — Here a member of the Government now, Hon. Dr. Pottle, respected member of the Government.

MR. SMALLWOOD: Respected by whom?

MR. BROWNE: I don't suppose he is respected by the Premier.

MR. SMALLWOOD: Nor by his district, nor the people of Newfoundland.

MR. BROWNE: That is another matter time will certainly tell.

MR. SMALLWOOD: See how long the time will be.

MR. CHAIRMAN: I believe the honourable member who is speaking is now getting away from the resolution. I think most of the debate lately could more properly be given in the Throne Speech which is to come later.

MR. BROWNE: If it is not given now it will be given on second reading — the Premier will have to listen one time. It might just as well be now.

MR. CHAIRMAN: Order.

MR. SMALLWOOD: The proper time is at second reading not now.

MR. BROWNE: But Mr. Chairman, what are we debating? Are we not debating a resolution to introduce a measure to guarantee a loan of sixteen and a half million dollars? And

is not the experience which the country has had in regard to all other guarantees relevant to these resolutions? We are debating the resolutions. How is it different from a resolution guaranteeing a loan for Adler's chocolates, of four or five hundred thousand dollars? It is only a question of the amount. The principle is the same.

I pointed out here, Dr. Pottle resigned at the end of the last session because he disagreed with the policy of economic development programme of the Government. It had, he said, spread itself too hastily. Time was not taken to consolidate.

MR. SMALLWOOD: Mr. Chairman, I ask Your Honour, in spite of Your Honour's observations and comments, the honourable gentleman continues. Dr. Pottle has nothing to do with these resolutions. The honourable and learned gentleman is now reading a speech of Dr. Pottle's.

MR. BROWNE: Not the whole speech.

MR. SMALLWOOD: Well, from the speech.

MR. BROWNE: Unfortunately I have not got it all with me.

MR. CHAIRMAN: The honourable member cannot do that.

MR. BROWNE: I know Mr. Chairman, this must be awfully painful.

MR. SMALLWOOD: Mr. Chairman, I rise to a point of order — The debate Mr. Chairman, is being put out of hand by the honourable and learned member insisting, even over Your Honour's ruling, insisting on treating this debate as though it were a debate on the Speech from the Throne or on a second reading on a piece of legislation. It is neither, and his speech is

all out of order, in my view. It could properly be made on the debate on the Address in Reply to the Speech from the Throne or could equally, properly be made on second reading of the legislation with which this resolution deals. But it cannot properly be made on the resolutions — I hold that.

MR. CHAIRMAN: Order — I must uphold that point of order, with regard to the Speech from the Throne, it would be much more suitable on a debate on the Address in Reply. I must ask the honourable member to read the resolution and confine his remarks to it.

MR. BROWNE: To read the resolution? Mr. Chairman, asks me to read it. I read it before.

MR. CHAIRMAN: The honourable member will confine his remarks to the resolution.

MR. BROWNE: "That it is expedient to bring in a measure to authorize the execution of an Agreement between the Government of Newfoundland, Canadian Javelin Limited and Wabush Lake Railway Company, Limited, setting forth the terms and conditions under which the Government of Newfoundland will guarantee a loan of sixteen million five hundred thousand (\$16,500,000) dollars to be raised by Wabush Lake Railway Company, Limited, by way of bonds or debentures issued by that company."

Now I am asked to stick entirely to that resolution. I am not allowed to go outside the wording of that resolution.

MR. SMALLWOOD: That is the rule of Parliament.

MR. BROWNE: That is not the rule of Parliament.

MR. CHAIRMAN: Our standing order says; debate in Committee of the Whole must be strictly relevant — These are not my words nor my ruling.

MR. SMALLWOOD: I might add, as in fact the legislation in this matter will give ample opportunity for debate, there is less reason than ever for long and detailed debate on the resolutions.

MR. BROWNE: That only means the Premier wishes me to give my speech at another time.

MR. SMALLWOOD: At the right time.

MR. BROWNE: I can give a speech like this on second reading, yes.

MR. SMALLWOOD: And on the Address in Reply.

MR. BROWNE: Yes—But I wanted to have the debate on the Address in Reply and we were not allowed.

Now, Mr. Chairman, I will, I hope, try and keep, as you are inclined to think, more strictly then, to this resolution. It is expedient to bring in a measure, to bring in a bill to authorize the execution of an agreement. I don't know whether this agreement has been made yet or not, but if it has not, why are men being engaged? Some assurance has been given these people that this is going through. Anyway I read in the paper that the contract with McNamara Contractors has been signed to build a railway in Labrador for ten million dollars.

Mr. Chairman, let me draw the attention of the members of this House to the question: who is going to raise this loan? A lot of people in the country generally and in the House are under the impression the Canadian Javelin Company is going to do

so. But is it they that are going to raise the money at all? It is the Wabush Railway Company — and its only assets at the present moment, as far as I know, is the concession they got last year to build a railway. That is the only asset they have, and they are going down to raise sixteen and a half million dollars—And it is perfectly obvious they are only able to raise that on the credit of Newfoundland. This company could not possibly raise it otherwise. Therefore it becomes a part of the indirect debt of this province, and increases the public debt of this province by sixteen and a half million dollars.

In the last session I drew a graph to show how the public debt of this country has gone up since this government took office; how the thirty-two million dollars from the surplus was spent and thirty-six million dollars were borrowed and spent, and now another sixteen and a half million dollars is being added to our capital debt. Our debt is skyrocketing, and although our credit is still good, how long can it continue so, at the precipitate rate that it is mounting. I don't think there is any other province in the Dominion of Canada whose debt is going up at the rate ours is. We started with a surplus of forty-two million dollars, ten million of which is still in Ottawa, therefore there was thirty-two million spent between 1949 and 1952. Ten millions were borrowed and then twelve millions in 1954 and sixteen millions borrowed this year, and now here is another sixteen and a half million dollars which will be added to our debt, because it is the responsibility of this country. That will be \$54½ million. It must be remembered we have a lot of other obligations too. Every town council in the country is set up

under government guarantee and many private companies have received government guarantee as well, many of which we have had to pay — we have been called upon to pay.—We have guarantees and the people defaulted and the country had to pay. I would say: in the great majority of cases in which the government of this country gave guarantees the government had to pay the money.

MR. SMALLWOOD: May I interrupt and tell the honourable gentleman, in all the cases where the government has guaranteed loans at the bank or bonds or shares or stocks of any kind, in all these cases we tabled a list of them this afternoon, not one half of one per cent have ever defaulted or called upon the government to pay a single cent. I may be exaggerating, let me call it one per cent. Look at the list—read it out—you got the list. It was tabled here this afternoon.

MR. BROWNE: I don't know what the list is. I have a list of my own. How many defaulted?

MR. SMALLWOOD: No one. The government did not guarantee any industries. We made cash loans. I say in all cases where the government guaranteed bonds and cash or bank loans, not one per cent have defaulted. Now that is either right or wrong.

MR. BROWNE: It is not as simple as that. I am not going to be put out over splitting hairs. The government passed the bills, and it is likely they are going to pass this one.

This is a question of a resolution to authorize the government to bring in a bill by which they are authorized to lend money. The industry is already under way.

MR. SMALLWOOD: This resolution is not authorizing the government to lend money.

MR. BROWNE: I know that. I took care to look at that. I understand the government already received information that a company in the United States is prepared to underwrite this loan when it is guaranteed. But this is a resolution about which we got very little information this afternoon. By what we have been able to pick up from documents tabled here, this is a resolution to authorize the government to enter into a contract to guarantee a loan of sixteen and a half million dollars to a company whose only asset is a right of way to Wabush Lake —

MR. SMALLWOOD: Mr. Chairman, I ask the honourable gentleman to look up the list of guarantees the government has given and see how many have defaulted. He has the list in his hand.

MR. BROWNE: Alberto Fisheries Limited.—It does not say whether they defaulted or not. We may have to read the Auditor General's remarks on them.

MR. SMALLWOOD: Has not the honourable gentleman already read it? Does he not know how much they are in default? Of course he can use up a little more time.

MR. BROWNE: I am not trying to use up any time unnecessarily. I am trying to get members of this House to realize the truth about things. I am sorry to delay the House. On this question of the Premier's—I don't know whether that one is written off by the government or not—but my recollection of it is that it was not paid. My recollection is that that was in default. Alberto Fisheries Limited,

amount guaranteed \$65,000, amount paid \$2,672. I don't know where the honourable gentleman —

MR. SMALLWOOD: Count up the total, never mind the details, give the total of how much was guaranteed and how much defaulted.

MR. BROWNE: That is one —

MR. SMALLWOOD: That is one. Now the next—give us the total.

MR. BROWNE: Andrews Labrador Fisheries \$41,912. This represents the amount which the government was required to pay because of the failure of the company to meet its commitments on the due date—since the close of the year the government paid their instalment, etc., in accordance with the terms of the agreement. That is the second one in default. Arctic Fisheries Products —

MR. SMALLWOOD: Mr. Chairman, I would suggest a recess while the honourable gentleman is looking them up.

MR. BROWNE: And I will have them all ready when we come back.

MR. SMALLWOOD: Do.

On motion the Committee recessed for ten minutes.

Mr. Chairman returned to the Chair.

MR. BROWNE: Mr. Chairman, just before the recess the Premier invited me to look over the list of guaranteed bank loans, which he said would show that a very small percentage were in default. The first two I read out. Arctic Fisheries Products. I am not sure how old that one is—I think it is in default too.

MR. SMALLWOOD: Arctic Fisheries is not in default.

MR. BROWNE: I would like to have more information before I am prepared to accept that.

MR. CHAIRMAN: I think the honourable gentleman ought to hear the Premier's statement.

MR. SMALLWOOD: He has no choice, if he is going to say it is.

MR. BROWNE: We will get the figures from the Auditor General. I suppose they are here. According to the Auditor General's statement here, Arctic Fisheries Limited was loaned \$125,000, amount outstanding \$87,500. Now we go on to Atlantic Films and Electronics. That is the Latvian company which is being assisted to make movie pictures of the progress of the Government industries. It is a new industry. I don't know the extent of the money loaned. Perhaps the Premier might tell me. But this is a case of guarantees at five per cent. The company, of course, could not raise the loan, so it was converted to cash loan, which is the case of the sixteen loans mentioned on these sheets, they were subsequently converted to cash loans. Now if their case is the same as the case of the Superior Rubber Company, then I think it would be only fair to say they must be in default because the original agreement was not carried out by them and new agreements were substituted. And instead of raising loans on their own strength and meeting their obligations when they came through, the Government had to give them the money. They could not get it from the banks. Now, Sir, getting back for the moment to the resolution — "It is expedient —

MR. SMALLWOOD: Why does not the honourable gentleman do what he undertook to do, tell the total the Government did in fact guarantee and the number of the total that defaulted?

MR. BROWNE: Well, Mr. Chairman, I have not got all the figures here to enable us to do that. But I would say that the amount in default must be in the neighbourhood of \$25 million on industries alone, apart from anything else — But I want to get back to the resolution. I don't want to offend, Mr. Chairman, against the desire of the Premier or yourself, that I should keep strictly to the resolution.

"It is expedient to bring in a measure" — It has been drawn to my attention since recess that the dictionary definition of "expedient" means that it is advisable, that it is dictated by prudence and wisdom. Mr. Chairman, is not that what I was trying to do — Is it prudent, is it wise on the part of the legislators to see what has happened in previous cases. You, Mr. Chairman, like myself, are a lawyer, and there are lawyers on the other side of the House. And it is our practice to find out the principle involved in any case, and to find a case as closely related as possible to the one we are asked to deal with.

MR. CHAIRMAN: The Chairman must not be brought into the debate.

MR. BROWNE: I refer them to the Honourable the Solicitor General and the Attorney General. As lawyers we go by principle and by precedent. I would like to see the Government as prudent and wise in their handling of matters which come before them as lawyers have to be in matters dealing with their clients.

Now is it a matter dictated by prudence and wisdom? Is not that, to say the least, a debatable question? Of course it is, but you don't want it to go to debate. The resolution is that it is expedient to bring it in and discuss it. That is what the resolution says. You won't even discuss it. Mr. Chair-

man, is it expedient, is it wise and prudent? Then let us remember the words — Neither a borrower nor a lender be.

I am sure no one knows better than some of the members of the Government that if you back a note for a person very often you end in misery. The person for whom you back the note very often forgets it on the due date, then where are you? Well if you do that fifteen or twenty times and found out the fifteen or twenty persons for whom you backed the notes defaulted and you were called upon to pay the notes, the principal and interest — Then another person comes along and looks for something that is twenty times as big or fifteen times as big as anybody ever asked before. If the biggest loan was \$2,600,000 to the machinery plant and then someone comes along and asks for sixteen and a half million dollars guarantee. And you say to him — Well now what assets have you got? And you are told, the right to build a railway in Labrador. You ask, is that all the assets you got? And you are told, yes, that is all. Well, I am very sorry, you know that is too much to expect to ask me to lend you, sixteen and a half million dollars when you have no collateral to pick. Then you are told, Oh! I am going to lend nine millions of that to Javelin. We are to lend it to the Wabush Railway and they are to lend it to Javelin. Now I don't believe most people realize that we are lending to a company which has no assets.

MR. SMALLWOOD: Now Mr. Chairman, the honourable gentleman is debating the Bill which is not in here yet.

MR. CHAIRMAN: I must uphold that point of order.

MR. BROWNE: But, Mr. Chairman, it is mentioned in the resolutions that the money is to be lent to the Wabush Lake Railway Company. And it is up to the Premier when introducing this to explain and tell us who the Wabush Lake Railway Company are. If he wishes now to explain and elaborate upon their assets and tell us what they got, I would be glad to hear it. I don't know of any assets they got. They were just formed for the purpose of getting this loan — and they are going to lend nine millions of it to Javelin.

Now, Mr. Chairman, when debating this resolution, the Government should certainly consider the possibility of default. If default happens, as it so frequently does, it is both prudence and wisdom and common sense to be cautious about it. Whose money is it? Whose credit is being jeopardized by this loan? It is not the Premier's, it is not the individual members' of the Government, it is not the individual members' of the Legislature, it is the country, and if we are ever called upon to repay any part of that sixteen and a half million dollars, whose money will have to pay it? It will be the money from the people of this country, men and women and children of this country.

Now I cannot help referring to my honourable and learned friends in this House who are legal gentlemen who are familiar with the Trustees Act. They know that no trustee would be entitled to invest money in a mining company as such, whether they were bonded or not. The fact that they are guaranteed by the Government is such an unusual measure that it is very problematic whether they come within the trustees' bond or not. I don't think they do. I don't think they would be considered trustee bonds for

investment of trustee funds. I don't think any trustee who is entitled to have money would be allowed to go into this thing, because there is always the danger — there is the experience we have had in the past in connection with all the industries that have been established to justify us in hesitating considerably before we would authorize the Government to enter into this contract. We are speaking here today, I take it, in Committee, as members of the House, and if we approve this in principle; that it is expedient, then the Government goes ahead and brings in these Bills — and I am trying to show now that they should stop right here and now.

I wonder, Sir, if the Premier in his reply later on, will tell us why they came to the Government to look for this guarantee. We had a Bill authorized in the House in the last session to authorize the Wabush Lake Railway to build this railway and I understood it was all cut and dried then and all they had to do was to go out and raise the money and have the thing started in June. Here we are in September coming back here again and they are asking us to guarantee money, because they were not able to raise it themselves. Why not raise it themselves? Why come to this poor little country and ask us to guarantee the bonds for building a railway and the building of a mine? Did they try the Bank of Canada and ask them for a loan? The Bank of Canada with billions of dollars would not miss sixteen and a half million dollars. Did they consider, I wonder, asking the Canadian National Railway? They built a railway a hundred miles long up to Kitimat for the aluminum people in British Columbia; did they go to the Iron Ore Company, and they would get the money back quickly. Why not

do these things? Why come to Newfoundland to guarantee the financing of the railway? Of course it is not only the railway that is being financed, it is the whole project. Apparently the thing fell through, and they come back upon the Government whom they recognize as being so generous in its dealings with business people outside of Newfoundland; who have brought in so many people from Europe and set them up in business and have given them the money they sought, and even more than they were looking for. And of course they recognized that by coming to this country they had a better chance than they had in looking to the banks. We were under the impression they are going to make an amalgamation with an American Company, and I was under the impression that it was on account of the amalgamation with that company that the Javelin Company would be able to build its railway. That deal apparently fell through, and no other party, apparently, joined up with Javelin to put the deal through.

Now, Sir, if we could know, if we could, any one of us, stand up here and say, look sixteen and a half million is all that we are going to be called upon to pay — if we could say that — if there were any man on the other side who could stand up and say, that is all, sixteen and a half million, we won't give any more. But wisdom and prudence comes, and tells us that after that sixteen and a half million dollars is spent, there is a strike or a mining disaster or something or other unforeseen arises that necessitates five million dollars more, for example — what are we going to do then? When they come back to this country, where will we get the money? The country is in so deep, sixteen and a half million dollars, that we have to

go after the money, have to go in and help them, just as the Government was called upon to give further loans to the industries, like the birch plant going from one million up to four millions or over four millions. What guarantee is there to this country that we won't be required to go beyond that sixteen and a half million dollars that is spoken of here?

When it comes to building a railway on territory on the Labrador nobody can tell precisely how much that is going to cost. It may be much more than the estimate. And I see here in the books which were laid on the table the other day great discrepancies in the estimates for various parts of the project — Which one is likely to be the most correct? I have them marked here for a later time. But now at this particular moment I think we should confine ourselves to the expediency of the thing, and not go into detail on each item.

I feel sure that Mr. Doyle would not have come to Newfoundland to look for that guarantee if he could have raised the money elsewhere. Now why did he not raise the money elsewhere? He has raised money by the sale of shares to the extent of \$12 million, but apparently \$12 millions today is not considered enough to start a mine even though it is only a short railway over a comparatively short distance of 42 miles to the common-carrier that will take the iron ore down to tidewater where it can be shipped.

A mining venture is a speculation, and let no one (I was going to use the word "fooled") think that there is anything certain about a mining venture. It has always been regarded as the most speculative venture that there is. There is no doubt about it,

sometimes they turn out, and this might turn out to be a very good thing, but it is certainly not the thing for which government funds should be used. The government are trustees of the people's money. They are trustees and they should regard themselves as trustees. And they should sit down and talk amongst each other and ask, is it wise for us to do this? Is it right for us to do that? Why should we do it? And as I said in the beginning, and drew to the attention of the Government, of the Premier, of the members, that each one of them in his own conscience should ask himself that question, and not hesitate to ask the Premier—Do you think it is wise for us to do that?

Now when you come back to this, I have another list here, a list tabled last session. I can't speak of all the amounts that were guaranteed by the government. But I have the various items here. And I will show that the Province of Newfoundland, in connection with the rubber company, guaranteed the payment of interest on loans not exceeding in all the sum of one million dollars.

MR. SMALLWOOD: We did not.

MR. BROWNE: No? What does the Act say? Is this the Law or not? "The province of Newfoundland hereby guarantees—Now Mr. Chairman, it is only splitting hairs to say we did not guarantee the loan, we gave them the loan. We not only gave it, but my humble submission is that the government went beyond its power and gave them a million five hundred thousand dollars. And here is the agreement. And I compared last night the agreement we are asked to bring in here today with this particular agreement, and there is a great deal of semblance.

"The government will lend under guarantee or cause to be lent to the company the sum of one million dollars." And the company could not raise any loan. There was a reservation in that particular bill, as you so well know, to authorize the company to go ahead and raise the money, and when they raised the money they were to relieve the government of the obligation. Did they do it? No, Sir. Here is a statement tabled last session. We find the Superior Rubber Company had obtained \$1,362,800, and subsequent to that got a further loan of \$38,000 bringing it up to \$1,400,000. And I don't know how much they have gotten since.

Now take Koch Shoes. "An Act to Approve and Give Statutory Effect to an Agreement Between the Government and Koch Shoes Limited." Mr. Chairman, I see the resemblance. One agreement is just like another. Here the Province of Newfoundland guarantees the payment of interest not exceeding five per cent on a loan or loans not exceeding in all the sum of \$750,000, paid by the company in accordance with said agreement, and repayment on due dates of the loan or loans so raised. And a guarantee is given. The agreement is set out.

MR. CHAIRMAN: The honourable member will excuse me—I believe he is now comparing the two bills under the resolution. I must remind him of the ruling already given, debate must be confined to the terms of the resolution and not be extended to the Bill. I don't think a comparison between the two bills is in order at this moment. I waited for the honourable member to develop his thought.

MR. BROWNE: Mr. Chairman, my point, I thought, was clear enough.

In the previous bills there were guarantees that the government had underestimated. They took power under the agreement to guarantee and the companies themselves were not able to raise the money, so the government had to give them a direct loan, and instead of \$750,000 it was over \$800,000. The honourable member for Green Bay could perhaps enlighten us as to how much it has gone up since then, I would say it is nearer nine hundred thousand—and \$750,000 was the amount in the bill.

Then I can go on to the battery plant, which had a similar agreement, which guaranteed up to \$25,000, and at the 28th of March the battery plant had \$415,000, just a mere \$90,000, beyond the guarantee, but still there has been no principal and no interest paid.

Well, I can go on to all the different plants, for that matter, if they were all here — but they are not all here, unfortunately in the case of all the industries, Hardboards and Eckhardt Mills—they were getting loans last year. I have the exact amounts which were voted in the last session, the tanneries, the glove factory, the Gold Sail.—There is an interesting one there—a company, Mr. Chairman, the value of the machinery —

MR. SMALLWOOD: Is this relevant, Mr. Chairman, to these resolutions?

MR. CHAIRMAN: I would ask myself, if it is relevant?

MR. BROWNE: Mr. Chairman, I am trying to show the government, and the Premier does not want to hear what I have to say.

MR. SMALLWOOD: Delighted to hear every word, enjoying it immense-

ly, so entertaining. It is all so new and novel and original.

MR. BROWNE: I don't expect the Premier to enjoy it.

MR. CHAIRMAN: It does not matter whether the honourable the Premier wants to hear it or not, I must ask the honourable gentleman to speak to the resolution—and at least some of what he is saying now is repetition, and is some of what was previously said.

MR. BROWNE: Oh yes. In a lengthy speech like this, Mr. Chairman, I am sure you will forgive me if I do happen to repeat one or two sentences. I was particularly anxious to draw the attention of the Government and the House to Gold Sail Leather Goods, because I had from the manager himself, Schaffers, the value of the machinery, which was only \$12,500 when he brought it here. — Incredible! — They only had \$12,500 worth of goods when they started and were given loans up to \$185,000. Mr. Chairman, surely there must be some little morsel of principle to come from these experiences, experiences with every one of these industries where the Government undertook to start an industry and agreed to lend a certain amount — in every case the estimate was underneath what actually occurred, and very substantially.

The same thing applies to the United Cotton Mills here and the Atlantic Films and Electronics, with a loan of fifty thousand and it had a previous loan of \$150,000. That is \$200,000 for a little business dealing with the movie business, \$200,000 capital supplied by this country.

I look in the year book for Canada to see if any other province was doing this sort of thing, and while I know

that Saskatchewan, while out and out "CCF" or socialistically inclined to do that sort of thing — I could not find anything to compare with what this Government is doing and which it is now asking the House of Assembly to approve.

MR. CHAIRMAN: I still don't get the point of the honourable member's speech nor how it ties in with the resolution.

MR. BROWNE: Perhaps I did not elaborate the point. The point is, if the other provinces of Canada don't do this sort of thing, why should we? They are older than we are. They have a longer history, longer experiences, longer than we have. After all we were a long time without a Government, and have not the traditions these other provinces have. The Province of Nova Scotia, for example, right near us, they have intelligent men there running their affairs — And I have their public accounts here. I have their estimates here. I have searched through and through them, and could not find anything that went beyond ten thousand dollars that even resembles a guarantee. I could not see anything. Perhaps the Premier knows. Mr. Chairman, it seems to me the Premier is unique. I will give him credit for that. He has got a genius that other Premiers in the Dominion of Canada have not got, but unfortunately Mr. Chairman —

MR. CHAIRMAN: I think I might at this time say it is six o'clock.

MR. SMALLWOOD: I move the Committee rise, report progress and ask leave to sit again.

On motion the Committee rose to report progress.

Mr. Speaker returned to the Chair.

Report received, on motion Committee ordered sit again tomorrow.

MR. SMALLWOOD: Mr. Speaker, I move the remaining orders of the day do stand deferred, and that the House at its rising do adjourn until tomorrow Tuesday, at 3:00 of the clock. In so doing I would like to say to the House that we have not decided as of this moment whether we will have night sessions, and if so, when. If there are indications of prolonged debate, we may, for the purpose of expediting the business of the House, the normal thing to do is to have night sessions — If, on the other hand there does not appear to be any indications of a prolonged session we will not have night sessions. Perhaps by tomorrow I might be in a position to indicate to the House whether and when we will have night sessions.

On motion remaining orders of the day deferred.

On motion the House at its rising adjourned until tomorrow, Tuesday, September 20, 1955, at 3:00 of the clock.

TUESDAY, September 20th., 1955

The House met at three of the clock in the afternoon, pursuant to adjournment.

Presenting Petitions

None.

Presenting Reports of Standing and Select Committees

None.

Giving Notice of Motion and Questions

None.

Answers to Questions

Question No. 10 — In course of preparation.

Question No. 11 — Addressed to Honourable Minister of Public Works who is absent.

answer that question, in view of the reasons already given to the House.

Question No. 12 :

HON. W. J. KEOUGH (Minister of Fisheries & Co-operatives): Mr. Speaker, I am afraid I must decline to

HON. G. J. POWER (Minister of Finance): Mr. Speaker, I would like to table the answers to Sections 4 and 5 of Question No. 1.

Loan	Date of Authorization	Amount Authorized	Proceeds	Period	Contribution Sinking Fund	
					Interest	Fund
1952	31/3/52	10,000,000	* 9,850,000	1952-64	4¾%	3%
1954	22/6/54	12,000,000	* 12,000,000	1954-74	4%	3%
1955	27/4/55	16,000,000	* 16,000,000	1955-76	3¾%	3%

NOTE

Figures marked with * under "Proceeds" are net amounts received by Treasury; no deductions have been made in respect of incidental expenses such as brokers' commission, costs in connection with printing and signing of bonds, bank charges and insurance on transfer of bonds to Newfoundland, which were defrayed from the Finance Vote.

QUESTION No. 1 (5)

Statement of Sinking Funds as of 31/7/55

	Cash	Bonds at Face Value	Total
War Loan	39,873.33	742,800.00	782,673.33
1st Victory Loan	2,686.14	447,200.00	449,876.14
2nd Victory Loan	1,829.18	524,800.00	526,629.18
1952 Loan	312,752.64	614,000.00	928,752.64
1954 Loan	360,000.00		360,000.00
	<u>\$717,141.29</u>	<u>2,328,800.00</u>	<u>\$3,045,941.29</u>

There are separate accounts at the Bank of Montreal under the heading of "Trustees of the Sinking Funds ——— Loan" into which Treasury annually pays the authorized Sinking Fund contributions. The cash balances in these funds as of 31/7/55 are shown above. The balance of the Sinking Fund payments made to date have been used by the Trustees to purchase bonds of the various issues with a face value, as of 31/7/55, as shown above. These bonds are held by the Bank of Montreal on behalf of the Trustees.

Orders of the Day

MR. M. M. HOLLETT (Leader of the Opposition): Mr. Speaker, before proceeding with the Orders of the Day, would the Honourable the Premier care to answer a question, a supplementary question relative to Question No. 2, sub-section 5 on yesterday's Order Paper?

May I ask if that cheque was subsequently returned to Canadian Javelin? Also would the Honourable Minister inform me, on what bank that was drawn?

HON. J. R. SMALLWOOD (Prime Minister): I frankly don't remember. I can easily telephone to Mr. Turta or have him telephoned. He is the Vice-President and Secretary-Treasurer of NALCO. He would know. I could pass the information on here later in the present sitting. I will take the first favourable moment to stand and give the answer. I frankly don't remember.

Committee of the Whole on certain Resolutions:

MR. SPEAKER: Leave was given yesterday that this Committee sit again today. I do now leave the Chair.

Mr. Courage — Chairman of Committee of the Whole:

MR. CHAIRMAN: Clause 1 — Shall this clause carry?

MR. BROWNE: Mr. Chairman, yesterday I was trying to point out to the members of the House the conclusions to be derived from the experiences of the Government in guaranteeing various loans. And I think that I demonstrated in the case of all the Government's so-called new industries, where the Government took power under the Statutes to guarantee loans, the companies themselves were unable

to raise money, and the Government had to lend them the money. And the estimates of the cost of these industries were far below the actual cost. In the case of the birch plant it went from one to four million dollars cost. Therefore the Government ought to hesitate and not only to hesitate but ought to refuse to grant another guarantee, particularly one which is almost equal to all the guarantees they gave to the other industries.

Secondly I tried to point out that if this mine is as good as they say it is, why are they coming to a poor little country like this to ask us for a guarantee?

Now, Sir, last night I took the trouble to look up the debates in the House when the Honourable Minister of Economic Development introduced the legislation regarding the formation of the Newfoundland and Labrador Corporation. It is a most interesting speech, like most of the Premier's speeches. There is no doubt about it, he is a very fine and able speaker, most interesting, and, unfortunately for us on this side of the House, most convincing to his followers at any rate, and has been to the country. But looking at it in the light of history, his forecasts will be judged as unsound, in no case I believe more particularly than in the case of his introduction of the legislation for the Newfoundland Labrador Corporation. Because, in introducing that Bill he pointed out who were going to be the associates of the Government — the Government were going to put one million dollars into the affair, and then the greatest financial houses, almost, of the United States and Canada were to be the associates. Harriman Ripley was the United States financial house that took shares and Wood Gundy, according to the Premier the greatest financial in-

stitution in Canada and the Canadian representative of Harriman Ripley in the United States.

I don't dispute these statements made about them. I am glad to know they are so wonderful. They became associated with the Newfoundland Government in the formation of an extraordinary corporation. I believe that the late Minister of Public Health, Dr. Pottle, when resigning complained about the generosity of the Government in giving great corporations huge tracts of Newfoundland. And that company, according to Mr. Doyle, was given twenty-five thousand square miles over which they had the sole right to prospect and investigate for years and years, and over which eventually he gained complete control, by an agreement which he made two years ago.

Now, Sir, when the Premier was introducing that legislation, as I say, he praised up Harriman Ripley — and I will illustrate how in his own inimitable manner how great and far-reaching was the influences of Harriman Ripley and how many different kinds of industry they financed.

MR. SMALLWOOD: Mr. Chairman, to a point of order — My point of order is that all that is out of order and has no bearing on the resolutions before the Committee. I patiently tried to see if there might be some even tenuous connection between this interesting review of my speech of some years ago and this particular resolution, which I direct to Your Honour's attention.

MR. CHAIRMAN: I agree with the honourable member on the point taken.

MR. SMALLWOOD: Mr. Chairman, while I am on my feet, and not

interrupting Your Honour, may I ask Your Honour's protection in this regard, namely, it ought not to be left to me nor to any member of the House while Your Honour is in the Chair — If the honourable and learned member for St. John's West is out of order he is out of order and it is not primarily the duty of any member of the House as it is primarily the duty of Mr. Chairman or Mr. Speaker to call an honourable member, who is out of order, to order. Now if no one else does it, and in my opinion the honourable member is out of order, I must, of course, draw the Speaker's or the Chairman's attention to my belief that the honourable gentleman is out of order. But it puts me in the invidious position of appearing to be frightened or afraid of what an honourable member is saying or is about to say. In other words, it puts me completely out of character. For that reason it seems to me, if an honourable member is out of order, Your Honour ought not to wait for me or some other member to rise and suggest he is out of order. If the honourable member resumed his speech of yesterday — I hold yesterday his whole speech virtually was out of order. Now again there is a resumption of this speech — And I suggest, Your Honour, almost every word uttered this afternoon is out of order, and if continued in that vein his whole speech will be out of order.

MR. CHAIRMAN: Order.

MR. BROWNE: Mr. Chairman — on a question of personal privilege: I request I may be allowed to debate the point — The Premier gets up and before he is hardly finished Your Honour say, yes, I agree.

MR. CHAIRMAN: One moment please — Order. I might say as Chairman of this Committee I occupy a very

lone seat. This resolution, as I see it, is fairly wide, and in the interest of free speech I have to allow an honourable member to express himself. However, there are rules which must be observed; and in Committee of the Whole the debate should be strictly (and I draw attention to the word "strictly") relevant to the matter under consideration. Now who is going to say it is strictly relevant to the matter under discussion if not the Chairman? The Committee will have to allow the Chair to be guided by what he considers to be strictly relevant or not. It is a very difficult matter. I would like all honourable members on both sides of the House to observe that rule of strict relevancy. However, when a member begins a topic, until he has gone beyond a certain point, I don't know whether what he is going to say is strictly relevant or not. And I was, when the Premier got up, about to interrupt the honourable member and just remind him of the relevancy rule. As I said before, I would like honourable members to realize my position and conduct themselves accordingly.

MR. SMALLWOOD: Mr. Chairman, I have not dealt entirely with my point of order. My point of order went on to say this — The Bill itself, if reported out of this Committee to the House will give every member of the House absolute, generous and ample opportunity to debate the principles involved in the Bill, for which reason this ought not to be debated now, in the speeches made now in Committee of the Whole. It is merely a Committee to debate the resolution that it is expedient to have a debate on a Bill, that is, that there shall be a debate on a Bill. The debate in this matter ought to be strictly limited and strictly relevant, and ought not to include the kind of speech that may

properly be made at second reading and still less may it be of the type that may properly be made on the debate on the Address in Reply. It is unheard of, I assure Your Honour, it is unheard of at Westminster and in Ottawa that a debate on a resolution to report a Bill, which itself will provide ample opportunity for debate and ample opportunity to debate all the matters involved in the legislation — that debate is the one for this kind of speech. Instead of which — and how will Mr. Speaker be able to rule — Mr. Speaker is not present in Committee of the Whole, and if the honourable and learned member simply repeats the same speech he is making now in Committee of the Whole at second reading of the Bill — how is His Honour the Speaker to know that there is repetition?

MR. BROWNE: Mr. Chairman, is that a point of order? — How is Mr. Speaker to know whether it is a matter of repetition? I suggest this has gone far beyond any point of order raised in the beginning. But let me in my own defence just point out to you how I was going to draw a conclusion. Harriman Ripley are still shareholders in NALCO and Wood Gundy are still shareholders.

MR. SMALLWOOD: There is nothing about NALCO in the resolution.

MR. BROWNE: It is NALCO property — You concede it is on NALCO property?

MR. SMALLWOOD: The time to debate that is when the Bill is before the House. The Bill is not before us yet.

MR. BROWNE: What the honourable gentleman is doing now is debating. He says all my speech is out of

order. Now surely there must be some little point I made.

MR. CHAIRMAN: Order. I may say, yesterday I pulled a note out of my pocket and put it on the table and some honourable member thought I was taking advice from someone, which I was. The advice I was taking was from Sir Eriksen May and Mr. Beauchesne whom I acknowledge and the world acknowledges as parliamentary authorities. And both these gentlemen say, and I quote from May "Debate must be confined to the material of the resolution and it is not to be extended to the Bill" — "Is not to be extended to the Bill." And I must agree that this debate might, I think, be more relevant, much of what has been said might properly be said during second reading.

MR. BROWNE: I appreciate that, Mr. Chairman — But I think you will notice I have hardly mentioned the Bill. I want to stop this cold, if I could, right now. This is the place to do it. This is a very broadly considered principle. Suppose, instead of the Government introducing this resolution, suppose, Sir, in the previous session some private member, even from this side of the House brought in a resolution to this effect: — It is expedient to bring in a measure to do this or that — Would the members of the House be allowed to debate it? I submit they would, that is, in the broadest terms — "It is expedient to bring in a measure" — I say it is not and I am trying to tell you why it is not expedient to bring in the measure, if you will allow me just to tell you why.

Here are two members of the association of NALCO sitting on the board of directors. Both of them industrial and financial institutions of the great

est magnitude, one in the United States and one in Canada. Why don't they finance this measure?

MR. SMALLWOOD: Mr. Chairman, now, to a point of order: The honourable gentleman is now clearly and almost admittedly debating the Bill. There is nothing in this resolution about Harriman Ripley nor Wood Gundy —

MR. BROWNE: There ought to be.

MR. SMALLWOOD: There ought to be? Now the honourable gentleman is going to debate what ought to be in the resolutions and not what is. Mr. Chairman, that is precisely what the honourable gentleman has been doing from the beginning of his speech, debating what ought to be in and ought not to be in, debating everything but the resolution. And I hold he has been out of order almost from the moment he stood on his feet.

MR. BROWNE: You hold — But the Honourable the Premier is not the Chairman.

MR. CHAIRMAN: Order — No, I am that unfortunate person. Order, please. Will the honourable member please resume the debate and confine himself to the resolution and not what ought to be there. Let us try and discuss this in a parliamentary fashion.

MR. BROWNE: Well, Mr. Chairman, the Honourable the Premier spoke about Ottawa. I think I have as much knowledge of what went on —

MR. CHAIRMAN: Please do not let us discuss Ottawa. It was merely mentioned, I think, by the Premier.

MR. BROWNE: Yes but resolutions are quite a common thing up there. In fact I have also looked up a good many in Hansard, and I don't

think, Sir, many resolutions came up to the importance of this, in proportion to the size of Newfoundland compared with Canada.

Sir, my point is, and I believe that any reasonable man will agree it is a good sound point; here there are two financial institutions intimately associated with Canadian Javelin Company as directors and shareholders in the Newfoundland and Labrador Corporation, who have the overall control over these concessions. Why don't they, and not the poor little Newfoundland Government finance this deal? How is it that Canadian Javelin Company, Limited and Wabush Lake Railway Company, Limited have not been able to convince them of the merits of their proposals?

MR. SMALLWOOD: Mr. Chairman, to a point of order — Is that not clearly out of order? Is that not clearly an argument which could and should be produced only at second reading of the Bill? Is it not clearly out of order on the resolution that the Bill be brought in? It is an argument against the Bill. It is an argument against the guarantee. At the time to argue the advisability or inadvisability of the guarantee is not in the resolution stage but in second reading. Now that is the rule of parliament. That is the rule. I did not make it.

MR. CHAIRMAN: Order. As I see it, we must confine the debate to the resolution. However, I cannot be too much concerned with second reading because the Bill may never come to second reading.

MR. SMALLWOOD: Your Honour, if it does not, does it follow, because it may not come to second reading, therefore the arguments may be used even before? Does it legalize arguments in Committee of the Whole on

the resolution which would properly be used at second reading of the Bill and which then may be used in Committee of the Whole on the resolutions because there may not be any second reading of the Bill? What is proper in Committee of the Whole is proper and what is proper in second reading is proper, and the two may not be interchangeable.

MR. BROWNE: Mr. Chairman, I am about to conclude. There are only a few remarks I wish to make in summing up.

I would just draw attention to this resolution — "To be submitted to a Committee of the Whole House in relation to the guarantee of a loan to be raised by Wabush Lake Railway Company, Limited." Now that is the company which was incorporated by another Act of this House in the last session. It has no assets. It has the right to build a railway from Wabush Lake mining area, for forty-two miles to Mile 234 on the railroad. Now Sir, I have said nothing—I don't think I did—or I did not intend to say anything about the terms and conditions. I made one major statement, one major point, that is, this country, in the light of its experience with guarantees up to the present time, should sheer away as far as it possibly can from any sort of guarantee whatsoever. And I urge not only the Premier but the members of the Government and the members of his party to think over the matter very seriously in their own consciences and see if this country is justified in coming to the rescue of Canadian Javelin when it has such wealthy associates.

MR. HOLLETT: Mr. Chairman, I would like to make a few remarks. It is not my intention to take up too much of the time of the House because

of the anticipation that this will come to second reading. There is very little doubt in my mind that it will come to second reading. I expect the resolution will be passed and the Bill brought in, and I can almost make a guess, Sir, that the Bill will pass too.

But getting back to the resolution — I believe a certain amount of latitude ought to be allowed in this particular case, because the resolution is one which is of such importance to the people of this country — That it is expedient to bring in a measure to authorize the execution of an Agreement between the Government of Newfoundland, Canadian Javelin Limited and Wabush Lake Railway Company, Limited — setting forth the terms under which the Government of Newfoundland are to guarantee a loan of sixteen and a half million dollars. Now, Sir, that is a very important resolution. And my honourable and learned friend on my right tried to explain to the House, I believe, his views that the resolutions should die aborning, so to speak. It is a word that could have such repercussions upon the credit of this country, Sir, that it seems to us on this side of the House that not sufficient time, not sufficient study, has been given to the possible repercussions by the Government.

I won't go into the Lake Wabush Railway at the moment. I know I could. I believe I could because it concerns the guarantee of a loan to these people. I won't go into the finances of Javelin nor the findings of NALCO in the Wabush area, because I believe that more properly belongs to second reading or possibly to the Address in Reply. But I do want to point out, as my honourable and learned friend has been trying to point out, that this thing is so very import-

ant that we ought to be very careful, that every member of this House should be very careful, that he has studied it properly and studied the possible repercussions.

Now, Sir, yesterday I received an answer to a question relative to the financial condition of the country. And I was told that at the present time —

MR. CHAIRMAN: Order — I wonder might not the honourable member use this part of his speech later on?

MR. HOLLETT: Very well, Sir, I perceive the Honourable the Chairman anticipates what I was about to say, and I believe he was correct in bringing me to a point of order. I certainly shall have something to say about that, Mr. Chairman, at another stage in the proceedings.

Now, "It is expedient": We all know what the meaning of the word expedient is, or certainly we ought to know and what this Bill means to the country. It is expedient. It is advantageous or suitable to the end in view. It also means conducive to a special advantage — It may mean wise, it may mean prudent. Does every member of the House, does every member of the Government agree it is prudent and wise to bring in a resolution to guarantee a loan of sixteen and a half million dollars to this Wabush Lake Company? Is everybody satisfied in his mind? I challenge every member in the House, whether on the Government or the Opposition side. That is a very important question. I can't discuss the thing properly here, because I can't relate the facts that are absolutely essential to explain the point at issue. But is it, Sir, absolutely essential to bring in this Bill? Is it expedient? Are we as a small Province of Canada to start in as a banker — one of the

smallest Provinces of Canada? Are we to lend money here and there, willy-nilly as in the past? Are we to continue guaranteeing money up to such large sums as sixteen and a half million dollars?

I have here some letters to the shareholders, written by Mr. Doyle of Canadian Javelin. If I may, I would like to refer briefly to them?

MR. CHAIRMAN: I think it is proper.

MR. HOLLETT: I hope, Sir, I shall not be prevented from doing so at this time. I am perfectly satisfied that they are very interesting, Sir. I might ask this much — Put it this way — who are this company? Who are the Wabush Railway people, and the Wabush Lake Railway Company, who are they? Well, Sir, I believe they are a body corporate set up by an Act of last year. And I want, if I may, to refer to Section 16 of the Wabush Railway Act — if that is permitted.

MR. CHAIRMAN: I think the honourable member is getting away from the resolution — that it is expedient to bring in this Bill.

MR. HOLLETT: I was speaking of the Railway Act in the last session. That is the one I refer to now. I seem to have mislaid it, Mr. Chairman — But at any rate I am prepared even to forego that because there will be an opportunity to bring the thing up at another time. I am quite sure I brought along that Railway Act, as I wished to quote a certain section from it. But there will be two at least more opportunities given to me, so I can not bother about it at the present time.

But the Wabush Lake Mining Company are a body corporate, incorporated under an Act of this House. And

their job is, I believe, to build a railway in Labrador of some forty-two miles long to connect up with the Quebec North Shore and Labrador Railway in order, I believe, to bring out some iron ore of a certain grade; which also can be discussed later. But the point I am trying to emphasize is that we are about to bring in a Bill to guarantee a loan of sixteen and a half million dollars.

I ask the House to consider the effect of such a company failing to raise the amount stipulated. Suppose it failed to raise any of the amount of sixteen and a half million dollars? Is the House considering just what that would mean to the credit of this country?

MR. SMALLWOOD: To the credit of Newfoundland or of Javelin?

MR. HOLLETT: The credit of both. It is a Government guarantee. The Government of Newfoundland intends, I believe, to guarantee a loan of sixteen and a half million dollars, and I take it the financiers of the world, in New York, Laymann Brothers, if you like, will consider all the aspects and be in a better position than we in this House, and they will consider whether or not they can accept this guarantee by the Newfoundland Government, and whether they can be the purchasers of bonds of the corporation. And I take it they will look over the past history of Newfoundland in a financial way, during the last several years, at any rate since we came into Confederation, and they will ask themselves therefore, can we afford to do it, can we take the risk? How is the Newfoundland Government getting on? These are the questions they are going to ask. And if they should decide, no we cannot purchase these bonds of the Wabush Lake Railway, what happens?

MR. SMALLWOOD: Will the honourable gentleman allow me? Surely, does he seriously or only humorously — is he seriously or humorously asking if the Government has considered the possible effect upon the credit of the Province? Has he asked that seriously or is he just joking? Are we so lacking in responsibility that we would not have considered the effect upon the credit of Newfoundland. We the Government of Newfoundland in this whole matter would not have considered that, is that what he is asking?

MR. HOLLETT: I am asking the whole of Newfoundland to consider it, not only the Honourable the Premier and the members of the Government or the members of this House. We all remember, some of us oldsters remember a time when we could not raise any more money; and half our people damn near starved on account of it. When our revenue was eight million dollars, and five millions of that had to be paid out as interest on loans.

MR. SMALLWOOD: Now the revenue is nearly forty million dollars.

MR. HOLLETT: Now, as we are told, it is nearly forty. And our expenditures — what are our expenditures? Will the Honourable the Premier tell us?

MR. SMALLWOOD: Quite a bit less. We have a surplus every year, don't we?

MR. HOLLETT: On current account.

MR. CHAIRMAN: We are getting into a budget debate now.

MR. HOLLETT: I am being forced into it, Sir. I think I ought to be able to rebut my statement brought up by a person who remains seated. I maintain, Sir, our expenditure is away over

and above the amount of revenue, and has been for the last number of years. And I think the honourable gentleman on the opposite side is well aware of that.

Now Wabush Lake Railway Company: The Act, I believe, was passed last April. What have they done since then? What have they done? There is nothing here yet to show us they have done sufficient to make it expedient for us to lend them money. Have they yet sold any shares in their corporation without any Government guarantee? We don't know. What capital have they got? Are they just a body of men joined to build a railway provided we can raise the money? Or have they got any money behind them? I suppose I will be told that on second reading.

I don't think we have been told who the officials of the Wabush Lake Railway Company are. I don't remember anybody being named as President of the Wabush Lake Railway nor the Secretary nor the Vice-President nor anything of that kind. I take it we can expect to get that later on. We have not been told where this company is registered. To my knowledge, I think the Act, if I remember rightly since last April, I believe the Act said they would have a registered office somewhere in Canada — somewhere in the Dominion of Canada. I believe that is correct. Nothing else has been told us. It may be in St. John's. It may be in Montreal or Toronto or it may be out in Edmonton, as far as I know, where the Javelin stock is listed on the stock market. I hope we will be told just where this company is registered.

MR. SMALLWOOD: May I interrupt the honourable gentleman to inform him that the cheque about which

he enquired was returned, as the agreement provided.

MR. HOLLETT: Thank you very much, Mr. Chairman — I wish to thank the Honourable the Premier for that answer. That is something about which I shall have to say something. And I thank the Honourable the Premier for his courtesy.

If I may, I would like to get back to something I was referring to in connection with the Wabush Railway. I believe it was Section 19.

MR. CHAIRMAN: I hope the honourable member will forgive me for the interruption, but I don't think he should discuss the Wabush Railway Act at this particular point. It is very difficult to tie it up with these resolutions.

MR. SMALLWOOD: Let us have a good debate on the Bill itself. I don't mean now.

MR. CHAIRMAN: Order.

MR. HOLLETT: I am perfectly satisfied, Mr. Chairman, I am in very good humour today. I want to keep that way because I can think fairly well when I am in good humour. But if I get in a bad humour I cannot think properly, and that would be terrible.

The Honourable the Premier fired this one across at me from the other side of the House — Is the honourable gentleman really being humorous or does he mean it that we have not considered the possible effect of this company not being able to raise money on a Government guarantee.

MR. SMALLWOOD: No, it was the honourable gentleman who asked whether the Government had considered the position and the possible ef-

fect upon the credit of Newfoundland of a failure of this company to sell its bonds even though guaranteed. It was he who asked. And I ask if he asked that seriously or humorously? That was a fair question.

MR. HOLLETT: And I can answer that fairly too, Mr. Chairman. I will leave that too, Mr. Chairman, as there are certain facts I have to quote

I want to point out, Sir, that there was a guarantee backed by this Government in the case of NALCO. You will remember, Sir, that the financiers of the world refused to buy any of the bonds at that time. And you will remember, Sir, that this House had to raise the money itself and pass it over to NALCO.

MR. SMALLWOOD: We did not pass it over. The honourable gentleman is right except in the last part of his sentence. We did not pass it over to NALCO.

MR. HOLLETT: We raised it but did not pass it over to NALCO?

MR. SMALLWOOD: No.

MR. HOLLETT: I will come to that later too. At any rate I am certainly sure of this; that Atlantic Films were given a hundred and fifty thousand dollars in cash to produce films, and later, when this Government guaranteed a loan of fifty thousand dollars for this particular company they could not raise it. They did not raise it, and the Government had to pony up fifty thousand dollars cash out of the Treasury. Instance No. 1.

MR. SMALLWOOD: My honourable friend, I know, does not want to misrepresent — If I may? Frequently in the course of the financial years, one of the local industries, the new industries ran short of working capital and

came to the Government for a loan. The Government have not got the money, at least have not got money that has been passed by the House. They have the money but not the authority to lend it. It would upset the budget. So the Government says, go and borrow it from the bank and we will guarantee it, and when it falls due, if the House at the next session ratifies what we have done, we will put it in next year's budget and pay off the bank in cash. That happened on at least twenty occasions. That is the sort of transaction to which my honourable friend is now referring.

MR. HOLLETT: Then, Mr. Chairman, I would like to ask the Honourable the Premier, through you, Sir, is that what happened in the case of the Andrews Labrador Fisheries? Is that what happened in the case of Atlantic Hardboards? They could not raise forty thousand dollars and got cash from the Bank of Montreal except on our guarantee.

MR. SMALLWOOD: Yes.

MR. HOLLETT: They were guaranteed a loan, were they not? Was there not a clause in the Act when they were incorporated where they were supposed to raise loans or to sell bonds?

MR. SMALLWOOD: If my honourable friend will allow me? In practically all the agreement covering these new industries it is provided that the Government may, the Government is given authority in all these Acts, authority to guarantee a bond issue in each case for each of these companies. That is put there, as we explained at the time, as each Bill was introduced and was clearly understood by the House on each occasion, that the clause was put in every agreement so that, if as and when the day should come when any

one or all of these industries could in fact raise a bond issue, sell bonds out of the proceeds of which the Government would be reimbursed for its loans, then these bonds would be guaranteed by the Government. But in every instance the Government made cash loans, and these cash loans were budgeted for in this House. But as against the cash loans the day may or would come when the different industries starting off with a cash loan from the Government on its own record of earnings and profits would be able to replace the Government capital by bond issues guaranteed by the Government, which would reimburse the Government for the cash laid out. Now I am sure my honourable friend understood that at the time it was done. And now that I have refreshed his memory. I am sure he will remember that that was in fact the situation in every such case, during the time he was a member in the House.

MR. HOLLETT: The explanation does not help the matter too much, unfortunately. For instance, the Bonavista Cold Storage Limited, they had a guaranteed loan of one million and fifty thousand dollars and later the Government turned it into a cash loan.

MR. SMALLWOOD: It was a cash loan.

MR. HOLLETT: Were they not authorized to sell bonds, the Bonavista Cold Storage?

MR. SMALLWOOD: They don't need authority. The Government was authorized by the House to guarantee the bonds, but did not do so. The Government have not, in fact, done so in any of these industries. The House gave us authority to do it, but what is the sense of our guaranteeing a bond issue for one of these companies, of our exercising the authority the legisla-

tion gives us, what is the sense of our doing so when, in fact, we know the bonds would not be taken up.

MR. HOLLETT: But you did guarantee the bonds?

MR. SMALLWOOD: No we have not guaranteed the bonds of any of these companies. We did guarantee short term bank loans pending the opening of the House and the budgeting of the cash. And when the cash was budgeted we paid off the loan at the bank. We have done it dozens of times. The honourable gentleman must know that.

MR. HOLLETT: Sub-section 4 of Question (1) "Itemize all cash loans and guaranteed loans made by the Government since 1949, showing interest rates and amount of interest received. State also the purpose for which the loans were made."

MR. SMALLWOOD: May I help the honourable gentleman by saying, the only bonds in the world today that have been guaranteed by the Newfoundland Government (I think I can remember them from memory) — we are talking about bonds guaranteed — The only bonds guaranteed by this Government in the world today, I mean the Government of Newfoundland, not necessarily the present administration of the Government, are the Bowater Bonds. And these I think were recently wiped out. These have been retired. And for the Municipality of St. John's — I think we guaranteed bonds for them and for a number of town councils, the city of Corner Brook, Springdale, Lewisporte, Placentia and Grand Bank and Fortune and Stephenville, possibly ten or twelve town councils who have sold their own bonds to raise their own money to build their own water and sewer systems. And these bonds we have guar-

anteed. Now I do not recall a single instance of a company — Yes, one company the United Electric Light and Power Company of Port Union. We guaranteed their bonds to enable them to proceed with their big hydro-electric expansion.

Will my honourable friend get this thing clear in his mind. I am only trying to help because there is confusion. The Government has guaranteed these bonds, as I have just described, but apart from that the Government has done this — Either when one of these new industries started in the first place or after they had started and had run short of working capital, one or the other, the Government said, you want money, you are short of money, one hundred thousand, fifty thousand a quarter of a million — it is not budgeted for. We have not got it earmarked for that. But go to the bank and borrow it and we will guarantee your loan for a short time. The bank as a rule only gives a short time loan for such purposes as that. Then when the House meets next we bring in a Bill confirming what we have done, and in the budget included an amount to pay off the loan to the bank. It is done year by year. My honourable friend is just as familiar as I with it, but he has forgotten the details. That is all. I have refreshed his memory.

MR. HOLLETT: I think the Honourable the Premier has said about all I was about to say on the matter but has said it much better. But, as I said I asked a question the other day — if he wants to mix up bonds and loans that is another matter. I am speaking about guaranteed loans. And I am quite sure that the Government, in most of these Acts, was given authority under Government guarantee for the new industries to go out and bor-

row money. I am probably wandering away a little, Mr. Chairman. I asked the question a couple of days ago myself. Itemize all cash loans and guaranteed loans made by the Government since 1949. And these were itemized, and the question answered. And I point out that the amount guaranteed for the Bonavista Cold Storage is a million and fifty thousand dollars.

MR. SMALLWOOD: It was one of those short term loans, less than a year. And when the House next met we brought it in in a Bill and the House voted it and we paid off the balance and turned it into a cash loan. That is how it is done in every case. Subject to rectification at the next session of the House of Assembly.

MR. HOLLETT: Now we are going to guarantee a loan of sixteen and a half million dollars. Are you going to give Wabush Lake Railway the cash as well?

MR. SMALLWOOD: No. This is a guarantee.

MR. HOLLETT: Was not the other a guarantee? I have a record here of some of these which were turned into cash loans a year after they were first guaranteed — and my honourable friend the Premier knows well that the whole bunch of these here — I don't want to go into them — they are all here — the point I am getting at is that, if we keep on doing this sort of thing, just where is the credit of the country going to be. I am afraid you are letting it go to the dogs. There is no question about it.

MR. SMALLWOOD: I think my honourable friend, if he will allow me — as Leader of the Opposition, as leader of the alternative Government of Newfoundland, ought to be very careful in any statement he makes affecting

the credit of Newfoundland. He does not mean that. If that were in print right across Canada — that the Leader of the Opposition said the credit of Newfoundland is going to the dogs. That is a quotable sentence and a newspaperman could scarcely control himself from sending that right across Canada. He does not mean that at all. But it could be a damaging statement, as a headline in every newspaper in Canada. He does not mean that, and never should have said it.

MR. HOLLETT: Well, I don't know who has the floor, whether it is the Honourable the Premier or myself. I am quite sure he has said more words than I.

MR. CHAIRMAN: Yes, but the honourable member yielded.

MR. HOLLETT: A great one for yielding. I am fond of yielding, especially to the Honourable the Premier. I think I am doing a masterpiece of sitting down at the Honourable Premier's request. I think it is our duty to yield at times. If I said the credit of the country was going to the dogs, perhaps that was not exactly right. "To the dogs." I don't know what has happened. That may not be the correct way to put it. We know that six years ago, Sir, we owed nobody anything, except about three and a half million dollars. Today, subtracting the sinking fund, we owe approximately forty million dollars.

MR. CHAIRMAN: If the honourable member will forgive me — for the past ten minutes, I have been a little dubious about the remarks on both sides being relevant to the debate. We must not get into a Budget nor a Throne Speech — if the honourable member will proceed —

MR. HOLLETT: Thank you very much, Mr. Chairman — I will reserve it — reserve my fire — I think that is an oft quoted expression — "Hold your fire" — that is right.

I do remember a Bill coming into this House, I believe before my time here — Superior Rubber — They were going to do certain things. And the Government gave them a million dollars. That company, I don't know what it is doing today, but it certainly received a guaranteed loan from the Government for a further four hundred thousand dollars, after spending a million dollars and building that huge masterpiece, that architecturally artistic building, out there in Holyrood. You may think, Sir, they should have been able to raise four hundred thousand dollars. They could not raise a cent. So there was another loan from the Government. And so it goes on. And, Sir, the thing is worrying us very much on this side of the House, just how far can our credit go? I don't think that our credit has gone to the dogs, but I say it is fast going there, if we keep on at the rate we have been going. Now, Sir, I am going, in duty, to say, in another five or ten years we will go so far in debt we will have no credit whatsoever in the money markets of the world. That is why I am asking the men in this House, the representatives of the various districts in this House, that is why I am asking them to consider well before introducing this legislation which will guarantee a loan of sixteen and a half million dollars.

"It is expedient" — Is it expedient to do so? Is it wise? Is it prudent? Does it give us any special advantages? Sixteen and a half million dollars. We know nothing about the Wabush Lake Company, we don't know even where they are registered. We don't know

the President nor the Secretary. We know nothing whatsoever about it except that there was a Bill brought in here, a Railway Act. We don't know whether they made any effort whatsoever to build a railway. We have certain particulars with regard to the ore on the Labrador. I believe there is plenty of ore there. And I am not going to discuss that now. I shall have something further to say about that later. But the point has already been raised, and I want every man in the House to question in his own mind, if the ore is there and can be beneficiated to such an extent and sold in the markets of the world, why, Sir, will not the financiers of the world guarantee this loan and build this railway? That is a thing we have to ask ourselves. Why should this little country of four hundred thousand people be put to the jeopardy, the jeopardy, I say, of doing this thing?

Talking about the ore, Sir, I have here the Mining Association of Ontario's Report 1954-55. And they have something to say about iron ore. I suppose I can talk about ore today. This is in order.

MR. CHAIRMAN: No, we are not debating ores at the moment.

MR. HOLLETT: This is not "Ore" day — I see.

HON. M. P. MURRAY (Minister of Provincial Affairs): Not "Your" day.

MR. CHAIRMAN: Order.

MR. HOLLETT: This is the day which it is expedient — I have this Bill, Sir. It has something to do with whether it is wise and proper to do this thing. And without going further I will say that in Ontario, which is one of the greatest mining countries of the world, the record of fifty years of min-

ing shows that of every one hundred mining companies and syndicates formed for mining only two were brought to production.

MR. SMALLWOOD: A good point.

MR. HOLLETT: Now then, the success of the railway depends upon that iron ore at Wabush. In Ontario only 2% of the mining syndicates formed for mining, only two out of one hundred, in the past fifty years have come into production. Are we justified in introducing a Bill in this House to guarantee sixteen and a half million dollars to build a railway to take out that thirty-four per cent ore? Are we justified in doing that? Do the men in this House deem they are justified in doing such a thing? I shall go into this more deeply later. I want you to cast your eyes around this Island, the northeast coast, the District of St. Barbe (Mr. Speaker is not here) Burgeo and LaPoile District and right down to Placentia West, and all around the coast of this Island — Are we building this railway to take the settlers, the men and women out of these settlements out on our coast and take them in to Wabush? Is that what we are doing it for? Five hundred men only can be employed as a result of building that railway. I grant you that is something in the economy of the country today — all right, five hundred jobs — it is certainly worth considering.

MR. SMALLWOOD: Seven hundred.

MR. HOLLETT: Well all right — seven hundred — whether it is five or seven — I hope it is ten thousand. But I do say, Sir, if this Bill were brought in here to do certain things around certain areas of our coast, to make it possible for some of our people to live proper lives, healthy lives,

and to earn enough to live by in certain places around our coast, good harbours, if a Bill were brought in here, Sir, to guarantee a loan of sixteen and a half million to do that sort of thing in these areas, then there would be no such talk as my honourable friend on my right did yesterday and I am doing today. I don't think we would have to consider it long.

Is it expedient that we should take the chance, and risk sixteen and a half million dollars? Very well — Supposing there were no risk — and the figures I have just quoted here from Ontario would indicate that there is a risk — but if there were no risk whatsoever — I have some doubt as to whether the Government has a right to do such a thing. I know the Government has the right to do that until the people are properly informed as to just what the implications are. Is it not a fact, Sir, if that ore is not properly marketed in the markets of the world then a railway is useless, and we are left holding the bag, and the interest on sixteen and a half million dollars, Sir, and the sinking fund will be approximately a million dollars a year. A million dollars a year, Sir, will have to come out of the earnings of the people of this country who today are already paying two and a half million dollars in interest and sinking funds on loans which have been raised by this Government.

I could go on, Sir, with various other loans which have been made by this Government, cash loans and guaranteed loans, but I see no point in doing it. There are at least a dozen. I have them all listed here. And I regret to say that in most of these industries even after they had been given cash loans up to as high as two million dollars, they could not go into the money market of the world and raise

five cents. That is the thing that worries me. I don't know whether it worries anybody on the opposite side, or whether they care very much. I suppose they do. I give them credit for caring. I give them credit for thinking very seriously about it, but I doubt very much whether they have given it the proper thought. I wonder if CMIC have sold any shares in that concern? They have been given two and a half million dollars in cash. I was out there on Sunday — I should go out on a working day, I know — but if ever I saw a deserted looking place that is it.

MR. SMALLWOOD: Of course, on Sunday. I think the half of St. John's would be out looking at that outfit which cost two and a half million dollars. Apparently people can't stay there now it smells so much people would not get off to look at it.

MR. CHAIRMAN: Order — I might draw the attention of the Honourable Leader of the Opposition to the relevancy of debate. And to draw your attention to the rule of relevancy.

MR. HOLLETT: Thank you, Mr. Chairman.

Well, Mr. Chairman, as I said, I do not intend to take up too much time on this resolution. I do maintain that we, even in introducing these resolutions are taking upon ourselves as a House a grave responsibility. I have pointed out the percentage of mines which usually, in Ontario at least, come into production. We will go into that later. But I do say that we ought to be very careful. Only six years have gone by, and every man on the opposite side of the House as well as on this side knows the financial condition of the country at the present time. Every man here knows that at the present time there is sitting in this

country a Royal Commission on the Terms, trying to get better Terms so that we as a Government may exist as a sound Government. They are trying to get better Terms, and yet we are so wealthy, so happy in our wealth, that we can say to the Wabush Railway, we will back your note for sixteen and a half million dollars. That is what you are saying.

Without taking up any more time, I maintain, Mr. Chairman, that the Government of the day should, in my opinion, have staved off bringing in this Bill at this particular time, until some effort had been made by Wabush and by Javelin or by Mr. Doyle to see if they could not raise the necessary funds to build this forty-two miles of railway. I have heard of places in Canada where the CNR has built railways to mines. I grant you the CNR is really a branch of the Federal Government, but is a much bigger entity than is this Provincial Government, and they have much greater assets to call upon. We know, Sir, what our taxability is. We know how much revenue we can raise. And every sixteen and a half million dollars, Sir which is guaranteed, I would say, puts the credit of the country behind just one million dollars a year for interest and sinking fund, should anything happen in connection with this iron ore in Labrador. So we have to be careful.

I hope, Sir, that when this Bill comes in, and when the rest of the debate goes on, we will be given ample time so that the people of the country may know just what we are doing as a House of Assembly. We are elected here to try and look after their interests to the best of our ability. And it is most important therefore, a whole debate, a full debate and a free debate take place on this. And I have no doubt the Honourable the Premier and

his colleagues will allow that, and I don't want to be disappointed.

MR. SMALLWOOD: Hear! Hear!

On motion resolution carried. (Opposition voted nay).

On motion Committee rose to report having passed the resolution.

Mr. Speaker returned to the Chair.

MR. COURAGE: Mr. Speaker, the Committee of the Whole have agreed to certain resolutions and have instructed me to report same.

On motion report received.

On motion read a first and second time.

On motion the Honourable Minister introduced a Bill based on the said resolutions.

MR. BROWNE: Mr. Speaker, on a point of order — should not this Bill be introduced tomorrow?

MR. SPEAKER: The Bill is read a first time immediately after the resolutions.

MR. BROWNE: In the case of a money Bill should it not go through one stage at a time?

MR. SPEAKER: Should the House wish.

On motion Bill read a first time.

MR. SMALLWOOD: Mr. Speaker, before you put the motion, would the Opposition be agreeable to go into second reading of the Bill now so that I may make my presentation. I will finish today. In the meantime we could have a short recess, for the usual reason, and then I will move the motion, upon completion of the resolution.

Motion, that the House give leave this Bill be read a second time at a later hour this day, carried.

On motion the House recessed for ten minutes.

Mr. Speaker returned to the Chair.

MR. SPEAKER: Motion is, that this Bill be now read a second time:

MR. SMALLWOOD: Mr. Speaker, I will not detain the House too long, but long enough, I hope, to convince all members of the House and the public that what the Government asks this House to do in this matter is a sound and a patriotic thing to do. That it is in the best interest of Newfoundland and its people. Certainly the Government are quite convinced that this guarantee is in the public interest, and it the right thing for the Government to do. We are convinced, quite convinced, after consideration and investigation that have extended over a period of about a year, that it is good for Newfoundland and her people that we should, by means of guaranteeing this bond issue create in Labrador a railway, a mine, a mill and a town, that do not exist today. Furthermore we are unalterably convinced that we follow directly in the footsteps of Liberalism and Liberal Governments in Newfoundland when we attempt to create this new industry for our people. I hope that my honourable friends opposite, the loyal Opposition, will break sharply with the background and traditions and history of Toryism in the matter of economic development, because just as it was the Liberal Party that created a railway in Newfoundland, created the great Grand Falls industry, created the great Humber industry, so it was Toryism that opposed the railway, opposed Grand Falls, opposed the Humber. I do hope

that my honourable friends opposite will realize the wisdom, from their standpoint and from the standpoint of the people of Newfoundland of breaking forever with that Tory tradition, of throwing the "old man" off their backs.

MR. BROWNE: Mr. Speaker, to a point of order — I suppose, strictly speaking it is not a point of order but a point of fact. Is it correct the Tories opposed the Humber?

MR. SMALLWOOD: That is argument. The honourable gentleman is not allowed to argue. He knows that quite well — The thing that gave Toryism in Newfoundland that terrible reputation that it has —

MR. HOLLETT: Mr. Speaker, to a point of order — is this a Bill on Toryism or the Wabush Railway? If it is on Toryism we will have one on Liberalism as well.

MR. SMALLWOOD: This terrible reputation it has of opposing the economic development of Newfoundland. Let them throw that off now and let them begin to build up for themselves in Newfoundland a reputation for advocating, of supporting the economic development of this island, this Province, of this area.

Now the first point I should like to make — and to repeat the point I made on opening day — this project which we submit today to this House is the most completely well-documented project that was ever brought before this House in a hundred years. I hope that my honourable friends in this House have availed themselves of the opportunity we have provided of studying this whole project and mastering the details. I will be fair, I will admit that it would be unreasonable to expect that all honourable members

who are not members of the Cabinet will be able, in rather more than a week to master the details to some degree that we who are members of the Cabinet have been able to do. That would not be fair to expect. We have lived with this problem indeed for considerably more than a year. The point remains, and it is a point of considerable significance, especially in the light of the claim that has been echoed and re-echoed in this very Chamber in recent years, that we have refused information. Now if we have in the past, and I don't admit it, if we have, we certainly have not in this case. I was waiting for a complaint that the Government was expecting too much of the information they had given them — too much information. But they had the saving grace not to make that complaint.

It is an extremely well-documented case. Because, Mr. Speaker, Canadian Javelin Limited, led by Mr. John Doyle has spent over three million dollars, hard cash — three million dollars — since September 1953 — that is just two years this very month. They have spent over three million dollars geologizing that is conducting geological surveys of Lake Wabush; in having an intensive programme of diamond drilling conducted, a most intensive programme; and then, in engaging the services of a firm whose name is highly reputable. That will not be denied. This firm was engaged to examine the results of that geological prospecting, to examine and appraise and interpret the result of all the diamond drilling.

Now I will admit that Canadian Javelin could have gone to firms just as reputable as those to whom they went. But I will not admit that they could have gone to firms that were more reputable than, for example, Ford, Bacon and Davis Corporation,

and the Bartelle Memorial Institute, Humphrey Investment Company, the owners of the Humphrey Spiral Beneficiating process used in iron ore and other ores — to mention about three out of many who have been retained by Canadian Javelin to examine and report upon the data which has been gathered for Canadian Javelin by other companies whose names are equally reputable, for example, E. J. Longyear.

Now it must be common knowledge to anyone who knows anything at all about mining that the name E. J. Longyear is the greatest in the world in its own field, that is the field of commercial drilling for minerals, for new kinds of ore in the ground. They are the world's greatest firm for drilling. And it was this firm that was engaged. Their name is widely known and their reputation is very high. So, having engaged great firms to do the work in the field, and then engaged firms equally great and equally reputable to pass their verdict upon and to interpret the work of these other firms in the field.

Now, Mr. Speaker, I suggest to you that any reasonable-minded man will admit frankly and without any hesitation at all; it is so obvious as hardly to need stating, that all this indicates on the part of John C. Doyle and Canadian Javelin an honest and a genuine effort; and I may say a pretty expensive one running into, in two years, more than three million dollars hard cash. That is not documented. I have no documents here. I make the statement. I believe it to be true. The shareholders of Javelin will certainly know it, and anyone who happens to have seen reports sent out by the President or the Chairman of the Board, Mr. Doyle himself — and some of these have been published in the press — they will know that these large sums

have been spent by Canadian Javelin. I suggest, Mr. Speaker, it is almost self-evident that there has been a genuine effort made and an excellent one on the part of Canadian Javelin to do everything within their power (a) to prove the ore, its quantity and quality, (b) to prove the practicability and the economics of beneficiating that ore. What more they could have done I do not know.

I would suggest that the two million dollars spent by Javelin in these two years on Lake Wabush is considerably more money, relatively, than the nine million dollars spent by the Labrador Mining and Exploration Company over a period of nine years to investigate the iron ore deposits of Burnt Crack, Knob Lake and that general area. Mr. Timmins informed me only about a year ago that his company and his associates found indeed that it had become so expensive and was running into so much expenditures that finally he had been obliged to go to Mr. George Humphries, the head of M. A. Hann & Company of Cleveland, who is now the Secretary-Treasurer of the United States, and invite him to join with him in the vast task of completing this programme of exploration and drilling in the present Iron Ore Company's area in Labrador. They spent nine million dollars in nine years. I suggest, I say, that three million spent or rather more than three million spent by Javelin in the past two years is more money relatively speaking. I suggest that that much money spent in these late years, with all the development going on, that that much money equalled much more than the same amount of money would have meant if it had been spent, six, eight, nine or ten years ago. The House will follow me there. Now the point I am trying to make is — In other words you can

go to Labrador today and spend a million dollars and get for it as much value as you would have gotten with three or four millions, perhaps six, eight or ten years ago. Don't forget, when Jules Timmins began the work in Labrador at Burnt Creek he was paying some utterly fantastic rate, so many dollars a pound for every pound and every ounce and every ton of the thousands of tons of material they had to ship in to Burnt Creek and Knob Lake. They had to ship in two and three and five ton trucks and diamond drills and all kinds of heavy equipment. They had to get it in by cutting it down first with acetylene welders, shipping the individual pieces and welding them together again in on the site. Now that was done for several years at a cost of several dollars a pound for the cost of flying it in. I mention that fact only to lay some considerable emphasis on this fact, that is, that Javelin in spending over three million dollars in two years have shown themselves to be genuinely and sincerely anxious, anxious enough to convince this House of their genuineness and their sincerity. They were genuinely and sincerely anxious, Sir, to prove their case. I said to Doyle many a time: "John you are only wasting your breath to talk to the Newfoundland Government until you have produced a case that is irrefutable." He said: "All right, Mr. Premier we will do it no matter what it costs. We will prove our case to you. We will give you a case that is better documented than anything you have ever had in your life." He has done that. The House must admit it. I have tabled the documents. There is no secret about it. I have circulated them to the press. It is extremely well documented. In fact it is a complete documentation of the case which is now being used against the argument to

guarantee the bonds, saying, if it is so good why guarantee them? Why not go to the financiers of the world and raise the finances as best he may, as others have done, as for example, the Iron Ore Company has done? I will deal with that, and I hope demolish it, and I hope to the satisfaction of every member of this House. Because when all is said and done, whatever views we may have politically and however we may differ politically, I think that every member of this House — and that is a tremendous statement for me to make when I remember some things — every member of this House, I believe, Mr. Speaker, sincerely desires the progress of this island and its people. The case is tremendously documented.

Now I want to say a few words about the history of this body of iron ore, which is an amazing, remarkable, astounding, almost incredible and unbelievable deposit of iron ore, the like of which is not found elsewhere on this globe.

The Commission of Government conceded to the Labrador Mining and Exploration Company an area of some twenty thousand square miles in Labrador for so many years. I think it was ten years. And at the end of ten years they were, according to the agreement, to divest themselves of some square mileage of that twenty thousand square miles. Now they spent so much on it, so much original effort, human effort, spiritual, mental and human effort in what appeared to most people in the world to be a mad and crazy venture, to go into the frozen wastes of Labrador, of all parts of this earth, and start spending money, many millions of dollars. They spent so much money and so much effort to prove three hundred million tons — they had to prove ten million tons for thirty years to justify the cost of building a railway —

they spent so much on that little segment of their twenty thousand square mile concession that, quite frankly, they were not able to concentrate very much, if at all, on the rest of it — let us say nineteen thousand nine hundred and say fifty square miles. All their effort, all that nine million dollars was spent on fifty square miles of their twenty thousand square miles. So that when ten years passed and they were obliged to divest themselves of that twenty thousand square miles they had no choice but to drop areas not knowing what, if anything, they contained. They had no choice. They had to do it. And one of the areas they dropped was in the southwest corner of Labrador, approximately, the southwest corner of Labrador and the boundary. This area they chose to drop from the area they were retaining. They took Wabush Lake as a convenient boundary line and said, south of Wabush Lake here take back. Five years later we have to drop so much more. But the first they dropped was this area immediately south of Wabush Lake. Now the reason they did that was this: Here is why they dropped it. Their surveyors had gone there and they discovered that on the north side of that lake, wherever they went, the land was practically denuded, with very little vegetation, scrub or trees or even berry bushes, practically no vegetation. And, indeed, the land for great patches was exposed or the rock was exposed with not even any topsoil on it. So they could see a lot of the exposed iron ore, and that made it very easy for them to examine it. And what they found was an iron ore that was extremely low in iron content. Well they were rather fascinated by the fact that it was also very low in the very things we don't want to have in iron ore. It was very low in sulphur, in zinc and in magnesia, in titanium, in the dif-

ferent things you do not want. It was very low in these. But what was against it, apart from the fact that it was such a low grade, only 30% iron ore, everything that was there, iron ore, sand and whatever there was made up to a solid mass, was so fastened together as to make it extremely difficult to separate the millions and billions of little particles of iron from the even more billions and little particles of sand and rock — In other words it was a very difficult problem to separate it. So they decided they did not want it. They also decided, and it was one of the ironic mistakes in modern history, a terribly ironic mistake, they assumed that the nature of the terrain across the lake was the same as that which they examined on the north side, because on the south side of the lake there was so little vegetation — there were some trees — and it was rather uninviting to go over there and travel over that when in fact they had seen on the north side all they wanted to see. And they assumed, of course, mistakenly, that it was the same over there.

But it is not the same over there on the south side of the lake. On the south side of Lake Wabush you have this remarkable phenomena of nature, that is that millions of year ago, I don't know when, and nobody knows when, but many millions of years ago, through some event of nature the cementing something (I don't know the name of it) the thing which on the north side of Lake Wabush set the particles of iron and sand and rock together in one conglomeration, that substance on the south side of the lake, down through the millions of years of geological time has been leaked away. So that here is what you can do. You can scoop up with your bare hand, scoop up the ore and let it

run out of your hand like coarse sugar, because the cementing substance has been leaked away. So the Iron Ore Company, in abandoning the claim as they had to abandon some of their area, abandoned their claim to the area south of Lake Wabush. This was the picture when NALCO was formed or when NALCO was being formed. I remembered that. I am the one who remembered that. Jules Timmins had told me previously — I had been down with some of my colleagues to Burnt Creek as the guest of Mr. Timmins, and he told me that down by Lake Wabush was billions, that is the word he used, of low grade iron ore. And I said to him: "Well, Mr. Timmins that is interesting. Do you propose to develop it?" "No," he said, "it will be developed some day but not by us." So that when NALCO was being formed we put into the NALCO concession that big area, southwest corner of Labrador, south of Lake Wabush, that had been owned and had not been dropped by the Labrador Mining and Exploration Company. We put it in with the intention that we would have an aero-magnetometric survey made of it. And we had. We had an aero-magnetometric survey made of it.

At that point Mr. John C. Doyle appeared on the scene. I had never heard of him nor his company. He had concessions on the north shore of Quebec for titanium, from the Government of Quebec. He was wishing to turn into a mining company and had already begun to do so by acquiring mining claims from the Government of Quebec on the north shore of the St. Lawrence. He flew down to Newfoundland in his private plane, if I am not mistaken, and came to see me in my office. He said he wished to talk to me as head, he called it, of NALCO. And he told me that he would like to

get a concession from NALCO in Labrador. I told him that was exactly what NALCO was there for, or one of the things, to get sub-concessionaires. We are ourselves concessionaires of the Legislature of Newfoundland and we are authorized to give sub-concessions. That was exactly what we wanted, someone interested in the possibility of finding iron ore in this area south of Lake Wabush. I don't know to this minute how he knew that there was iron ore there, or that there was alleged to be iron ore in that place. I don't know that. I never asked him to this minute. It occurred to me several times, but not while he was around, and I never thought of it when he was around. At all events the directors of NALCO met and decided to give Canadian Javelin the concession of that area of twenty-three hundred square miles, and we excepted the timber. I may tell the House now, in passing, we were negotiating with a concern, and that concern did make a physical survey of the forest there. There was what appeared to us to be an attractive stand of forest along both sides of the railway in the Labrador. It was a very big company, I will say it. It was the Labrador Mining and Exploration Company, in fact, the Iron Ore Company of Canada, which conducted the survey and wanted the timber concession from us because they needed in turn some timber. They had timber on their concession but not enough, and they wanted our timber on our NALCO concession, and were going to build a chemical plant based on wood right on the railway. Now NALCO spent the first money that was spent — the figure was tabled here yesterday. We spent several hundred thousand dollars down there. I can tell the House an interesting story apropos of that: NALCO had employed a geological engineer, a high-class geologist.

He was a Hungarian. His name was Dr. Melihersik. The name may strike a responsive cord in the minds of some honourable members because his name appeared in a feature story in "Time" magazine. The House will remember the mountain of ore found by two geologists flying in Quebec, and was alleged to be sold for two million dollars. Well, he was NALCO's geologist in the field. We made strenuous effort to capture him and try to put him in gaol because what he did was this: As an employee of NALCO, flying a NALCO plane which NALCO had chartered, he went to the Government of Quebec and got a license, which NALCO paid for, a prospector's license — because as the boundary was there, Labrador on one side and Quebec on the other, and as the plane might pass back and forth — we should have a license, we thought, a legal right from the Government of Quebec to prospect. NALCO got the license from the Government of Quebec for him. So, with a license paid by NALCO, he himself retained and paid for by NALCO, flying a NALCO plane, he flew across the boundary and discovered what was alleged to be a great mountain of ore, which "Time" magazine says he sold for two million dollars. However, he slipped away from us. We never could find him. I suppose he slipped away to Europe. Never from that day to this were we able to lay a hand on him. He was the first one to do the survey, paid by NALCO. He made the first find on the south side of Wabush Lake.

When the deal was made with Canadian Javelin whereby they got that concession of twenty-three hundred square miles, Javelin agreed to pay back to NALCO, to reimburse NALCO for the several hundred thousand dollars that NALCO had spent in surveying the Lake Wabush property. I for-

get the exact figure. My honourable friends opposite have it. It was tabled for the information of the House here yesterday afternoon.

From that day on there has been a remarkable, and quite a remarkable, effort on the part of Canadian Javelin to prospect and measure, to drill and measure and list the iron ore of Wabush Lake. They engaged Canadian lawyers. They engaged another firm, I forget the name, to fly them in, and in a matter of nine days from the signing of the agreement, they had an intensive effort going on right in the field.

That is the history of the ore body — Now the quantity: There are various reports on that, the latest of which I handed to my honourable friend the Leader of the Opposition, I have not even got one myself. I had only one copy, and I handed it to him, with the intention he should study it at his leisure and return it when he is ready. That is the latest of several reports.

Now I would ask the House to bear this fact in mind, and I would ask my honourable friends opposite to bear this fact in mind, two things could have happened (1) We could retain three, four, five, six, seven, eight, nine or ten companies all at one time or put them all to work together at one time. In that case the reports all would be made at approximately the same time. The other thing to do would be to retain first this and then the other and stagger them over a period of say two years. It was the latter that was done. Therefore the dates of their reports will, of course, vary. They did not all go to work at the same time. They did not all finish and make their reports at the same time. Therefore, you will find some reports in this

documentation older than others. Some are, say, a year, a year and a half and some half a year and some are not a month old. Therefore, the House will find a variation of figures. A report was made a year and a half ago, giving the latest information that existed at that time. That will have rather different figures from a report made six months ago, which had later figures compiled up to that time. That is a natural and logical and, I think, an acceptable explanation. The fact is that certain figures vary on the quantity of the ore in Wabush Lake but this much, Mr. Speaker, is beyond any doubt — I don't think any honourable member will waste time of the House disputing that there is a tremendous amount of ore there. My honourable friend, the Leader of the Opposition has said so — I should not refer to another debate — But I believe the Honourable Leader of the Opposition agrees there is a great quantity of iron ore in Lake Wabush. I am talking now about quantity only.

Area A. That area alone contains a hundred and eighty million tons. And Area A is only one of a number of areas. I don't think there is any doubt whatsoever that the quantity of iron ore, crude ore, as it lies there in the ground runs anywhere from five hundred million tons to one billion tons, and some odd millions. Say, from five to eleven hundred million tons of iron ore. Now that is a fantastic quantity. The Labrador Mining and Exploration Company and their successor the Iron Ore Company of Canada between them have been there now for some eleven to twelve years, and they have proven up some four hundred and seventeen million tons, in eleven or twelve years. These deposits run unquestionably and without any need for doubt at all. I don't

think anyone will question this. This is one of the facts we can all agree on— they run anywhere from five hundred million tons to a billion, a thousand million tons. That is an awful lot of iron ore. Mind you now, that is in the measured and indicated positions that they have examined. But this thing goes for many miles, and there is at least a fair chance that it runs not to one but to many billions of tons of crude iron ore.

Now, for example, in Bell Island— Bell Island has been operating—my honourable friend from Bell Island will correct me if I am wrong—but I believe it has been operating as a mine since 1892.

MR. JACKMAN: 1892 was the first shipment.

MR. SMALLWOOD: That is sixty years. And I think it is fair to say today that no one on this earth knows precisely or even within reasonable limits the tonnage of ore in reserve at Bell Island. I have myself seen estimates that it runs from three to five thousand million tons of iron ore. Now there is a spread of two billion tons in a mine which has been operating for some sixty years. It is easier to do it in the case of Wabush because you can see the iron ore. You can scrape off the top soil, the cover, and look at it, and you can travel over the terrain and see the geological direction and indications and all the rest of it; and can come to a pretty shrewd estimate. I don't think I will waste any time discussing the quantity. That will be admitted by everyone. It is a tremendous quantity of iron ore. It is enough to keep the company going for the next five hundred years, I might say, not if they mine a quarter of a billion tons a year, but mining a million tons a year,

say, it would be a long, long time before they exhausted the probable ore that is there.

Now the quantity of the ore: The first thing to which I invite the attention of the House is this: This body of ore of which we speak is one continuous unbroken body of ore. By that I mean, in simple words, it is just one simple body starting here and going to the end of there, or starting at this side and going to that side—and within that compass is where the body of ore lies. Now the importance of that will be seen when I tell you this, that the Iron Ore Company of Canada at Burnt Creek and at Knob Lake and Ruth Lake where they are doing their mining down there in Labrador, that company's iron ore deposits amounting to four hundred and seventeen million tons is in about fifty different pockets—fifty different deposits—separate deposits—covering an area of fifty miles out from the central point, fifty miles out in a hundred mile diameter—fifty separate deposits of iron ore. That is the first point. The Wabush ore is one unbroken body, a continuous body, and the other one is fifty different deposits scattered about over quite a large area. I was astounded, and my honourable friend whom I am so glad to welcome back, the Honourable Minister of Public Works, and the Honourable Minister of Labour who were with me will remember how astounded we were nearly five years ago to find when we landed at Burnt Creek that they had over a hundred miles of road built down there then in the heart of Labrador. That is a hundred miles over which trucks could pass to carry diamond drills because they were drilling there and everywhere on every point of the compass within fifty miles of the centre, which was Burnt Creek.

The second point is that ore at Wabush Lake is of consistent quality. The quality of it varies extremely little. You might almost say that it is of an unvarying quality. Now that is important too because that is not so much farther north, there the ore varies almost from deposit to deposit, with this result, Mr. Speaker, with this astounding result, that is that the ore when brought to Seven Islands cannot be dumped into one huge pile or even into two or three, but must be dumped into numerous stockpiles. And because of the fact that the ore varies in quality, in actual analysis, from deposit to deposit on the site and therefore from stockpile to stockpile at Seven Islands, you cannot take the iron ore from any one of these stockpiles and put it aboard the ship for shipment to market. What has to be done is blend it with so much from this and so much from the other and blend it together aboard the ship, in order to get a shipload of shipping ore.

The Wabush ore, as I say, is distinct from that. It is almost unvarying in quality, in one continuous, unbroken mass in Labrador. Now the next point to make is this—this is not literally speaking but figuratively speaking—There is no overburden or relatively no overburden. There will be spots where it will run to fifty or a hundred feet as the body dips. If it starts on the surface there and three miles or five miles over there it is dipped on this angle, then the overburden here will be higher up to the surface of the earth than here, because here it may be only a foot or more of overburden and over a mile along it may be ten feet and over there fifteen feet or twenty feet, and in spots it may be a hundred. But averaging it out, it has not half nor quarter the

overburden you will find on this fifty separate deposits of iron ore in and around Knob Lake. That is a very important point. It compares with, say, the Mesabi Range where to get a ton of ore out you have to shovel off tons and tons. I think it is twenty tons of overburden to obtain one ton of ore, on the famous Mesabi Range. Then you will see the importance of the fact that the ore in Wabush Lake have very little, relatively little, overburden covering it.

Now the iron content: When I asked Dr. Monture, the top specialist of the Government of Canada in their great Department of State known as the Department of Mines and Technical Surveys, to examine these documents and tell me what they meant. I said to Dr. Monture: "Doctor, I have read these reports and they vary. Some of them tell me the crude ore as it lies in the ground contains thirty per cent or so of iron, some of them tell me it is thirty-five per cent, some tell me it is thirty-eight per cent, could you tell me why? I don't care, frankly, whether it is thirty-five per cent out of a hundred pounds of stuff you take, I don't care if it is twenty-five per cent, what I do want you to tell me is this, whether it is thirty five or thirty-six and three-quarters or thirty-seven or thirty-eight or thirty-nine, is it a respectable quantity of proportion of iron? Is it a percentage of iron which is laughable, which the world would only laugh at if we were to talk about thirty-five per cent iron, or is it a thing we should talk about with respect and take seriously—Is it a percentage of iron in the crude, raw material as it lies there in the hundreds of millions of tons, which, provided a practical and economic way of removing from it a lot of the things you don't want, in other words, bene-

ficiate, or raise the iron percentage, the two together, does it make sense?" Now I am not going to ask the House to accept the figure of thirty-five per cent nor thirty-four per cent iron nor the figure of thirty-eight per cent. I am only going to ask the House to accept this—The Government has accepted it. I ask the House and the people of Newfoundland to accept this on the basis of experts whose names we cannot question, and whose reputations we cannot doubt, just cannot without making ourselves ridiculous; on the name and assurance of such men, there is enough iron ore in that vast deposit, enough actual iron in it to make it a practical and feasible thing. Incidentally, Mr. Speaker, the House will be, I am sure, interested at least to hear that the average iron content of iron ore shipped aboard the ships at Seven Island last year, this year is fifty-two per cent. Bell Island, I believe, is fifty-one per cent or fifty-one and a half. My honourable friend shows assent, he should know. Fifty one, fifty-one and a half and fifty-two per cent on the average, and I dare say, as a result of the new beneficiating plant that is to go on at Bell Island it will be raised even higher than that. It is interesting to know that the iron ore content in the Knob Lake area, when mined from the fifty-pockets, which they gather with a vast electric shovel, scoop up in vast quantities—when that is scooped up from the various depths and partially beneficiated at least by being milled and then put aboard the railways cars and then shipped down to Seven Island and then dumped in different dump piles and blended aboard the ships as it goes aboard the ships is fifty-two per cent iron. It is a fact, of simply tremendous importance. You cannot exaggerate it, because it is going to change

the history of Labrador. That fact is why millions of dollars are being spent right now and have been spent in the past year by the Iron Ore Company to find practical, feasible and economic ways of smelting the iron ore in Labrador to ship out not the rock not 48% non iron but to ship out say 2% non iron and 98% iron.

Now that is the iron content now. I want the House to know in fact about that iron ore, all the experts agree, they all agree, they all say the same thing. It is remarkably lacking in the things you don't want anyway, the things that would be a nuisance if you had them. It is remarkably lacking in phosphorus, in silica, in titanium, in magnesia, in sulphur, in all the things you don't want in iron ore. It has practically none of them, or .01 per cent or .03 per cent and .07 per cent, etc., practically none. If Bell Island iron ore with its 51% to 52% iron content did not contain as much silica as it does and other things perhaps, phosphorus, as it does in fact contain, then their iron deposits in Bell Island would be one of the world's greatest treasures. It is already a great treasure, but the thing that does reduce the practical and economic value is the presence in it of things that you don't want to have in iron ore, which militates against its use in certain furnaces but not in others. We all know about that.

Then besides having, practically speaking, nothing in it that you don't want, it is extremely friable. Now I alluded to that when I mentioned the fact that you can take it and scrape it up with your hand, actually, and let it run out of your hand like coarse sugar.—It is very friable. Now these facts, I think, will be seen by the House. I don't think my honourable friends opposite will argue against

these facts. I think they will be accepted, and the arguments will be of another character, based on other reasons. I don't think they are going to deny the vast quantity of iron ore, nor the very acceptable quality of that ore. Now comes the third point:

Beneficiation:

Mr. Speaker, the Battelle Memorial Institute Report, which the House pointed out that the ore can be beneficiated up to sixty odd per cent iron ore content by the Humphrey Spiral System. The Humphrey Investment Company, the owners of the Humphrey Spiral System in their report, tabled here, say that the ore can be beneficiated up to sixty odd per cent. One said up to 61.73% and another said 62% and another sixty-three point something per cent. Never mind that—I don't think it is important. Then we have this great German Industrial outfit, saying they can beneficiate it up to 65% iron. Well I am inclined, in case anyone in the House argues against the Klockner process I am inclined to waive that, and say, perhaps it is right—But I think it is safe to stick to the Humphrey Spiral which gives 63% or 64% rather than 65%. But it can be beneficiated. I don't think there is any doubt about that. I don't think any doubts could be expressed, except for political reasons. And I don't think any honourable member is going to try to throw political doubts on this thing, but is going to examine it in a straightforward manner, is it good for Newfoundland? They are not going to argue it is good for the Labour Party or good for the Opposition, nor that it is good for anyone other than the general public of this province.

MR. HOLLETT: It is bad for Tories, is it?

MR. SMALLWOOD: I have already appealed to have the age-old Tory traditions discarded in this special session, and for all time.

MR. HOLLETT: Beneficiated in other words.

MR. SMALLWOOD: No not beneficiated, destroyed, actually wiped out of existence and never to rear its ugly head again in our Newfoundland. I will accommodate my honourable and learned friend from St. John's West sometime in debate on this subject of socialism. When a government lends money he believes that is socialism. That is a rather new and novel idea. I wonder if the socialist parties around the world would agree.

MR. BROWNE: I must, Mr. Speaker, object to that interpretation. I never made a remark like that.

MR. SMALLWOOD: The honourable gentleman had nothing else to go on but money guaranteed to private industry. Out of the one dozen in the six years we have been in office I might say only three have been what might, what might be called socialistic, the cement mill, the gypsum plant and the Newfoundland Hardwoods, the Birch Plant. These three were, if the House likes to insist, but the House will also not have failed to notice that this socialized Government have disposed of these socialist enterprises.

MR. SPEAKER: I would remind the honourable member, the thing the House is most interested in hearing of is Wabush Lake.

MR. SMALLWOOD: Now, Mr. Speaker, there is one extremely important thing about this property, and this is the intention, the plan, to bring quite a large proportion of the iron ore—I am sorry the intention is not

to bring yet—but the intention is to take a very large proportion of this iron ore and by a tremendous pressure and some process which I frankly don't know or understand and cannot describe, to process ore, to process iron ore into brickettes. That is a sort of small, oval-shaped cake, like soap, so to speak.

MR. BROWNE: Like an egg?

MR. SMALLWOOD: No not an egg. They are flat. They are not quite oval. They are oval this way but not this way, that is to say they lie flatter than an egg, but the shape of an egg in one direction. I am not much good at describing objects, horizontally the shape of an egg but not perpendicularly, not quite because they are flatter than an egg. At least, I hope my honourable friend, the Minister of Finance does not have the unfortunate experience of having a large proportion of his large poultry farm begin to produce eggs the shape of these brickettes. I think he would have quite a job to get customer acceptance.

But this fact is important, Mr. Speaker — The House will remember that the period of operations of the Iron Ore Company's mine is X months. I forget just what the number is. The reason it is not greater is because the ore in Labrador contains a certain percentage of moisture, enough moisture, not to cause any serious difficulty in using the ore but enough moisture in this iron ore to cause the ore to freeze into a solid block in every rail car, when the temperature drops. That is to say, in the fall of the year when the temperature begins to drop (and it is earlier in Labrador than here in Newfoundland) there is enough moisture in the ore that a whole train, a mile long containing

I think — (I speak from memory) — ten thousand tons of iron ore per train, would arrive in Seven Islands, if shipped later than a certain date in the fall, as one solid mass of iron ore, which you could not get out unless you had a means of applying heat to melt the iron ore. But the bricketting system will add at least a month. Remember that. The bricketting system will add at least a month. Remember that. The bricketting system, a system which presses out all the moisture leaving a dry product that can be loaded aboard the cars and shipped for at least one month later in the year, than can the loose, bulk iron ore as it is shipped from Knob Lake. Now that means another month of operations. That means adding, say, one sixth to the probability of profit. It adds one-sixth to the probability of success, because instead of six months you have then seven months and maybe eight months of operations.

Now, Mr. Speaker, I have shown, I think, that the records indicate very clearly and acceptably, so that, I think no one will dispute them, that there is a vast quantity of iron ore. That is a fine and good and acceptable, and in fact, a rather exciting quality of iron ore; that it can be benefited so as to bring the iron content up to sixty odd per cent, 67% or 68% or 64%, so that what is being shipped down the railway forty-two miles and from there to Seven Islands is material in which out of every hundred pounds there will be 64 or 65 pounds of iron ore.

Now I almost promised the House that I would be finished before six o'clock. I frankly don't see how I can do it. I made some notes during recess. The unfortunate thing is that I have lived with this for years, and

I don't want to weary the House, but I do want to state our case so that the House can make up its own mind. But there is another day coming tomorrow, and I think I could get warmed up and get finished in half an hour. I would hope to finish at least in an hour tomorrow. I don't want my honourable friends opposite to think for one moment that I am taking advantage of them. I don't want to take any longer than necessary, and I hope they will not think there is anything sinister about it, because I do hope they will debate the matter now on second reading thoroughly, long, argumentatively, factually, informatively—thrash it out for the benefit of the people of Newfoundland.

Mr. Speaker, I move the adjournment of the debate.

On motion debate adjourned.

First Readings:

Hon. the Attorney General asks leave to introduce a Bill "An Act to Amend the Labrador Railway Act, 1948."

On motion read a first time, ordered read a second time tomorrow.

Honourable the Attorney General asks leave to introduce a Bill "An Act to Amend the Wabush Lake Railway Act, 1955."

On motion Bill read a first time, ordered read a second time on tomorrow.

Hon. the Attorney General asks leave to introduce a Bill "An Act Further to Amend the Act No. 41 of 1938 entitled 'An Act for the Confirmation of an Agreement Between the Government and Labrador Mining and Exploration Company, Limited'."

On motion Bill read a first time, ordered read a second time on tomorrow.

On motion remaining Orders of the Day deferred.

On motion the House at its rising adjourned until tomorrow, Wednesday, Sept. 21, 1955, at 3:00 of the clock.

WEDNESDAY, September 21, 1955

The House met at three of the clock in the afternoon, pursuant to adjournment.

Presenting Petitions

None.

Presenting Reports of Standing and Select Committee

None.

Giving Notice of Motion and Questions

None.

Answers to Questions

HON. G. J. POWER (Minister of Finance): Mr. Speaker, I beg leave to table the answer to Question No. 10.

Question No. 10

MINUTES OF COUNCIL

(1)

628 — '55

F. 65-'55. Ordered that, under authority of Section 37 (2) (a) of The Revenue and Audit Act, chapter 31 of the Revised Statutes of Newfoundland, 1952, His Honour the Lieutenant-Governor be moved to sign a Special Warrant in the amount of \$15,000 in favour of Subhead 304 to defray certain expenses under The Newfoundland Election Act, 1954.

651 — '55

M. and R. 30 (a) — '55. Ordered that, under authority of Section 37

of The Revenue and Audit Act, chapter 31 of the Revised Statutes of Newfoundland, 1952, His Honour the Lieutenant-Governor be moved to sign a Special Warrant in the amount of \$100,000, in favour of the Vote of the Department of Mines and Resources, to cover necessary expenditures in connection with the development of a mink industry in the Province.

652 — '55

P. A. 11-'55. Order that, under authority of Section 37 of The Revenue and Audit Act, chapter 31 of the Revised Statutes of Newfoundland, 1952, His Honour the Lieutenant-Governor be moved to sign a Special Warrant in the amount of \$7,000 in favour of Subhead 301-03 to cover the cost of a new official automobile.

653 — '55

H. 42 and 44 — '55. Ordered that, under authority of Section 37 of The Revenue and Audit Act, chapter 31 of The Revised Statutes of Newfoundland, 1952, His Honour the Lieutenant-Governor be moved to sign a Special Warrant in the amount of \$60,000 in favour of the Vote of the Department of Health in connection with a grant to the International Grenfell Association to cover its deficit up to November 30th, 1954, and the establishment of an aircraft service for the purpose of conveying patients to and from hospital and enabling the doctors at St. Anthony to make routine and emergency calls to various places on the Northern Peninsula and in Labrador. It is expected that the balance of the total expenditure in these respects will be met from countervailing savings on the Vote of the Department of Health.

654 - '55

Ordered that, under authority of Section 37 of the Revenue and Audit Act, chapter 31 of The Revised Statutes of Newfoundland, 1952, His Honour the Lieutenant-Governor be moved to sign a Special Warrant in the amount of \$8,600 in favour of the Vote of the Department of Economic Development to cover the cost of the participation of Newfoundland in the Atlantic Provinces Economic Council. Of this amount \$6,600 will be devoted towards the expenses of the Council during the present year and \$2,000 for travelling and incidental expenses of the four members attending the Council meetings.

703 - '55

Ordered that, under authority of Section 37 (2) (a) of the Revenue and Audit Act, chapter 31 of The Revised Statutes of Newfoundland, 1952, His Honour the Lieutenant-Governor be moved to sign a Special Warrant in the amount of \$20,000 in favour of Subhead 304 to defray certain expenses under the Newfoundland Election Act, 1954. This amount is additional to the sum of \$15,000 authorized under authority of Minute of Council No. 628-'55 and will form a charge against the anticipated surplus for 1955-56

864 - '55

F. and C. 52 - '55. Ordered that, under authority of Section 37 (2) (b) of The Revenue and Audit Act, chapter 31 of the Revised Statutes of Newfoundland, 1952, His Honour the Lieutenant-Governor be moved to sign a Special Warrant in the token amount of \$100 to be placed to the credit of Subhead 1422-03-04 which was dropped from the 1955-56 Estimates but which is now to be restored. Expenditures from this Sub-

head will be on account of advances in respect of salt fish of 1953 production.

(2)

Amounts authorized and reasons for authorizations stated in Minutes of Council.

NOTE

No Special Warrants have been brought down as yet pursuant to the attached Minutes of Council as it is the desire of Treasury to ascertain how much of the additional expenditure involved can be met from countervailing savings under the Departmental Votes concerned.

MR. BROWNE: Mr. Speaker, in the absence of the Minister of Public Works, I wonder if I could address a question to the Premier? Is it correct that the work that has been done in regard to designing the new buildings for the Memorial University has been scrapped and a new architect engaged?

HON. J. R. SMALLWOOD (Prime Minister): I don't think that is true. What has happened is that the local firm of architects who designed the buildings to the approval generally, I think, of the authorities of the University, have had their work supplemented by Mr. C. Payne of his firm in Montreal. So that the designs and plans and specifications of the University will be a joint effort of Mr. Ryan of the city and Mr. Payne of Montreal.

Orders of the Day

Adjourned debate on second reading of a Bill, "An Act to Authorize the Lieutenant-Governor in Council to Guarantee a Loan to be Raised by Wabush Lake Railway Company Limited, and to Enter into an Agreement with that Company and Canadian

Javelin Limited relating to the Guarantee: "

MR. SMALLWOOD: Mr. Speaker, I will try to make my remarks as brief as I possibly can. That is to say I will not try to make them lengthy. I will try to make them brief. But I do think that I owe it, on behalf of the Government, to the House and to the people to give as thorough and as factual and informative a speech as I am capable of giving.

First I should like to clarify the statement I made yesterday, which on reflection I think is open to misinterpretation. I said that the Government for about a year or even more than a year had been considering the Javelin project. That is true, we have off and on. But from that the House is not to infer that we have been considering the guarantee for a year or anything like a year or anything much more than about a month. We have been considering the project in general but not the question of the guarantee. The House, I am sure, will see the importance of the difference in the two things — considering the Javelin project generally, starting a mine down there, and considering a guarantee of Javelin bonds are two entirely different matters, although one flows out of the other, possibly.

Now I want to add a fact to what I said yesterday concerning the volume, the quantity of ore down at Wabush Lake. Mr. Speaker, I have here the bulletin of the University of Minnesota — a mining directory issued in 1955. It is the current issue published May 1, 1955 by the University Institute of Technology of the University of Minnesota. Now Minnesota and Michigan are, I believe, the two greatest mining states of the United States of America. It is in Minnesota that the famous Mesabi Range is situated. The Mesabi

Range is the greatest iron ore mine the world has ever known, that is an operating mine — the greatest operating iron mine in the world. From that iron mine in the State of Minnesota forty or fifty million tons of iron ore are mined each year. That will give the House some idea of what a vast iron ore state Minnesota is. And the greatest of all operating iron mines in the world has what iron ore reserves in the grounds? I have the figures here, official figures. It gives the names of the various mines. It gives the lists of villages and towns, I won't bother the House with these. There is a long list of them, in the aggregate making up what is known as the Mesabi Range. And the grand total of the iron ore reserves in the ground is 897,000,000 — well, it is 897,891,789 — call it a little under 900,000,000 tons. In other words it is one hundred million tons less than a billion — In the great Mesabi Range. So that when we realize that in this one, this single deposit at Wabush Lake there is a volume of iron ore in the ground of something between five hundred and a thousand million tons, the House will realize that what we are talking about in this debate is a vast quantity of iron ore. It is almost ungraspable by the human mind, that much iron ore.

Sir, the Province of Newfoundland, if you take Bell Island and Wabush Lake deposits and the Knob Lake deposits, the three together, these great iron ore areas, Newfoundland has suddenly become if not the world's greatest source of iron ore then certainly she has become one of them; which is a most impressive fact. Why in 1953 in all of Canada — figures are given for no later than that — the grand total production of iron ore in all of Canada for 1953 was fifty-eight hun-

dred thousand tons, 5,800,000 tons for all of Canada.

Now, Mr. Speaker, having said that, may I add another fact which is, I think, of tremendous value to us — The world production of iron ore in 1953 (I have not the figures for last year) was 331,000,000 tons of iron ore. 331,000,000 tons of iron ore was produced in 1953 in the world. Now I have that here by countries and parts of countries, but I don't think the House would be particularly interested in knowing the particular countries in which that vast quantity of iron ore was produced. But this may interest the House — The President's committee on raw materials, that is the famous Paley Committee which was set up to give the United States Government some idea of what was in store for the United States and the world in the way of raw materials. It made the greatest assessment the world has ever known of the raw materials of the world. Of course it has to be the greatest because it was the only one there has been. In that report they said that within the next twenty years the consumption, and therefore, of course, the production of iron ore will increase fifty per cent. In other words, from 331,000,000 to 465,000,000 a year. That is getting close to half a billion tons a year of iron ore to be produced, say, by 1956 or 1970, the next fifteen years. The report is now seven years old.

Mr. Speaker, if the population of this world goes on increasing as it is doing, and if the world consumption of steel and iron products and steel products goes on increasing as the President's Committee says it will, and if the production must, as it must necessarily do, increase proportionately, and if in the next ten or fifteen years the world is consuming close to half a billion

tons of iron ore, then surely we are forced to the conclusion that our great deposits of iron ore in this Province, given to us by God Himself, by Providence, are a great heritage worth — who knows? Who can tell? I wanted to add these two facts. Now I want to add one more fact before I leave the topic:

I have here a list for 1955 of the beneficiating plants on the Minnesota Iron Ranges. The House may think that it is a little unusual to be compelled to beneficiate iron ore. Now that is far from being so. I would say that most of the iron ore that is mined in the world has got to be beneficiated. That is to say, there is precious little iron ore so good, as crude ore, that you can just ship it aboard a train or a boat and deliver it to the steel mills fit to use for freight, because you would be shipping too much rock, too much useless material. Therefore, it has to be beneficiated. It is as simple as that. You have to remove from each ton of ore as much as you can, as much as is economical to remove of rock and sand and the things that are no good. You don't want to go to the expense and the great trouble of moving rock and sand and earth and other useless material half way around the earth, or across the Atlantic Ocean. Therefore, you find — and here is the list of them — the name of the plant — the name of the superintendent — the name of the company — the location of it and the type of plant screening and washing and concentrating, etc. Even the Bell Island ore now is being beneficiated. In fact it always was in a rather crude way — As the ore passed over belts, boys on both sides, as I have seen them, pick off the rocks, thus raising the iron content of a given ton of material. In Knob Lake they are doing the same thing.

MR. BROWNE: There is a big difference between taking out the rock —

MR. SMALLWOOD: I said a very crude form of beneficiating, picking out the rock by hand. Now it can be carried into a more elaborate and more complicated and more expensive system. But whether it is just picking rocks by hand or using a Humphrey Spiral system or some other system you do improve the content. Take in Buchans, all the ore they bring up out of the ground is beneficiated. I have seen it done and other honourable members have seen it done. What happens is that the ore is crushed and having been crushed to a fairly fine grain it is put through a washing machine which agitates, and with chemical aids and agitation it stirs up a big bubble. The mineral is caught on the bubble that a scraper scrapes off the top. All that comes off the bubble on the surface is the mineral. That is a fine point—a heavy debating point—"Bubbles"—I make a present of that now to my honourable friends. It is irresistible. And my honourable friends will add to the people's information by a proper and judicious use of the word "Bubbles."

St. Lawrence does the same thing with Fluorspar—both the mines, I think, in St. Lawrence. I think, Mr. Speaker, that is all I will say about the iron ore deposits.

Now I want to remind the House that this iron ore mine and mill, this Wabush Lake project, will bring in annually to the Government, to the Treasury of Newfoundland, a sum of between one and a half and two million dollars a year at four and a half million tons — And I ask my honourable friends opposite to remember this — That most of the documents they have received are written on the basis

of three million tons a year. The latest figure is four and a half millions. I ask them to make note of that fact. And, on the basis of four and a half million tons a year from Wabush Lake, the revenue that will come to the Government, both directly in the form of taxes paid straight to the Government, and indirectly in the form of royalties paid to NALCO and by NALCO passed over to the Government, is something between one and a half and two million dollars a year.

Now, so that we may get some idea of what that amounts to, let me give the House this bit of information. The House is, I think, aware of the nature of the agreement between the Government of Newfoundland and the Labrador Mining and Exploration Company, that is the Knob Lake Company — and so that there will be no mistake about it, may I say when you speak of the Iron Ore Company of Canada, which is the actual mining company now, you are speaking only of something which has grown out of the Labrador Mining and Exploration Company, and have no rights except those which were given to the Labrador Mining and Exploration Company, that is rights affecting Newfoundland and Labrador. In Quebec they have rights given to another company altogether. It is the Act of 1938, I think as amended in 1940 and 1942 and again in 1944; but the original Act was in 1938. The rights of the mining company in Labrador are the rights that were given by Newfoundland to the Labrador Mining and Exploration Company. Now last year, when they began production, they exported 1,700,000 tons. Well, they began late in the year, and it was rather a remarkable accomplishment, to export almost two million tons of iron ore in the short season they had. This year, their second year of operation, they will export

over seven million tons. Next year, their third year in operation, their export will be ten million tons. So Mr. Timmins and some of the other directors of the company who came down to see me a week or two ago informed me. Ten million tons next year — Now they hope ultimately to go to thirty million tons a year. That is their plan.

Mr. Speaker, the Government of Newfoundland is to receive out of that production, the Iron Ore Company's production and exportation of iron ore, five per cent by way of taxes, five per cent of the new profits of the company as profit is defined. We are to get five per cent of that profit as the profit is defined in the legislation. Now the definition goes along this line — the profit is what is left after you take out (and then it gives a long list, as long as your arm — honourable gentlemen opposite, I think, will be interested in looking it up. They might make a note of it right now) and the difference is the profit, out of which we are to get five per cent, or of which the Newfoundland Government are to get five per cent. It is a long list constituting their expenses. According to the Act what is left is net profit. And of the net profit the Newfoundland Government is to receive five per cent and no more, nothing else. Oh yes, we are to get a dollar a horse-power on the hydro-electricity they develop — That runs to twenty thousand dollars a year. They may increase that to thirty or forty thousand, and the revenue will go up accordingly. They are also to pay the Newfoundland Government a small retail or a small lease, I don't know what you would call it, an aggregate amount which will amount to another few thousand dollars a year. So I think for practical purposes we

may ignore other than the five per cent.

Now at ten million tons a year they will be in the black — another opportunity if anyone wants it on the other side, to get off a joke about being in the black —

MR. M. M. HOLLETT (Leader of the Opposition): Ten years in mourning.

MR. SMALLWOOD: No ten million tons. They will reach it next year. At ten million tons they will be in the black and making a profit five per cent of which would amount to five hundred thousand dollars a year, a half a million dollars. That is if all the ten million tons were mined in Newfoundland Labrador. But, as in fact that ten million tons will be mined part of it in Quebec and part of it in Labrador, so that five per cent of the ten million will not come to Newfoundland. All that will come to Newfoundland will be five per cent of the profit made on the ore mined in Labrador, and not, of course, on the ore mined in Quebec. What they mine in Quebec the Quebec Government taxes and what they mine in Labrador the Government of Newfoundland taxes. And we will get, on the basis of the production, the particular division of the production, between Labrador and Quebec. So that our income on ten million tons, as the Newfoundland Government, will be about three hundred thousand dollars a year. That is what we will get out of ten million tons of iron ore. That is the agreement that was made by the Commission of Government — three hundred thousand dollars a year revenue to our Treasury from the Iron Ore Company of Canada and the Labrador Mining and Exploration Company. That is all — three hundred thousand dollars, until their production goes up beyond

ten million tons. Now at thirty million tons it will be presumably about three times as much, that is getting up to around a million dollars a year, at thirty million tons, assuming that the production of the thirty million tons was divided roughly as at present divided, about the same proportion of the whole coming from Labrador and Quebec as now.

So you will see, Mr. Speaker, a grand total of four and a half million tons with something between one and a half and two million dollars a year is an immense, actually a stupendous increase over the amount that will come from the ten million tons from the Knob Lake area.

Now in addition to the revenue, which, incidentally, will obviously increase as the profits of the company increase and as the tonnage increases — It is to be hoped — and I suppose we cannot prove this — but I think it is reasonable to suppose that once you build a railway, once you have the town built, once you have the mine open and operating, once these things are actually done, then each ton you mine and ship will be done cheaper than before and the profits will be correspondingly larger. You have covered your overhead, covered your basic needs at four and a half million tons — if you make it five and a half or ten million tons your cost per ton does not go up correspondingly. You have already covered most of your overhead, and the cost per ton will go down and the profits per ton will go up. And if that happens, I say, if that happens, the revenue to the Treasury of Newfoundland will go up accordingly.

Now the number of men who will be employed to start with will be five hundred, so the company informs the Government. The number will, so

they inform us, increase to seven hundred and fifty in two, three or four years, and if they go well up into production, eight and ten million tons a year, the number employed, of course, will be somewhat larger. Now if you double the production it does not mean doubling the employment, but it will increase the employment — how much I don't know. At the outset the wages will be two million dollars a year. Two million dollars a year will be the wages paid in the Javelin project, and the overwhelming bulk of that will go to Newfoundlanders, because the overwhelming bulk of those to be employed in the project will be drawn from the Province of Newfoundland. Now they will not in every instance be able to get all the people they want in Newfoundland, perhaps not all the trade and special engineers they will require. So they will have to get them in other Provinces or in the United States or God knows where. But in the main their employees will be drawn from the Province of Newfoundland.

Now I want to deal with this point: What is the point of guaranteeing their bond issue? Is it unprecedented? Is this something that other governments have not done and would not do? Is Newfoundland's action, is the proposed action of this Government unique? Let me give the House an example and it is in our own country of Canada, and it happened since the war, the biggest, I think the biggest iron mine in Canada before Newfoundland joined Canada, before Bell Island became a Canadian mine and before the Labrador mine opened up, the biggest iron mine, I believe, in Canada was Steep Rock. Certainly if Steep Rock was not the biggest it was a big mine. I think last year Steep Rock shipped out the best part of two mil-

lion tons of iron ore, not as much as our Bell Island, but then our Bell Island is one of the world's biggest iron ore mines. Steep Rock was done since the war, and here is how it is done. Three different governments helped them to come into existence and to get them going. The Government of the United States \$12,000,000 of a loan through the Reconstruction Finance Corporation, a loan of twelve million dollars, done by bonds. That is to say, the Reconstruction Finance Corporation guaranteed the bonds of the company and then bought the bonds and paid over the cash. Now that is slightly different from what we propose. We don't propose to hand over the cash. We propose only to guarantee the bonds and let them sell the bonds themselves and receive the cash from those who buy the bonds, and that will not be the Government, but the general public across Canada and in the United States. The United States Government Reconstruction Finance Corporation financed by way of loan on their own bonds which the corporation guaranteed, twelve million dollars.

The Government of Canada, that is the Federal Government, built the railway, forty odd miles of a railway, at no cost to the Steep Rock Company. And they built a great shipping pier for the company so that they might ship their ore.

The Government of Ontario built the hydro-electric line, the transmission line and put the electricity in there at a cost, I think, of seven or eight million dollars. Indeed, you might ask, what did the owners of Steep Rock put into it themselves apart from energy — and I don't mean their hydro — the Ontario Government did that — Apart from human muscles, energy, what did they put into Steep

Rock? I don't know. I will be candid and say, I don't know. But I do know this, the great bulk of the cost of starting Steep Rock came from the three Governments put together and not from the owners of the mine.

I will give another example: It appears in the issue of "News Week" of September 19 of this present month. Trans-Canada Pipe Line Limited. That is a great project to bring natural gas from the great Province of Alberta, which is the most westerly province of this continent before you come to the Rocky Mountains. Indeed there is only British Columbia to the other side of it. And between Alberta and British Columbia are the Rocky Mountains. So that Alberta is a far-off Province. And yet that is where the natural gas is — And the idea is to pipe that natural gas right clear across the continent of North America, to lay down a steel pipe line and pipe the gas right into the east of Canada. The cost is three hundred and fifty million dollars. Three hundred and fifty million dollars is the cost of that pipe line. And the Government of Canada guaranteed the bonds, at least they offered to guarantee the bonds. The Canadian Government agreed to guarantee Trans-Canada Pipe Lines Limited bonds, a private company. But at that point Gulf Oil, that is one of the great American oil companies, which will be the biggest supplier of gas at the Alberta end, the company that will supply most of the natural gas to go into that pipe line, pulled out, wanted no part of the deal which could end with the Government owning the line. The deal was the guarantee which the Government of Canada was to put on the bonds of this company. The bonds were to be guaranteed under certain conditions. And one of the conditions might well mean that in the end, in the case of default

or so and so, the Government of Canada would end up by owning the pipe line. So that the principal supplier of the gas Gulf Oil Company, withdrew, and therefore the guarantee of the pipe line was not put into effect by the Government of Canada.

But the point is that the Government of Canada were willing to do it. They agreed to do it. They offered to help. They may not have volunteered, but they agreed to guarantee the three hundred and fifty million dollars that it would cost to build that pipe line. Now I understand what has happened since is that the Government of Ontario has joined with the Government of Canada to build the pipe line themselves, at public expense across at least Northern Ontario, and to rent the pipe line to the company in question, or at least to rent that part of it that traverses the northern half of the Province of Ontario.

There I have given two examples. And there are many others that might be given as examples of governments guaranteeing projects by lending money, by building electric transmission lines, by building railways and building docks, and by offering to guarantee the bonds of private companies; one an iron ore mining company situated at Steep Rock and the other a natural gas pipe line running literally thousands of miles. As a matter of fact that pipe line originates in Alberta and ends somewhere around Quebec or the City of Montreal. That pipe line is three times, anyway, as long as from Wabush Lake to St. John's. It is tremendous—one of the world's greatest projects.

Mr. Speaker, I am able to inform the House this afternoon that Canadian Javelin Limited have entered into an agreement with the great American

engineering firm of Ford, Bacon and Davis of New York, under which that great company, with its seventeen or eighteen hundred engineers on their staff, will supervise, or will be the supervising engineers on behalf of Javelin in the building of the railway, the construction of the mill, the construction of the town and the operating of the mine. I think, certainly the Government feels very reassured by the fact that the mine and the mill and the town and the railway which are to be built partly out of the proceeds of a bond issue which we are asked to guarantee and the rest of which will be put up in one way or another by Canadian Javelin themselves, to know that this great and reputable firm of Ford, Bacon and Davis are the supervising engineers in the whole construction project.

Now I am able to inform the House of something else, which is to us on this side, at least in the ministerial ranks, of very great importance. First let me say that in the United States today—and I think it will be admitted that the United States is the biggest iron mine country in the world, they produce more iron ore in the United States than in any other country. They produce something like a hundred and twenty million tons, or from a hundred and seventeen to a hundred and twenty million tons a year, I think, of iron ore. And the four biggest iron mining companies in the United States, which probably makes them the four biggest in the world are, M. A. Hannan, that is the company which joined with Timmins to further the promotion of the Knob Lake project, the one of which the head was Mr. George Humphries, until he became Secretary of the United States Treasury—M. A. Hannan and Company, Pickands Mather and Company

of Cleveland. Both of these are of Cleveland. Ogilbay Norton Company, also of Cleveland and Cleveland Clift Company also of Cleveland. These four are, no doubt, the world's greatest mining companies, and the greatest of the four is Cleveland Clift. Cleveland Clift are well over a hundred years old, highly reputable, highly successful. They have been on the ground in Wabush Lake. They have been down there repeatedly, a number of times. Their engineers, their top men have been at Wabush Lake. They have now approached Canadian Javelin proposing that they and Canadian Javelin enter into some kind of an agreement. I may say, Mr. Speaker, that Cleveland Clift, in addition to mining iron ore in their own mines also mine iron ore for mines that they do not own. That is to say, they take over the management of the production and the treatment of iron ore in other mines than their own. And the negotiations are now proceeding between Javelin and Cleveland Clift of Cleveland for some type of agreement. I personally hope—I cannot say this will happen—but I hope that the agreement that will be reached is an agreement by which the management of the whole Wabush project will be done, will be handled, will be undertaken by Cleveland Clift. That is the most I will hope for. The least I would hope for is that an agreement will be made between them whereby the expert skill and the successful experience of Cleveland Clift in the iron mining field will be made completely available to the management of the Wabush Lake project, even if they don't take over the actual positive management. The approach has been made by Cleveland Clift themselves and not by Canadian Javelin. I have reason to know that

Cleveland Clift are very much impressed by this Wabush Lake deposit.

Now I want to draw the House's attention to one or two other facts, and in doing so I want to make a pronouncement. The estimate of the cost of this whole project is about thirty-two million dollars of which about half would be coming from the proceeds of the bonds that we could guarantee under this legislation. Canadian Javelin covenants in the agreement to complete the project for that amount. That is to say, they have covenanted not to come back to us and say we cannot build it for this much, we must have more money. Now that is in the agreement. The House will find it there. There is no doubt but honourable gentlemen have already seen it and have already read it.

Now my pronouncement is this: If Canadian Javelin defaults in the performance of their undertaking in this agreement, if they default on the agreement, the Government will exercise its mortgage. The House is aware—honourable gentlemen have read the agreement—that the Government took a complete mortgage on all the Wabush Lake projects, that is to say, the railway, the town, the mill, the mine and the ore deposits in the earth. We take a complete mortgage on all that—the Government takes it.

MR. BROWNE: Mr. Speaker, I wonder if I could ask the Honourable the Premier a question arising out of that statement? I notice in the estimate of the railway and the mine, it says Canadian Machinery and Equipment trust certificate seven and a half and plant three and a half millions. These look like some kind of a mortgage given to Canadian Machinery & Equipment.

MR. SMALLWOOD: That particular detail and similar details of the agreement are more or less legal details, which will, I am quite sure, be handled by my honourable friend, the Attorney General at the proper moment.

My own understanding is that the Government will have a mortgage, which will be executed in the Government's favour by Canadian Javelin and by the Wabush Railway Company, who incidentally are a wholly-owned subsidiary of Canadian Javelin—I think that ought to be made clear.

MR. BROWNE: Yes—The Premier stated the Humphrey Spiral process was going to be preferred to the German one?

MR. SMALLWOOD: I did not say that.

MR. BROWNE: Which would have to be installed. The Germans would want a mortgage on their property if they were to put it in.

MR. SMALLWOOD: If the German process is used, I think the plan is to pay for it with iron ore to a large extent if not entirely. However, these are details and the Honourable the Attorney General who so largely drafted the agreement, he and his staff, will be able to answer far more competently and in far greater detail, and, I may say, with far greater assurance than I could hope to possess.

MR. HIGGINS: Yes.

MR. SMALLWOOD: On matters of straight law, I assure my honourable and learned friend, I defer to lawyers—that is in about all I do defer to them, however.

My pronouncement, however, is and that is, I hope, a statement that

will be published and broadcast; if we guarantee these bonds on the authority of this House for sixteen and a half million dollars, if the Canadian Javelin Company or the railway company which is a wholly-owned subsidiary, one hundred per cent owned subsidiary of Canadian Javelin, defaults, we will not hesitate (a) we will not give them any more money. We will not come back to this House asking for authority for more, which means we won't be able to give them more. We could not do it without the authority of this House anyway.

MR. HOLLETT: Yes!

MR. SMALLWOOD: My honourable friend may want to be humorous. They know that to be a simple literal truth. Don't deceive people. I know the honourable gentlemen don't want to. They know just as well as I and pretty near everyone in this Chamber that the Government cannot spend money without authority of the House. They may spend it temporarily and come back and get authority.

We will not give them another dollar. And if they cannot do it for that, or for any other reason they default, we will, without remorse and without hesitation foreclose, take over the railway and mine and sell it to the highest bidder.

They give us categorically assurance, orally, that they can swing this whole thing for thirty-two million. Which means they give us absolute assurance, orally, by word of mouth, they will not ask for any more nor need any more. And they undertake, they covenant in the agreement that they will complete the project for that amount without asking for any more.

Now, Mr. Speaker, I want to speak a word about Canadian Javelin itself, the company itself. I will be very candid with the House and say frankly that Canadian Javelin Limited are not one of the world's biggest companies. They are a relatively small company; relatively small. There are not too many companies in Newfoundland as big and with as much capital stock as Canadian Javelin, but stacked up against the big corporations of the industrial world of North America, Canadian Javelin are relatively small. They are not as big as Bowaters. They are not as big as the AND Company. They are not as big as DOSCO. I would say perhaps they are a bit bigger than Buchans Mining Company.

MR. HOLLETT: Since when?

MR. BROWNE: American Smelters?

MR. SMALLWOOD: Not American Smelters, I say, Buchans Mining Company, Limited. They are much bigger than the two companies of St. Lawrence. One is wholly owned but the other is a subsidiary of Alcan which is worth hundreds of millions—but the company at St. Lawrence itself is quite a small company. Incidentally, Mr. Doyle, the head of Canadian Javelin, and who I believe controls over half its shares, not as an associate, not as head of Javelin, but as a man, an individual personally is associated with some very well known persons. He and Sir Harold Mitchell for years have been associated in a coal mine in Alberta, a coal mine and a small railway in Alberta. I met Sir Richard Mitchell, I know him. He is an Englishman, an immensely rich man, a very wealthy man, said to be worth three hundred million dollars. He controls some very large companies in England. He was the vice-chair-

man of the Conservative Party of Great Britain, and a close personal and intimate friend of Sir Winston Churchill. It was at his home in Jamaica that Sir Winston stayed while in Jamaica and where I spent part of a day with Sir Winston in their home. They vacated their estate completely to turn over their home to Sir Winston Churchill. Sir Richard Mitchell is the biggest estate owner in Jamaica, and in British Guiana and in British Honduras. He is an immensely important businessman in Britain, and a member of the House of Commons in Britain until he retired from it. He and John C. Doyle have been partners for years in a small coal mine in Alberta and a small railway. Mr. Doyle has been controller of a coal company in Montreal a good many years, and I believe one of the principal suppliers of coal to the railways of Canada for a good many years past. He has got some remarkable connections. But I will admit, and the House will not have too much difficulty seeing it, that if a great company such as Labrador Mining and Exploration Company and more particularly the Iron Ore Company of Canada, which has several of the largest American steel companies in it, Republic Steel, M. A. Hanning, Armco, etc., and which had the Hollinger Consolidated Gold Mines of Canada behind it, which had Timmins and Humphrey behind it, I will admit with that great company existing there and having just spent a quarter of a billion dollars, two hundred and fifty million dollars to build a railway, I will admit it took a very brave man to face up to the idea, to the project of starting an iron mine in competition with the Iron Ore Company of Canada—that took a lot of courage—And Doyle has nothing if he has not got lots of courage. He

has lots of courage, if nothing else. He is a fighter. And I feel that this small company, this Canadian Javelin Company, which has one iron mine operating down in Chile, producing half a million tons of iron ore a year, which has some mining property on the north shore of Quebec and this Wabush Lake, I feel confident, quite confident in my own mind, that it is a bit of a miracle that Canadian Javelin are still there. You talk about their being delisted, stricken off the Montreal Stock Exchange, because of their refusal, point blank refusal, categorical refusal to divulge their own inside financial story in the belief, whether right or wrong, in the belief they would be tipping their hand, exposing themselves to people whom they thought were trying to destroy them, were making a strong effort to destroy them. I say that in my own mind I am convinced that very powerful interests tried for a long time, but I don't think they have any more since I announced a few weeks ago the decision of the Government to call the House together to ask the House to ratify our decision to guarantee bonds—Since then, I know of my own knowledge of my own personal knowledge, I know that where there had been powerful resistance there is none now.

Similarly it took real guts on the part of this fighting Irishman, Doyle, to think that he was going to start an iron mine a hundred miles further south than the Knob Lake Mine and get away with it.

Now I don't suppose that there is a steel company in North America, and I don't believe there is one in the whole of the United States or Canada that would have been willing in view of the fact that five of them, a well-known five of the twenty-three steel

mills in the United States, five of the twenty-three had gone into the Iron Ore Company and were the Iron Ore Company.—In view of that, I don't believe there was a single steel company in North America that would have been the means, that would have been willing to be the means to give Canadian Javelin its start. But the minute Javelin started, the moment it seemed to be inevitable, the moment it became apparent that Javelin's start was not brought about by one of these steel companies there began to be immediately apparent a definite interest from some of these steel companies in the Javelin property. I think, Mr. Speaker, it will be agreed, and I think it is fairly common knowledge that steel people all over the world are very close together, even more so than oil. The steel cartel of Europe, the international cartel of steel masters of the world, we know the story of the English shareholders of Krupp, of the German shareholders in England, and the English in French steel mills. These great steel masters of Europe are linked together, and the steel masters of North America are like that. And the steel masters of Europe and North America are like that. It is a vast international cartel. And I would say that complete loyalty to the common cause would prevent, certainly, the steel companies of North America from (shall I use the word sabotaging) the five of the twenty-three who had started this railway from Seven Islands to Knob Lake and started this iron mine at Knob Lake. But the minute Wabush Lake was going to start anyhow the minute that appeared to be inevitable, and that was when I, as Premier of Newfoundland, announced the Government's decision—at that moment, but only as of that moment, it appeared to be in-

evitable to these steel men that the Wabush Lake Company could not be stopped, it was going ahead. As of that moment the interest of North American steel mills became a reality. They have been approached.—Now let me remind the House of this, that in addition to the five steel mills that constitute the Iron Ore Company and that Quebec Northshore and Labrador Railway which operates from Seven Islands to Knob Lake, in addition to these five steel companies there is American Steel, U. S. Steel, Bethlehem Steel, Detroit Steel, Pittsburg Steel, Jones and Laughlin, the Mellon Steel Mill, the three biggest in the United States—there are eighteen steel mills in the United States, over and above the five that have started this Knob Lake iron mine. And the minute they can buy iron ore from Wabush Lake without even the appearance of disloyalty to the five who are in Knob Lake, the minute they can do it without even the appearance of disloyalty, they are going to do it. Javelin have already been approached by them, or by some of them, not by all of them, but by some of them.

I may say now that the whole trend since my announcement of a few weeks ago, where up to then Doyle, I would say very cleverly, and with great generalship went to Germany, where the steel masters have grown a little tired of their previous dependence on Europe as a supplier of iron ore and had become greatly interested in iron ore of Labrador.—Let me tell the House I brought the firm of Krupps to Newfoundland. I signed a contract with Krupps. The first full-blown directors meeting of Krupps held since the war was held so that the Attorney General and the Minister of Finance and I could sit in and negotiate a contract with them. I can

say it now because it cannot do any harm. Krupps agreed in that agreement to send their top men to Newfoundland, and they sent them. They came and we met them out at Gander. We escorted them to St. George's. And from St. George's we sent them in by plane. We provided tents and cooking and camp equipment from the Mines Division. And we sent guides in with them. And they went in and spent weeks and weeks and weeks in there, until, in fact, they were snowed in. And the camp and equipment, for all I know, is still in there. Anyway we got them out around Christmas, leaving their tents and equipment behind them because they got snowed in. If they had found iron ore on the west coast of Newfoundland, the history of Newfoundland might have taken quite a little different course. Because, they said, either give us coal or iron ore—give us both and we are all set—but give us one or the other. And Krupps have been down even in Ungava and examined their iron ore down there. So that Doyle, with great generalship, did not even approach the North American steel masters, he went to Germany knowing of the hunger there for iron ore. There is very little iron ore in Germany. And he knew of this interest—and he lined them up—I will admit he did not sign an agreement. He could have signed it over there again the other day when he got them to agree to postpone for so many weeks, his signature on the order for two million tons a year for Germany because he knew what was going to happen. That is why he went there in the first instance, and spent three months there this past summer. He knew what would happen the minute he could persuade the Newfoundland Government to undertake the guarantee and the Newfoundland Gov-

ernment made this announcement—the moment that happened, and the North American steel masters could buy that ore without any sense of disloyalty to their five fellow steel companies that are the Iron Ore Company; he knew that then their interest in his iron ore would become a very active thing, and so it did.

Now I would say that he will sign an agreement with Germany. He may not be willing to sign it for ten years. He may not be willing to sign it for two million tons. Because there is more money to be made per ton on the ore you sell to the U.S. steel mills than to the steel mills on the Continent of Europe. I may say, he has been approached by representatives of the British steel masters. The British too will be wanting iron ore.

Remember, Mr. Speaker—remember this: The consumption of iron ore in the next fifteen years will go up from 331,000,000 tons to nearly 400,000,000 tons. And there is going to be a tremendous race between the countries and the steel mills of the various countries to ensure sure and certain supplies of good iron ore.

Now the question may be asked—If this proposition is as good as we say it is, if it is as good as we make it out to be, why does Canadian Javelin have to have its bonds guaranteed by the Newfoundland Government or by any other? Why does it have to have its bonds guaranteed? Can it not go out on a good proposition such as this is and just float its own capital? Cyrus Eaton could not! Cyrus Eaton had to go to the Construction Finance Corporation and get twelve million dollars. Cyrus Eaton could not build forty odd miles of railway. He got the Canadian Government to build them to his mill at Steep Rock.

Cyrus Eaton could not build the high-road but got the Ontario Government to build it. Oh you may say the Iron Ore Company did not have to come to the Newfoundland Government and ask the Newfoundland Government to guarantee their two hundred and fifty million dollars to finance their railway. That is true. But, Mr. Speaker, let us look for a moment at the difference in the two companies. Jules Timmins once told the Honourable Minister of Public Works and me, and the Minister of Labour, three of us and there were one or two others, I think Mr. Russell who was at that time the Minister of Natural Resources was another. There were four or five of us present with Jules Timmins. He told us—We have the ore here, almost proved, not quite, but it will be in a year or so. We will prove enough tonnage. And the ore is pretty good. But what we want is to have a railway built. And what we are going to do is this: we are going to the steel mills. Now he did not know at that time—he had only one behind him, George M. Humphries, M. A. Hannon—only one behind him. But he said, we are going to try to get the American steel mills to build the railway for us, for us or for themselves. They will own the railway. Don't forget, Mr. Speaker, the Quebec Northshore and Labrador Railway is a company wholly owned by the five steel mills. And if they don't haul ore over that railway there will be nothing coming over their own railway. The only way they have of making their own railway pay is to have iron ore coming over it, which ensured the market for Jules Timmins. Remember these steel mills do not own the mines at Knob Lake. They don't own these mines. They only have a right to buy iron ore from them and haul ore over

their own railway which they do own. And when you have a captive market, remember, you don't have to go to the Government to get your bonds guaranteed. You have a captive market, five mills which in the very nature of things had to buy the iron ore of Knob Lake because if they did not buy it it would not come over their railway, and if it did not the railway would have nothing else, and they would lose an enormous amount of money. So to make the railway pay they had to bring the iron ore from Knob Lake—a captive market.

Here is John Doyle, with a small company, out to buck a giant, an industrial giant, out to buck a company one of the leaders of which was the United States Secretary of the Treasury, with all the monumental powers which the Secretary of the Treasury yields in the life and economy and business of the United States.

Now we will consider the alternative. Suppose we said: "No." He made us a very good offer. The offer is not to be despised, and I hope, I know, no one despises it. The offer is that he will pay us according to a certain formula sums of money which will run from one and a half, closer to two million dollars a year into the Newfoundland Treasury, in two forms, as taxes and as royalties per ton. That is a pretty good offer. And what was the alternative to agreeing to do it? Doyle, remember, has an agreement with NALCO. And under that agreement Doyle can go on for the next twenty years, and we cannot take it from him. He can quite easily qualify to hold on to his concession for many years to come. Now if we said "No." Now I will admit quite frankly that Doyle cannot go—He might now that we have agreed to guarantee, the Gov-

ernment have agreed. We have not the authority yet to do it. It is subject to confirmation of course—but now that the Government have agreed to guarantee his bonds, I think he could go out and finance it. I think he could. But before we agreed he could not. All right! Suppose we said "No!" He would have several choices. In the first place he could go to the biggest of all the U. S. steel companies—He could go to U. S. Steel. U. S. Steel have been down. Their engineers and geologists have been at Wabush Lake and examined it. They have been there on the spot. Go to U. S. Steel. But U. S. Steel will not operate. They will buy it and tack it on their list of iron ore reserves, and sometime, maybe thirty or forty years from now, no doubt would begin to mine it. Or if his fighting blood were aroused, he would not sell it. He would promote it, build it up, operate it. He might take eight or ten years to do it. And I for one am not prepared to wait eight or ten years to get Newfoundland developed. I am not going to be around, active, in my full bloom of health for eight or ten years—I doubt it very much, for maybe eight or ten months but not eight or ten years. I want Newfoundland developed, and I am not prepared to wait that long.

Now somebody may ask, what effect will this guarantee have on our credit? The answer is that it will have none at all, if by the question is meant, what adverse effect will it have? — None at all. If we guarantee this bond issue it will be snapped up and it will be grabbed with no trouble. I have here, Mr. Speaker, a list of two hundred and six bond houses in Canada and in the United States, two hundred and six of them, with their names and addresses. This is not all

the bond houses there are. This is just a limited list of probably half the bond houses — I don't know if there are as many more — but this is two hundred and six bond houses across Canada and the United States who are as of September 16 past, that is this month, registered shareholders of Canadian Javelin. Listen to some of them. I will read the names: September 16, two hundred and six bond houses in North America who are registered shareholders of Canadian Javelin. In other words I will give the names of some shareholders: A. E. Ames, one of the best known bond houses in North America, Bache & Company of New York and London and Toronto; Burne Brothers, Toronto.

MR. BROWNE: Wood Gundy?

MR. SMALLWOOD: Dominion Securities.

MR. BROWNE: Harriman Ripley.

MR. SMALLWOOD: Gadnor & Company, Toronto; Hayden Stone, a very big company in New York; Richard & Sons of Winnipeg and Toronto; Royal Securities, Montreal; and listen to this one, R. Timmins and Company, Montreal. If honourable gentlemen would like to see the list I would gladly lend it to them.

MR. HOLLETT: How many shares?

MR. SMALLWOOD: Mr. Doyle gave me the list. I don't suppose I could say publicly how many shares it contains. They are registered, Canadian Javelin, maybe not at this moment, but certainly on the 16th of this present month.

Mr. Speaker, our public debt — perhaps under another heading that I have here I will deal with the public debt, because now I want to say a word about Newfoundland and Newfound-

land's future. I am one of those who, and I believe there are many now in Newfoundland, have an unshakable faith in our future in Newfoundland. I believe that Newfoundland's future is not less than positively brilliant. If you had stood in this House five years ago, anyone of you, you would have been thought a mad man if you said that within a short while, within a matter of two or three years or four years Newfoundland would have one of the fastest expanding economies right across Canada, you would be thought a mad man. The House is aware of the fact that the Government of Canada just appointed a Royal Commission to look into Canada's economic future. A distinguished Newfoundlander is a member of it, Dr. R. Gushue, President of the University. This Royal Commission has recently sent out economists to make special studies of the economy of different parts of Canada. And the man who was here and made the study for the Royal Commission here in Newfoundland has just reported that the Newfoundland economy is expanding at twice the Canadian rate. That is poor old Newfoundland, poor old poverty-stricken Newfoundland, old fashioned, antiquated, poor old sleepy Newfoundland. Her economy is expanding at twice the rate that the Canadian economy is doing. We have the highest birth rate, we have the lowest death rate. I remember standing, Sir, at this very desk in this very House four or five years ago and expressing here the terrible, I might even say now, the fearful dread I felt in my heart over this possibility, that Confederation was going to denude us of our people. Here suddenly we have become part of a great nation and would our people not just naturally gravitate to the more populous, more advanced, more prosperous parts of Canada? Suddenly

railway fares and means of travelling had vastly cheapened and improved, almost cut in half. It became so easy to get away. And I was deadly afraid that our victory of Confederation, those of us who had favoured Confederation, our victory would become ashes in our mouths. All we would have succeeded in doing was to remove the barriers between Newfoundland and Canada and drain Newfoundland of her people. Yet today, Mr. Speaker, our population is growing faster than that of any of the other provinces of Canada, only five years later. We have the highest birth rate in Canada. We have the lowest death rate in Canada. The Dominion Bureau of Statistics announced the other day the actual number of people who had been born in the different provinces for the past year, and Newfoundland was fifth in the actual number. Now it is true Ontario had more in the previous year than we and so did Quebec and so did British Columbia and so did Alberta, but Newfoundland came next. There were more people added to our population in the past year than there was added to the populations of Prince Edward Island, Nova Scotia, New Brunswick, or of Manitoba or Saskatchewan. Little old sleepy Newfoundland — Put that in your pipe and smoke it. Only five years ago were we hounded with the fear we were going to lose our population, and five years later our population is growing at that magnificent rate, with the highest birth rate and the lowest death rate, and our economy expanding at double the average of the Canadian rate.

Why, Mr. Speaker? Why is that? I will tell you why it is. It is simplicity itself. It is that our Newfoundland people who went through whole centuries of pessimism and gloom, and for pretty good reasons, except a few who

were relatively well off — there were always a few fairly well off. There was never any real wealth in Newfoundland, but a few relatively better off. And there was a grinding fear of poverty which never really touched their lives although they lived very close to it. But the majority of our people for centuries have lived in an atmosphere of fear and dread of the future. Now every living Newfoundlander, not every one, there are a few still unemployed, there are a few who only get a few months work a year, there are still some — God help us — to whom unemployment insurance means an awful lot. We are not out of the woods yet, no, but almost every Newfoundlander today has unbounded faith in Newfoundland. He has unbounded faith in the future. He has tremendous faith in himself. The age old fear has been removed. The confidence that people have is causing them to spend money on housing. Did you ever see the like of it? Did you ever see the way people are spending money on housing, the way they are financing their homes? Did you ever see the way they are buying radios and television sets? Did you ever see the way they are buying motor cars? Did you ever see the way they are spending money? Enormous buoyancy, enormous optimism, enormous confidence in Newfoundland is to be found in Newfoundland today. No one can deny that, it is too obvious. A great ecclesiastic told my honourable friend recently that he could hardly believe what he had seen with his own eyes on a recent tour, it was fantastic.

Now I am not saying that is personal — don't anyone misunderstand me. Sir, what has done that is partly Korea, of course and partly the fear of Communism, of course, it is partly the preparation for war, stockpiling, of course it is. It is partly Confederation,

overwhelmingly so, it is Confederation, but not entirely. It is a whole combination of circumstances which has given us here in Newfoundland a great new faith in ourselves. So much so that we can take fifty million dollars of debt in our stride. We can take a hundred million dollars of debt in our stride. The same debt when we had a quarter of a million people put us on the rocks, but it would not put us on the rocks today, nor double that would not put us on the rocks today. We are growing. We are growing fast. We are going places in Newfoundland. We are growing and we are going to go on growing.

As for me, Sir, if we are going to go down, let us go down fighting with our colours flying, and not be cowardly about it. If the only way to get this mine going is to pledge our credit, in the Name of God let us do it and put seven hundred men to work. That is good Newfoundland common sense, good Newfoundland patriotism. Suppose there were ten deals like this before this House today, that we were asked to guarantee the bonds of ten companies and not just one, but ten, each exactly the same, that is to say, if we were asked here today to guarantee the bonds for \$160,000,000. Suppose we were asked here today to guarantee the bonds of ten companies at a total of \$165,000,00 and we were to receive annually from these ten, if the Treasury of Newfoundland was to receive from those ten companies \$18,000,000, and they were to pay out twenty or twenty-five million dollars a year in wages. Should we do it? Would it be good business for Newfoundland, for us, to do that? If it would not there is no such thing as good business for Newfoundland, no such thing. Emmanuel Kent once said—"Man is the measure of everything. And the test of what is good is, would

it be good for all men? Would this thing be good if it applied to every man?" In much the same spirit, I say, the way to test this Javelin deal is to multiply it by ten or by five or by any number you like. If it is good to have ten it is good to have one — it is ten times better to have ten, I admit.

Mr. Speaker, the Government of Newfoundland offered to sell Labrador for ten million dollars just a few years ago.

MR. BROWNE: When?

MR. SMALLWOOD: I can produce the correspondence — And the man who offered to do it is a man for whom I had and have a great respect. He sat here since I have been here in this office. He sat here on opening days. I have had nothing but great respect for him, much more than I had when he was Premier. Ten million — He offered to sell it for ten million dollars. So, people said he was a mad man at that time, and in the circumstances of that day, ten million dollars, perhaps, was all it was worth.

MR. HOLLETT: You are giving it away now. You have given it away now.

MR. SMALLWOOD: No. We have not given it away. I believe, I say I believe, that within weeks, just weeks, not even months but just within weeks there will begin in Labrador a thousand million dollar industrial project connected with hydro — a billion dollar project. Now that will be the ultimate. The minimum will be perhaps one or two hundred million dollars, as the first stage in a vast, in a vast hydro-electric development. I believe it will be the vastest on this globe, because there are ten million horse-power there, and if developed; there

is no other part of this world has ten million horse-power at one site, one project, all one hydro project. I believe, Sir, that this railway from Mile 224 on the Quebec North Shore and Labrador Railway down to Wabush Lake, forty miles away, is going to open up great new territory. I had a phone call a few moments ago from Mr. Duggan in Montreal, and amongst the things he said to me was, that for their part they were now glad to see this railway being built into Wabush Lake. They thought now that anything that helped to open up Labrador, that helped to develop Labrador, was good for them, and, as he said, good for everyone concerned.

Now I don't think for one moment it is going to be necessary for this Government to guarantee every bond issue of every company for every project that starts up. But where necessary, here and there, to give a lift along, to keep the thing going, to keep the economy expanding, to keep it turning over, to keep expanding—that is what public credit is for. In the Name of God if that has not been established in this world what has been, as principle of Government, that public credit should be used to grease the wheels, to lubricate if that has not been proven — Turn to the United States and see what it has done to the United States, in the use of public credit to this very day, to this very day, the thousands of millions of dollars of public credit that have been put behind the development of the United States. And I say, Sir, we in Newfoundland, whatever may be the temper across Canada as a whole, whatever may be the methods and the modes and the temperament of Canada as a whole, we in Newfoundland, who are an island, who cannot be part of Ontario nor cannot be part of Quebec, we are an island, and we must make our own future — We must — Canada

is not going to do it. Ottawa won't do it. We must do it. And as long as we got any credit let us use it to develop Newfoundland, open her up to develop her, to create jobs, to create work to create employment, to create cash wages.

Now they may be debating five or ten years from now whether we should have guaranteed bonds of Canadian Javelin. But the mine will be there. The mill will be there. The railway men will be working. The men will be working on the Labrador. It will be an academic debate, just as it is a very academic debate this day, but was quite a hot debate in this Chamber when Squires brought in the Humber deal. That was a hot one. He was bankrupting Newfoundland then, sending Newfoundland to perdition, sinking her in a load of debt, just as Whiteway was doing when he built a railway, with a population of a hundred and ninety thousand, about twice the population of St. John's, or not as much. In the census of 1890 the population was around a hundred and ninety thousand, and they built a railway.

In the Name of God, what kind of courage and what kind of vision did our Newfoundland people have sixty years ago, to build a railway, of all things. Today we cannot even build a road across Newfoundland without taking years to do it. Sixty years ago they built a railway. What kind of guts and vision did they have? Plunge Newfoundland into debt! Sink her under a load of debt! We should be on our knees today thanking God today for Whiteway and Bond and Morris and Squires and Monroe — yes Monroe — I think it was who put Buchans there.

MR. BROWNE: I don't say he put it there.

MR. SMALLWOOD: It was his administration negotiated the thing. It was Squires who put the mill in Corner Brook and Morris opened the mine at Bell Island, and even I, it was not with my own little hands that I built these industries which we now have in Newfoundland, and I am reputed to have had something to do with it.

MR. HOLLETT: You are not going to deny that now are you?

MR. BROWNE: Trying to get out of that?

MR. SMALLWOOD: No I am not trying to get out of it. And any time my honourable friends opposite want to ask the people of Newfoundland what they think about it let us ask them and see what happens, and abide by the results — any time at all, next week, the week after next, next month, next year, any time my honourable friends would like.

MR. HOLLETT: The week after next.

MR. SMALLWOOD: That would be a little early constitutionally. No, it will either have to be the 4th of October or shortly after, because I have to be in Ottawa on the 4th for the Dominion-Provincial Conference.

MR. HOLLETT: It could be after that.

MR. SMALLWOOD: After that? My honourable friend is always extremely well informed as to dates of general elections. He announced here about a year and a half ago it was to take place the Fall of last year, about a year ago now.

MR. HOLLETT: Tell us why it did not.

MR. SMALLWOOD: If I were to tell my honourable friend why it did

not take place he would be as wise as I, which would not be right.

Now, Mr. Speaker, let us see what we can agree on here, the Opposition and ourselves. Can we agree on these things and stop talking about them? I wonder if I might have the attention of my honourable friend, the Leader of the Opposition and my honourable and learned friend on his right? Can we agree on these things— (the reason I single them out is because the other two honourable gentlemen are already listening)—Can we as a House, regardless of party, Government or Opposition, can we agree on these things and stop talking about them?

(1) There is a huge quantity of iron ore at Wabush Lake—a vast quantity: We won't argue as to whether it is five or three or eleven hundred million tons. It is a heck of a lot of iron ore, put it that way. Let us agree on that.

(2) Let us agree it runs 32, 33, 34, 36, 37 or 38 per cent iron, in the ground as it is in its crude form. Let us agree on that. Let us agree that in the quality it is not too bad. It is very good, in fact excellent. I think we can agree on that. And that it is singularly lacking in the things it should not have anyway in ore.

(3) Let us agree that you can beneficiate it. That you can beneficiate practically and economically from a financial standpoint. That it is capable of pretty easy beneficiation due to the character of the ore itself.

(4) Let us agree that it will employ five hundred, as Ford, Bacon and Davis based it on three million tons of ore, or seven hundred and fifty people based on four hundred and fifty tons or four and a half million or five

million tons. In other words, about twenty million dollars a year wages will be circulated amongst Newfoundlanders.

(5) And let us agree that the Treasury will benefit to the extent of something between one and a half and two million dollars a year, unless it is false, and we will deal with that separately.—Assuming it is not false, that would be the revenue, those would be the wages, those would be the royalties.

Now let us consider these things I think we can agree on. I think we can save time. I don't think my honourable friends are disputing the reports. They may dispute our interpretation of the reports. They may disagree with the things we would like to do, based on the reports. But I don't think they are going to disagree with the reports themselves.

If the thing fails, if it fails, we have a mortgage. We will foreclose the mortgage, and we will promptly offer it for sale. Now there is Bethlehem Steel, as I said, Detroit Steel, Pittsburg Steel, Crusable Steel, Colorado Steel, and the Mellon people—in fact there are eighteen steel mills in the United States to whom we can offer the whole thing. For what? For the thirty two millions it will have cost? For the sixteen millions and a half we have in it? Because we will have the mortgage on the rest as well as what our money put there. We will have a mortgage on the whole outfit. All we have to get back to protect ourselves is the sixteen and a half million dollars. Now is anybody going to argue in this House, seriously and sincerely, that in the event of default, notwithstanding that Canadian Javelin have Ford, Bacon and Davis in to supervise the construction of the whole thing, notwithstanding they have

Cleveland Clift either to manage it outright or supervise the management; notwithstanding all that, let us say it fails—Is anyone going to argue seriously that if we offer a billion tons, a thousand million tons of iron ore and a town and a mine and a mill and a railway for sixteen and a half million we won't get it? Will no one put up that? Will no one in the world pay sixteen and a half million, our equity, the stake we have in it, in the case of failure? In other words, Mr. Speaker, is the risk really a great risk? We say it is not. We say it is not a great risk. It is not a big risk for Newfoundland to take.

So we ask the House — all — on both sides, we ask the honourable gentlemen on the opposite side to vote for this Bill. We assure them that if they don't and if we don't and there is no guarantee, then there will be no mine at Wabush Lake for probably many years to come. That is the risk we ask the House to take. It is not very great, and it will not affect our credit, but it will, by strengthening our economy, strengthen our credit in the money markets of the world.

On motion the House recessed for ten minutes, after which Mr. Speaker returned to the Chair.

MR. HOLLET: Mr. Speaker, I sincerely hope nobody takes any exception if I do wander away from the principle of the Bill. I assure you, Sir, that I have no intention of wandering from the principle of this Bill. If I have been set a noteworthy example by the Honourable the Premier who, I believe barely mentioned the principle as outlined in the Wabush Railway, at least this Guarantee Loan Bill.

What just is the principle of this Bill, Sir? What is the principle of any Bill brought into this House, of this

nature, or anything like it? Should not the principle of the Bill be something that coincides with the welfare of the people of this Province? And I think that is one of the first questions we have to ask ourselves: If the objects outlined in this Loan Bill, to build a railway, if the objects outlined in the Bill could be achieved, would it then redound to the best interest of the Newfoundland people?

Now we of the Opposition, Sir, are certainly not opposed to development. We are not opposed to the development of our natural resources. And when I say our natural resources I refer also to the resources, naturally, on the Labrador. Undoubtedly the building of a railway to a mine in Labrador would be an end towards the development of a natural resource. We are not against such a principle. The thing I think, and it is clearly understood by the House, that we are opposed to, is the fact that the Government today intends to underwrite or guarantee a loan of sixteen and a half million dollars to build this railway. The Honourable the Premier has said that it may be ten years or twenty, perhaps, before such a railway is built, if we do not guarantee this loan. I am afraid that I cannot swallow that at all. Because, if we are to accept the findings of the various experts, as I call them, who inquired into the ore body there at Wabush Lake, if we are to accept also these statements of high authority on the scarcity of iron ore and its need and the premium which will be placed on it in the years ahead, then I fail to see how our refusal to guarantee sixteen and a half million dollars to build this railway would postpone the operation for ten or fifteen or twenty years.

Before I go on, Sir, I want to point out, this particular paper here contain-

ing the names, according to the Premier, of 206 brokers, Canadian and American brokers; I want to point out to the House that we ought not to labour under the mistaken idea that these brokers have bought shares in Canadian Javelin. In my opinion that is not the correct interpretation to put on it. These are merely brokers all across Canada who have had placed in their possession, by Canadian Javelin, certain blocks of shares, and they are offering them for sale to the general public across Canada and in the United States of America.

MR. SMALLWOOD: If my honourable friend would allow me? That is not so. If all the bond houses from whom individuals have bought shares in Canadian Javelin were listed it would be much longer than that list. They are registered owners in their own right.

MR. HOLLETT: I maintain, Mr. Speaker, in spite of the statement by the Honourable the Premier, as it reads; Canadian and American brokers holding Canadian Javelin Limited stocks.

MR. SMALLWOOD: Yes holding, not selling.

MR. HOLLETT: Holding for sale. Brokers don't go into the market like that, and buy things like that. They hold these things for sale. And I want to make that quite clear. They may have some shares themselves too — but certainly if these brokers — if I went in to one of them tomorrow and asked for fifty shares in Canadian Javelin I could have them just the same as if I were to go into a drug store and ask for a sleeping tablet, I would expect them to have them there. And in sleeping tablets I do not mention them to make any comparison between Canadian Javelin and sleeping tablets.

Because sometimes they are absolutely essential to give you rest and quietude.

No, Sir, as I have said; we are not against the building of the railway. We are not against the development of the iron ore deposits in Labrador. We are against nothing whatever that would tend to give jobs to Newfoundland people. But to draw the line as to just when and why and where should the Government, who are the trustees of the people, or at least this House of Assembly, when it should guarantee a Bill. If it can be proven to you, Sir, that the guaranteeing of such a Bill would redound in the long run to the benefit of our people in this Province of Newfoundland, then I say, in all probability this Government could afford to and ought to guarantee it. In this particular instance, Sir, it is not at least my intention to support this guarantee. I do not see the necessity for it at all. Because I am convinced, in fact I have been told this afternoon by the Honourable the Premier that this man Doyle and Canadian Javelin could now go into the money markets of the world and get all this money, all the money they want, in so many words — That is what I have to interpret from the statements that have been made.

Now, Sir, I referred yesterday to a report of the Ontario Mining Association. And I want to read one or two extracts from that now, to show that I agree with the Honourable the Premier that there is a premium of iron ore and that it will be in great demand, provided it can be economically produced and brought to market. This report is signed by the President of the Ontario Mining Association. I would not be surprised if he were an associate or a friend of the Premier's or of the Attorney General, because they seem to have met all these big

mining authorities. And this is a foreword, which is a beginning of a series of reports of the directors of the Ontario Mining Association: "The story of the industries growth is not complete, however, without an analysis of the value and current production. Newspaper stories, magazine articles, television and radio broadcasts from time to time told of expansion and rapid production taking place, broader and sweeping methods taking place, and new companies being formed to develop mines, some of very large scale capacity, and in existing mines great expansion programmes are under way. None of this activity is as yet reflected in statistics of production. However, some reflection of this activity does perhaps occur in the value of common shares in companies concerned." . . . "Whether or not these figures can be accepted as real indications of value, the remarkable increase is undeniable and must undoubtedly carry with it assurance for those who search for new mines."

I include John Doyle in that. And this is important :

"Search for and operation of new mines is forthcoming."

Now if Mr. Doyle were here this afternoon, I am quite sure he would be delighted to hear that.

"Economic stability is not alone sufficient to encourage either in or outside capital to take the risk in financing new mines."

That is important, Sir.

"While such capital, that is to say, risk capital does ask for financial stability in the country it also asks for a fair recognition by government of the risk it must take and the chance in case of success of ventures to accu-

multate against possible or future losses."

This is the part referred to yesterday: "On the record, over a period of some fifty years of mining, it shows that out of every one hundred mining companies and syndicates formed only two were brought to production stage and paid provincial mining taxes."

Now, that is surely something for us members of the House of Assembly to consider. In other words, two per cent only of all the mines of the last fifty years, which have been started—

MR. SMALLWOOD: It does not say that.

MR. HOLLETT: It says: "On the record, over a period of some fifty years of mining—"

MR. SMALLWOOD: It does not mean mining companies.

MR. HOLLETT: It means companies formed to mine ore.

MR. SMALLWOOD: No, not in Ontario. They are largely formed to get money for shares in the United States.

MR. HOLLETT: Certainly there must be a mining company formed with some intention, some prospects, something in sight. I don't think the Honourable the Premier will be successful in upsetting that argument. Some fifty years of mining show that out of every one hundred mining companies and syndicates formed—(that is what Javelin is now) — only two were brought to the production stage and paid provincial taxes.

MR. SMALLWOOD: Yes, it is not so easy to start a mine.

MR. HOLLETT: I take it that is one of the reasons the Honourable the

Premier and the Cabinet decided to loan this company sixteen and a half million dollars to get the railway. They may be wise.

MR. SMALLWOOD: I don't want to interrupt my honourable friend — if he would yield — He must know Ontario is, shall I say infamous or shall I say notorious as being the home in North America for bucket shop mining companies, with share pushers on the telephone selling shares all over the United States. Eighty or ninety per cent of them if they heard a couple of nails smacking against each other would form a company — It is notorious.

MR. HOLLETT: Well I don't know whether there are nails knocking together which brought Mr. Doyle to Newfoundland. I think he came April 19, 1953. I will have more to say about that. He probably heard some nails smacking together and decided to come and look into the matter.

This report goes on:

"The Dominion Government has recognized this situation." That is to say, that a mining operation is a risk, a grave risk not only for the shareholders but also for any people of any government or any persons who underwrite any of the bonds.

The Dominion Government has recognized it by providing always, even in Ontario, although as yet inadequate, by depreciation, by freedom of income tax for the first three years of a mines operation, and by reasonable depreciation of the operating machinery and equipment, and permits a mining company to deduct from income in any year the amount of money spent by exploration of new mining property.

He quotes the President of the American Institute of Mining Engine-

ers, dealing with the methods of the constitution of mines. His opinion is that the hazards of the mining industry are great enough without adding serious political hazards thereto. And exploration activities should be instituted in companies with a favourable economic atmosphere.

Mr. Speaker, I quoted from that to show, in the first instance, that mining is a risk and the guaranteeing of bonds to start a mine is a risky business. And I want to ask this question: Have we, the representatives of the people of Newfoundland the right to guarantee such bonds, until we have absolute proof that there is very little chance of failure.

Now, Sir, in connection with the other matter of the shortage of iron ore, the shortage of steel — I hope, Mr. Speaker, you will pardon me for some of the quotations I am going to make. This one is a note on Republic Steel Corporation of America. This was in "Time" magazine of recent date. This article says:

"In connection with the increasing demands for steel in America, now that the Republic Steel Corporation of America has announced plans for a one hundred and thirty million dollar plant expansion programme, which will boost capacity 16%, to nearly twelve million tons a year. This follows a 17% expansion two years ago. The present U.S. capacity for steel is one hundred and twenty-six million and practically every steel maker in North America is planning similar expansion including Bethlehem Steel and Pittsburg Steel."

The Republic Steel Corporation is the third biggest U.S. steel maker, after Bethlehem Steel. With its expansion it will have twice the capacity it originally had in 1930.

This company is also well prepared for raw material, that is to say, iron ore. And it has contracts for one quarter of the rich ore that is already trickling and will pour in by the St. Lawrence Seaway by 1959.

I quote that, Sir, to show that, if the iron ore is there, and a good many people believe it is there, in quantity and if the quality can be produced, then I have no doubt but eventually this ore can be gotten out and utilized. So you see, Sir, I am trying to look at both the positive aspect of the thing as well as the negative one — and I think you will find, Sir, that we will do that right through.

In other words, is it a risk? If you have the ore of sufficient iron ore content or can beneficiate it to that content of 60% or 65% there is no doubt about selling it and then there would be no doubt about a guarantee. But have we been definitely shown that there is this type of ore in Wabush Lake? I maintain Sir, that the Honourable the Premier did not go into that matter fully this afternoon, and why, I do not know. We must satisfy ourselves if the ore is there. First we know the demand is great, but we have to know that that ore is there in sufficient quantity and sufficient quality to meet competition in the markets of the world. Prove that and I don't think there will be any great objection to the Government guaranteeing a loan, apart from the fact that it is doubtful if a government of a small province such as this should embark upon the guaranteeing of loans of this type. I will have something more to say about that later.

Sir, as I listened to the Honourable the Premier this afternoon, I was imagining myself in a huge hall somewhere in Toronto or in England or in the United States with five or ten

thousand people sitting around, and on the platform Billy Graham. I would almost go as far as to say this, if the Honourable the Premier had taken up Evangelism in his youth, or even today, it is not too late, he would succeed far greater than even Billy Graham has done.

MR. SMALLWOOD: If the honourable gentleman would allow me — I did do that in Confederation, and for some time after, with rather conspicuous success.

MR. HOLLETT: Well yes, successful undoubtedly in many ways. Successful, I take it, in persuading at that particular time nearly half the people of this country he was right. And if any Evangelist can persuade fifty per cent of his listeners he is correct, then he is quite an Evangelist. But to follow that, I want to show the Honourable the Premier that even he can make mistakes — Because in reference to the great Seigheim deal, Sir, you will remember the Honourable the Premier went on to speak for many, many hours on this thing, for pages of Hansard, 1951, I could quote from it to show —

MR. SMALLWOOD: Would the honourable gentleman read the part where I said I thought it too good to be true, but that it was so good an offer we had to accept it?

MR. HOLLETT: I don't know what part is being referred to.

MR. SMALLWOOD: In that same speech.

MR. HOLLETT: There are thirteen pages, Sir, on the Seigheim deal; and the Honourable the Premier only took two hours this afternoon on Wabush Lake. Now the point I want to make, and I don't think I need quote Han-

sard—Nobody likes to have his words thrown back in his face. But I would say in reference to our Treasury, from this great Seigheim deal there was to be one million dollars. It is there. And I think there was to be fourteen or fifteen hundred people working down there. And, Sir, I remember sitting outside the bar, in this House, at that time when the Honourable the Premier enlarged on it to such an extent that nearly everybody believed him. The Government believed him.

MR. SMALLWOOD: I don't think so. I did not believe it myself, and I said so. I said in that speech: "It is too good to be true."

MR. HOLLETT: Sir, I do not want to take up too much time, after all I have a certain amount of respect for Evangelists. I know they are not always right. I know they tell you if you confess your sins and do good for a while you got a chance to get to Heaven. And I am quite sure the Honourable the Premier makes the same sort of plea when he stands up on the opposite side of the House — "Be good boys, accept what I tell you and you will have happiness ever after." That is what he tells us every year since 1949.

MR. SMALLWOOD: "While the light holds out the vilest sinner may return."

MR. HOLLETT: I was going to say something — But there are sinners, there are sinners in the ranks of the Government, I take it. There are people who have left the Government, very much more, Sir, than have left the Opposition.

MR. HIGGINS: There were more of them to leave.

MR. HOLLETT: There are still more, I hope, to leave. I am hoping,

Sir, that before this debate is over some of the people on the opposite side of the House are going to have the courage to get up and say: "No, we are afraid to take this chance." I admit they would be some men to do it, Mr. Speaker. But the principle of this Bill demands that every man in his own individual conscience must consider for himself the consequences of such a guarantee. Of course, I am not asking anyone on the opposite side to cross the House. I am quite sure they are going to do it some day. I am quite sure they are coming over some day or else we will go over there and take over — Something like that has got to happen.

Sir, I referred to the Seigheim deal. And the Honourable the Premier knows that he did get up and tell us about that with just as much fervour as he did this afternoon — One million dollars into the Treasury. Cabbage as big as a barrel on the Labrador. And fifteen hundred people down there.

Then there was CMIC I remember, Sir, what a wonderful story we had about that. I remember the steel mill at Bay Roberts and all these things. And on each and every one of these, Sir, the Honourable the Premier was as fervent as he was this afternoon. I want the honourable gentlemen on the opposite side of the House to remember that. Because, as I have pointed out, Sir, he is a bit of an Evangelist. But unfortunately I am afraid I am a hardened sinner.

MR. SMALLWOOD: A back slider?

MR. HOLLETT: I never was a back slider — But a hardened sinner, I admit that — and the light may hold out — And we ought, Sir, to look at the principle first. Look at the Newfoundland Government and the people. What is our position relative to the

people of this country? I referred to that before, but I feel I ought to refer to it again. And on that point, Sir, although the Honourable the Premier is prepared to guarantee ten similar votes, I must again keep the facts we have to look at, our balance sheet, before me, before we start guaranteeing any more loans.

In 1949, Sir, we had three and a half million dollar debt. We had over fifty million dollars, including the assets, realizable assets. Today we have a forty million dollar debt. The forty odd million surplus gone — And, Sir, we have been blessed with the greatest revenue that ever this country has witnessed during all the years of Responsible Government. The honourable gentleman on the opposite side of the House have had the privilege, or shall I say the obligation, to spend just about ninety million dollars over and above ordinary revenue. And a lot of that was spent in new industries, Sir. And they and we have to ask ourselves, what is our obligation? What is our object?

I am quite sure the Cabinet, when they came to consider that, I am quite sure there were men in that Cabinet during the several months or at least one month when it was being considered, and during the last two days of consideration, I am quite sure, Sir, that there were members of the Cabinet who could not see eye to eye with the bright picture which has been painted to them by Mr. Doyle. Whether they see it now, that is their business. But I know this, Sir, that since 1949 we have borrowed this money. Today we have to collect two and a half million dollars to pay the interest and sinking fund on the money which has been borrowed. We are now about to guarantee another loan of sixteen and a half million dollars. Sir, our direct

debt is forty million dollars and our indirect debt at the present time is about thirteen million, fifty-three million dollars. Add the sixteen and a half million dollars here of the guaranteed loan and we are getting up pretty close to seventy million dollars, direct and indirect debt.

Now I have heard so many statements about the increase in our population but I have yet to have anybody prove to me just what the population of this country is — from three hundred and eighty to four hundred and fifteen thousand — I don't know what makes up the difference. Probably the Premier could tell us some authority?

MR. SMALLWOOD: There is only one authority — The Dominion Bureau of Statistics. Their figure is 415,000.

MR. HOLLETT: They have no statistics to show that. There has not been a census taken since we went into Confederation.

MR. SMALLWOOD: They have an annual figure for every province.

MR. HOLLETT: Guess work.

MR. SMALLWOOD: Not guess work. Not at all.

MR. HOLLETT: Have they followed how many people leave and come into the Province? I don't think so.

Now, Sir, we must look at the position in regard to the people. And then we must take a good look at Canadian Javelin. We have got to look at the Wabush Railway. We have to take a look at John C. Doyle. And we have to look at the father or mother (I don't know which) of all this, NALCO, if we are going to do justice to it.

MR. SMALLWOOD: I am the father of NALCO and the mother too.

MR. HOLLETT: Well there is another man who is not here today who claims he is the father.

MR. SMALLWOOD: No he does not claim so.

MR. HOLLETT: Yes.

MR. SMALLWOOD: I am afraid his word is not much to be depended on, is it?

MR. HOLLETT: It is not up to me to question any man's word. I won't question the Honourable the Premier's word, and there is no reason why I should question —

MR. SMALLWOOD: I am here. He is in gaol.

MR. HOLLETT: He is in gaol.

MR. SMALLWOOD: Yes, and I am here. So there is no doubt as to whose word should be taken, not really, not if you get down hard to it. If you try hard I think you will see that.

MR. HOLLETT: The Honourable the Premier admits he is the father of NALCO. I insist that NALCO is the father of John C. Doyle, Canadian Javelin, and shall I say what relation they would be to the Honourable the Premier, Mr. Speaker?

MR. SMALLWOOD: My off-spring.

MR. HOLLETT: A sort of jumping-off place. I do hope, Sir, that these children and grand-children, which I have mentioned of the Honourable the Premier will certainly prosper as they go along.

Now as long as the Honourable the Premier has mentioned Dr. Valdmanis.

MR. SMALLWOOD: I did not mention him, the honourable gentleman did.

MR. HOLLETT: I did not.

MR. SMALLWOOD: Oh yes he did. I merely commented — "He is in gaol." The only kind words that have ever been said on the opposite side for Valdmanis have been said since he has been convicted. Before that time no revilement was enough. Now they believe everything he said. Don't quote him.

MR. HOLLETT: I can prove to the Honourable the Premier, Sir, this man Valdmanis gave a true statement, at least according to other authorities about both Javelin and Doyle. Yes, for once he must have spoken the truth.

MR. SMALLWOOD: This is becoming interesting.

MR. HOLLETT: If the Honourable the Premier thinks it is interesting I could read the whole statement, but don't think I will bother.

MR. SPEAKER: I was about to call both honourable gentlemen to order — the Honourable the Premier for interrupting and the honourable gentleman for wandering from the point. NALCO, yes. But I don't see Dr. Valdmanis — Like King Charles' head.

MR. HOLLETT: It is very difficult, Sir, to say anything about NALCO without bringing the Honourable the Premier and the rest into it.

MR. SMALLWOOD: The dishonest Dr. Valdmanis.

MR. HOLLETT: I understand he has quite an honour attached to him. He was recently taken in a private car and went out to the Salmonier Line where he fished for salmon and trout. I would say he is being honoured by somebody. Will anybody deny he has gone out to the Salmonier Line?

MR. SMALLWOOD: I don't know anything about it.

MR. HOLLETT: I have an echo here.

Now, Sir, I want to quote an article concerning John C. Doyle and Canadian Javelin.

MR. SMALLWOOD: Would the honourable gentleman move the adjournment now. Because, unless he wishes to meet tonight. . . .

MR. SPEAKER: It is not necessary. On Wednesday afternoon when the business is not completed at six o'clock the House automatically adjourns, unless the Government wishes to move it is the wish of the House to meet tonight.

It being now six o'clock, Wednesday afternoon, the House is adjourned until tomorrow, Thursday, September 22nd, at 3:00 of the clock.

THURSDAY, Sept. 22nd., 1955

The House met at 3:00 of the clock in the afternoon, pursuant to adjournment.

HON. L. R. CURTIS (Attorney General): Mr. Speaker, I would like to make a statement. But before I make the statement I would like to see some members of the press in their places, because it is a statement which refers to a matter which appeared in the press of yesterday's date. I don't know if I might have the indulgence of the House a moment until these fellows get on their job — They have seats reserved for them. I think they ought to use them.

Mr. Speaker, yesterday afternoon, in the course of his address, the Honourable the Leader of the Opposition

made certain statements to which I was unable then to reply. The statement, Sir, is a very mischevius one. It suggested that Dr. Valdmanis was receiving special treatment at the penitentiary. That he had been taken in a private car and driven out to Salmonier to do some fishing. As I say, Mr. Speaker, that is a very mischevius statement, and it had the effect my honourable friend wanted it to have. And I understand his remark has been printed in the press today with the observation that there was no answer made. It is very obvious, Mr. Speaker, I was unable at the time to make any answer because the whole transaction was new to me.

The facts of the matter are that Dr. Valdmanis while he is in the penitentiary is just one other prisoner. He has no particular privileges. He receives no particular consideration. He is being treated exactly as are all other prisoners who are serving lengthy terms.

Actually, Mr. Speaker, this summer his health did show some signs of deterioration, and in common with other prisoners he was transferred for one month from the penitentiary to the prison camp in Salmonier. He went from the penitentiary to Salmonier in the custody of a warden, and the warden drove him there, I believe, either in his own car or in a police car. The warden who conducted Dr. Valdmanis to the camp was the warden in charge of the particular work that Dr. Valdmanis was performing, in connection with the storekeeping of the institution. The storekeeper took him from the penitentiary and brought him to the prison camp, instructed him as to his new duties, and took back with him the prisoner he was relieving. And when his time at the prison camp expired the warden brought in his suc-

cessor in the same way, in the same car, and brought back Valrmanis.

The suggestion that Dr. Valdmanis was taken on a picnic or on a fishing trip is absolutely false in every particular, and I resent such a suggestion having been made by the Honourable Leader of the Opposition. Dr. Valdmanis, as I say, is just one more prisoner and is being treated as such. In fact, in fair, common decency to the man, now that he is there, he should be forgotten.

As to fishing, Mr. Speaker, I might say that the prison camp at Salmonier is a model for all the rest of Canada. Recently we had visiting Newfoundland a Mr. Edmondson from Queens University, Kingston. Mr. Edmondson is an outstanding penal authority. He came to Newfoundland and he visited our Salmonier Prison Camp, and he reported it as a model of efficiency and as a model of the form such an institution should take. And he went back to the Mainland of Canada and told the people there, by articles and in the course of lectures, that if they wanted to discuss or see how a penal establishment should be conducted their proper course was to come to Newfoundland and see the prison camp.

It is true that prisoners at the prison camp are allowed to fish in their off moments. They have to have leisure the same as other people, and while they are on leisure they can fish. It is part of their rehabilitation in that institution.

MR. M. M. HOLLETT (Leader of the Opposition): Mr. Speaker, if I may, I have not seen the press nor any press comment on any remarks which I made yesterday. I believe I did say that Dr. Valdmanis was taken from the penitentiary and in a private car taken out to Salmonier, and I be-

lieve I did say, possibly he was going fishing.

Now I do repeat that Dr. Valdmanis was taken in a car by the warden, the warden's own car, according to my information. I am only going according to information I believe to be correct. This is the place to say it, in the House and not outside.—In the warden's private car, and taken out to Salmonier and being there allowed to fish. If anybody wants to put any more on that, it is okay with me. I am just stating the facts. Now the Attorney General says he was taken there in consideration of his health. I have nothing at all whatsoever against it. I believe it. I realize there are other charges against the learned doctor, which I take it the Honourable the Attorney General will later bring up, so I am very careful what I say about the doctor and fishing and so on. But certainly I did not say anything, Mr. Speaker, except the absolute truth. If anybody put some other construction or interpretation anywhere you like on it, that is not my affair.

MR. CURTIS: Mr. Speaker, I have here, since I spoke, the article in question, and ask permission to read it to the House so that the honourable member can see what effect his remark has had. "Whether properly reported or not, I don't care. And I don't care as far as the public is concerned." That is what the Honourable Leader of the Opposition said.

MR. HOLLETT: Excuse me! That is not what the Honourable Leader said.

MR. CURTIS: The public was told what you said—"Fishing trip for Valdmanis."

lett told the Legislature Wednesday that Dr. Alfred Valdmanis had been taken from prison by private car to go fishing.

Dr. Valdmanis was convicted in 1954 on a charge of defrauding a German machine company. He is serving his term at the penitentiary here.

Mr. Hollett said Dr. Valdmanis was reported fishing at the Salmonier line 40 miles from here for trout and salmon. "Will anyone deny it?" he asked.

No one in the House commented."

"Will anyone deny it?" he asked. "No one in the House commented."

HON. J. R. SMALLWOOD (Prime Minister): That is not correct. I commented. I said I heard it now for the first time.

MR. CURTIS: I said it too. But I bring it to the attention of the House and the necessity for members of the House making themselves doubly careful in what they say, because the people in our press box seem to be too stupid to report properly, either that or the honourable member was improperly reported—I don't know which. In any event I want to make this situation clear.

MR. HOLLETT: I might say there is only one way to find out whether I was properly quoted or not. I think the Honourable the Attorney General could ask for that instead of trying to throw over the onus to me. I made a statement I am not ashamed of, I know to be true, and to which the Attorney General has practically admitted.

Presenting Petitions

None.

"Opposition Leader Malcolm Hol-

**Presenting Reports of Standing and
Select Committees**

None.

**Giving Notice of Motion and
Questions**

None.

Orders of the Day

MR. BROWNE: Mr. Speaker, I wonder if I could address a question to the Honourable Minister of Fisheries and Co-operatives. The Minister knows, I believe, that a token vote was given by the Federal Government for the establishment of a fish market for the fishermen of St. John's. Has any progress been made in that matter?

HON. W. J. KEOUGH (Minister of Fisheries and Co-operatives): Mr. Speaker, before replying to that question I would like to have the opportunity of discussing it with the Fisheries Development Authority. And I will reply on tomorrow.

MR. HOLLETT: May I ask, Mr. Speaker, if the Honourable the Premier could tell us what time the Address in Reply to the Speech from the Throne will come up?

MR. SMALLWOOD: I have not given it any particular thought. It certainly will before the session ends, and certainly before third reading of this legislation.

Second Reading of a Bill "An Act to Authorize the Lieutenant-Governor in Council to Guarantee a Loan to be Raised by Wabush Lake Railway Company Limited and to Enter into an Agreement with that Company and Canadian Javelin Limited Relating to the Guarantee":

MR. SPEAKER: The debate was adjourned by the Honourable Leader of the Opposition.

MR. HOLLETT: Mr. Speaker, there are so many reasons which might be given for our opposition to the principle of this Bill. I fear that if I went into all of them it would take quite a time. You see, Sir, the Wabush Lake people, the railway, Canadian Javelin and NALCO and the Government, or shall I say the House of Assembly are bound together in this thing. There is a string which binds the whole together, and if that string should burst or if anything should go wrong, then something is going to fall apart.

Now, Sir, if I may, I should like to refer to one or two things in Hansard, which I think we ought to bring to mind. And I want to refer to the speech of the Honourable the Premier in reference to the NALCO Bill, which came up, I believe it was, in 1951. I hope I have the right one. You will find it on page 970, I believe, Sir, or 907.

The Honourable the Premier in introducing that Bill went to considerable length, Mr. Speaker, to explain how essential that Bill was, that is, the NALCO Act, in carrying out his aims and objects for the development of industry in Newfoundland, for economic development. And I must say the Honourable the Premier at that time, as he always does, explained the whole Bill with great effect, and very clearly. But there are a couple of ideas there which I wish to refer to now, and which have a bearing on this loan Bill. In one instance the Honourable the Premier said he was referring to the big corporation such as Harjman Ripley, and referred also to various financial set-ups which they had

helped to finance; he was explaining how essential it was that such a firm should be represented on the board of directors of NALCO; and he said on page 983 of 1951 Hansard:

"As sure as day follows night that they will develop these resources, so that by means of this corporation and the connections which are thereby created with these American and Canadian firms we fully expect to bring into Newfoundland and Labrador a rather considerable number of important American and Canadian concerns for the purpose of prospecting and doing with their own money what hitherto we have been doing with public money drawn from the surplus.

"Now I want to emphasize this point that the Crown Corporation starts off as a Crown Corporation and remains a Crown Corporation."

And if I turn to the next page, 984, the Premier says:

". . . a company, which is a Crown Corporation owned as to not less than 90%, it may be more, it will never be less, by the Government of Newfoundland itself."

Then he refers further on to Harriman Ripley again and to the various companies which are likely to come in here, and he ended up this paragraph:

". . . corporations who will bring with them their own money to do their own exploration and their own surveys and then, if and when they find something worthwhile, develop with their own money."

There are two points, Sir, I want the House to take note of. One of these points is that NALCO to whom were granted the concessions to which I referred, NALCO would on that

account have granted the concessions to Javelin. NALCO was to remain a Crown Corporation and be 90% controlled by the Government, and owned by the Government as to 90%. The other point is the stress laid by the Premier on the fact that corporations who would be brought in here by such great firms as Harriman Ripley and Wood Gundy, and other great firms brought in by them would bring their own money if they found something to develop. These two points, Sir, are stressed in that particular report of Hansard over and over again, at least six times in that particular speech. I want the House to note that, because I shall have to refer back to it, and I shall go on to one of these points immediately, or almost immediately at any rate.

I want, Sir, now to go back to September 1953 when Canadian Javelin made their first agreement with NALCO. That was tabled, Sir, in reply to a question a few days ago. And that agreement is made between the Newfoundland Labrador Corporation, the party of the first part and Canadian Javelin Foundries and Machinery Works Limited, who act as agent for a number of people, a number of companies, and I will read them. L. J. Forget & Co., Montreal; L. S. Jackson Company, Montreal; Rittenhouse, Toronto; R. F. Weston & Co., Calgary; Burleigh Partners Limited of Vancouver and John Murdock of New York and John C. Doyle of Montreal. In other words Javelin as agent for all these on the second part, and then Canadian Javelin itself on the third part. And the agreement was made, Sir, and signed by various parties and signed by the Newfoundland Labrador Corporation, Limited (NALCO). And remember what I have just read

to you—It was signed by the Premier who at that time was Honourary Chairman, and by the Chairman, Alfred Valdmanis, on the one part and John C. Doyle on the second and third parts. And that agreement, Sir, entered into at that time by Canadian Javelin whose President at the time, I believe, was John C. Doyle, gave out or issued a number of shares, which took away from NALCO the control, absolute control, which it previously had, as you know, Sir, as to 90%. But that agreement of Sept. 1953 took away control from NALCO and gave John C. Doyle and Javelin absolute control or practically absolute control over twenty-five thousand square miles of Newfoundland and Labrador.

MR. SMALLWOOD: Mr. Speaker, to a point of order, I don't want to interrupt my honourable friend—All these paragraphs are interesting, or were two or three years ago. I am just wondering if it has any bearing on second reading of this Bill, that we guarantee a bond issue to build a railway, etc.—It seems a little far-fetched.

MR. HOLLETT: In reply to that, if the Honourable the Premier would like to answer the question he could tell me, under that agreement whether that cheque was cashed and put into the treasury of NALCO?

MR. SMALLWOOD: I don't remember whether it was actually cashed. It was certainly received and finally returned to Javelin when the deal was called off. Whether it was put into the bank or not or just held in the vault of NALCO I just frankly don't remember. I could find out for the honourable gentleman. I assure the honourable gentleman I did not get a cheque.

MR. HOLLETT: I am certainly

not accusing the Honourable the Premier nor anybody else on the opposite side of getting that cheque. I will say this, I don't believe it was cashed. And I will tell you what else I don't believe, and this is the point I led up to — Mr. John C. Doyle who is behind this sixteen and a half million dollar loan, through Javelin, failed under that particular agreement to live up to the agreement. NALCO said, we will give you a million and a half shares. And he told them, all right, I will give you a cheque for \$660,000, but now don't cash it. And the Government or NALCO did not cash it, and it finally had to be returned. Why? Because John C. Doyle could not live up to his agreement. And I want that to sink home. And he represented Javelin and not only represents Javelin but represents these people who are mentioned here — Forget and Company, Jackson Company, Rittenhouse, John Murdock — John Murdock that is a name that ought to stick pretty well. John Murdock is a lumberman in Quebec, and I am reliably informed that it was through that man and his agency that our friend Mr. Doyle was able eventually to enter into a further agreement, which I shall refer to, to put considerable money into the treasury of NALCO. But this is beginning to sound like a dirty story told in a lavatory. John Murdock, a leading industrialist of the Province of Quebec, turned out to be almost a gangster.

MR. SMALLWOOD: The honourable gentleman has not put it in words.

MR. HOLLETT: I have not said a word against Mr. Murdock. There is no reason why Doyle should not get money from Murdock. He has lots of money, and about his honesty and character I know nothing and care less.

I make no charge against anyone except Mr. Doyle, and that is this: Here is an agreement apparently by one of the biggest companies to be brought in under NALCO's Act to develop our country and failed in the very first agreement made. The point is, I am doing this, Sir, in support of our opposition to the granting of this guarantee to Wabush Lake Railway. No, I am not making any charges against anybody, I am trying to get this House to think, what in my opinion would be proper on this particular Bill. For, Sir, even if I repeat myself again, it is not expedient for us to do that sort of thing today until we do some other things in connection with our fisheries and in connection with other things—I shall come to that later in my speech in reply to the Speech from the Throne, but I am quitting that now, Sir, to refer to two things (1) although the NALCO Act provided, and the Honourable the Premier guaranteed it, that NALCO would forever and a day remain a Crown Corporation with 90% shares in the Government, here we find, in September 1953, the Honourable the Premier and Dr. Valdmanis on behalf of NALCO signed away that control of all the domain over which NALCO had control. I want to draw that to the attention of this House. Was it right at the time for the Honourable the Premier and Valdmanis to sign that document, in view of what appears here in Hansard, and which I have read? Was it right and proper? I say, no. And I am not accusing the Honourable the Premier of anything myself, any misdoing or misdeed.

MR. SPEAKER: I think at this point the honourable member is away from the point: When the point of order was taken just now, I found it impossible to decide. I could not see how the argument might tie in with

the second reading of this Bill. It seems in the second reading stage of a Bill, the argument should be confined to the Bill, and not spread to criticism of the administration. At this point, I have no doubt, unintentionally, the honourable member is criticizing a member of the administration and discussing the NALCO Agreement — and it is history. His former statement, I am satisfied, did tie in with the Bill, in attempting to prove something to his own satisfaction, which I think he did. At this stage I think he is too far afield.

MR. HOLLETT: Thank you, Mr. Speaker. I have no desire whatsoever to violate any rule of the House nor regulation, and I am making no particular charge when I do say the Honourable the Premier — I mean the Government really —

MR. SMALLWOOD: Does the honourable gentleman know this very House of Assembly amended the Act and provided for that? Does not the honourable gentleman know, does he not remember, after the introduction and passage of the Bill which I introduced in a speech which the honourable gentleman just quoted from, after that and in another session altogether, a couple of years later, we in this House properly amended the Bill providing for denationalization of NALCO. And it was in pursuance with that denationalization that we attempted to sell and made agreement with NALCO for them to buy the majority shares of NALCO at five dollars a share. He has tried to make out that we went out somehow in secret and sold out NALCO. We carried out the instructions of the Legislature.

MR. HOLLETT: That is, in my opinion, a very weak explanation.

NALCO was formed in a certain way for a definite purpose, and no explanation of that kind can take away this in September 1953.

MR. SMALLWOOD: The honourable gentleman is criticizing a Bill this House passed some sessions ago, to denationalize NALCO. Now that may be in order in this debate, but I doubt it.

MR. HOLLETT: You doubt it? Excuse me, Mr. Speaker.

In this connection, Sir, I want to refer to some correspondence which passed between representatives of NALCO and John C. Doyle. And I have here a letter written by the Honourary Chairman, Newfoundland and Labrador Corporation, Premier of Newfoundland, of February 10, 1954:

"Mr. John C. Doyle,
Newfoundland Hotel,
City.

Dear Mr. Doyle:

General Wallis informs me that you have not as yet handed into Mr. Turta, the Secretary-Treasurer, your resignation as a member of the Board of Directors and of the Executive Committee of the Newfoundland and Labrador Corporation. He informs me further that the resignations of your nominees have not been received by Mr. Turta.

It seems imperative to me that these resignations should be received before I ask my colleagues in the Government of Newfoundland to consider and pass upon the proposals you have submitted in connection with the Corporation.

It seems to me that there should also be surrendered to the Corporation the partly-paid shares that have been

delivered to you and your associates. These are all extremely important formalities that ought, I think, to be fulfilled before the wider questions submitted by you are examined by the Government.

I understand that you propose to return soon to Montreal and you might care to hand in to Mr. Turta your own resignation and arrange, following your return to Montreal, to have your friends pass their resignations in.

Yours very truly,

Honourary-Chairman,

Nfld. and Labrador Corporation,

Premier of Newfoundland."

There is also one from Dr. A. Valdemis written on January 6th and he says:

"The Memorandum of Agreement dated September 3rd. etc. etc." Then he says:

"We have been advised by the Treasurer of the Newfoundland and Labrador Corporation Limited that Canadian Javelin Foundries and Machine Works, Ltd. has failed to execute the said Memorandum of Agreement, by failing to make payment in accordance with Article 3 of the said Memorandum of Agreement. Acting upon the advice of our lawyers and the other Directors of our Board, I kindly request you to send me the resignation of your nominees on the Board of Directors of the Newfoundland and Labrador Corporation, Limited, which resignation you have been holding in trust (Article 6 of the said Memorandum of Agreement).

"Such prompt action by you would eliminate any need on the part of the other Directors to act on this matter,

and would help to uphold the friendly relations which have always existed between the old and new members of our Board.

Yours sincerely,

Dr. Alfred A. Valdmanis,
Chairman."

I quote this, Sir, to show the House of Assembly the failure of Mr. Doyle to live up to the agreement which he previously signed. There is also one from Mr. Turta, Secretary-Treasurer of NALCO ;

"Canadian Javelin Foundries and Machine Works Limited,
Dominion Square Building,
Montreal, Que.

Attention: John C. Doyle, Esq. President; M. F. Davenport, Esq. Secretary-Treasurer.

Dear Sirs :

At a Board of Directors meeting of the Newfoundland and Labrador Corporation, Limited, held on October 27th, 1953 attended by all the nominees to the Board including your President and Vice-President, you were allotted four hundred and ninety-four thousand five hundred and twenty-five (494,525) shares.

In accordance with your subscription and the Board of Directors allotment, five thousand (5,000) of these shares were issued to you on October 27, 1953, and a further two thousand (2,000) shares were issued to you on October 31, 1953, leaving a balance of four hundred and eighty-seven thousand five hundred and twenty-five (484,525) shares for which the initial payment of 66 $\frac{2}{3}$ cents per share have not been received by the Corporation to date.

You are hereby duly notified that the initial payment of 66 $\frac{2}{3}$ cents on 484,525 shares, for a total of \$325,016.67 has not been received to date, and it would, therefore, appear that you are not liable to the provisions of Clause 6 and 7 of the Memorandum of Agreement, dated September 3, 1953.

Your very truly,

Ronald Turta,
Secretary-Treasurer.

cc: Dr. Alfred A. Valdmanis, Chairman, Newfoundland and Labrador Corporation, Limited.

cc: Mr. V. P. Geffine, Vice-President, Canadian Javelin Foundries and Machine Works, Limited."

Mr. Speaker, very few members know anything about this thing. Here is a man who now, through us, comes looking to the people of Newfoundland to guarantee a loan of sixteen and a half million dollars, and here we have, no later than September 1953 and as a matter of fact no later than February 1954, proof that this man is not living up to the letter of the agreement which he signed with NALCO.

MR. SMALLWOOD: If the honourable gentleman would allow me —

MR. HOLLETT: Yes!

MR. SMALLWOOD: I am sure the honourable gentleman has no intention, consciously, deliberately, to hurt, to damage nor to attack John Doyle, except upon a basis of what he believes to be straight and honest facts. He must be aware — his memory is not so bad that he does not remember just two or three days ago that I informed him in this Chamber that the agreement between Javelin on the one side and NALCO on the other was called off by mutual consent. I in-

formed the honourable gentleman of that. That having been done by mutual consent it had to follow we had to write these formal letters demanding his resignation, of course.

MR. HOLLETT: Very well, Mr. Speaker. We find these written in January and February to Mr. Doyle, and we find that Mr. Doyle had not lived up to his agreement. And in spite of that, in spite of the fact he did not live up to his agreement, we find NALCO in March 1954 enter into another agreement and granting a concession for twenty-three hundred miles, held now by Javelin. I do not intend to read all that, Sir, but I would like to read Section 4 of the Agreement: "The Company" (that is Canadian Javelin) "shall be required to expend the sum of one million dollars in connection with the prospecting and exploration of the reserved areas or any part thereof during the exploration period. Prior to the date of the execution of this agreement, the company and the corporation have expended, or have caused to be expended certain sums for the purpose aforesaid. It is understood and agreed that such amounts having been so expended prior to the date of execution of this agreement shall be considered as part of the said sum of \$1,000,000. The corporation acknowledges that it has been reimbursed for such moneys expended by it on or before Dec. 31, 1953, and it is further understood and agreed that the moneys expended by the corporation on the reserved areas on or after Jan. 1, 1954 shall be paid by the company to the corporation prior to Dec. 31, 1954 upon receipt of a statement of the expenditure of the said moneys certified by a chartered accountant approved by the company, and geological data and the results of the exploration work done by the cor-

poration in the reserved areas will be made available to any person or persons authorized in writing by the company at any time after the receipt of the before-mentioned statement." Now, Sir, I would like the House to keep that in mind for a moment. There are other things in connection with this. I don't want to delay the House too long. I just want to make my point.

I refer now to the report of the audit and the financial statements and auditors report thereon for the years 1952, 1953 and 1954 of NALCO. And if I mix NALCO and Javelin and Doyle and the Government you will have to pardon me, Sir. But this auditor's report has some relationship to that March 1954 concession; and herewith is the auditors report. This is by Peat, Marwick, Mitchell & Company. "We have examined the balance sheets of the Newfoundland and Labrador Corporation Limited as of December 31, 1954 and have obtained all the information we have required. We are informed that the balance of the expenditure aggregating \$892,874 will be recovered by the corporation either from the concessionaires, who under agreement of the —" — Before I go on with the report, I would like to know why that \$892,874 remained as a receivable asset?

MR. SMALLWOOD: At what date?

MR. HOLLETT: December 31, 1954. This is the auditor's report —

MR. SMALLWOOD: Would the honourable gentleman send that over?

MR. HOLLETT: (document passed to the Premier) I want that right away. What I am trying to point out, Sir, is that under this agreement, it looks as though Mr. Doyle is somewhat behind in his payments because

I refer back to this contract, and it definitely says here — “and it is further understood and agreed that the moneys expended by the Corporation on the reserve areas on or after January 1954” — (and that is December 1954”) “shall be paid by the company to the Corporation prior to December 31, 1954.”

While the Honourable the Premier is looking over that, let me go back for a moment to the fact that the control of Javelin, or the control of NALCO was taken absolutely or given away, out of the hands of the Government. And here I have a booklet. I suppose it is big enough for a book — Not much in it — issued by Canadian Javelin, Limited, Wabush Iron Ore — New railway authorized by the Newfoundland Legislature as a wholly owned subsidiary. And it goes on to tell about the Act passed last year and comes on down here to the second page. This is by Mr. Doyle: “Canadian Javelin has an authorized capital of five million shares. And just listen to this — Canadian Javelin — Never heard of in this country before until I think it was April 1953: And at that time, Sir, in April 1953, Canadian Javelin, I am very well informed, had cash assets of twenty-five thousand dollars. They had fixed assets of \$170,000 and there was a mortgage on the whole property for \$175,000. Now if I am a few cents out either way, as I may be, I could look up my notes if anyone wants to question that — That is Canadian Javelin in 1953 — And now in May, 1955: “Canadian Javelin has an authorized capital of five million shares, and at one time it directly controlled some twenty-five thousand square miles of mineral rights in Newfoundland and Labrador.” Through its own concessions, and its control — its control — of the Newfoundland and

Labrador Corporation, when the discovery of the rich deposits of Lake Wabush were made, the company relinquished control of NALCO to concentrate on the development — I point that out, Sir, because I think, certainly the Government never meant that the NALCO Act should allow that sort of thing to happen, when a hitherto unknown corporation or company, such as that of which Mr. Doyle was president, could say in a pamphlet, two years later, two years before he became known here at all, two years later, I mean, that he controlled twenty-five thousand square miles of Newfoundland territory. I know very well that the Government did not intend that in the NALCO Act. How did it happen? How did it happen? It is not a nice story, Mr. Speaker. It is not a nice story.

The manner in which the shares in NALCO were being scattered around amongst different people and peddled, or attempted to be peddled in fifty thousand lots for five dollars a share, that is not a nice story.

MR. SPEAKER: I must confess I do not follow the honourable member now.

MR. HOLLETT: I am sorry, Mr. Speaker.

MR. SPEAKER: I don't want to be placed in the position of appearing to be favouring anybody, certainly not anybody outside this House. I am at a loss to see what the honourable member is trying to do — Any insinuations in criticizing the administration I have already ruled is improper in this debate. Criticisms of Javelin or the project which Javelin wishes to promote, certainly would be in order. It seems to me again to be a history of NALCO.

MR. HOLLETT: Mr. Speaker, I am trying to say this, and I say here

now, Dr. Valdmanis was one of the people who were trying to dispose of NALCO shares; and that Dr. Valdmanis came in contact with John C. Doyle. And I know for a fact that the man whom I mentioned in Quebec is the man who put up some of the money to purchase some of these shares in NALCO. That is correct, Sir. I am not casting any reflections. I am giving the facts to the best of my knowledge. And I am not doing it to try to stop anybody from building a railway. Oh no! I am just doing it to try and ask us all to hesitate a little while before we commit the people of this country on a two per cent chance of winning on this loan in connection with the mine in Wabush. I know there is ore down there. I am quite sure there is ore down there. I know it has to be brought out if it is going to be any earthly use in the world.

There are other things in this report of NALCO, Sir, which will have to be stated — but this is not the place, as we will be given another opportunity on the debate in reply to the Speech from the Throne, I take it. But there is a connection. There is the connection between NALCO and Valdmanis and Doyle and Javelin, Wabush Lake and now the railway and the necessary loan to build it. As I said before, Mr. Speaker, there are many things we have to be satisfied on, some of them will have to wait until the Speech from the Throne — for instance the Honourable the Premier yesterday spoke about a chap, I forget his name, born in Hungary who is supposed to have used NALCO's plane to make away with a claim which he discovered or at least a mine he discovered, I believe iron, in the Labrador.

MR. SMALLWOOD: Not in the Labrador, in Quebec.

MR. HOLLETT: In Quebec or Labrador, I don't remember.

MR. SMALLWOOD: In Quebec.

MR. HOLLETT: Yes, but near the Quebec-Labrador boundary. And he had it on a license. Three licenses were bought in Quebec and they were handed over to this Hungarian, who was an official of NALCO, the chief aero-geologist there. And he and two other people joined up together and stole the show from NALCO. That is the story. I have the story here, but I am not going to bother the House with reading it at all.

Now, Sir, I have tried to show that a sixteen and a half million dollar guarantee for a province of our size and our wealth, our potential wealth, is pretty serious, especially when it is to build a railway in the Labrador. It would be a serious matter if it were to build a railway there. And I fear it is not enough to say, "Well, what difference if it does fail, why we have the mortgage and we will immediately exercise the mortgage and sell the property." I ask you, Sir — Suppose Buchans went out of commission tomorrow, and suppose the Government had a mortgage on the railway — Of what use would it be to the Government? How much money would it put in the Treasury here in Newfoundland?

MR. SMALLWOOD: What is the question?

MR. HOLLETT: If the Buchans mine should happen to fail — Not insinuating, you know, that it is. Buchans has been there longer than the Honourable the Premier and myself, but suppose it were, and suppose

we had a mortgage on that railway from Buchans down to Millertown — of what value would it be?

MR. SMALLWOOD: If the mine disappeared?

MR. HOLLETT: Suppose there were no more ore, or they could not beneficiate it properly?

MR. SMALLWOOD: If they exhausted the ore?

MR. HOLLETT: Yes, if you want to put it that way. I know they are not going to. They will some time, but not in our time. Suppose they struck low-grade ore, only 30% or 20% or whatever percentage they do have in copper, lead and zinc — I don't know—But suppose for a moment that the mine was no longer able to compete in the mineral markets of the world, of what use would a mortgage on the railway, even the Buchans one here in this country be? You could do something with the rails, take them up I suppose? But what could you do on the Labrador? It is not enough. Suppose they can't carry on at Lake Wabush, we will still have the mortgage, but is it of any benefit. I repeat again, Sir, I repeat again, that if we can afford, and I have no doubt but that we can, to guarantee a loan of sixteen and a half million dollars, we have ample use for it right here in this Island, ample use for it all over this country. We have use for it Sir along our roads. And we have use for it in the fisheries. Let us think this thing over before we decide whether or not the principle of this Bill is right. It is all very well to say, Sir, the ore is there and can be beneficiated, and it is going to exceed four and a half million tons, and is going to turn into the revenue of the country a million and a half dollars, as the case may be, and employ five

hundred men etc., etc. That is all very well. But other things have been said here in this House in connection, yes, in connection with mines. One was on the west coast, the one over at Bluff Head, I believe that is the name of it, asbestos, Newfoundland Asbestos. I believe the Government guaranteed a loan there, only a small loan, it is true, but it cost this country \$130,000 plus two hundred and fifty — and that was the one, Sir, that lost NALCO Sir William Stephenson, if I am correctly informed. I can't go into that at the moment. But it is so easy, Sir, to drift away from the principle of this Bill. There was a mine there and this Government was so sure of itself at the time — we won't make five or six per cent on any loan, we will give you the money. So they gave them two hundred and fifty thousand dollars — the Government gave them, Sir. And then when they got that much they came back for some more. So the Government guaranteed a loan for \$130,000. And later they thought they ought to regard that as a cash loan, and gave the company that too. Well the mine is gone, the promoters are gone and the money is gone. That is only a small instance.

Mining, Sir, is a very risky business, and, in my opinion, mining is too risky for us as a province to engage in guaranteeing bonds for railways. If the railway were here in Newfoundland, then it might be very much different. But, Sir, I would rather guarantee a bond ten times in order to allow our people to live here in Newfoundland than I would to guarantee a bond to carry them down to the Labrador, so that they might be able to live down there for six months in the wilds of Wabush Lake. I think they would be much happier if the Government could guarantee a loan to

promote some of the natural resources we have right here at home.

Now in regard to the ore, Sir — and I take it I would be right in talking about the ore in the mine — there is no doubt in our minds about the percentage. It is anywhere from thirty to forty per cent, and I think generally around thirty per cent. And I had so many notes on it, Sir, that if I quoted them all we would be here a very long time. But there is one thing, Sir, which I want to point out — without taking in any way from the reports of these geologists and these specialists which have been engaged — and I have gone through them all carefully and I find that in nearly every case, nearly every case, the ore, which was examined by the various companies which were engaged, was sent to that company by the engineer of Canadian Javelin. Now I take it the proper thing to do would be for a company, if they were going to examine the genuineness of an ore body, would be for them to send in their own personnel to examine the mine on the ground, take out their cores and take them back to their laboratories and see exactly what the percentage was, as the result of their own work.

MR. SMALLWOOD: Is that the normal way to do it?

MR. HOLLETT: I take it.

MR. SMALLWOOD: Does the honourable gentleman say that is what is normally done?

MR. HOLLETT: I said, "in my opinion."

MR. SMALLWOOD: In his opinion, that is normally done. That is the normal way.

MR. HOLLETT: Why? I would say it would be abnormal any other

way. And I would say that this is abnormal here. Fifteen geologists examined this thing. All had to examine a few cores, a few pounds of ore sent to them by the engineer of Javelin.

MR. SMALLWOOD: That is abnormal. The normal thing would be to go in themselves and pick up their own samples.

MR. HOLLETT: I don't think I should be questioned like that across the House. It is very disconcerting, and I am very nervous on my feet. If the Honourable the Premier wants to catch me out, he had better put on his gloves, not boxing gloves but baseball gloves.

I have found that in going through these things, Sir, in nearly every case — there was one bunch went in there and stayed for three days, that is apart from Javelin — all the samples were sent out by the Javelin engineer to the various firms, and they were asked to report their findings on the value or percentage of ore in these cores and in the clumps they sent out. And they did so. Well I don't see anything wrong with it, but it is not the way I would go about it. I am not an engineer, of course. I take it the Honourable the Premier is, he is pretty well everything else, or thinks he is, and, Mr. Speaker, if you told him he was not you would be doing wrong. It would be much better, I would suggest, if anybody wanted to be in favour with certain individuals in this world, to tell them they are geniuses. There is nothing like them in the world, Sir. That is the best way to get along with some people in this world.

Now the amount of 1,160,000,000 — what is the use — we could not dispute that. And I am quite sure the Honourable the Premier could not say whether it was correct. And I might

say he was quite generous when he said, anywhere from five hundred million to a billion tons. Certainly we are prepared to think there is that and more there. And we believe, in spite of what I said about the examination of the cores and so on, we believe the percentage probably does go to 37% or 38%, and I believe the engineers in Knob Lake would consider that, although undoubtedly they will be competitors in this particular area. But we are not disputing that at all.

I have some notes here — only a small percentage of the total area covered by deposits is exposed — They give the overburden on the ore as anywhere from three feet up to two hundred and five feet. That is to say, the ore lies under an overburden of earth or sand to that extent from five to two hundred and five feet.

Now, Sir, I don't intend whatsoever to dispute these things which are given in these reports at all, because I know nothing about it. I know nothing about it. But I am quite sure of this; if the Honourable the Premier had a million dollars to invest of his own money he would want to know a little more about that mine than he does today. I am therefore quite sure any financiers who intend either now or in the future to invest in shares of Canadian Javelin or in that railway are going to want to know an awful lot more about it than we have at the present time. But I am not concerned with that at all. I am concerned at the moment with the principle of this Bill, that is, that this Government should guarantee a loan to bring iron ore from one place to another in the Labrador — If it were to guarantee a loan, Sir, to take passengers back and forth Newfoundland, and God knows we need a better railway than we have

— I saw somebody playing it up in one of the papers the other day, but I don't think it is strictly up to par. But if it were to guarantee a loan to help us to get a better railway or to get a decent road across the country or to assist the fisheries or the fisherman to live in his home or somewhere in Newfoundland, if it were to guarantee a loan to see that people are being paid according to their value and according to their job, we might even consider that.

MR. SMALLWOOD: What is that?

MR. HOLLETT: I can't repeat it. I am not referring to any Government job. And if I get back to this Bill, this Railway Act and this Guarantee Loan Act, I find it is an excellent opportunity there for the Government to provide jobs for nearly everybody on the opposite side of the House. Sir, they can take jobs when they come, and pay any salary the Government may choose to pay them, and they do not lose their right to sit here in this House. That leads me back to another thought, Sir, that is the thought raised by the Honourable the Premier, and that is the only reason I refer to it now — That is the matter of those people who have shares in Javelin.

The Honourable the Premier thought it his duty to get up and say that no member on that side of the House, to his knowledge, and that was factual, he had met them all except one — Well, no member on that side of the House possessed at this time any shares in Canadian Javelin. I thought, therefore, it was my duty to say, we not only do not have any now but never did have any. And consequently we are quite clear to vote whatever way we like. If I were sitting on that side and had two thousand shares in Canadian Javelin or four hundred

shares in Canadian Javelin, then, Sir, it might influence me in the manner in which I would vote on this Bill — it might. I think, therefore, the Honourable the Premier was quite right in getting on his feet and declaring openly to this House and the public that, whatever may have happened in the past with regard to shares in Canadian Javelin, he is quite sure nobody at this particular time has any shares in Canadian Javelin. I am glad to know that. I am glad to know that, just as well as the people on the opposite side. If there were people on the other side or this side had any shares in Canadian Javelin at any time in the past they have only had a year to do it. And I don't know that it is any particular concern of mine — none whatsoever, I would say — But I do want the Government to know that we on this side of the House do know what people did have shares, what people in this House did have shares. We know. And I say, they had a perfect right to have shares as long as they have not got them now. And it is not my duty, Sir, to name any persons. It is none of my business. But I do want every man in this House, including the Government and the Opposition, to think well before you adopt this principle, Sir, to build a railway on the Labrador and guaranteeing sixteen and a half million dollars to do it. We were told, Sir, many many times, that NALCO would bring in all the great financial heads of the world, not alone of North America. They would come in and they would develop. They would bring their own money. And here we are told that there is a billion tons of iron ore down there. We know that the market for iron ore is increasing all the time, and the world wants more iron ore, and it is only a forty mile railway to build. Yet, Sir, they come to this

Government and ask them to guarantee a loan of sixteen and a half million dollars. I think the thing looks too ludicrous. Why did they not go to the firm of Wood Gundy and Harriman Ripley? Someone told me Harriman Ripley has been absorbed by somebody else, I don't know if that is so or not. But why does not Mr. Doyle endeavour to get this money without coming here. He has also a concession of twenty-three hundred miles. He has also had the help of this timber man and God knows what interest this man has in the timber in that concession. I don't know. It could be possible. In that case the railway would be of great value. Yes, Mr. Speaker, there are many things to be said. I just want to go on record now that I, speaking for myself, say definitely that we have no right whatsoever in this House to underwrite nor guarantee a loan of sixteen and a half million dollars to build a railway in Labrador. If we have the right to do that, Sir, without the people's advice, then, Sir, I say, we can do almost anything we like. I want the Government members as well as ourselves to give ample thought to this thing.

Now, Sir, I don't want to delay the House any more, except to repeat that; that people ought to give this all the thought that they are capable of; that they ought to go to the experts and get expert advice on this material here in this yellow book. They are experts who put it there, but — Well, I have said what I have to say with regard to that.

Certainly we are against it, Sir. And with that in mind we feel it is our duty to make this motion, that is, that this Bill be not now read a second time, but that it be read a second time six months hence. This motion will be seconded by my honourable col-

league the honourable member for St. John's East.

MR. HIGGINS: Mr. Speaker, it is not my intention to unnecessarily prolong the discussion. We have had a lot of talk, and I don't want to be too repetitious. There is, I suggest, only one way in which we can properly approach consideration of this, and that is more or less as suggested by the Premier himself in introducing the Bill, that is, as nearly as possible to be dispassionate about it. It is unfortunate but true, Sir, that more particularly in recent sessions at least, discussion on any Bill seems to result in, if it is a Government idea, the Opposition saying it is crazy, and if the Opposition levies criticism they are in turn regarded as being stupid. As I say, Sir, that is regrettable, but it is true. And if ever there was a time when we should avoid that it is in the present debate. That reminds me of the story of the gentleman who was driving out the road, and he got a flat tire. It happened outside the asylum. It was fairly late in the evening. And he got off the tire and put on the spare. And when he put on the spare he could not find the four nuts for the wheels. He was groping around in the dark, and a chap came out through the gate and asked: "What is the trouble." He told him he had lost the four nuts to the wheel. The chap said: "That is no problem. Take off one of each of your other three and fasten on your wheel and get to your destination." He turned to the fellow and said: "Are you a patient in here?" "Yes," he said, "but I am in for being crazy and not for being stupid." Now that is, I say, the schools into which one is liable to fall, and I don't think I want to have it either way. I, for one would like to see this matter discussed on a cold, logical basis. There

is no necessity to get emotional about the depths of degradation to which this country has passed. There is no necessity to paint a glowing picture as to what can happen in the future. I say there is no necessity — That is not strictly true. That is perfectly logical and understandable within limits. But the discussion of this particular Bill, it seems to me, Sir, might well be confined to fairly narrow limits.

I listened with great attention yesterday to the Premier, particularly when he suggested that perhaps all parties might agree on certain fundamentals. And as I listened to him at the time, he said, "We are agreed as to the quantity of ore present at Wabush." And I think we are agreed, whether it is five hundred million tons or a billion billion tons or whatever it is, the figure does not matter, we know there is lots of ore there.

Secondly as to the quality: Unless we are to assume that a great many influential people in their field have been either misled or have lent themselves to a mis-statement of facts, I think we can agree that the quality of the ore ranges somewhere from 34% to 37% or 38%. It appears the content is largely free of objectionable matter, and thirdly, it can be beneficiated. That is a new word, incidentally, Mr. Speaker. That is one thing we got out of this session, a new word. It can be beneficiated at an economic cost, prior to marketing. And we can go on and agree, I think, that five hundred men can get employment and possibly seven hundred and fifty men, but at least five hundred men. And that there will be something like a two million dollar wage bill and that, if everything goes according to Hoyle or Doyle, it does not matter, the Newfoundland Treasury will get 1.5 to 2 million dollars per year.

Now with the first three statements there is every agreement, I think, quantity, quality and the statement that it can be benefited at an economic price. As to the number of jobs; there again, not seriously doubting the Premier's statement, well, he says five hundred. The wage bill is something we have to take. There is no way of disproving the two million dollar figure. It seems a healthy figure. The yield to the Treasury, of course: The yield to the Treasury is dependent naturally on the mine being put to work. So much for the things on which we are agreed.

Now, Mr. Speaker, listening to the introduction of this proposition in the House, the first thought, quite frankly, that I got from it was well, this thing is so well documented that all that the Government is intending to prove to us is that the development of Javelin or Lake Wabush, call it what you like — it is interchangeable — has an assurance of success. Once this case has been proven then the guaranteeing of these bonds is really just a matter of a natural sequence. I say, that was my first impression, to do him justice. Then I said: No, that is not entirely the position. Then a second question was raised, when he said, we may be faced with this position, that the better the case that Javelin makes out the more pressing becomes the question, why has this company, with this huge potentiality, with this guaranteed venture so to speak and assurance of success, got to come to the little Newfoundland Government for a guarantee of sixteen and a half million dollars? Because, Mr. Speaker, while I give full marks to the Premier for his enthusiasm and I believe his love for his country, nobody is going to deny that. But we must not let that enthusiasm lift us out of a sense of our real place

in the scheme of things, we are still a small little country. We may be big fish in our own puddle, yet we are still small potatoes when you want to add it all up in the Canadian economy. Therefore, I think the question was very well posed—If Canadian Javelin has got this tremendous property, has got so much assurance of success, why come back to Newfoundland? The Premier did undertake to answer that question. And it may be, Sir, that he did answer it to the satisfaction of the House. Without wishing to infer the charge of being stupid, I say, quite honestly, he has not yet answered it to my own satisfaction. I hope, and I say quite truthfully, I hope, before this matter is finally disposed of that it will be answered.

But again, Sir, we are told that this is not such an unprecedented thing; look at Steep Rock. In Steep Rock the Reconstruction Finance Corporation of the great United States set up twelve million dollars; the Canadian Government built the railway, and the Ontario Provincial Government built the hydro system. With a candour — No, I will not say candour — with a minimization of the facts, which is not always characteristic, the Premier said he did not know the full story of Steep Rock. He did not know if the owners of Steep Rock put anything into the venture at all. Mr. Speaker, I know less about Steep Rock than the Premier, but I am afraid until certainly more information is given as to the exact analogy between Steep Rock organization and Lake Wabush operation, we can hardly be expected to accept that as a precedent. Indeed we had the rather interesting situation arising yesterday when the Honourable the Premier was discussing what we should do, and it was suggested that it was all right for the rest of Canada

to stick in the mud but let Newfoundland break out, let Newfoundland follow the vigorous system adopted by our neighbours in the United States. Now that may not be a very exact statement of the remarks made by the Honourable the Premier at the time. I think it is not an unfair statement of the idea that he was trying to convey. Now, Mr. Speaker, I don't believe that that is necessarily the soundest position to adopt. We are the youngest member in this family, of which we are now a part — I very nearly got off on another track — forget it — it is over — We are now members of the Canadian family, for better or worse, and I think, as the youngest member, Mr. Speaker, it might be an idea, at least if we can't conform to the pattern, not to break too violently away. If we had the resources of Quebec or Ontario or even British Columbia or Alberta, by all means we could afford then to be unorthodox.

MR. SMALLWOOD: We would not need to be then.

MR. HIGGINS: But I do say, Mr. Speaker, in our position, whilst we are still learning to walk — We have not been standing on our own legs too long as yet — And mind you I am again prepared to give the Premier full marks for one thing that he has done in this country — I don't care so much about money — and that need not necessarily be taken as an all-embracing statement — But he has given Newfoundland something that he perhaps himself has not realized. He has given the ordinary man a better appreciation of his own importance in the scheme of things. And I tell him quite honestly, that is perhaps the thing for which he might hope to be best remembered. But, as I say, Sir, having done all these things, let us at

least remember that we cannot go too far too fast. We have got to learn how to balance ourselves and walk along slowly before we start taking, what they call in a children's game, giant steps. We are certainly not ready for them, Sir, until we have fully satisfied ourselves that we won't take too great a step and topple on our noses.

MR. SMALLWOOD: That is what was told to Squires in 1923 on the Humber deal.

MR. HIGGINS: I agree. But again, Mr. Speaker, the Humber deal is not, I submit, too sound an analogy. We have never had (and I say this with certain qualifications) in my experience, which is limited; and I question if you can find in the past history of this country, a deal which has ever been submitted to a Legislature, which could be said to stand on all fours with the present one.

MR. SMALLWOOD: Will the honourable gentleman yield for a moment? Would he tell us of a single case in the world, other than the Squire's Humber deal of 1923, where a paper mill was built on a guarantee of bonds by a government?

MR. HIGGINS: To whom?

MR. SMALLWOOD: To the world — to anyone. It was an unconditional guarantee of principal and interest on ten million dollars worth of bonds in 1923, by the Government of Newfoundland.

MR. HIGGINS: And now, Mr. Speaker, as I was saying before the Premier put me straight on the guarantee given by the Government in 1923, which was not, I submit, an analogy at all to the present situation. In 1923 the Government was dealing with people who had been in their field.

MR. SMALLWOOD: Had never been in that business before in their lives.

MR. HIGGINS: Who, in the financial world, had established reputations.

MR. SMALLWOOD: Not as paper makers, never.

MR. HIGGINS: That is not the point. Mr. Doyle has been an iron miner two years, if you want to call him a miner.

Mr. Speaker, I met this man Doyle last week. I don't want to attack the gentleman's character, I don't know enough about it to attack it. He is a very personable gentleman. But Mr. Doyle's advent on the Canadian mining scene is, to say the least, of recent origin. He has sky-rocketed Canadian Javelin from the status (and I don't think it is an unfair statement) of a minor foundry to what we are now led to believe is one of the geniuses or potential geniuses of the iron ore industry of Canada. But these are merely by-the-by.

The point, Mr. Speaker, is, as I say, that there are several questions that have been posing themselves to me and on which I still have not been satisfied. I hope I will be. And I say this in all sincerity, I hope the Premier later on or somebody on the other side of the House will be able to say: "Look, my son, you're wrong again. And this is why it is all right for Mr. Doyle to come to us to be guaranteed the sixteen and a half million."

The story told us yesterday, that Mr. Doyle had to go about it in this unusual way because of the loyalty of the steel companies of the United States to one another is not convincing. We are asked to believe that you have these giant cartels who cannot afford, out of

loyalty to one another, to do business with Doyle. But the minute that Mr. Doyle can say to the world, the Premier of Newfoundland is behind us to the tune of sixteen and a half million dollars, there comes a break in that solid block of loyalty. Mr. Speaker, this concept just does not hold water.

Now on the point that has been submitted by the Honourable the Premier himself yesterday: He made the remark, and I must assume he made it believing it had some substance, that the ironic situation can now exist, that the Government, having agreed to give Doyle the credit, and Doyle having been approached by these American companies, he may now be able to go it alone. Now, Mr. Speaker, we might well, if this is true, dispose of the necessity of our considering guaranteeing Mr. Doyle this amount at all — if it is true. However, the reasons given, as I understand it, were that Mr. Doyle really could not do it himself because of the bond of mutual interest. I think, perhaps Mr. Speaker, that mutual interest is a better word than loyalty existing between the steel tycoons. He could not get into that tight group, and he dangled the bait of the Germans before them, and even that did not do much good. And until the announcement was made that the Government of Newfoundland might well be prepared to recommend this guarantee — That, as I say, Sir, may be so. That is one question to which I still hope the answers will be complete and satisfactory.

The second one is; we have been told that Mr. Doyle will be able to use the facilities of the railway built by the Iron Ore Company of Canada. Now I realize that any man speaking in this House, trying to cover as huge a subject as the Lake Wabush idea, and admittedly breaking off from time

to time on these delightful excursions that only the Premier can take and get away with, may be pardoned if he omitted some small aspect of it. But there was an aspect which I had hoped the Premier would cover yesterday, and the day before, and which he did not. It may be that that again is something he felt would be remedied in Committee of the Whole — But I was referring now, Sir, to the joining up of the Wabush Railway with the Iron Ore Company of Canada's railway. Mr. Doyle has a long haul after he gets his ore to Mile 224 before he gets to the sea, and the Iron Ore Company of Canada has built that railway from Knob Lake down to Seven Islands, and the Iron Ore Company of Canada certainly is going to operate that railway primarily, it must be assumed, for the benefit of the Iron Ore Company of Canada. It is true that the Board of Transport Commissioners will have something to say as to how that is done. But the point is this, Mr. Speaker, I am assured on reliable authority that the Iron Ore Company of Canada has within very recent times set up a schedule for its operations on its line. That schedule calls for a twenty-four hour operation, based on fourteen trains per day for seven and a half months of the year. Now I am not a transportation expert. Indeed in the whole House I see only one, and that is my honourable and learned friend from Harbour Main-Bell Island. We all know to whom I refer because the other honourable member for Harbour Main-Bell Island is not "learned." My tongue will get me in trouble one of these days. I may say, Mr. Speaker, with the exception of the honourable member to whom I have referred, I question if there is anybody else in the House who can properly analyze the effect of that schedule, if it is a correct schedule. Now, as I say, I have no reason to

doubt the source of that information, but if that should be so, Mr. Speaker, if in fact the Iron Ore Company of Canada says, we are going to run fourteen trains a day on our line for seven and a half months of the year, it may well be that there won't be enough room on that line for Canadian Javelin to haul the amount of ore.

MR. SMALLWOOD: If I laugh, you will have to excuse me.

MR. HIGGINS: No I should not excuse you — You should have told us yesterday. Fourteen trains a day, Mr. Speaker, as I say, I don't know how long it takes, but fourteen trains — and I am not talking about fourteen cars, but fourteen trains would seem to take up a fairly sizable amount of the day. And if that is for a seven and a half month schedule, and if Javelin has not in fact got any definite agreement with them, then they may have to take a subordinate position. So much for that.

The third point is the amount of the commitment to Newfoundland. It is all very well to say it is only a contingent liability; it is only like a name on the back of a note. As far as the financial setup is concerned it still means an indirect investment of sixteen and a half million dollars, which is the largest thing we have yet had submitted to us. And if we were called upon to make it good — It represents jobs for five hundred men, which would mean each job would cost something like thirty-two thousand dollars, or taking it as seven hundred men, it would mean twenty-three thousand five hundred dollars, not for a whole year, mind you, but for, I believe, as Ford Bacon say in this report, based on a careful weighing of the various factors, the engineers are decidedly in favour of the seasonal operation and

advise against planning for an all-year operation. It is accordingly based on a six month operation, with actual production on a three-shift per day basis, for only one hundred and fifty operating days. Well now, Mr. Speaker, that seems to be a major outlay for five hundred men to get jobs for six months of the year.

It is all very well to say we have got a mortgage, and we can come in if Mr. Doyle does not do any of these things. There is one thing I did hear with a certain amount of pleasure, if it can be implemented, and that is, the assurance of the Premier that this sixteen point five million guarantee is the last; that it is no good for Mr. Doyle to come back a year or two years or three years from now and say, I spent all my money and need another eight million. That at least is consoling. But assuming that we should have to foreclose on that mortgage of sixteen and a half million — if we are left as mortgagees in possession of this property we are not likely to be able to drive the same bargain with the subsequent purchaser as we could with Mr. Doyle, so that, as I see it, Sir, we either approve of Mr. Doyle's setup which gives us these things or we don't. I am not necessarily saying now, Mr. Speaker, that the scheme is in itself unsound, I do say that it is so vast in its magnitude and the implications are so far-reaching as far as we are concerned—if we should be stuck for it—I am afraid I cannot write off sixteen and a half million with the ease and indifference that the Premier does—if we ever should be stuck, it represents so much that we should not just tear madly into it. The Premier says, look, if we don't go ahead with this Doyle thing, it could mean a hang-up of ten years on this thing. He is not prepared to wait ten years. He is per-

fectly entitled to his philosophy in life. I do say, Sir, the amendment certainly allows time not only for the members of the Government and members of the Cabinet, who have been close to this thing and have grown up with it, but I don't think the ordinary private member on either side of the House has even yet gotten the whole answer to this thing that he needs. And for these reasons, Sir, I second the amendment proposed by my Honourable Leader.

MR. SPEAKER: With the consent of the House, I, at this stage, intend to declare a short recess. I want to make the position clear to both sides of the House before I see another speaker. The original motion is that this Bill be now read a second time, to which an amendment has been offered and seconded, that this Bill be not now read a second time but read a second time six months hence. The debate will continue as long as there are speakers to speak to it. And the question will be put in this form — "That the word 'now' do stand part of the question." If the majority of members vote "aye" not only is the amendment refuted but the Bill is automatically then and there read a second time. Members who wish to speak to the Bill must, therefore, do so before the motion is put. Incidentally the original motion closes the debate.

On motion the House recessed for ten minutes, after which Mr. Speaker returned to the Chair.

MR. BROWNE: Mr. Speaker, if no speaker on the other side of the House is anxious to answer the various strong arguments which have been put forward by my colleagues on this side of the House, I would like to try and reinforce the arguments which have been made. In doing so, Sir, I would

like to make some preliminary objection, if I may do so, in answer to some unnecessary remarks made by the Premier. It seems to me that the Premier hates to lose an opportunity of digging up the old bogey of "Toryism." He knows better than anyone in this House that there has been no political continuity in this country, and that Sir Robert Bond was far more of a Tory than we are today. If there ever was a Conservative Premier in this country it was Sir Robert Bond. But Morris was associated with Bond, and left and formed a party of his own, and Cashin and Crosbie and Squires were all in the same party. And it is common knowledge that Sir Robert Bond would not bestow his mandate upon Sir Richard Squires and would not give him his approval as Leader of the Liberal Party. Bond was the son of a merchant and Morris was a school teacher, and Sir Richard Squires was a Liberal candidate in the election of 1923. And I believe I know as much about the Humber deal as the Premier. And in the election of 1923 very few of the members knew much about the Humber deal, on either side of the House. And I want to say now, and I will elaborate in a moment — None of the Opposition members objected to the Humber deal or opposed the Humber deal at any time.

The Honourable the Premier is constantly making reference to the railway development. It is true that it was inaugurated in the administration of Sir William Whiteway, the Liberal Premier of the day. But the railway policy in Canada, a far, far greater thing, was inaugurated under the leadership of Sir John A. MacDonald, Conservative Prime Minister. And when the company which was supposed to carry out the agreement to carry on the railway in this country defaulted,

the company was in a very bad state, and Sir Robert Thorburn, the Conservative Prime Minister had to carry on the railway. And he did not oppose it, he carried it on. And the Premier knows there was a committee of both sides of the House, who reported unanimously in favour of the railway policy.

So it is not fair to be always saying the Tories have been opposed to progress and development of the country. There are always some cranks everywhere who will oppose anything no matter what you bring in. But it is certainly wrong and an incorrect impression to give.

MR. SMALLWOOD: How true that is.

MR. BROWNE: The National Convention Party, although we know so little about it in the past, and although there is not a continuous straight line right through, they were not opposed to that or any other measure for the benefit of the country.

As regard the Grand Falls enterprise. How can anybody say the Tories opposed that? Lord Morris was a member of the Bond Administration. And they were not looking for very many concessions compared to what the Humber deal gave, certainly in regard to taxation, where they did not look for any concessions whatsoever.

HON. M. P. MURRAY (Minister of Provincial Affairs): They only abolished the income tax in 1924.

MR. BROWNE: What has that got to do with the Anglo-Development?

MR. SMALLWOOD: That was a concession to themselves and not to the people.

MR. BROWNE: Mr. Speaker, the interjection of the honourable member

for Ferryland is something with which I have some familiarity. I will agree that the Monroe Government of that day, listening to the advice of the Late Sir Alfred B. Morine, did bring in legislation to abolish the income tax. But, Sir, I am not dealing with that point. And I don't think I should have to deal with it. I did not wish to see that done. I was not in favour. And it would be wrong to say we brought it in to benefit ourselves.

I want to deal with the remarks the Premier made about the Humber Deal, making a comparison between this project and the Humber Deal. And I support what my honourable friend from St. John's East said, there is no analogy whatsoever between this deal and the Humber deal, no analogy whatsoever.

Now yesterday the Premier said: "Oh what a fight there was over the Humber Deal." I was in the House, sitting as assistant clerk when that was discussed, and I have here Hansard for 1923. And if the Premier can take it and show me any fight over the Humber Deal I would give him the sixteen and a half million, if I had it. Because there was not any fight at all. All the Opposition members were in favour, and some were more in favour of it than members of the Government. I am thinking especially of the late Honourable W. J. Walsh, who knew so much about the Labrador possibilities and worked so hard for that, and my own cousin, Mike Sullivan who had been connected with Grand Falls from its inception, were very strongly against it. Now Mr. Speaker, the Premier is in the habit of making statements—I challenge him now to produce from this, statements to show any member of the Opposition showed they were opposed

to the Humber Deal. There was a personal dispute in the debate between the Premier and the late Sir Michael Cashin. That was only a personal matter which arose out of the conduct of the election, and had nothing to do with the Humber Deal at all. Then the conditions were different. I think the House ought to bear in mind that conditions that existed in 1923 were far different from what exist in the country today. Even the Premier himself will admit that 1923 was the accumulation of three years of depression. I know what the country was like. I was a candidate in Placentia and St. Mary's. I know the people were down to herring and potatoes, which was all they had to live on. They were terribly poor, starving at that time. Yet they voted for the members in the Opposition in that district. They did not vote for me. Yes, Sir, the country had come through a period of relief, I think greater than anything in its previous history. The rock shedding and snow shovelling and road work which was carried on in a disgraceful and extravagant manner and money wasted in every direction. Then the assets were far more tangible than what we have now in this time.

The Reid Company when they had engaged contractors to build the railway had been given five thousand acres for every mile of railroad they built. And they possessed the cream of the resources of this country, in water power, in timber and in mineral rights, etc. In 1915 they were putting that in a jackpot and trying then to get a development on the Humber, developing a great project for the manufacture of calcium carbide and nitrate fertilizers. But on account of the war and an accident to Mr. Wilson, who was promoting the

scheme, it fell through. And the Reids persisted, especially Mr. H. G. Reid, acting for the Reid interests, persisted. And because there was a depression in England they set up an Act called the Trade Facilities Act. And it was a combination of circumstances that the Trade Facilities Act, the Reid interests and the interests of the Armstrong Whitworth, that they all pooled their resources together and the British Treasury gave a guarantee of two million pounds and the Newfoundland Government two million pounds of its own money into the project. And they went to the British Government and came to the Newfoundland Government and asked permission to raise another million pounds. There was an extra five million pounds had to be put in the Humber before it could be made a feasible thing. Even after that the Armstrong Whitworth went broke, and the Newfoundland Power and Paper Company had to sell out their interest to the International Power and Paper Company and the International Power and Paper Company had to come to the Monroe Government and ask for further concessions in order to enable them to carry on this paper mill in Corner Brook. So, Sir, if we are talking about precedents, we have to remember that the project which was supposed to cost four million pounds cost nine million, and went broke, and the International Power and Paper Company had to take it over. That is a precedent—if it is, it is a very bad one for this deal, because the Armstrong Whitworth Company, Sir, was a greater outfit, it had been in existence, according to Sir Richard Squires for 160 years, and had control over very many large industrial companies.

The Premier today asked the hon-

ourable member for St. John's East a question: Did he know of any paper mill that was guaranteed by a government. Well it does not make any difference whether a paper mill or a mine—I would say a paper mill would be preferred to a mine—But there is a list given by Sir Richard Squires at the time, on page 56, giving a list of all the things that the Trade Facilities Act had permitted the British Government to guarantee at that time. Now the Reid Newfoundland Company had very valuable assets, water power and timber and mineral rights on the West Coast, and all that together was not enough to bring about the success of the venture, and it was necessary for the Armstrong Whitworth Company to put in five million more pounds. Where would Doyle get five million more dollars, if he had to do it?

Sir, it seems to me that the Ford Bacon and Davis Company estimated the cost to be about forty-five million dollars. But Doyle comes along with another proposal which says it is only going to cost thirty-three million dollars. Suppose his estimate is wrong. Sir, it seems to me that this House is ill-prepared today to vote on this measure. I challenge members on the opposite side of the House, are they really familiar enough with the financial setup of Mr. Doyle? I have here amongst my papers, the Financial Post, Survey of Mines 1955 accounts, at April 20, 1954—Here is the account of Canadian Javelin Company, \$151,000 in cash, \$22,000 account revenue and \$31,000 current interest liability. What kind of company is that? Is that a very big company? Is that such a company as Armstrong Whitworth with which Newfoundland was dealing in 1923 when Sir Richard Squires put through the deal. No, Sir, we are

dealing with a stranger. We dealt with Dr. Valdmānis so highly recommended and who turned out to be so disastrous an asset for this country. Mr. Speaker, it is not so long back when the Premier, when we were listening to the Premier's praises of these men, Mr. Planta and Dr. Valdmānis. He gave certainly Dr. Valdmānis much more fluent praise than he bestowed upon Mr. Doyle. Look how mistaken he was. Is it not possible he is making a similar mistake? I am not saying anything in regard to his honesty, but merely with regard to his power and his influence.

Now, Sir, I want to draw to the attention of the House and the public if I can, the great mistake made when the Government of this country gave to NALCO the power which they did. It was the duty, the solemn duty of this Government to retain under its control the development of Labrador and not to permit a corporation set up that could deal with territories and natural resources of that area. What does the House know?—I challenge any member outside the Government on the other side of the House to tell this House what he knows about NALCO. I was astonished when I saw the balance sheets that were tabled the other day for NALCO. The public had no idea about this thing at all. The Premier said these statements were published before, but not during the past two sessions.

MR. HOLLETT: Tabled here?

MR. SMALLWOOD: They were tabled right here in this House. These reports were tabled here.

MR. BROWNE: Not in the last two sessions. They might be kept on your desk.

MR. SMALLWOOD: They were tabled. They were not on my desk. They were tabled.

MR. BROWNE: If so, it was done without my knowledge, and my colleague here on my left, I don't believe saw these. But I would say this, that they show Mr. Doyle was in default in his payment. Now, Sir, if Mr. Doyle was in default, according to the auditors, Peat Marwick, Mitchell and Company, what guarantee is that of his conduct in the future, even if he had a case for not paying money on the due dates? Should he not have had some note of explanation that the auditors could take and examine and approve. While I am on this thing I would like to draw to the attention of the House and the people, that the Government engaged another firm of auditors rather than the Auditor General to audit the books of NALCO. Why was that done? Why was not the Auditor General made auditor of NALCO instead of this outside concern? I am not criticizing the outside concern, but I feel the Auditor General, also a servant of the House of Assembly, should be the one to audit that, and include this annual report in the annual report and statement of public accounts. I wonder how much the public knows of the expenditure of NALCO, of the twenty-two thousand dollars paid last year for salaries of directors of the board.

MR. SMALLWOOD: Directors? What directors?

MR. BROWNE: I don't know who they were nor no one else. It says here, salaries, directors, \$22,000.

MR. SMALLWOOD: Not twenty-two cents.

MR. BROWNE: I am reading from the auditor's report.

MR. SMALLWOOD: Mr. Turta is the only paid director in NALCO, ever was or is.

MR. BROWNE: I am reading from the statement of income and expenditure for the year 1953.

MR. SMALLWOOD: Excuse me—Valdmanis—the point I am making is that the only paid directors were the full-time officials of the corporation. None of the other directors ever received a dollar. I just want that clear.

MR. BROWNE: Mr. Speaker, I don't know who received the money. I only got it here from this report—without the knowledge of the country—the people did not know how this \$22,000 was paid for directors. Traveling and subsistence expenditure \$12,000 for directors. Who got all that? Where are the details? Rent five thousand dollars? I don't know who received the rent, five thousand dollars. Automobile.

MR. SMALLWOOD: The Government received the rent.

MR. BROWNE: The rent for what?

MR. SMALLWOOD: The Newfoundland Government got the rent for the building at Fort Townshend.

MR. BROWNE: The Chief of Police's residence? I don't think that ever went before the Rent Control Board. They would not get that for it.

Amongst the assets—office furniture and equipment \$18,000, Automobile \$3,600, apparently a new one purchased last year. And Montreal, furniture and equipment \$4,000 and another automobile \$4,012, which is wiped off for some reason or another. I don't know what became of that one at Montreal, which was also NALCO's.

Somebody had to have an automobile in Montreal and another here. I don't want to go into further details in connection with NALCO except to show it was carried on without the knowledge of the members of this House, and that it was dealing with people with whom it should not be—double-dealing with that little company of Javelin. What was the matter with the Government dealing with some of its associates, proclaimed to be so powerful in the financial world, like Harriman Ripley and Wood Gundy? Why did the Government tie up these valuable resources, which we are led to believe are so valuable, with a little company like Javelin? Why was it done?

MR. SMALLWOOD: That little company spent two million dollars on that little property.

MR. BROWNE: Well, if they spent three million—We have not seen their accounts. Their account was not produced. And I would like—

MR. SMALLWOOD: It was produced to NALCO.

MR. BROWNE: It is a secret. Dr. Valdmanis, who was the first chairman of NALCO is in gaol. The Hungarian pilot or engineer ran off with a million dollars worth of information. What kind of a way was NALCO conducted, for goodness sake? And what guarantee, after these two grave mistakes, is there that a third one is not going to be a mistake too. Why did they not tie up with some of these great corporations? Why tie up with Javelin? Why not tie up with some of these great institutions which we have been associated with for so long?

MR. SMALLWOOD: When I did I was criticized for doing it. In BRINCO I was criticized for bringing them in so big.

MR. BROWNE: You organized BRINCO.

MR. SMALLWOOD: Yes, and brought them in here, and was criticized for it by the honourable gentleman's party.

MR. BROWNE: Sir, the Honourable the Premier had knowledge of the existence of this mine, and had the NALCO engineers to explore it for him, and then he had the information which he gave to Javelin, and then Javelin got the information and they got their stronghold on the mine, and now have it.

MR. SMALLWOOD: They paid back every cent of it.

MR. BROWNE: Has that expenditure by NALCO for the benefit of the concessionaires been recovered?

MR. SMALLWOOD: There is a disputed amount.

MR. BROWNE: There you are! We don't know. \$892,000 spent by NALCO or spent by someone else for someone else — there is a dispute.

MR. SMALLWOOD: A relatively small part is in dispute. Most has been paid back, probably all.

MR. BROWNE: We don't know.

MR. SMALLWOOD: I now inform the honourable gentleman.

MR. BROWNE: When we get in the Committee stage of this Bill, I hope the Premier will produce the sheets, the balance sheets of Canadian Javelin so that we can know whether it is such a corporation as we can depend upon to carry out any agreement.

Now, Sir, there was a point I wanted to make there — The Premier appealed to the House by saying that this is a

sound and patriotic thing to do — a sound and patriotic thing to do — He appealed to patriotism. We should do it out of patriotism and put five hundred men to work. Sir, this Government has been in office six years. It has had complete control of the management of public affairs in this country; and if there are men out of work in this country who are the people who should be blamed for it? The Government.

MR. SMALLWOOD: That is a powerful argument.

MR. BROWNE: Wait a minute now — I was told the other day, Sir, when the announcement was made that the Government was going to go ahead with that railway and look for people to go down to Lake Wabush, that the unemployment office jammed. The honourable member for Trinity South could verify that. Why is there so much unemployment in this country? And after all these things we were promised. Then, Sir, I would like to remind the House and the public — The Premier put in the mouth of the Lieutenant-Governor in 1951 — "My Ministers have continued to devote the greater part of their energies to the task of economic development of the Province, and very encouraging success has attended their efforts."

MR. SMALLWOOD: Has it not?

MR. BROWNE: No. The country would have been better off if the Premier had never been in office, had never been born.

MR. SMALLWOOD: Very quotable — Quite a lot of people would agree but quite a lot would not. Let us test it in an election and see how true the honourable gentleman is. We would like to do that.

MR. BROWNE: Let us not get away from the point. Let us test the prediction: The Premier, I don't think, likes to hear that sort of thing. He predicted that the cement mill at Corner Brook would have orders for five million bags a year — eight times as much as the company produces.

MR. SMALLWOOD: That is true. They cannot even go near meeting the demands for cement.

MR. BROWNE: If that is true why did it not pay the interest on its purchase price of four million odd dollars?

He predicted the same for the gypsum plant and the same for the birch mill.

MR. SMALLWOOD: These plants cannot supply the demands for their products.

MR. BROWNE: That may be so. Maybe there is another meaning to the statement of the Premier that they cannot supply the demand. We certainly knew the birch mill was going to cost a million. It cost nearly four million.

MR. SMALLWOOD: The one that was to cost a million did not cost four million.

MR. BROWNE: Something cost four million.

MR. SMALLWOOD: Now what was to have cost a million. That never cost four million. Mr. Speaker, all this is very interesting in a speech on the Address in Reply to the Speech from the Throne. It is admitted criticism of the administration. From the moment the honourable gentleman stood up to this moment now — I like criticism. It gives me something to answer back. It tells me what they are

thinking, and I can expose it. But, Sir, is this the time and the place for it?

MR. SPEAKER: Let me say on that — I do not agree entirely. The honourable member was taking certain points of the Honourable the Premier's speech, and in replying to them there arose an interchange of opinions across the floor. I was trying to get a chance to say I could not see the remotest connection, but the Honourable the Premier was engaged in the debate also. I must remind him of that. I want to ask, apart from what the Honourable the Premier said, I want to ask how this can be construed as being pertinent to the question before the House?

MR. BROWNE: Mr. Speaker, I want to show the House the Premier was carried away with his enthusiasm. I want to show the many extraordinary statements made by the Premier. It is absolutely ludicrous. Therefore, to judge by that, he is just as wrong in the fanciful statement he made for us yesterday. In 1951, Sir, he predicted that we were going to have a plant at the Octagon, a machinery industry. There it is, Sir, well documented. It was going to employ five thousand men within two years. And today, Sir, I wonder if there are a hundred there. So he was fifty times out in his forecast. It was going to cover two acres. And, Sir, right here in the middle of this book is a picture of what the plant was going to look like in two years.

MR. SPEAKER: I cannot see the faintest connection between that and whether we should read this Bill a second time or not.

MR. BROWNE: Mr. Speaker, surely it is important for us to know — The Leader of the Government and

the Minister of Economic Development proposes this railway and a guarantee for sixteen and a half million dollars. Is he right now when he was so often wrong. When it was wrong to bring in a Bill to guarantee two and a half million dollars in 1951, surely there is a resemblance between guaranteeing two and a half million and sixteen and a half million. And if he was away out in 1951, what guarantee have we that he is correct today?

MR. SPEAKER: Admitting the strength of the argument, yet it does not follow there should be a detailed survey of every entry brought in.

MR. BROWNE: No, Sir, I don't want to make a detailed survey of every entry at this stage. I hope to be allowed to do it. But this is a case. The Premier was absolutely wrong in reference to this machinery industry — There is nothing to compare to a steel mill at Bay Roberts. Instead of a steel mill they got a chocolate factory. Now, Sir, if the Premier can make mistakes like that is he a safe leader to follow? Is it safe to follow such a leader? He is leading us all down the garden path.

MR. COURAGE: He has been right on occasions.

MR. BROWNE: On occasions, but certainly not in connection with any of these projects.

Now, Sir, the principle involved in this Bill is that we should guarantee bonds to the Wabush Lake Railway Company Limited to the amount of sixteen and a half million dollars. The Wabush Lake Railway Company is a company only incorporated by statute in the last session. Why are we dealing with them? Why is it not the principal, Canadian Javelin Company. Canadian Javelin Company are

only a secondary part, who will be enabled to get nine million dollars from the railway company. Of course, as the Premier said yesterday, it is a wholly owned subsidiary of Canadian Javelin Company. And the Canadian Javelin Company is absolutely controlled by Mr. Doyle who owns a majority of the shares. When the Premier replies I wonder would he just make a mental note to tell us exactly how many shares. According to information given by Mr. Doyle there are 3,960,000 shares sold up to the other day. And if he has a majority — He has two and a half million of them — there, the rest of the shareholders have only one million four hundred thousand dollars. And in the "Yellow Book" we have that the Swiss Bank, whoever they are, had invested \$4,800,000. I don't know how many shares they got. But I wish the Premier could tell us.

I asked another question and was told the Attorney General would explain about the equipment trust certificate seven and a half million and credit three and a half million. That is how it is going to be financed. But, I guarantee, that is "Dutch" to most members of the House. I don't know what "Equipment Trust Certificate" means nor plant credit means. But I have an idea the company is going to build this railway almost entirely on credit. Plant credit, three and a half million dollars. They are going to get the machinery on credit. The Premier told me so yesterday. The machinery is going to be manufactured in Germany. The Javelin people will pay 30%, and the balance will be paid over a couple of years. Now, there is a big depreciation on mining equipment, so that over a couple of years that will have depreciated a considerable amount.

Then there is this "Equipment Trust Certificate": I wonder what that means? Does that mean the railway stock for the railway or any part of the mine. Is also another part to be given on credit? And a floating charge will have to be given to the people who supply that. I notice, Sir, in connection with the Bill, we have got a further floating charge on the assets of the Canadian Javelin Company. We have only a floating charge — It does not say a percentage floating charge.

Now, I doubt very much, Sir, if ever there was a proposal put before this House on which the members were so ill-informed, despite the three hundred pages, Sir. What do the three hundred pages include? A hundred pages of tables, which are very difficult to read. There may be fifty pages of letters, and the rest of it consists of tables which have not been explained by anybody. The Premier made hardly any reference to them at all.

Here is another thing: We have a Government geologist, Mr. Howse, who is supposed to advise the Government. And if he is not supposed to advise the Government what is he there for? What is he getting his salary for? The Government geologist has never been down at Lake Wabush. The Government geologist has not, I believe, passed any opinion on this. He has not been in a position to pass any opinion. He has not seen the drill cores taken out by Canadian Javelin. Who else have seen the drill cores it does not say clearly. But I feel we should have, from a man in a responsible position, like Mr. Howse, the Government geologist, an opinion on it. Why is it, Sir, the Government went ahead and brought this thing in to the House of Assembly without the benefit of the Government geologist's opinion? Mr. Howse is a very experienced man. He has been

a great many years up there. And I think he should be trusted with a greater responsibility than supervising the printing of this Bill.

Now, Sir yesterday the Premier, very obligingly and courteously, produced a list of the bond houses in Canada who hold shares in Canadian Javelin as at September 16th.

MR. SMALLWOOD: And in the United States.

MR. BROWNE: Therefore, I presume it is possible to get the shares of any particular day. Sir, while it was interesting and important to get the facts brought out that no member of this House has shares at the present moment, what we want to know is, if they had shares while this thing was being negotiated during the past year?

MR. SMALLWOOD: I said that.

MR. BROWNE: I did not understand.

MR. SMALLWOOD: I did, and I made it clear. And everybody but the honourable gentleman understood — While this matter was under discussion and consideration and decision in Cabinet no one had. And while it is under discussion in this House no one has. I said it was none of my business if they had before that.

MR. BROWNE: It is an important thing to know if anyone made money on this Javelin. The stocks seemed to rise whenever the Premier made an important announcement. When the announcement was made of a pending merger with New Jersey Zinc they went up. When the announcement was made there was a greater reserve than the Masabi Range, up goes the stock. When the announcement was made that the Government of Newfoundland would call the House to

gether as quickly as constitutionally possible in order to guarantee sixteen and a half million dollars, up goes the stock. That was the time to sell, then. I don't know whether it is right or not. I have no interest in it personally. I have been told the stocks went up two dollars in one day. Stocks which had been selling at \$3.00 went up over \$5.00. That was the time to sell. So, Sir, I take it the Premier's statement is correct. During the past year, when these negotiations were carried on, no member of the Government had any shares in Javelin stocks. I take it that is what he meant to imply. I am glad to hear it, and I hope it is true.

MR. SPEAKER: It now being 6:00 o'clock, and there being no motion to adjourn, I will now leave the Chair until 8:00 of the clock.

The House recessed until 8:00 of the clock.

NIGHT SESSION

September 22, 1955.

The House resumed at 8:00 of the clock.

Mr. Speaker in the Chair.

MR. BROWNE: Mr. Speaker, the Leader of the Opposition asked, I believe, what effect this guarantee would have upon our provincial credit. And the Premier, in answering said: "approximately none" — "It would have no effect on our credit." We can take fifty million dollars in our stride, and a hundred million dollars in our stride. Well, Mr. Speaker, we have already taken it, including this sixteen and a half million — we have already taken a hundred million dollars in our stride. Our surplus of forty-two million dollars has been spent. The Gov-

ernment borrowed thirty-eight million; ten million, twelve million and sixteen million. The Government guaranteed thirteen million dollars, and are now to guarantee another sixteen and a half million dollars, to bring it up to ninety-nine and a half million dollars, which the Government has spent on Capital Account or guaranteed. Now, Sir, the £2 million guaranteed by the Government in 1923 was always considered as part of our capital debt, although indirect. It was a contingent liability. So that today as far as this sixteen and a half million is concerned it will also have an effect upon our position. Sir, nobody could go to the banks and keep on backing notes for his friends to an unlimited amount. For each person who deals with the bank there is a limit. For each company that deals with the banks there is a limit, and for each Government that goes to the public looking to borrow money there is also a limit. That limit is determined by its direct and indirect debt. I remember having been told in 1931 by a banker, that our limit was a hundred million dollars. I remember the Late Sir John Crosbie telling me that was our limit. And true enough, when we got to the limit in 1931, when the Government of Sir Richard Squires went to the bond houses looking for a loan of six million dollars at that time they were unable to get one bid. And then began our financial difficulties.

So, Sir, it is idle for the Premier to disregard such a guarantee as that and say that we can take fifty million or a hundred million dollars in our stride. If the debt is piled up, it is obvious to every reasonable person it is going to have an effect upon the future of our country. I believe, Sir, today the Newfoundland Government bonds give the highest yield. That is a reflection of

our financial position. It is a strange thing, Sir, that the Premier, so practical in many ways, is so unrealistic when it comes to matters of finance or business.

If the mine is so rich. If the mine at Lake Wabush has such a valuable content as the Premier has described, and as the Javelin Company contends, if it is so incredibly rich, so fabulously rich it can compare with the mighty Masabi Range in Minnesota that has been producing for generations, millions and millions of tons a year and still continues to produce. If it is as rich as that, is it not an extraordinary thing that the great steel magnates of the United States were not more interested, were not keenly interested, did not show more interest than they have? The Premier says: "Oh, they have now, since they found out that the Newfoundland Government was interested." Well, is it too late to let them take over and build a railway, a small matter of sixteen and a half million dollars, and let Newfoundland get out from this obligation that may end in financial disaster for us?

When challenged to quote a precedent of a Provincial Government guaranteeing a mine or any big industrial undertaking, the Premier selected two examples; Steep Rock Iron Ore Mine in Ontario and the Trans-Canada Pipeline Programme. If I am not mistaken, Sir, the Steep Rock Mine was begun during the early stages of the war, and was owned by the United States interests, who were able to get a loan from the Reconstruction Finance Corporation. If, as he says, the Canadian National built a railway line to the mine, that is what the Canadian National Railway is for. And I am quite sure that when the Canadian National Railway decided to build that line they had pretty good assurance

that the quantity of freight that it would carry over it, and the rates they would get, would pay them for what they were doing. That is what the Canadian National Railway is for. I don't know whether the Canadian National Railway was approached in this matter, but they might have been. And they were certainly in a better position to finance the construction of a railway than the Newfoundland Government.

He said that the Hydro-Electric Corporation of Ontario built the transmission line to supply power. So what? Is not that what the Ontario Hydro-Commission is doing all over Ontario? And why should it not, for a great iron ore mine, build a transmission line? That is what the Power Corporation of Ontario is doing all the time. In regard to the pipeline bringing it across Canada.

MR. SMALLWOOD: Excuse me — Before the honourable gentleman passes from the Steep Rock Iron Mine, I would correct him in one respect. This all happened since the war, not during the war, but since the war.

MR. BROWNE: Well, Sir that mine has been going certainly since 1939 or 1940. The company started up there then, and the other day issued their own bonds, unguaranteed for seventeen and a half million dollars to refinance.

MR. SMALLWOOD: If the honourable member would allow me: There was a small company, Sir, Eaton bought out, and paid one cent each for the shares of that. And having bought control of the company, at one cent per share (it was all since the war) he got twelve million dollars from the Reconstruction Finance Corporation of the Government of the United States.

He got the Government of Canada, through the CNR, to build the railway and the Government of Ontario's Hydro-Electric Commission to build a hydro transmission line. All this was since the war.

MR. BROWNE: Well, Sir, my impression is that the railway was there before the war. The mine was discovered and put into operation before the war. However, Sir, that is what the Canadian National Railway is for, to build railways to mines and to other places from which they can get freight. If I may be permitted, Sir, at Kitchikmat and Red Lake —

MR. SMALLWOOD: Did the Commission build the Kitchikmat?

MR. BROWNE: They built the railway, I am certain of that.

MR. SMALLWOOD: The Premier of British Columbia, a few weeks ago, informed me, they built it at their own expense. They tried to get the Government of Canada to join and failed, and that now at their own expense they were building a railway down through that Northern country.

MR. BROWNE: Well, Sir, I was in Ottawa and on the Railway Committee that approved of the line to Red Lake for these people, and also for the line to Kitchikmat.

However, Sir, the Trans-Canada Pipeline is looked upon as a national undertaking. Canada wanted it to be independent of the United States in the supply of oil and gas, and everyone knows. And Ontario and Quebec are two great industrial provinces that are continually clamouring for greater power, and the market is right there, there is no doubt about it at all. If the Dominion Government and the Ontario Government have come together for the purpose of building that

line across, then they are in a better position to do it than the Newfoundland Government is to do it for a private undertaking such as Canadian Javelin. That is looked upon as a national undertaking.

MR. SMALLWOOD: It is a private, profit-making company.

MR. BROWNE: Yes. But it is looked upon as a national undertaking.

MR. SMALLWOOD: It is exactly in that same light we look upon the Wabush Railway. But it is still a private company.

MR. BROWNE: I cannot see it, Sir, in that light. It is not going to give anything approaching the service the Trans-Canada Pipe Line is expected to give. There is not any comparison in regard to the value to the community of the railway in Labrador when compared to the pipe line in Ontario and Quebec.

Sir, there is not the same urgency now as there would be in 1949. Nobody knows better than the Premier that social conditions are different today. Although there might be a considerable amount of unemployment, through various agencies, the effect of unemployment is not felt nearly as keenly as in the trying days of 1921 and 1922.

Now the Premier took issue with some previous remarks of mine in reference to his socialistic attitude, Sir, what is the Government doing by this long list of loans and guarantees, such as have never been known in the history of this country? In the history of Newfoundland no Government ever attempted to loan out money to the industries — thirteen million dollars in guarantees and twenty-five million dollars in loans, and now another six-

teen and a half million dollars, fifty-four and a half million dollars going into loans or guarantees.

MR. SMALLWOOD: Going into industries. For industries.

MR. BROWNE: I say that is socialism. The Premier got control of the credit. Anybody who wants to build a motel or a hotel or railway comes to the Government gets control of the credit. The Premier does not see anything wrong. He knows that when he lends money for a fish firm or a motel that man's mouth is shut. He can never criticize the Government. In that way, Sir, we are bringing about a condition of affairs in the community —

MR. SMALLWOOD: If the honourable gentleman will permit — The gentleman to whom we made the biggest loan of all, something over four million dollars, Arthur Monroe, is the first to criticize us. And another gentleman to whom we lent considerable, Mr. Cy. Moores is very quick to criticize us. We have not shut their mouths, two of the biggest recipients of our policy.

MR. BROWNE: Let me point out, they are very different from their father. Their fathers came out. The father of Mr. Monroe came out in public life. Mr. Arthur Monroe is too tied up and cannot come out.

MR. SMALLWOOD: I have cited two cases where they came out and criticized us harshly in public, although they had received considerable moneys from us.

MR. BROWNE: They may have criticized, Mr. Speaker, the Government in a defensive spirit. But they have not come out in any offensive spirit and tackled the Government on its

record or in regard to its methods of administration.

MR. I. MERCER: They have not gone to the Tories, for instance.

MR. BROWNE: They have not gone to the party my honourable friend was associated with so long.

MR. SMALLWOOD: And had sense enough to leave.

MR. MERCER: I will answer that next week.

MR. BROWNE: The Attorney General said you would not expect them to criticize the loans they got. I know what I am saying, I say in all seriousness that today we are living in a different world in more ways than one than what we had back about thirty years ago. People are not so interested in public life nor in political affairs, and are not coming forward and expressing their views on public matters to the same extent as they did formerly. Largely that is due to the attitude of the Government which has given out so many loans, and is I contend, helping to silence the voice of these people.

Now, Sir, neither Mr. Doyle nor the Javelin Company could get finances interested sufficiently to come forward and assist him to the extent of sixteen and a half million dollars. Now that seems to me, Mr. Speaker, the outstanding fact in this whole episode. Why is it that he had such a wonderful project, such a high potential, which was so demonstratively good, documented in a manner such as never before seen in this country, why is it that he was unable to get assistance, the small comparative amount of assistance which he needed to build the railway? I suggest here this afternoon that NALCO, when it took over the control of these areas in Labrador, especially the rich

belt around Lake Wabush should have dealt with someone bigger. Why did they not develop it instead of Mr. Doyle, who had twice defaulted on his obligations to NALCO?

We are as anxious, Sir, as the Government to see the orderly development of our natural resources. But we are opposed to giving a guarantee when we see a danger, a real danger. I am sure there must be honourable members on the other side of the House who see the danger in the same way we have. We have had so many experiences and we are flying in the face of wisdom, of experience. We all know the motto which has been handed down to us: "Once bitten twice shy." "A burnt child fears the fire," or "Un chat echaude craint l'eau froid."

MR. SMALLWOOD: Hear! Hear.

MR. BROWNE: Or "a bear that steps on a hot brick will never step on a cold one."

MR. SMALLWOOD: "Nothing ventured nothing gained."

MR. BROWNE: That reminds me, Sir, of the other motto of the Premier: "Develop or Perish."

MR. SMALLWOOD: Right!

MR. BROWNE: In view of that, Sir, perhaps I might be allowed to read a section of a very thrilling speech in which the Premier set out his ideas in regard to economic development. This, Sir, is an example, I would say, of his idealism and not of his realism. He said: "My belief is this: We have two choices before us in Newfoundland today, only two." (I am quoting from page 196 of the second session 1951). "I can't think of a third. I have never been able to think of a third: One, to follow along

in the more or less normal way, the conventional way, passing laws, collecting and spending revenue, conducting the ordinary day to day affairs of administration, leaving it strictly to private enterprise to start industries."

I don't want to take up too much of the time of the House.

MR. SMALLWOOD: That is good reading. The best yet. Now I can listen.

MR. BROWNE: "If they do God bless them. If they don't, it is regrettable. Just leave things alone, laissez faire. That is one way. The other way is the exact opposite. The first leads on, inexorable and tragically, to a declining Newfoundland. It is unthinkable Mr. Speaker, that we here in this little island can go on for the next ten or fifteen years, lying beside the vast continent of North America, with opportunities in millions, and our people be content with the lot they have had and have. That is unthinkable. Let us face that fact. They won't stay. My honourable friend from St. John's East is perfectly right. They won't stay here. They will go away, and there is almost irresistible attraction on the North American Continent to lure our people away. First, the young people go and begin writing home to the old people, and then the old people get lonely and want to go up and join the young people. That attitude of laissez faire, leave it alone, conduct the ordinary housekeeping of Government, leads inevitably to a rapid decline and eventual downfall for Newfoundland. Now can't everybody see that? Does not our history prove it? Is not that the story of Newfoundland? I know a little bit about our history, a terrible draining off of the most ambitious, the most energetic of our human resources. The absorption

of these resources in the United States and Canada.

The other course is to be unconventional, to be untrammelled by economic traditions, to put superhuman efforts into a drive the like of which we have never dreamed of in the past, superhuman, physical and manual effort, all the enthusiasm that the human heart can generate and throw all of that behind, a great concerted drive against our destiny, certainly against the flood of four and a half centuries of our history. To do in three or four years or five years what it took half a century to do in days gone by. To realize clear-sightedly that we are living in extraordinary times, in a troubled world, the most troubled part of which is Europe, and by conventional methods, great and daring, and enthusiasm to accomplish here in Newfoundland, in spite of pessimism, which is one of our besetting sins, in spite of this inferiority complex which says nothing in Newfoundland is any good just because it is in Newfoundland. To fight that and in spite of it to battle through and in four or five years put Newfoundland where in ordinary times under other conditions it might have taken half a century to put her."

MR. SMALLWOOD: That is why the people keep on electing us.

MR. BROWNE: The only thing they did do in four or five years was to pile up the national debt, Sir. In another four or five years, if the Premier keeps on lending money to us we will certainly do more in four or five years than has been done in four or five centuries. But as far as our national debt is concerned — The Premier, Sir is too impatient. He is not prepared to wait a minute. He knows perfectly well Doyle has not the fin-

ances to put this thing through himself, and is prepared to risk the fortunes of this country by joining up with him in partnership to the tune of sixteen and a half million dollars. That is more money than Doyle himself put in to it. He is not prepared to wait even a reasonable time. It is not unreasonable to wait another year or so to get started. Why are they in such a terrible hurry? There is not such a demand for work as all that.

Sir, finally I want to say this: If the mine is good, we need not push a good mine. A good mine should need no guarantee. I want to warn the Government to this extent. They know that the estimates for the construction of a project like a railway are notoriously low. You might try and get away with ten million dollars to build a railway, and find rolling stock of five or six million to build a mill for making the concentrate, but I have not heard of many projects overestimated. A great example of that is the "William Carson." Take that ferry. Who ever would have expected that would go to the high price of, I believe, over ten million dollars. Eleven million dollars for one ferryboat across the Gulf. Certainly the Federal Government never expected the price would reach so high there, on a project of eight million dollars. The price went up three million dollars. And one could easily point to many many illustrations in the Federal Government work where the cost has gone up.

Now one of the reasons why the Armstrong Whitworth deal fell through was because of political interference in employing men, and rushing construction, trying to get ahead too fast. The result was that it cost them millions more than they had estimated. So, Sir, in this thing the same is likely to

apply, the same underestimation of expenditure. Because when they are coming to the Government looking for assistance in the matter of a guarantee they are going to try and put the price as low as possible. And, Sir, if my honourable friends on the other side would compare the estimate of Bacon Davis, the engineers who have now been entrusted with the supervision of the construction of the mine and railway, they will find their estimate is forty-five million, and the estimate by Canadian Javelin only thirty-two. There is a difference of thirteen millions, and time will show who is correct.

There is just one final point, Sir, I have to repeat this: We are going to give this guarantee to a railway, a company, that has no assets whatsoever. I think it must be without precedent that we should do a thing of that kind. It is true that Canadian Javelin is itself the senior company, and controls it, but do we know today how much assets the Canadian Javelin Company themselves have, and whether the proportion which the Newfoundland Government is now asked to guarantee, sixteen and a half million dollars, is not more than fifty per cent of the whole undertaking, certainly of the whole cash amount necessary for the construction.

Because of these many reasons, Sir, I feel that the Government would lose nothing by listening to this and accepting this motion that this matter be deferred, and that further consideration be given, and that this Bill be read six months hence.

HON. F. W. ROWE (Minister of Mines & Resources): I rise to speak in this debate with a sense of three-fold responsibility: First of all, as the House is aware, I am the repre-

sentative in this House of the political district where the development is to take place, which we are asking the House to approve a bond issue to promote. Secondly it is my honour to hold a portfolio of Minister of Mines and Resources, which is, of course intimately, as a department, connected with a development of this nature. Then of course, thirdly, and more generally, as a member of the executive Government I have to take my share of the responsibility for this matter.

Two weeks ago I visited Labrador. I visited in particular the Lake Melville area of the Labrador. I spent a few days in Goose Airport, the third greatest airport on the face of the earth. An airport, which has, I think, about two hundred miles of paved road. An airport which is one of the bastilles of our defence against aggression.

In that area I saw once more the great Hamilton River. It is the greatest river, apart from the St. Lawrence, in Eastern Canada and possibly in Eastern North America. I did not see the great falls again on that river, although a year ago tonight, I think it was, the Premier and I flew over the Grand Falls on our way back, in the height of a hurricane, "Edna", I think it was called. But as I looked at that great river there I was all the more convinced of the fact that a few miles inland was the greatest single potential development, the greatest single source of energy on the face of the earth. There in one area, as the Premier has already informed the House, in one small area ten million horsepower. I saw somewhere in a magazine the other day where all the recent developments on Niagara, which has been going on for the past five or ten years or more, the great hydro-development there

would result in 1.8 million horsepower.

Then as I was in Lake Melville area I saw evidence of the great timber resources that are there, the single greatest undeveloped timber areas in Eastern North America. Then too I talked with some of the geologists who are heading up the investigations that are going on in those parts of the hinterland, I left that area with the realization, with the conviction, that within our time Labrador (and I believe although unintentionally I am quoting the Premier) will become the greatest industrial area in Eastern Canada and possibly in all Canada.

It is unthinkable that that tremendous source of energy can remain undeveloped. It is unthinkable, with the growing need for pulp and for paper that those millions of the best pulp wood trees on the earth will stay there and not be cut out. It is unthinkable that over that vast area there are only one or two mineralized areas capable of development.

I left Labrador too with the feeling, if private enterprise does not rush into an area it is no indication at all of its relative worth. I left Labrador with the conviction that it is the responsibility of the Government, of the Government of the Province of Newfoundland, which some people often forget it is, the responsibility of that Government, if private enterprise is lackadaisical, is, in our opinion, over cautious, it is the responsibility of the Government to spearhead in whatever way seems practicable and feasible the development in that great part of the Province.

Here in this House, on many occasions in fact, I have heard Labrador referred to as though it were some appendage to Newfoundland, to the

Island of Newfoundland, as though it were some sort of a wilderness out there. In fact I have seen these things in the press, Mr. Speaker. I have seen the theme developed in the press, that we have to be very careful about Labrador. Anyway, all we are going to do is bring about headaches in that vast area, if we encourage too much development, because we are only going to create a new continent which will want roads and hospitals and schools etc. I must confess I have never followed the reasoning. But I have seen that theme expressed in the press.

MR. HOLLETT: In Newfoundland?

DR. ROWE: Perhaps — in the local press. Labrador, I have to reiterate, is an integral part of the Province of Newfoundland, just as much as the Isthmus of Avalon. It is an integral part of Newfoundland. It may well be that in our time, Mr. Speaker, that great area will become the most important part of the Province. It is not unthinkable that within the life-span of some of us at any rate it might well become the most populous part of the province.

MR. SMALLWOOD: Quite possible.

DR. ROWE: Mr. Speaker, I make no apologies for making these general statements, because I feel there is a very important principle involved here in a variety of ways. We who make up the Government of Newfoundland and we who represent the people of the Province in this House have a responsibility, a serious responsibility to see that those tremendous resources are not allowed to remain there idle. Some of our friends on the opposite side repeatedly said in this debate, and in previous debates we are a poor little country. We cannot be taking on these great obligations. Sixteen and a

half million dollars is a tremendous lot of money. We are a poor little country. We have to be careful, we have to watch out. I submit, Mr. Speaker, that it was precisely that philosophy, this outlook: — I submit, Sir, it was that over-cautiousness which inhibited and retarded development in Newfoundland for decade after decade. This point has been made before. There is absolutely no comparison between the Newfoundland of today and the Newfoundland of twenty-five or thirty years ago—no comparison within our scope, whether you think of it in terms of the individual Newfoundlander or in terms of Newfoundland as a whole. And these dire predictions that we hear from the other side, "impending ruin, perdition." That is a word used, possibly not in this debate, "going to perdition." "Going to ruin." "Destroying our credit." I submit, Mr. Speaker, amongst other things, it is precisely by developing these great resources that we improve our credit.

MR. HOLLETT: To a point of order, Mr. Speaker! I wonder could I object to the honourable member putting words in the mouth of the Opposition, and not uttered this day in the House?

HON. M. MURRAY (Minister of Provincial Affairs): That word was uttered.

MR. HOLLETT: I don't see what right any man, sitting in his seat in this House, has to say things like that. I rose to a point of order, Mr. Speaker.

MR. MERCER: Mr. Speaker, to a point of order — the word "perdition" was uttered by the honourable and learned member for St. John's West, when he said the Premier was leading this country to perdition.

DR. ROWE: I made a note of it

and drew it to the attention of the Honourable the Premier.

MR. SMALLWOOD: The honourable member said "dogs" instead of "perdition". It is a shorter word.

DR. ROWE: Mr. Speaker, when I hear these dire predictions of ruin and pending ruin in the structure of our credit, sometimes, I think, (and I don't mean this derogatorily) and I am reminded of some of the predictions made six years ago, if not by my honourable friend to whom I just referred, at least by his friends and supporters, and some of the present members of the Opposition.

MR. BROWNE: Most of them were right.

DR. ROWE: I happened to make a long list of them, Mr. Speaker, and I cite them now because they are analogous to the predictions being made now. Amongst others I remember; with the advent of Confederation our people would be fleeing from our shores. Instead of that we have the fastest growing population, after six years, in the whole of Canada, and incidentally amongst the fastest growing populations in the entire world. When one thinks back to these dire predictions of 1948 and 1947, or indeed, to come down more recently, when similar matters have been discussed here in this House, the predictions made regarding NALCO and made particularly regarding BRINCO. I think one can afford to discount the gravity, the apparent gravity of some of the statements that have been made here in this debate.

I was rather interested to hear that our "Tory" friends in Newfoundland (some of them don't like that word, but I use it for the sake of convenience) in the past have not been

against this great development of our resources — the railway development, headed up by Whiteway and the Grand Falls headed up by Bond, and the Humber Development headed by Sir Richard Squires. I was rather interested to hear they were not against those. I am quite confident, Mr. Speaker, the time will arrive, if I live and am privileged to sit in this House, when I shall hear some member of Her Majesty's Opposition (I am quite sure the Tories will still be in Opposition) say they were not against our granting that guarantee for the railway in Labrador. They are not against development.

MR. SMALLWOOD: They just want it deferred for six months. They are not against it.

DR. ROWE: Perhaps, as a matter of fact, some of our honourable friends forget they opposed to a man the BRINCO deal, on a standing vote in this House. They have even forgotten that. I am quite sure the time will come, when following as a result as a direct and immediate result of the scheme developed or originated in the mind of our Premier, that vast scheme of BRINCO, when, as an immediate result of that scheme, there is a great hydro-development on the Grand Falls in Labrador, one to capture the imagination of the whole world, it will be as the result of some persons who left the Government or walked out on the Premier or Dr. Valdmans. Or the statement will be made; we were not against it but did not like the way it was being done. I hope that the time will come, Mr. Speaker, when I can sit in this House and hear some important measure debated, some measure brought in by this administration, or by a Liberal Administration, which will have the support of our honourable friends on the other side. They

are not against development. They are not against anything. When that thing turns out to be a success, they are not against it.

MR. HOLLETT: When did anything turn out a success?

DR. ROWE: I heard my honourable and learned friend from St. John's West say only five minutes ago; the only thing that you (referring to the Premier) have done in six years is to pile up the national debt.

MR. BROWNE: Mr. Speaker, to a point of order — I don't think I said it like that. I remember distinctly what I said: He was doing in five or six years what it took a century to do. I said one thing he would do in five or six years was to pile up the national debt to what it was, a hundred million dollars.

DR. ROWE: "The only thing that you have done is to pile up the national debt," is what was said.

MR. SMALLWOOD: He also said: "it would be better for Newfoundland if I had never been born."

DR. ROWE: It would have been better for the honourable gentleman, I am quite sure. I could not help think as these words were uttered, of fish plants in Newfoundland in operation at this very moment, employing directly hundreds of our people and indirectly perhaps thousands who are in business either because of direct loans from the Government —

MR. BROWNE: Perhaps I should think about history, Mr. Speaker.

MR. HOLLETT: They are having a grand time on the opposite side of the House — Could we engage in conversation, with your permission, Sir?

MR. SMALLWOOD: Certainly. Join in.

DR. ROWE: I have read Newfoundland history. I was going to make a point. I happened in my undergraduate studies to major in history and political science. And in that history I did some work on Newfoundland history. I could not find the Tories to be great and ardent supporters of the railway and Grand Falls and Corner Brook, as my honourable friend seems to think they were.

And, Mr. Speaker, I was interested in another aspect of the difference between him and me, in our understanding of certain things from time to time. My honourable and learned friend from St. John's West brings out one word, which is a pretty serious word, has some terrible connotations. It is almost an indictment. That word is the word "socialism."

MR. SMALLWOOD: A dirty word.

DR. ROWE: And when that happens, almost the House starts to tremble. I did make some studies into socialism and other isms. I am afraid our definition of socialism seems to differ. As I understand it, socialism is ownership by the Government. It is controlled by the Government. Socialism, in a limited way, is the Canadian National Railway. It is the post office, the "CBC". That is socialism as I understand it, as the history I have read tells me what socialism is. We in the Government of Newfoundland have striven by all the means in our power to encourage private enterprise, to encourage private industries. We have come to their rescue over and over again, of private fishery plants in Newfoundland and other industries and activities when they were in trouble. We have encouraged new industries and enterprises, but always as private enterprises. We have tried to enlarge, to extend,

to give a broader basis to our economy, to a private enterprise economy. And my honourable friend says that is socialism. And when he says that, well, one almost expects the Heavens to fall.

MR. SMALLWOOD: Used as a dirty word, don't forget.

DR. ROWE: The real difference between us, I submit, Sir, in our approach to this issue is that whereas they think of it in terms of so many million dollars of national debt or contingent liability or so much money we have to find in interest and for sinking fund payments, we think of it in terms of development, which, in turn, means, we think of it in terms of people, of men and women and children, of jobs, of work for people. Does my honourable friend really believe —

MR. HOLLETT: Mr. Speaker, he is quoting from Pottle there.

DR. ROWE: Does my honourable friend really believe it is an accident that our population is increasing so fast, people are staying home and not going away, that our death rate is going down, that we have more boys and girls in our schools percentage-wise than ever before, that our children are better dressed than ever before, that they are better fed and better housed than ever before, that our people are all looking up and aspiring to something better than their fathers and mothers knew — is that an accident? Of course it is not. It is not the Korean War, not so long ago in the Korean War and the defence efforts.

MR. BROWNE: That is what the Premier said.

MR. SMALLWOOD: In part — not entirely.

MR. HOLLETT: He was honest about it.

DR. ROWE: We are not creating a precedent, I say, Mr. Speaker, in asking this House to guarantee a bond issue. We are not creating a precedent. We are not doing something other Governments have not done. Last Spring the Premier stated in this House, it was the intention of this Government, by whatever means in its power, to bring about a third paper mill in this Province. That was not an idle statement. It was not made, as was stated at the time, to debate. It is not my place to try and explain what motivated the Premier. He is able to do that himself better than I can. But I refer to it now because I think I can say this, without referring to him, that since he made the statement perhaps the one thing uppermost in his mind and in the minds of certain of the Ministers who are most intimately connected with that possibility, he was trying to encourage in some way or another a third paper mill in this Province.

Now in the course of some of the discussions we have had (and I don't think, Mr. Speaker, I am being irrelevant) and some of the negotiations we have had I have seen material originating from other provinces. I am naturally not going to mention them. They are confidential material, to show to what extent the Governments of these provinces are prepared to go in order to attract additional paper mills in their provinces. If it is not a bond issue it is the equivalent of a bond issue. It requires expenditures and guarantees on the part of these Governments in one way or another. We, I submit again, Mr. Speaker, are not creating a precedent.

My honourable friend made this point. He said, "there is not the same

urgency today that there was at the time that Sir Richard Squires introduced the Humber measure in the House." There is not the same urgency at all, he says. I submit, Mr. Speaker, if anything there is a greater urgency. Almost every day, certainly every year several thousand new jobs have to be found in Newfoundland to take care of our increasing population. Our schools are turning out graduates in ever increasing numbers. Our population, which the year I was born, or the year before I was born, in this country was officially listed as 211,000. Today we are reliably informed it is four hundred and fifteen thousand. Certainly the evidence is all before us. It is in some of our bigger communities where the population increases in leaps and bounds, Clarenville, Springdale, Lewisporte, Grand Falls, Corner Brook. The evidence is before us that our population is increasing. The urgency is greater today than ever before because our people are no longer satisfied, and we are no longer satisfied for our people to live as they lived thirty years ago. We have to help them to find jobs. It may be socialism. I don't care what you call it. We have to help them to find that standard of living; we have to help them to find these things they feel they as human beings, as children of God are entitled to.

I believe it has been said. It has been hinted at any rate here that this measure is partly a political one. I don't know what the significance of that statement is. I have heard "wolf" cried so often lately that I am beginning to get over the jitters I used to have. I remember when the Premier started to make his now famous speech on fishery development, a five day speech, it was proclaimed by our friends that that was the beginning of

a political campaign which would result in an election last June. Then that election was deferred until September and subsequently to November. Then the pundits elected this past spring as a date for the election, then the summer and now I believe the date has been selected as October.

MR. HOLLETT: When is it to be?

DR. ROWE: This Bill here is the prelude to another election. Mr. Speaker, in all seriousness I have to repudiate that idea, that this Government is bringing in this measure for purely political purposes. It is the responsibility of this Government to develop.

MR. BROWNE: Mr. Speaker, who said it was brought in for purely political purposes?

DR. ROWE: The implication has been clear. One does not always have to say or spell it all out. Everybody listening to some of the references here to our departed friend, Dr. Valdimanis, as I have done, does not have to hear it exactly spelled out. He is now a victim of this Government, that is the implication.

MR. HOLLETT: The Government was his victim.

MR. SMALLWOOD: Yes, and the honourable gentleman also admitted that? Does the honourable gentleman also admit that we are the victims?

DR. ROWE: Mr. Speaker, we are living in a new age. (I started with a platitude, and I am going to end with a platitude, I make no apologies). We are living in a new age. We are now living in an age when we are not satisfied to have our economy on a narrow basis and satisfied to have our people live in a state of semi-starvation. We are not satisfied to live in an age

when our people, our men, by the tens of thousands will be looking for work and unable to find that work. We believe that it is our duty, our bounden duty as the Responsible Government in this Province, it is our duty to adopt whatever measures appear feasible, if these measures are designed to improve the standard of living of our people.

(Applause from the Liberal side of the House).

MR. CURTIS: Mr. Speaker, reference has been made in this debate to the great pulp and paper industry of Corner Brook. And I ask the indulgence of the House to make a brief reference to it. And I ask that indulgence because what I am about to say presently may not strictly come within the ambit of the present debate.

It will be remembered that in 1923 the Government of the day guaranteed a loan of ten million dollars to help that great industry to get underway. And the Government took as security therefor a second mortgage on the assets of the company, there being a first mortgage in favour of the British Government. It will also be remembered, during the year 1927 a crisis developed.

MR. HOLLETT: Mr. Speaker, to a point of order — Is this a Ministerial statement?

MR. CURTIS: It could almost be called that.

MR. HOLLETT: If not, I object to its being read out.

MR. SMALLWOOD: The classic answer to that is that he is referring to copious notes.

MR. HIGGINS: I remember hearing that one before.

MR. CURTIS: Not actually, Sir, it will also be remembered that during the year 1927 a crisis developed and the International Power and Paper Company took over the ownership of the company and operated it as such until 1938, when Sir Eric Bowater acquired the company. Under the leadership of Sir Eric the company has continued to operate, but even more successfully.

When the Government of Premier Smallwood took over in 1949, I was asked by him if I would accept the Government appointment of director of this company, my colleague being Mr. Gordon Winter, then Minister of Finance. I have now the pleasure of informing the House that the Bowater Company, having paid in full its indebtedness under the Government guarantee, and having paid it even before it became due, Mr. Winter and I, myself, have now retired from the directorate. I feel it only right and proper at this time that I should place on record the very great pleasure it gave both Mr. Winter and myself to serve as directors of Bowater Newfoundland Pulp and Paper Company. Sir Eric Bowater, a genius in business, and one of the world's outstanding industrialists surrounds himself with associates of the highest caliber, and with their assistance has built up the great Bowater Organization, which is a personal credit to himself and one of the biggest of the British Commonwealth.

The Government directors who were privileged to serve as directors of this Newfoundland organization, received every courtesy and consideration, were consulted on all matters concerning the activities of the company in Newfoundland and were given at all times any and all information they requested. They too, rejoice in the prosperity the company enjoyed. This Government

and this Legislature will be happy to know that great company has now liquidated all its indebtedness under its Government guarantee, and would wish to congratulate Sir Eric Bowater on this magnificent achievement, and hope at the same time he and his associates will have continued success.

I am sure I voice the opinions of the Government and this House when I associate with Sir Eric Bowater in this achievement his fine staff at Corner Brook, many of whom are fellow-Newfoundlanders. And all public matters indicate that these associates of Sir Eric have assimilated some of his fine qualities, not being willing to remain in a rut. And we are quite sure the great town of Corner Brook will continue to reiterate to the rest of Newfoundland its determination to continue in its former course.

One of the reason, Mr. Speaker, why I refer at this time to that great industry is to answer some of the arguments of my honourable friends with respect to the wisdom or not of our making this guarantee. I would call the attention of the House, Mr. Speaker, to the fact that when the Newfoundland Government granted this guarantee in 1923 it was a guarantee on all the assets of the pulp and paper industry in Corner Brook, water powers, timber limits, the town, the mill, the whole works. It was a blanket mortgage on everything. We took in return a second mortgage. Some years later, as has been intimated here today, the company got in financial difficulty and they had to borrow additional moneys which took priority both to the British Government and to ourselves, which meant that from then on we were relegated to the position of third mortgage. Nevertheless, Mr. Chairman, so wise was the decision of the Government of that day that

recently the Corner Brook Company has been able to separate its assets, to put its power assets in one package and incorporate a company to acquire these assets. On these assets alone, Mr. Speaker, on these assets alone, without any Government guarantee they were able to raise enough money to pay off all their mortgages as well as certain moneys for operating expenses. On a mere one portion of their property they are about to do that.

Yes, there were those that thought that the Squires Government were playing fast and loose when in 1923 they made that guarantee. When the Government guarantees loans, Mr. Speaker, we do it not to help the companies, we are not interested in the companies, but we are interested in what the companies can do and will do and will continue to do for the industrial development of this country. You don't think we care a continental about Fisheries Products or these other concerns to whom we lent money? We are not lending money to these companies for themselves. We are lending money purely so that these people may be the agency through which the people will get work, through which our fisheries will be developed. Likewise this guarantee to Javelin — We are not interested in Javelin. We are interested only in getting the country developed up there. My honourable friend, the Premier, has made it almost unnecessary for us on this side of the House to speak at any length. He has covered the situation so admirably in his speech of yesterday. As he put it, and as my honourable and learned friend from St. John's East has agreed, there are certain elementary questions which we must ask ourselves. Are we satisfied that the iron is there? Everybody agrees that it is. Are we satisfied of the quality of that iron? I think

the answer is, yes. Are we satisfied that it can be beneficiated advantageously? I think the answer is, yes. Then the only question is; where do we go from there? We have the iron. We have the quality. We know it can be beneficiated. What are we going to do with it?

MR. HOLLETT: Sell it.

MR. CURTIS: Sell it, is right. My honourable friends, they spoke so much the other day I don't know one from the other — One deprecated NALCO. We should not have NALCO. We should not have given these assets to NALCO. Mr. Speaker, what would have happened to these assets if we had not given them to NALCO? Some Tom, Dick or Harry, Malcolm or Billy might have gone in, staked the claim, spent six thousand dollars and have it forever, and we would never have heard of it. That is what would have happened if this Government had not taken this move which we did. If this Government had not picked up this property and passed it over to NALCO it might never have been picked up by any penny-ha'-penny prospector who came along, and might never have been developed.

Why did we incorporate NALCO, Mr. Speaker? NALCO was the brain-child of the Premier. It is a company which you had better not write-off yet, by a long shot. I would ask my honourable friends opposite; what did the country get out of the Humber deal? They used our pulp, they used our water power, but who made the money? Who was going to make the money? Reid, to whom it had been given? Who is making all the money out of Buchans today? The A.N.D. Company who got it from people who got it from the Government for nothing. NALCO represents an effort on the part of this

Government to have the country participate to some extent in the future of all these industries. AND NALCO, Mr. Speaker, will benefit in proportion to its shares in any returns that come from this great enterprise which we hope during this session will be truly launched.

The Government own, Sir, 83% in NALCO; and 83% of the income from this development will come to the Government. We are guaranteed under the proposal 33c. a ton, which will include what NALCO gets, so we may not get the full 33c. a ton, 33c. a ton. It has been estimated that we will get out of Knob Lake less than 5c. a ton. They shipped last year one million seven hundred thousand tons. What will we get out of it? Not a cent. They will ship seven million tons this year. What will we get out of it? Not a cent, not a cent. Don't you think it is time, Mr. Speaker, that the people of Newfoundland got something out of its industries, got something out of these resources?

It is true my honourable friends opposite don't agree with our policy of getting something out of these things for the people. That is why they are there and we are here. And that is why, Mr. Speaker, they will stay there and we will stay here.

MR. HOLLETT: That is what you think.

MR. CURTIS: I am not thinking, everyone thinks that. You admit it yourself when I talk to you.

MR. BROWNE: What have you got so far?

MR. CURTIS: What have we got? BRINCO, Mr. Speaker.

MR. HOLLETT: What are you getting out of it?

MR. SMALLWOOD: It was only started two years ago.

MR. CURTIS: Even a baby must learn to walk. And they are expected to produce immediately. We set the seeds. Our successors will reap the rewards. I hope the Premier of today will live to see these schemes that he has so skillfully wrought brought into full fruit.

Now my honourable friend, the Leader of the Opposition, talked about a two per cent chance. He got a book the other day, through the mail, a green covered book from Ontario.

MR. HOLLETT: Do you want it?

MR. CURTIS: No. I have it. And it told about two per cent. If my honourable friend reads the papers at all he knows that up in Toronto a man smells oil and he floats a company. A person at one of the airports found oil in a well and reported it to the Government, and almost wanted us to send a prospector and see what it was. He did not realize it had leaked from a cask. In Toronto they would have had a company formed to develop that. In New Brunswick the other year a company struck ore, and immediately for miles around, dozens and dozens of companies staked claims and organized companies and sold shares. Two per cent of them, he says — I am surprised Mr. Speaker, that two per cent succeed.

Then my honourable friend here seriously comes in and says these Javelin people have a two per cent chance — with all that documentation a two per cent chance of success.

MR. HOLLETT: Imagine that.

MR. CURTIS: Yes, imagine that, from a sane and intelligent leader of Her Majesty's Opposition.

MR. HOLLETT: Thank you very much!

MR. CURTIS: This Bill is a bill, Mr. Speaker, in the interest of the people. We want that property, which we are satisfied is there, the quality of which we are satisfied, and we are also satisfied that it can be benefited, we want that developed for the people of the country. It is the duty, it is not only the right of the Government, Mr. Speaker, to bring in this legislation and put it through the House, it is our duty, if we see that by so doing we will bring into production a property which otherwise might appear some day on the balance sheet of the company as a reserve. We are not interested, Mr. Speaker, in creating in Newfoundland reserve assets for big mining companies. We want to have mines that will be developed, not which will lie inactive. And I am very much afraid, that is one of the reasons I support this measure; if the Newfoundland Government did not jump at the opportunity we have of being in on this deal that we would be derelict in our duty. It is our duty to do this thing. It is not our right but our duty. And it is the duty, I submit, Mr. Speaker, of our honourable friends opposite to support us.

My honourable friend referred to the fact that Reid, or whoever were behind the Humber deal, put in certain big assets which justified the Government in lending them or guaranteeing the loan of ten million dollars. It is true they did put in the assets. But I submit, Mr. Speaker, that the assets that they put in were infinitesimal compared with the assets that Javelin have been able to develop in Labrador. In Minnesota they have a method of valuing the ore in the ground. They value iron ore of this type as at 18.8c. a ton. At that valuation, Mr.

Speaker, this area is worth \$280,000,000 ten times the value of what was put into the Corner Brook enterprise by the Reids and those associated with them.

Now it is true, you might say, if they are worth all that why can't you get the money? The position, Mr. Speaker, in that regard is rather simple. I am not a bit surprised that Mr. Doyle has been unable to raise the money. Because, before you can raise the money you must be able to sell the ore, and before anybody will contract to buy the ore you have got to contract to deliver the ore. So we get around to the old story, which comes first the hen or the egg. Doyle cannot sell ore and contract to deliver it until he is sure of the money. He cannot get the money until he gets the contract to sell. So you see, it is necessary for us, if we are to get this development in our time, to stand behind the proposition. And that is what we propose to do.

My honourable friend is worried about whether the Iron Ore Company could handle in freight fourteen trains a day. Mr. Speaker, my honourable friend could stand by some of the railway stations on the mainland and he would see fourteen trains an hour going through. Fourteen trains a day — that could not be the capacity of a line. And besides, Mr. Speaker, the Quebec North Shore Railway is a common-carrier which has to take all freight from all people, and they cannot give their own exclusive transportation. And you must remember that the railway is a different company from the company mining the ore. The railway must treat everybody alike. They cannot baptise their own child and let the other child stay outside the church.

MR. SMALLWOOD: They are operating under the legislation of this very House, and if that legislation were repealed they would have to stop operating.

MR. CURTIS: Now it is true, Mr. Speaker, that some of this machinery will be obtained on credit. They are really simple conditional sales, and provision has been made in the agreement for these conditional sales to be used as one of the methods of financing. Indeed, Mr. Speaker, it is very advantageous to owe money on machinery that you are about to use, because when you have once paid for it you get no service and you are not sure that you get what you have paid for. But if you buy it on the instalment the supplier is bound to give you an article that you can use. Therefore, I understand from Javelin, they are very happy that they will be able to get some of this stuff, both the cars and the equipment, on this arrangement, as this will insure their getting the quality of material which they have ordered and which they will need. My honourable friends are greatly distressed at the state of our national debt.

MR. BROWNE: Mr. Speaker, before my honourable friend leaves that — does that apply to equipment trust certificates too?

MR. CURTIS: Both, I understand, Mr. Speaker, are in the same category. Usually in buying freight cars, rail cars, and that type of equipment it is bought on long terms, or twenty per cent down and the balance as you use them. They buy machinery for mining in the same way — Thus you have a clear protection against the supplier.

MR. BROWNE: Which really means your mine is your security.

MR. CURTIS: No. We will have a mortgage on the mine, Mr. Speaker — If my honourable friend will look at the Bill — The railway, the rails, they are not being bought on credit, only the cars and some of the beneficiating equipment. The railway and townsite and all the rest will be naturally part of the Government security, and of course, we, the Government, will have a first mortgage on everything for the amount, on everything except these items, for the amount of the guarantee. As the Honourable the Premier, said the other day, if the company goes into default and leaves us a developed mine and leaves us a railway, does anybody on the other side really think for a minute that our money will not be as safe as in the church? A mine with a billion tons of ore, a railway to it, equipment there to operate it, for sixteen million dollars. Mr. Speaker, you will have to fight to keep from selling it at twice that.

I was going to refer, before I was picked up by my honourable friend, to our debt. A lot of stress is being laid on the fact that we are accumulating a debt. There are those of us, Mr. Speaker, who feel we should be borrowing and spending twice as much as we are borrowing and spending, so as to get our public services up to standard. You will realize that we have a commission sitting shortly on the Terms of Union. It is necessary that we create the standard of our public services, that we increase the standard of our public services to a level with which we are satisfied. Therefore, there are those of us who quite seriously think that we should expand much more rapidly than we are doing now, and that the question of our public debt should not come into the picture. My honourable friends are ashamed of the name "Tory".

MR. HOLLETT: Who said so?

MR. CURTIS: My honourable friend, the honourable and learned member for St. John's West said in effect, they are not an Apostolic institution. But they are afraid to use the name, and they get elected because of that name. Therefore, they must accept it and what goes with that name.

MR. BROWNE: I said there was no political continuity.

MR. CURTIS: That is only another way of putting it. I say, you may not have the apostolic succession, but you got the name, and you go to the country under the name and get elected under the name.

MR. SMALLWOOD: And they deserve it too.

MR. CURTIS: I am proving that now. So, Mr. Speaker, my honourable friend must not accept the name and try to throw away the experiences that go with it. We remember what happened during the war, when I saw the Tories myself walk out of the Upper House because the Morris Government was going to put a tax on the profits, a tax on the profits.

MR. BROWNE: We are responsible for that?

MR. CURTIS: Sure you are responsible for that. Apostolic succession. They walked out. They objected to a tax on profits.

MR. BROWNE: Now, Mr. Speaker, if my honourable friend is going to deal with that subject, he must allow me some reply to it. Because if he read Hansard he would find out what Sir Michael Cashin said about Sir Richard Squires in regard to that.

MR. CURTIS: My reply to that, Mr. Speaker, is that the honourable

member is talking ever since he came in to the House and now begrudges me a few minutes.

MR. BROWNE: No. I don't begrudge them. But I don't think we are responsible for what happened in the Upper House in 1916.

MR. CURTIS: No, just inherited it. The honourable member was not old enough then. But in 1921 when Monroe took off the income tax — The policy of the Tory Party is to keep the poor poor and make the rich richer.

MR. BROWNE: Our side is not allowed to criticize the general administration of the Government — is the Honourable the Attorney General allowed to criticize the administration of 1921?

MR. SPEAKER: I am thinking, I remember the honourable gentleman himself gave the history of Governments up to that.

MR. BROWNE: Surely it is not an issue what the Government did in 1924 in regard to income tax? Surely whether the Government of that day took off the income tax or put it on has nothing to do with this railway.

MR. CURTIS: No, except my honourable friend brought the matter up.

MR. BROWNE: No. I did not bring it up. The honourable member for Ferryland brought it up.

MR. CURTIS: However, Mr. Speaker, that has nothing to do with it. My honourable and learned friend, the member for St. John's East in his brief speech was right to the point. I believe he only went off the point once, and got stuck in the tar, and apart from that he was on the subject. And, as he said, the only one question is; are

we justified in doing what we are doing? Well, Mr. Speaker, we think we are not only justified, we think it is our clear duty. And for that reason we are supporting the second reading of this Bill.

MR. SMALLWOOD: Mr. Speaker, I won't take more than five or six minutes. Therefore I propose to make my remarks before going on to the rest of the business of this sitting.

I want to reply first to one or two points that have been made in the course of the debate. For example: My honourable and learned friend, the member for St. John's West, told us here in the debate on at least two different occasions, that Javelin has precious little.

MR. BROWNE: Not Wabush.

MR. SMALLWOOD: Canadian Javelin. I am referring now to what my honourable and learned friend said about Canadian Javelin and not what he said about the Lake Wabush Railway Company. About that he said they had nothing except the right of way to build a railway. I am not referring to that. I am referring to what he said about the Canadian Javelin Company, Limited, when he quoted from some mining publication of some source, some figures, I have forgotten the figures or I remember them very vaguely. Javelin is worth a hundred and fifty thousand, or a hundred and thirty or a hundred and sixty anyway less than two hundred thousand. Then they owed thirty thousand, or something and they are owed thirty-five thousand. If there is a difference between what they owe and what they are owed, the five thousand is in their favour, and if their net worth, apart from that is a hundred and fifty thousand, that

means that the two put together is what they are worth, i.e. \$155,000. Now that interests me very much because it makes me wonder about the something more than three million dollars cash—certainly we will get the exact figures from the documents. I did not take them down as my honourable friend read them—Financial Post—Survey of Mines. Yet this same company manages somehow to spend in two years, in the engaging of these great and world-wide famous companies, highly reputable, highly respected, and quite expensive companies that you cannot hire unless you pay them very high fees and very high expenses, they hired E. J. Longier, the greatest diamond drilling company in the world today for two years.

MR. HOLLETT: That is NALCO.

MR. SMALLWOOD: No. I am talking now of Canadian Javelin. In the first instance they were engaged by NALCO, but they were taken over by Canadian Javelin who repaid NALCO. Javelin not only repaid NALCO but went on to pay Longier almost to the present day. So that from September 1953 to September 1955, two years, they spent over three million dollars proving up this iron ore property, this little company worth one hundred and forty-two thousand dollars net, according to some article that the honourable and learned gentleman gave to us here in this House today. Now I say to the honourable and learned gentleman, that is trash and nonsense. A company that can spend over three millions in hard cash in two years in diamond drilling and exploring and building up information about an iron mine, and in the same two years spend another two and a half million dollars to buy an operating and going iron

concern, an iron mine in South America, in Chile, from which they are exporting now five hundred tons of iron ore a year.

MR. BROWNE: That is not the impression Mr. Doyle gave, Mr. Speaker, I don't want to interrupt the honourable member—My recollection was that they only had four small companies down there. This is their principal work up there in Labrador.

MR. SMALLWOOD: He said these companies he bought out, or Canadian Javelin bought out in South America were small companies. Admittedly they are small companies, for two and a half million dollars. What do you buy in the way of iron mines for two and a half million dollars? You don't buy U. S. Steel nor Bethlehem Steel, certainly. But two and a half million dollars is a lot of money for a company that has only a hundred and forty-two thousand dollars, and three and a half million on top of that; five and a half million dollars cash in two years—this little company with a hundred and forty-two thousand dollars net worth.

Now I should like to reply to the honourable and learned gentleman from St. John's East. I should like in the first place to say that I enjoyed his speech very much. I thought it was a sensible speech and a fair speech, up to the last two per cent of it. His speech as to 98 per cent of it was excellent. When he said that he agreed there was a lot of iron ore down there, he would not insist on how much it was. He agreed my estimate was between five hundred million and a thousand million tons of iron ore. He agreed also that the quality of the ore was acceptable. He agreed that it was quite economically feasible to beneficiate the ore. He agreed, in

other words, that it is an excellent proposition. But he did not think (this is the two per cent of his speech) or he did not say he did not think, he would not even go so far as to commit himself to that extent as to say he did not think we should guarantee the bond issue. What he did say in the last two per cent was we should not decide now. He won't say yes and he won't say no, but let us postpone it six months and debate it six months hence. Now that is as far as he is prepared to commit himself on what he admits is an excellent proposition. Now I respect my honourable and learned friend. His speech was sensible—and if it has been decided by the honourable and learned gentleman's party that they are not going to support the Bill, what can he do as a good party man, except what I would expect any good party man to do on this side of the House when in the party caucus we decided on a course of action. I naturally as leader of the party would expect every one of my friends to back me. And my honourable friend, the Leader of the Opposition, if he calls a caucus of his party and agrees on a course of action, expects every member of it, unless his conscience is troubled, expects every member to do for his leader what I would expect my friends to do for me. So I can understand the position of my honourable and learned friend. I think he will one day not too many years hence regret, privately regret, not having voted for this Bill. Now when that day comes, if it comes, even if he regrets it privately, with his amazing ability to laugh off—an ability I have not, I regret—and remember we make mistakes.—But my honourable friend is able to laugh off today, in most genuine, most graceful fashion, the greatest blunder, I suppose, that

a member of the Opposition ever made inside these four walls, when he called BRINCO "just Bunko." He is able to laugh it off and live it down. I can't do that. I think I take life too seriously, and could learn from my honourable and learned friend in that regard. But in the course of his speech he did make one point, when he expressed, and I thought he kept a pretty straight face.—Now the late Charles Hunt, whom I am sure won the admiration and respect of the honourable and learned gentleman.—

MR. HIGGINS: I studied law under him.

MR. SMALLWOOD: Exactly, he studied law under him. And I wonder if it was from Mr. Hunt who was famous for being able to crack the most side-splitting joke without smiling, with a straight face—It was from Mr. Hunt that my honourable and learned friend learned the trick.—He was able to stand up here today and without even as much as a flicker reveal what he really thought inside when he expressed doubt of the ability of that great railroad to haul out the four or five or six million tons of ore from Wabush Lake, once the Wabush Lake Railway had hauled it from Lake Wabush to Mile 224, and they still had 224 miles to get it down to the Seven Islands. Will that railway, he wondered, and seemed to be so gravely concerned, be able to haul four or five or six million tons of John Doyle's ore?

Now let me give him a fact or two on that point. The trains that are presently operating from Knob Lake to Seven Islands, 359 miles, are trains of one hundred cars each—one hundred cars. Each of these cars carries eighty tons of iron ore. A train of one hundred cars is one mile long. I

have seen them. Indeed I have ridden on them. One mile long, one hundred cars of eighty tons each. But they are about to increase the trains to one hundred and ten cars. That will be ten thousand tons of iron ore per train—per train—ten thousand tons. At that rate, with ten trains a day, which is their present quota, they will carry, with a hundred and ten cars, with eighty tons to the car, in ten such trains a day they will carry ten hundred thousand tons a day, in ten days a million tons. But that is not all. This railway is designed and is built (now I ought to say in passing, Mr. Speaker, that it will be a year or more yet, it will be, not 1955, not 1956, but probably 1957 before the road bed is sufficiently settled down and compact to enable a smooth run railway to operate and for that reason the speed of the trains until then must be less than it will be once you have a smoothly compact road-bed) to carry thirty-six million tons a year and will in fact carry more than that.

Now this year the Iron Ore company are shipping out seven million tons. I said earlier in this debate, in my presentation, that next year they will ship ten million tons. I was wrong. I have since learned that they will ship out next year twelve million tons. They aim at the utterly fantastic figure of thirty million tons a year. Now remember that in the entire state of Minnesota, with the vast Masabi Range and other mines as well, the Masabi Range, which is the world's greatest single source of iron ore, and there are other mines as well, but that entire state produces only forty-five million tons a year. Yet this company in Labrador has built a railway to carry thirty-six million tons, and actually plans to carry thirty

millions. Now it will admittedly take them quite a few years before they can get their production up to thirty million tons, but the need will be there in the railway to carry that tremendous volume. But when that point is reached, as it will be in the next ten or fifteen years, no doubt they will still have a spare capacity of six million tons a year that they won't need themselves, six million tons a year. Now to go appreciably over the thirty-six million tons they would of course be obliged to enlarge the railway. They would have to put down another line, that is to say, they would have to put down another set of rails.

MR. HOLLETT: Wabush will have plenty of competition.

MR. SMALLWOOD: In the sale of the ore, yes. But remember the figure I gave in my presentation, for the next twelve years the consumption of the iron ore in the world will be just under half a billion tons. In other words if there is a thousand million tons of ore in Wabush Lake in 1, 2 or 15 years from now the world could consume that amount in two years. That will be enough ore to supply the huge population of the world for two years, half a billion tons a year for two years. So that by the time the iron ore company gets up to its maximum of thirty million tons a year, the consumption of iron ore in the world will be such as to take this thirty million tons as a little trickle of iron ore. Don't forget, Mr. Speaker, the population of the world is increasing at a rather frightening rate. It is rather frightening the rate at which the populations of this world are increasing. Don't forget the rate at which the backward states of this world, the backward nations of

the world are being and will be developed. Don't forget the rate at which the universal standard of living is being raised, and that the consumption will go on increasing at a rather frightening rate. Thank God that He gave us this iron ore. He may not have given this Province of Newfoundland and that great territory of Labrador uranium — maybe He has not. Apparently He has not given us much gold, if any, nor silver, if any, nor precious metals, and apparently, we see no very convincing signs that He gave us oil, but He did give us iron ore — Did He give us iron ore!

Now my honourable and learned friend made this further suggestion in connection with the railway, that perhaps — he admitted — he said: "I know it is a common carrier, Sir. I know the Board of Transport Commissioners of Canada have the regulating power over that railway because it is a common carrier. I know that, but I wonder—I wonder whether the Iron Ore Company or the Quebec North Shore and Labrador Railway, or the owners of both companies could put some spokes in Javelin's wheel." Or if he did not use these words he used words to that effect. Could they somehow block Doyle's ore from getting down over the line to Seven Islands? I remind the honourable gentleman that two hundred and two miles of railway runs through the Province of Newfoundland or one hundred and fifty-six miles of it, or I think, one hundred and fifty-seven miles of it runs through the Province of Quebec, but two hundred and two miles of it runs through this House, this House of Assembly. It runs through an Act that we passed, or our predecessors did, the Commission of Government. This House could, before this session ends repeal that, if it want-

ed to, and that is the end of that railway in Labrador. We are a sovereign parliament within our jurisdiction.

MR. HOLLETT: We cannot do that as a Province. Canada might do it, you can't.

MR. SMALLWOOD: Who can't? Oh can't we now, can't we. Let the Government of Newfoundland go on the back of that note for Javelin for the Wabush Lake Railway for sixteen and a half million dollars, and let them, the Iron Ore Company or the Quebec North Shore and Labrador Railway Company or any other company, let them try to damage our prospects, let them try to damage Lake Wabush Iron Mine, let them try to damage Lake Wabush Railway Company, let them try to obstruct us, and if the Parliament of Canada don't act, and the Board of Transport don't, then this Legislature will, will protect Newfoundland, and will know how to do it, and have the guts to do it. One thing we lack completely is fear. We are not afraid of the Parliament of Canada. We owe them nothing. They may owe us something, but we owe them nothing, I don't personally. I owe them nothing. They owe Newfoundland a lot. If the shadows come and we are on the back of that note and there is any trouble from that railway — but that is ridiculous, the thought is ridiculous. That would be a merry fight. That would be something to write home to your grandchildren about! That would be something, if they ever tried! Now they know that. I have had conversations as recently as the last three days with the Iron Ore Company of Canada, and they know that whatever may or may not have been their feelings previously, whatever they may or may not have been, their thought is today, that the Government of Newfoundland who are

their host in Labrador (don't forget we are their host in Labrador, and you don't reckon without your host especially if that host happens to be the Government, you don't reckon without your host). We are the host to that company in Labrador and that railway in Labrador. And whatever may have been their thoughts, today they are quite satisfied, quite happy, quite reconciled, so they inform me, indeed they are glad, they told me, that the railway is being built in there, and there will be no trouble on that account. If there is, we can handle it!

I have only one more thing to say, and that is this: Now before I say that final thing I want to make just one other point, it is this: In my opinion, having some knowledge of what we will get, this Government will get, the Treasury of Newfoundland and the public chest will get from the Iron Ore Company and the Labrador Mining and Exploration Company, because let it not be forgotten there are two companies down there. There is not only the Iron Ore Company of Canada but there is also the Labrador Mining and Exploration Company, out of what they will pay us and out of what we will get from the Javelin, Lake Wabush project and what we will get from the BRINCO (we are to get 50c. a h.p. on all the power that they will develop in Labrador. And I think that will start off just as a start, just as a beginning with a million h.p. and will rise to ten).

MR. BROWNE: When?

MR. SMALLWOOD: Within a very few years — a very few years. What we will get from the Iron Ore Company and the Labrador Mining and Exploration Company and Javelin Company and BRINCO and from others that I shall not name at the

moment, in Labrador the revenue that will come in to our treasury, direct cash revenue by taxes and rentals and royalties that will come into our treasury, will run from five to ten million dollars cash a year — five to ten millions. And when the honourable and learned member for Labrador, the Minister of Mines and Resources, said here tonight in his speech, in his very fine speech, that Labrador might turn out to be far more intensely cultivated, more intensely developed than Newfoundland and might turn out to have a bigger population than Newfoundland he was not talking through his hat, as some honourable gentleman may have thought. He was far from it. I am terribly tempted to say, but I won't in detail, some of the prospects in Labrador. But I am bound not to, and I will respect the obligation. We have great prospects in Labrador, whoever may be the Government.

MR. BROWNE: That has been there all the time.

MR. SMALLWOOD: We are developing it.

MR. BROWNE: You have not yet.

MR. SMALLWOOD: That is perfectly true. We have not yet. Now Mr. Speaker, finally the thing is simplicity itself. There are a billion tons of ore or a half billion, if you prefer. That is an awful lot of ore. It is of excellent quality. It is easily washed out by a simple and an inexpensive process of the things you don't want to have, so that instead of being 35 lbs. it is 65 lbs. to every hundred. So that you are shipping not sand and rock and grift and everything else, but you are shipping 56 lbs. of absolute iron ore out of every hundred lbs. loaded aboard your cars. In fact it is so good a proposition that the only argument the Opposition has been able to muster

to this mine, apart from my honourable and learned friend (argument. Excuse me! I apologize for the word! Remarks, let us say) the only arguments the Opposition have been able to bring against this Bill is that the proposition is so good, so good, we ought not to guarantee the bonds. That is their only argument. If it is so good! Well if it is so good we cannot escape guaranteeing the bond. If it is so good that we ought not to guarantee the bonds then there is no risk in guaranteeing the bonds. If it is so good that we ought not to guarantee these bonds, then certainly there is no risk in guaranteeing them, if it is that good. Now if it is not so good as not to need a guarantee, if it is not to make a guarantee safe, then the need is there to guarantee it. I will repeat now what I said in my presentation speech, and I close on this thought: It has been argued again tonight that perhaps it will cost more than thirty-two million or thirty-three million dollars. And incidentally he has had the benefit of the contractors who built the present railway. In fact the principal, MacNamara, are the people building this railway. You see it was quite understandable for the Iron Ore Company or Quebec North Shore and Labrador Railway not to know, to be quite out in their estimates when they went to build a railway from Seven Islands to Knob Lake, down through that country where no railway ever was built. It is quite understandable why they were out in estimates of the costs, and it cost millions of dollars more than they figured. Now that railway is there, it is operating, and the man who built it is the one who has given the estimate for the building of this new railway for forty miles. And not only has he given the estimate of what it should cost, but he has taken the contract to build it.

MR. BROWNE: Tell us the price.

MR. SMALLWOOD: No.

MR. BROWNE: It is in the paper at ten million dollars.

MR. SMALLWOOD: Well sometimes the paper is right and sometimes it is not right. As an old newspaperman I am being simply enormously entertained by the coverage of the debate since this House opened — round and round she goes, and where she stops nobody knows. You don't know what you are saying. When you read it in the paper you say: "did I say that? Did I have a few drinks in? Was I half drunk? I don't remember saying that." For instance, I was quoted by one newspaper as having said this: "John Doyle has spent three million dollars in developing the Wabush Lake Iron Mine, and had produced more with the three millions than Jules Timmins had produced with nine millions." I did not say that. I did not say anything even remotely approaching that. And I wonder if someone took the trouble to cut that out and send it to my friend Jules Timmins, and what he will say to me, in that friendly way he has of speaking, a little through his nose — "Mr. Premier, so and so and so — " "Jules, I really did not say that at all." "Well, it is in the newspaper." And it is a little difficult for people to grasp the fact that you are not always correctly quoted, not always. When a man talks fast, and he does not actually take shorthand the reporter can't cover it. I have had that happen to me. And in addition to speaking fast, the volume of figures and statistics is pretty hopeless to try and cover, I give up. I will live somehow. I will survive being misquoted a hundred or a thousand times. So what! Life is too short to bother about it. But this I do say,

we have here sixteen and a half million dollars in a billion tons of ore, a railway, a town, a mill, if John Doyle fails, if he fails even to put all that there with that thirty-two millions, and he comes back to us, we will foreclose on him. He was here yesterday. He may be here tonight. He has been here through most of this debate, sitting up in the gallery, where people could not see him, but following up the debate. When I went out after my address yesterday I asked him if he were up there. He said, "yes." I said: "John did you hear my speech?" He said, "yes." "Did you like it." He said, "yes, I liked it." Did you hear the part where I gave the ultimatum, where I said that if you did not perform, if you did not build this railway and town and mill and open the mine and be ready to start operations and have enough working capital, if you did not do that we will foreclose on you and sell out to the highest bidder, did you hear me say that?" "Yes," he said. "Well," I said "take note we mean it."

Now the question may arise, well, could we sell it? Any honourable gentleman in this House now on either side, is a Newfoundlander, and every one of us desires the development of Newfoundland, jobs for our people. Any member of this House who in his heart thinks that when that railway is there and the mine opened up and the town built and the beneficiating plant built and is operating and we have to sell it, and we have the whole world to sell it to, U.S. Steel, Bethlehem Steel, Crucible Steel, Jones and Locklin, Colorado, these great steel companies in the United States, to say that amongst them all we cannot get sixteen and a half million dollars cash for a billion tons of iron ore, a railway, a town, and a mill, anyone who honestly

thinks that should vote against this Bill. (applause from the Liberal side).

MR. SPEAKER: I shall now put the motion, to the effect that this Bill be now read a second time. The effect of the amendment is to remove the word now and substitute the words six months hence. I put it in the form "that the word now do stand part of the question." Those opposing the amendment will vote aye. Those supporting the amendment will vote nay.

The motion is: "That the word 'now' do stand part of the question."

MR. SPEAKER: The ayes have it.

Division called:

Ayes: Hon. the Premier, Hon. the Attorney General, Hon. Minister of Finance, Hon. Minister of Fisheries & Co-operatives, Hon. Mr. Lewis, Hon. Minister of Provincial Affairs, Hon. Minister of Mines and Resources, Mr. Morgan, Mr. Button, Mr. Norman, Mr. Brown, Mr. Courage, Mr. Canning, Mr. Mercer.

Nays: The Hon. Leader of the Opposition, Mr. Browne, Mr. Higgins.

Division: fifteen to three.

MR. SPEAKER: The "ayes" have it fifteen to three, which disposed of the original motion.

On motion the Bill read a second time, ordered referred to a Committee of the Whole House on tomorrow.

On motion the House recessed for ten minutes, after which Mr. Speaker returned to the Chair.

Second Reading of Bill, "An Act to Amend the Labrador Railway Act, 1948."

MR. CURTIS: Mr. Speaker, I beg to move the second reading of this

Bill, which is very simple, and which will need very little, if any, introduction.

I may say, the object of the Bill is to just make quite sure, under the Labrador Railway Act the owner will be allowed to build an extension to the present railway should they need it. I don't think the Bill is necessary. But the company has expressed a desire to make their position clear. And I don't see why the House should not accede to their request. They are afraid that by the Wabush Lake Railway Act their rights might have been affected; although the Wabush Railway Act was clearly made subject to their Act.

So, Mr. Speaker, I would move the second reading.

MR. BROWNE: Mr. Speaker, I wonder, when the Honourable the Attorney General is replying would he tell us just what this Labrador Railway is. Who is the parent company?

MR. CURTIS: I think it is not the North Shore and Labrador Railway.

MR. SMALLWOOD: That is only a railway built by exercising the rights that were given by the Commission of Government to the Labrador Mining and Exploration Company.

MR. HOLLETT: Mr. Speaker, I may say we have no objection to the Bill. But I wonder if the Attorney General would state in his reply as to what or how it is determined the amount of land which shall be reasonably necessary? Who decides that?

MR. CURTIS: The Government, Mr. Speaker, will decide on just how much land. I think it is more or less recognized that a railway takes fifty feet each side of a centre line, and presumably any extension to the present

railway would have the same. We will follow the present pattern, whatever they have now. That is what they are entitled to, I think. I don't know, Mr. Speaker, if there is anything else I could add.

MR. HOLLETT: What is the present pattern?

MR. CURTIS: I understand fifty feet each way from an inner line.

On motion Bill read a second time. On motion ordered referred to a Committee of the Whole House on tomorrow.

Second Reading of Bill: "An Act to Amend the Wabush Lake Railway Act, 1955."

MR. CURTIS: Mr. Speaker, I beg to move the second reading of this Bill, which is a Bill to make it quite clear that the Wabush Lake Railway Company will be allowed to build a railway to Wabush Lake. In the Act which we passed at last session (Act No. 57 of 55) it was provided that subject to this Act and to the Labrador Railway Act, 1948, the company may lay out a railway. The amendment just leaves out the words "subject to the Railway Act" so as to make it quite clear that the clauses in the Labrador Railway Act do not have to be compiled with. Actually Mr. Speaker, the Labrador Railway people have agreed to write us giving permission to have this railway built (write the Government). So far the permission has not arrived. So to remove any questions whatsoever I am suggesting that the House just re-enact Section 2, leaving out the word "subject to the Labrador Railway Act."

There is one other amendment. A section in the original Act provided for connection with the Quebec North

Shore and Labrador Railway at two points. But it is only intended to join the railway at one point. Therefore the Bill is amended to provide for the extension line to join the present railway at point 224. So, Mr. Speaker, that amendment will clarify the situation and will resolve any doubt that may possibly exist.

I move the second reading of this Bill, Mr. Speaker.

MR. BROWNE: As far as I understand it, this amendment is to clarify the situation as far as Lake Wabush Railway is concerned and give them the right to go to Mile 224 with their railway.

MR. CURTIS: That is right.

MR. BROWNE: Notwithstanding the other peoples' rights to build a railway up and down.

On motion Bill read a second time, ordered referred to a Committee of the Whole House on tomorrow.

Second Reading of Bill, 'An Act Further to Amend the Act No. 41 of 1938' entitled "An Act for the Confirmation of an Agreement Between the Government and Labrador Mining and Exploration Company Limited."

MR. CURTIS: Mr. Speaker, this is a Bill similar to the Bill we just passed, before the last Bill. Under the Labrador Mining and Exploration Limited Act 1938, the company was enabled to lay out, construct and operate such private railways in Labrador as the company may from time to time deem necessary. The company fears that the enactment of the Wabush Lake Act may jeopardize their position. And in order to make it perfectly clear this Act reenacts the rights that they have under their or-

iginal agreement. As I said in the previous Act, when introducing the previous Act, I don't think the amendment is necessary. But they have asked for it, and I doubt if there is any reason that they should not have it.

So, Mr. Speaker, I move the second reading. (I have with me the 1937 Act, in case anybody would like to see it).

On motion Bill read a second time. On motion Bill ordered referred to a Committee of the Whole House on tomorrow.

Second Reading of Bill, "An Act Further to Amend the House of Assembly Act."

MR. CURTIS: Mr. Speaker, I beg to move the second reading of this Bill, which is to correct a very slight error, but which in so far as the House is concerned is an error which might affect the elections in the District of Placentia East and West. I think there are about eighteen voters, more or less, at Placentia Junction. And under the present House of Assembly Distribution Act, they are neither in Placentia East nor Placentia West. The object of this amendment is to include Placentia Junction in Placentia East.

Mr. Speaker, I move the second reading of this Bill.

MR. HOLLETT: Mr. Speaker, we have nothing against this because we would like to see Placentia Junction included in one or other of the districts. I don't see why the Government should have neglected that, except that they had forgotten all about the Junction here in connection with the amending Act. I wonder if the Attorney General would be able to advise us as to just what time the voters' list will be compiled?

MR. SMALLWOOD: I think it is now.

MR. HOLLETT: No, it is not completed. I wonder if the Attorney General could advise us as to just when. Perhaps the Minister of Provincial Affairs might be able to tell us.

MR. SMALLWOOD: Nobody on this side knows very much about it.

MR. HOLLETT: I might say, everything is all ready except St. John's. I am terribly afraid they might leave St. John's out of the whole picture.

On motion Bill read a second time. On motion Bill ordered referred to a Committee of the Whole House on tomorrow.

MR. CURTIS: Mr. Speaker, I have a small Bill here which I am introducing at the request of my honourable friend, the honourable member for St. John's West, dealing with the right of investment of funds belonging to the Women's Patriotic Association. It is an amendment to the Act, 120, an Act Further to Amend the Women's Patriotic Trust Fund Act. It just enables them to invest the moneys in certain trust investments. I wonder, Mr. Speaker, if I can have the permission of the House to introduce this Bill now, without notice of motion, and have it read a first time.

MR. BROWNE: Mr. Speaker if I may say, I was speaking to the Registrar of the Supreme Court the other day, at the time of the annual meeting of the Woman's Patriotic Fund Trustees. He told me they were limited to Government bonds, which gave a low yield at the present time, and thought they should have the same privileges as other provinces in in-

vesting their money. And I spoke to the Attorney General and he agreed to bring in this measure.

On motion Bill read a first time.

MR. CURTIS: Mr. Speaker, I wonder if this Bill could now be read a second time?

MR. BROWNE: Mr. Speaker, I forgot to say, they use their fund now for giving scholarships to children of ex-servicemen. And they have found the cost of education has gone up, with numerous other things, and money does not go as far, so that they are trying to increase their revenue in that way.

MR. CURTIS: Mr. Speaker, I understood it was here—Perhaps we could defer it.

Motion (second reading of Bill) deferred.

MR. SMALLWOOD: Mr. Speaker, I think that concludes the order paper of the day. In moving the adjournment of the House until tomorrow Friday at 3:00 of the clock, I think it would be acceptable to the House if we spent part of tomorrow in the drudgery and hard work of Committee of the Whole on this legislation, and part of it on the address in reply. As far as I know, the only formal debate there will be now for the remainder of the session will be the debate on the address in reply, for which, of course, all the time desired will be allocated. Apart from that one formal debate there is only the committee work, which is a pretty dreary and hard type of work and the sooner we begin it and finish it the better, leaving the session primarily then for the debate on the address in reply. This, I think, will probably be more satisfactory to the honourable mem-

bers, especially the honourable members on the opposite side than any other arrangement we might make.

Tomorrow, therefore, we might go into Committee of the Whole, on this long and cumbersome main Bill, say for a couple of hours or so, and then, maybe after dinner—(I don't think we should have a session on Saturday, but we should adjourn tomorrow or tomorrow night until Monday. That will give honourable gentlemen opposite an even better opportunity than they have had to brush up and prepare for the debate in the Address in Reply). Then in two or three days next week we might be able to pro-rogue, maybe by Tuesday or Wednesday or Thursday or somewhere around there. There is no desire to rush, not in the least. I have to be in Ottawa the 3rd of October with a number of my colleagues for an extremely important Dominion Provincial Conference. But until the 2nd of October I am quite happy to stay here, as long as any other honourable gentleman wishes to stay.

On motion the House at its rising adjourned until tomorrow Friday at 3:00 of the clock.

FRIDAY, September 23, 1955

The House met at three of the clock in the afternoon, pursuant to adjournment.

Presenting Petitions

None.

Presenting Reports of Standing and Select Committees

None.

Giving Notice of Motion and Questions

None.

Answers to Questions

HON. W. J. KEOUGH (Minister of Fisheries and Co-operatives): Mr. Speaker, yesterday the honourable member for St. John's West inquired if I would tell him where the proposal to erect the fishermen's wharf and erect a fishermen's market thereon in St. John's now stood. As is known, the Government of Canada has a token vote in their current estimates for such a project. I told the honourable and learned member yesterday that I would like to consult the Fisheries Development Authority before replying to his question, having in mind I would like to ascertain from them if there had been any further development. I learned from them the situation is the same. The department has not been able to acquire a suitable site on the St. John's waterfront.

MR. BROWNE: Surely the Minister asked the question, if they were making any effort to find such a site?

MR. KEOUGH: Yes, the matter is still being followed up actively. As a matter of fact, right at the moment there is a location under review. But let me put it this way, there are certain problems in connection with it that have not as yet been removed.

MR. BROWNE: There is a place in mind?

MR. KEOUGH: As I say, there is one under review, and could be acquired provided certain circumstances are satisfactory.

MR. M. M. HOLLETT (Leader of the Opposition): Mr. Speaker, there are some questions unanswered, which were tabled by me on the first day — parts of Question (1), I believe to the Minister of Finance, in connection with revenue expenditures month by month.

HON. G. J. POWER (Minister of Finance): I believe I told the honourable gentleman I would answer all except (7) and (8).

MR. HOLLETT: May I ask, Mr. Speaker, if this House of Assembly is open, and honourable members ask for revenue and expenditure since we last met, and it is not going to be given to us, if so I would like to have some explanation.

MR. BROWNE: It used to be the practice here during the Commission of Government days and, I think some time afterwards, to give the revenue and expenditure month by month in the public newspapers, as soon as the month finished.

HON. J. R. SMALLWOOD (Prime Minister): Mr. Speaker, on that point: That was when the only revenue the Government had was what it collected itself in taxes. Today the Government receives as to half or more than half of the revenue from the Treasury of Canada, that is, receives it from Ottawa in quarterly payments. In other words if over half the whole revenue comes to you in four lump sums and your spending goes on daily, seven days a week (your institutions, for example, are open seven days a week) all the time, you give no figures of revenue and expenditure for a great many months every year. It would frighten the life out of people — blue-ruin — deficits — and generally the effect on the credit of the Government would be terrible, unless with every announcement you made you went into a long explanation as to why the figures were what they were. Now take again, a half dozen times in a year, because we are waiting on a cheque of five or six or eight or ten million dollars from Ottawa, because we are waiting on that cheque which won't be in for two

months, but expenditure is going on, we have Treasury notes, which every government has, at the Bank of Montreal. We frequently have it. Now that can sound terrible to the uninitiated. So that what we like to give is the financial figures for six or seven months, getting up towards the end of the year. Then we don't like to give information in the last month or two prior to that because it virtually anticipates the budget if we give the figures for the last months in the year.

MR. HOLLETT: I might point out in sub-section (7) of 1: "Give the total of actual revenue received for the fiscal year 1954-55 as of March 31, 1955, and also the total amount of expenditure for the same period." That has not been answered.

MR. POWER: I will answer that one.

MR. HOLLETT: That is the one concerns me most, Mr. Speaker. I understood the Minister did not intend to answer that. I thought it rather strange. I quite appreciate the explanation about the monthly expenditure, but see no reason why the Honourable Minister of Finance could not lay on the table the expenditures and revenues for the past five or six months, as the case may be, because we only have up to February 28 so far. We only know what the expenditures and revenues are up to February 28. I see no reason why we could not have them to March 31, and also the six months from February 28 on. I care not whether the information is given month by month.

MR. POWER: Mr. Speaker, I will give the answer to (7) as far as it concerns the revenue. It is well up to expectation.

MR. HOLLETT: I don't question that, I just want to know the figures.

Orders of the Day

MR. BROWNE: Mr. Speaker I wonder if the Premier's attention has been drawn to an interview by CJON given to a Hungarian yesterday?

MR. SMALLWOOD: There is an interview with Dr. Melihercsik. He may be the one on CJON. It is a Canadian Press story, in Montreal, datelined Montreal, Canadian Press:

"A Hungarian-born engineer, Thursday described as irresponsible a statement by Premier Smallwood that he skipped his Newfoundland Government job after registering a mineral deposit in his own name.

"The Montreal Star reached the engineer, Dr. Stephen Melihercsik by telephone at Edgemont, North Carolina, Thursday and was told:

"The whole thing is pretty much malarky. A very irresponsible statement on the part of Smallwood. I didn't get \$1,000,000 or anywhere near it. As a matter of fact it is questionable whether the find is anything — it's about as valuable as rock right now."

"The Star quotes the engineer as saying there had been an option taken on the property in question but he didn't say for what amount.

"Returned Several Times

"The Star says Dr. Melihercsik, 31, born in Hungary and educated at McGill and Laval universities, described as "nonsense" a statement by the Premier that he had been sought in Canada March 1954 for arrest.

"The engineer said he had left Africa as a field chief for a United States foreign aid project and had since that time been back in Canada on several occasions.

"Premier Smallwood told the Newfoundland Legislature Tuesday night the engineer was hired in 1953 as one of 70 field personnel to scout mineral deposits in Labrador. He received a Quebec prospecting license because he was to work near the Quebec-Labrador border.

"But instead, he went prospecting in Quebec, spotted a hill of ore from an aircraft and acquired the rights to it in his own name, said Mr. Smallwood.

"Couldn't be Found

"Time magazine had reported the find and said the engineer sold out for \$1,000,000, the Premier said, adding

" He made the discovery while he was an employee of Newfoundland-Labrador Corporation, flying in a NALCO plane, and with a Quebec prospector's license provided by NALCO.

" He sold it for his private profit. We made strenuous efforts to locate him and put him in jail but apparently he had escaped to Europe with the loot'."

Now the facts are these. Dr. Melihersik was employed by NALCO as a district chief engineer, that summer, in charge of a team of prospectors in Labrador. He was a salaried employee of NALCO, to whom, of course, while he was so employed he owed his loyalty. He was under NALCO pay and travelling in a NALCO plane and armed with a license, a prospector's license, you cannot prospect in the Province of Quebec unless you get a license from the Government of Quebec to do so—and armed with a prospector's license, which NALCO had obtained and paid for, was in NALCO's

name, he crossed the border into the Province of Quebec, prospecting. We knew nothing about it. The first we knew, I think, was when we read the story in Time magazine that he had discovered a great mountain of ore, as it was described. As they flew over this mountain their compass and other navigating instruments in the plane went haywire, and they were quite astonished, and turned around and flew back, and the same thing happened. And they flew back and forth several times over the mountain, until they confirmed that the mountain, and indeed something it emanated disturbed the compass and other delicate instruments of the plane. They then went to Quebec City. Now my memory does not serve me properly.—Perhaps the Honourable the Attorney General will remember if they went in the NALCO plane—but they went to Quebec and registered the find in their own name. And, so Time magazine said: sold it to a very large and well-known company, which operates in that part of the world, for a million dollars. That is what Time said: "For a million dollars."

Now he himself admits here the story is accurate. There has been an option taken on the property in question, but did not say for what amount. Now the company to whom he sold the option informed me that they had in fact bought the mountain of ore from him, and had in fact paid down a substantial sum of money, although not a million dollars nor anything like it, to him as a cash payment on account. Certainly he disappeared. Not only that but the log of the plane was falsified. The log of the NALCO plane was falsified to conceal the flights into Quebec to conceal the discovery of this mountain in question. We traced that in NALCO. We traced

the falsification of the log book of the plane; falsification done without any doubt at all to conceal the fact that they had gone off on NALCO's time and with NALCO's plane, under the pay of NALCO, with a license to prospect paid for and provided by NALCO, on their own private business. We considered that to be a criminal thing. We were informed of the facts in a Board meeting we held in Montreal. We ordered at once that a search be made for Dr. Melihersik and a warrant was issued for his arrest. That is two or three years ago. I understand since then the mountain of ore in question turned out to be a mountain of rocks and precious little ore in it. It is perhaps a mistake to be paying any further attention to it. I forget why I mentioned it. I merely mentioned it in passing. Dr. Melihersik ought not to be employed by anyone in this world, government, company nor individual. He should never be employed because he turned out in our experience to be an utter crook—an utter crook.

MR. HOLLETT: On that point. I wonder if I might ask the Honourable the Premier this: It was quite correct procedure to have the Crown Corporation of this Province going into Quebec Province and purchasing licenses to prospect? That is exactly what happened. And one of the officials, of course, defaulted on his job when he found this and turned it over to Jules Timmins, I believe it was, and was paid down, I think, twelve thousand five hundred dollars or something on the spot. Timmins took an option, and was going to pay one million two hundred and fifty thousand dollars. That is not the point — But is it ethical for a Crown Corporation of Newfoundland to go into Quebec Province and purchase their licenses

for ten dollars each, that is all and authorize one of their employees to stake out claims if they found anything on that side of the Quebec boundary? Does the Government think that is ethical? I wonder if the Honourable the Premier could answer that?

MR. SMALLWOOD: Yes. We think it would be very unethical indeed not to have gotten a license. The border down there is not marked with a picket fence. It is very indistinguishable when flying over in the air. Near the border you are never sure whether you are flying over Quebec or Newfoundland. And if a body of ore commenced on the Newfoundland side and goes across the border into Quebec, and we stake it, why not stake it on both sides? Why should not NALCO, if it were one body of ore? Why not? It is the practical and sensible thing to do.

MR. HOLLETT: The very reason why I asked the question was to find out whether the Government has any idea whatsoever as to where that boundary is.

MR. SMALLWOOD: Of course we do. But we have not staked it out in the ground. We know where the height of land is, in parts of it. But if the honourable gentleman is asking now if any one government now could take him and lead him right around the boundary—No we cannot.

HON. M. P. MURRAY (Minister of Provincial Affairs): Get a rustic fence.

MR. BROWNE: Mr. Speaker, I would like to ask the Honourable Minister of Provincial Affairs, what was asked yesterday by the Honourable Leader of the Opposition, when the voters' list for St. John's will be ready?

MR. MURRAY: Mr. Speaker, the last information, the list is presently

in the hands of the printers. It is in the course of printing.

MR. BROWNE: Are the other lists distributed?

MR. MURRAY: No lists are distributed.

MR. SMALLWOOD: They will be distributed at the right moment. All I can say is, "be sober and watch."

Orders of the Day

Committee of the Whole on Bills Nos. 1, 2, 3, 4 and 5:

On motion Mr. Speaker left the Chair.

Mr. Courage, Chairman of Committee of the Whole.

Committee of the Whole on Bill "An Act to Authorize the Lieutenant-Governor in Council to Guarantee a Loan to be Raised by Wabush Lake Railway Company Limited and to Enter into an Agreement with that Company and Canadian Javelin Limited Relating to the Guarantee."

MR. HOLLETT: Mr. Chairman, I would, if I might, ask, who is putting through the Bill, the Honourable the Premier?

MR. SMALLWOOD: I think the Honourable the Attorney General.

MR. HOLLETT: May I ask who are the officials and just where it is registered?

HON. L. R. CURTIS (Attorney General): Incorporated in Newfoundland—a subsidiary of Canadian Javelin and the officials are the same as the officials of Canadian Javelin, Mr. Doyle.—

MR. HOLLETT: Where is the registered office?

MR. CURTIS: Temporarily in NALCO.

MR. HOLLETT: Where is the office of NALCO?

MR. CURTIS: Harvey Road.

MR. HOLLETT: Was there an office in Montreal?

MR. CURTIS: It is closed.

MR. SMALLWOOD: That is the office Dr. Valdmanis had. We discovered an office in Montreal, I may say, furnished out of this world, one of the most magnificently furnished in North America. My discovery of the fact that he had an office led to his expulsion from his job. That was the first point that led to his downfall.

MR. BROWNE: Did he have a car, too.

MR. SMALLWOOD: Yes, he also had, and an antique clock he ordered from Toronto, which we sent back and got the money back, a magnificent clock. He really did himself proud in that office in Montreal.

MR. HOLLETT: Mr. Chairman, I understand the Government was quite aware of the fact Dr. Valdmanis, Chairman of the Board, set up offices in Montreal.

MR. SMALLWOOD: No. It was never authorized.

MR. HOLLETT: Surely it must have been. I will come back to that again.

MR. BROWNE: Mr. Chairman, might I ask the Attorney General: is there any capital listed? Shares are supposed to have been issued. Have they any tangible assets?

MR. CURTIS: Actually at the moment, Mr. Chairman, I really don't

know. I understand only three shares have been issued one each to the three incorporators. As to any assets, I would not know.

MR. BROWNE: When was it incorporated?

MR. CURTIS: Before the Railway Act went through in the last session.

MR. BROWNE: I was going to say, I presume with all negotiations that have been taking place with Javelin—

MR. HOLLETT: Mr. Chairman, I understand Mr. Doyle is President of this Wabush Lake Railway Company. He is also President of Canadian Javelin or Chairman of the Board, as Chairman of the Board he controls a considerable number of shares of NALCO, am I right in that assumption?

MR. CURTIS: Yes, I think so.

MR. HOLLETT: That is correct.

MR. CURTIS: When I say he is Chairman of Wabush, I mean one of three incorporators. I don't know, but I am pretty sure he is Chairman.

MR. BROWNE: Mr. Chairman, the Premier told us Mr. Doyle had a majority of the shares of Canadian Javelin. He referred to that last night, but I did not make a note of it. I wonder if he could tell us now if that majority of shares was actually authorized or whether it was the majority of the shares that have been sold? Has he got over two and a half million? In the Swiss Bank they have \$4,800,000, is that an outright purchase by them of shares?

MR. SMALLWOOD: Yes, these were shares purchased, I believe at \$3.49½ (under \$3.50), I believe that was the price.

MR. BROWNE: Is there anyone to say whether they have sold these or not since, because they could have made a nice profit, a couple of dollars profit on each share

MR. SMALLWOOD: If they sold them, yes. If they were bought as an investment they might be holding them to go higher, or might have sold them and made the profit of the difference between \$3.49½ and whatever they have been since then.

MR. BROWNE: Well at \$3.50 it would be about 1,300,000 shares.

MR. SMALLWOOD: I think it was around that, one and a quarter million shares or something.

MR. BROWNE: If they got one-quarter and Mr. Doyle two-and-a-half, that makes 3,750,000 shares out of 3,900,000. So that all the other bond houses and speculators only have two hundred thousand between them.

MR. SMALLWOOD: If my honourable friend is correct in his conclusions it would seem to be logical.

MR. BROWNE: I take it then, Mr. Doyle did not actually put cash into the transaction. But that he got them for his know-how, or got them for something. How did he get three and a half million shares? Did he buy those or get them for services?

MR. SMALLWOOD: I imagine he bought them. I did not ask him. I know this, he must have sold a lot of shares to get the money to do the things he had before ever these shares were sold to this Swiss Bank, a week or two or three weeks ago. They spent five million dollars and more on their various activities.

MR. BROWNE: Anyway, Mr. Chairman, I don't know whether the

Premier is in a position to say anything about their assets and liabilities.

MR. SMALLWOOD: Look, Mr. Chairman, one is not permitted to refer to an earlier debate in this House if that debate has concluded, so I shall not refer to the debate which occurred on second reading. I will say only, I have heard someone in this House, I believe the honourable and learned member for St. John's West speak of a remarkably low figure shown in respect of some company in a report he read, a copy of which, indeed, he sent across the floor to me. Would the honourable gentleman be surprised if I were to tell him that the worth of Ventures — (is he familiar with the name Ventures?) — Would he agree that it is one of the giants of North America? He would agree with that. Would he be surprised if I told him their worth is put at about a hundred million dollars? He would not be surprised. Now would he be surprised, however, if I told him it was listed at about \$350,000. You cannot judge a mining company by what they are originally listed at.

MR. CHAIRMAN: It seems to me this debate is going a little far afield at the present time.

MR. HOLLETT: Mr. Chairman, what I want to get quite clear, is the exact relationship between the railway, to which the Government is to give a guarantee of sixteen and a half million, the exact relationship between that and Canadian Javelin and Doyle and NALCO. I think I mentioned it here before. We are bound to get it anyway. And we must have the correct relationship before we consider the various sections. Perhaps the Honourable the Attorney General could tell me just exactly the relationship now existing of shares. Have any shares

been issued yet in connection with Wabush Railway, or is it merely Javelin, the guarantor for the railway, and if so, just what are the assets of Canadian Javelin? I understand from the Honourable the Premier, I believe, they have four mines down in Chile. I have done some investigation on that part, and I have been informed that these Chilcan mines are being closed down in order to give Canadian Javelin more attention to Wabush area. Now could we have a general statement relative to the various relationships between the companies right down to NALCO? It might clear up the air quite a bit, I should think.

MR. CURTIS: Mr. Chairman, these are question I was hoping my honourable friend would have asked the other morning, and would hope they would have then been answered. I am not able to answer them myself at the moment. I can tell the honourable member, NALCO holds the concession from the Government and now they have given a sub-concession of this area to Canadian Javelin. Javelin has to pay NALCO a certain sum of money. The sub-concession is now held by Javelin. I am given to understand, Javelin will be the owner of all the Wabush Lake Railway, and this present loan is to the Wabush Lake Railway Company. Obviously a company and its subsidiary are closely tied together. And this entire loan is to be made to one company, and is to be guaranteed by the other, and it is to be secured by mortgages of both companies. I think that is quite as clear as I can be.

MR. BROWNE: Mr. Chairman, I might say in reference to your observation, this question seems to be a little afield. This is a formal matter we are dealing with now, and questions, I take it, will be mostly asked

at the beginning, and once we get clear of the preliminary questions it should not be so much. Now this company has only just been formed and only has three shares with no assets except this right. How are they actually going to go about the raising of money? Will Javelin do all the business for them, and will Javelin join in with them in regard to the bond issue and allow their own assets to be mortgaged for the bonds?

MR. CURTIS: Yes, that is the idea. Mr. Chairman, I would presume Javelin in the very first instance would convey either certain property to Wabush for shares or else invest a considerable sum of money in Wabush shares. Then the application for a bond issue would be joined one with the Wabush Company being the principal and Javelin being either a co-principal and a guarantor or just a plain guarantor. And both will give security to the trustee, and the mortgage will be a complete mortgage on everything in the Labrador. In other words, one thing the Government is trying to do is to protect its investment to the fullest. So you will notice as we go through we are doing everything possible to put in the hands of the trustees of the bond holders everything in the Labrador. It is the property of either or both these companies. So that if they should really be in default the whole thing will be there —

MR. SMALLWOOD: Mr. Chairman, the honourable gentleman who is the Leader of the Opposition remarked a few minutes ago, I understood, that Javelin mines in Chile have closed down. There is no truth in that. They have not closed down nor are they closing down. They are operating.

MR. HOLLETT: All I am trying to find out is just what is Wabush

Lake Railway, Limited and what are its connections, and what is the likelihood (but I will go into that later).

MR. CURTIS: Have I explained it to you?

MR. HOLLETT: Yes to my satisfaction now.

MR. BROWNE: At the same time the Attorney General seemed not to be familiar with the other directors besides Mr. Doyle.

MR. CURTIS: They are also directors of Javelin, and of course, as far as Wabush Lake is concerned, nominees of Javelin.

MR. HOLLETT: Is it not a fact that Mr. Doyle replaced Mr. Pippy on the NALCO Board of Directors as president or chairman?

MR. SMALLWOOD: Mr. Pippy filled in temporarily. He was kind enough to accept the office until we could fill it with someone more or less permanent. He filled it on a purely temporary basis, just to oblige us and nothing else.

MR. HOLLETT: My information is Mr. Doyle took over with no notice given whatsoever to Mr. Pippy.

MR. SMALLWOOD: That is utterly untrue, and could not be more wrong.

MR. HOLLETT: As a matter of fact, Mr. Pippy at the time was over in London attending the Coronation.

MR. SMALLWOOD: And I cabled him and had a friendly one in return. "Everything satisfactory to you is satisfactory to me, and count on me in any way to serve you." That was his reply. There is no truth whatsoever in what my honourable friend suggests.

On motion Clause 1 carried: Clause 2 read:

MR. BROWNE: Mr. Chairman, I take it that if this passes, this agreement will be signed immediately, and there will be an undertaking as far as the Government is concerned along the same lines.

MR. CURTIS: No, this is authority to sign it.

MR. HOLLETT: Has it not been drawn up?

MR. CURTIS: Only here in the schedule—Not signed.

MR. HOLLETT: Will the House see it in its proper state?

MR. CURTIS: If it is changed, I don't contemplate any change.

Clause 2 carried. Clause 3 read, carried. Clause 4 read.

MR. HOLLETT: I have a note here, Sir, to inquire why this change in the form of the guarantee. I wonder if the honourable the Attorney General could explain.

MR. CURTIS: This is the guarantee set forth in the Act. It has always been the practice when we do pass an Act of this kind to write into the Act a formal guarantee rather than use a general one which is not as explicit. There is no difference in the effect of the guarantee.

MR. BROWNE: When you say it has always been the practice, the practice only began in 1950.

MR. CURTIS: No. It started away back in 1923.

MR. BROWNE: There was a long time between drinks between 1923 and 1950 when we started to make guarantees again.

MR. SMALLWOOD: Did not the Commission of Government guarantee General Sea Foods on the South Coast? It did not go ahead, but I thought they did.

MR. BROWNE: I don't think so. "Otherwise mechanically reproduced." What does that mean?

MR. CURTIS: The practice now is that every signature be lithographed. It was hitherto necessary to send a man to Montreal or New York and manually sign. Lately we have arranged to have that.

MR. BROWNE: No counter signature like on a Bill?

MR. CURTIS: No.

MR. BROWNE: You had to do so many.

Clause 4 carried. Clause 5:

MR. HOLLETT: Mr. Chairman, there again I would like to ask the Attorney General is that a usual section in an Act of this kind, a guarantee?

MR. CURTIS: That was taken from the Bowater's Act. Actually I don't think there would be any dispute. The Government might want to have someone close to the Government.

MR. HOLLETT: They did not outline in the Bowater's Act how many people could be directors?

MR. CURTIS: Two, it says in the Bowater's Act.

MR. HOLLETT: It does not say the number here.

MR. CURTIS: The agreement says the number.

MR. HOLLETT: Later on, I think, we come to nominees of the

Government. On that point, Sir, I don't know whether I am in order or not, is there any provision for members of the Government to fill offices in any of the new industries in any of these Acts?

MR. CURTIS: That is not in order at this time. It will be later, I think.

MR. HOLLETT: I want to get the thing done now, so we won't have to do it over.

MR. CURTIS: There are rules.

MR. BROWNE: Mr. Chairman, has the Government given consideration to the question of appointing somebody, say, from the Auditor General's Department or perhaps from the Department of Mines and Resources as a director on this, because the work is going to be done in Labrador, and it would seem to me it might be desirable to have some one pretty close to the job that is going on. It is not as simple as in the case of Bowaters because the Newfoundland Power and Paper Company was the original and the Reids were interested in it then. And, if I remember rightly, Mr. Angus Reid was one of the directors, because of the interest of his family in the affairs of the company, and Mr. Harry Winter was one of the others. But it seems to me it is not necessary to have a member of the Government. It might be more desirable to have some man with experience in that sort of work as one of the directors.

MR. CURTIS: That matter could be more properly discussed, Mr. Chairman when we come to page 18 of the Bill. I have no idea what the Government's plans are in connection with the directors at all.

MR. HOLLETT: I want to make a remark, if I may: Do you think the

Government should pay remuneration? Such a director, is a director, nominated and put there by the Government should he not rather be paid by the House of Assembly, by the Government rather than by the company. I wonder what is the Honourable Attorney General's opinion?

MR. CURTIS: It is a good point.

MR. BROWNE: I think the Government directors on the Newfoundland Power and Paper Company were originally paid two thousand a year.

MR. CURTIS: They do now.

MR. BROWNE: They still pay the same amount right through.

MR. CURTIS: From the company. We just followed the practice. Bowaters paid me two thousand dollars a year up to date.

MR. HOLLETT: I wonder would that be in the best interest of the people of Newfoundland.

MR. CURTIS: After all there are many problems which will come up before the directors of this railway company, and we will have a director there.

MR. HOLLETT: And he is being paid five or ten thousand dollars as the case may be as a director, being paid by the Wabush Railway Company. And, I submit, Sir, there is a natural leaning on any persons part towards the company or the corporation who is paying his salary. I say all directors are human, and it would be much wiser for such directors to be servants of this House, consequently of the people of this country. Therefore the consolidated revenue fund should pay it. Whether or not you want to collect it from the corporation in another way, that is another matter. I

do think that if the Government is to place a director on that board then the Government should pay the directors' fee. I don't know —

MR. CURTIS: I think, Mr. Chairman, the situation is looked after by the fact these persons are nominees of the Government. We must have them there. They are under no obligation in any way, shape or form except the company has to pay them as the other directors. I think the situation is clearly going to be of assistance to the company, and there is no reason why the company should not pay.

MR. HOLLETT: All right.

MR. CURTIS: Suppose it is required the auditors be appointed by the Government, is it suggested the Government ought to pay the auditors and the bill for their services ought not to be sent to the company. And if the bill were to be paid by the company is it suggested that because the auditing job, (the auditors that did the job for the Government) was paid by the company, therefore the audit was not to be trusted?

MR. HOLLETT: Not at all. No. I am not referring to the auditors at all.

MR. SMALLWOOD: It is the same principle.

MR. HOLLETT: Certainly not. We have no objection to the auditors. But the directors are an absolutely political appointment, and definitely will be members of the Cabinet or members of the Government.

MR. CURTIS: One might be.

MR. HOLLETT: I suggest both of them might be.

MR. HIGGINS: If you are not careful even you might be one.

MR. HOLLETT: Even so if I were one I would prefer to take the money from the Consolidated Revenue Fund and therefore owe my salary to this country than I would to Javelin, John C. Doyle or anybody else. I strongly urge that that be let lie over.

MR. CURTIS: No.

MR. HOLLETT: In that case.

MR. CURTIS: I see no reason to go back to it.

MR. HOLLETT: Well — My colleagues are not agreed that this is in any way out of order. Consequently I can't get a motion seconded. I have to submit now to the Government on the opposite side of the House. But I do submit the acceptance of remuneration for that office should be from the Consolidated Revenue Fund, is there any reason why it should not be? The director is a servant of the Crown, and should be paid by the Crown and not by somebody outside. I am quite sure, Sir, that I am right in making that suggestion. But apparently nobody agrees with me. Therefore I shall have to abandon it. I want it on record I have made the suggestion. Because I strongly suggest this is something will be taken up some time later on.

MR. BROWNE: Mr. Chairman, it is quite obvious we have had no prior consultation amongst ourselves before considering that situation. Because I could point out to my Honourable Leader, the acceptance of remuneration for the office would cover the position he has in mind, that it could still be paid from the Consolidated Revenue Fund.

MR. HOLLETT: But it is not.

MR. BROWNE: Yes, but it could be paid by the Consolidated Revenue

Fund. This position is primarily intended for positions on the company, the operation of which is paid for by the funds of the company. So it would cover both situations.

MR. SMALLWOOD: Mr. Chairman, for the last thirty-two years the Government of Newfoundland has been represented on the board of a company whose bonds were guaranteed. These directors have consisted in the aggregate of quite a number of men. I remember H. B. Clyde Lake was a Government director of Bowater's Board. I remember Mr. Abbott of Port au Port, who was the member for the District of St. Georges, Port au Port, was a director on that board representing the Government of Newfoundland. I remember that the late S. J. Foote was a Government director on the Board of Bowater's. I remember, as the Honourable Leader of the Opposition said, Mr. Justice Winter, when a lawyer in private practice, was a Government director on the board, and Mr. Gordon Winter was nominated by me as was my honourable and learned colleague, the Attorney General. There are perhaps as many as a dozen Newfoundlanders who have served on the Bowater Board of directors as representatives of the Government, because the Government had guaranteed the bonds of that company and were entitled to be represented always by two directors or two nominees to the board of directors. And during all these thirty-two years the directors fees of these directors that the Government nominated have been paid by the company and not by the Government. They were paid by the company whose bonds the Government had guaranteed. Now we are doing exactly the same under equally the same conditions, with no difference whatsoever, the same identical thing. We too will

almost certainly appoint some private citizen, not a public Minister and probably not even a member of the House of Assembly, as we did in the case of Bowaters when we appointed Mr. Gordon Winter to be the second director. There is no difference whatsoever in the situation nor in the procedure, none at all. It is almost the same thing.

MR. HOLLETT: I am not saying there is. But the Honourable the Premier is one person who changes all these old styles of the past. And I would like to point out nearly every member on the opposite side is a director, not every member but almost all members are now directors of certain firms, like directors of the NALCO Board and on the gypsum plant. Now you are going to say "servant without pay." That is as far as we know. We are certainly taking your word for it, don't worry about that.

Now I want to ask in connection with that: NALCO is bound up with this. Who are the directors who are receiving, I believe, twenty-two thousand dollars, quoted here today, on the NALCO Board of Directors? I wonder if the Honourable the Attorney General could tell me who are these directors.

MR. CURTIS: I don't think this is the proper time to ask that question.

MR. HOLLETT: Mr. Chairman, I think it is, because of the fact NALCO has granted the concessions to Javelin and Javelin is going to guarantee Wabush Lake Railway, and we are going to guarantee the loan to Wabush Railway. Surely, Sir, they are all connected. And I am asking who are these directors on NALCO's Board receiving twenty-two thousand dollars?

MR. CURTIS: Actually I don't think it is any secret. That twenty-

two thousand dollars covered Mr. Young's salary until he resigned and Mr. Turta's salary. I think that is all. They are the only directors receiving pay. I believe Horace Young was a director.

MR. HOLLETT: We want to know the facts.

MR. CURTIS: I want to tell you none of us got it, if that is what you want.

MR. HOLLETT: I am not asking that. I am not accusing anyone. I am asking for information.

MR. CURTIS: We will get the details, and you will get that.

MR. HOLLETT: Well, that is all we ask.

MR. CURTIS: There is no secret about it.

On motion clause carried.

MR. HIGGINS: Mr. Chairman, I take it, further on in the Bill we will come to the tenure of office of these directors, although it is not important at this stage.

MR. CURTIS: Yes.

Schedule,

MR. BROWNE: I notice under (2) it says "Canadian Dollars." Is it interchangeable?

MR. CURTIS: I was going to ask in respect of money changed recently, as my honourable friend knows, the Canadian dollar is now better than the American, and years ago we made it payable in U.S. dollars — I understand they would be able to get a much better price for the bonds if they were at liberty to go to the American market and raise American funds. The difference may be as high as 2% in reali-

zation. This is a considerable amount of money on sixteen and a half million. I wonder if the House would consent to put in where the reference is made to dollars or a fraction thereof — "except where conditions otherwise indicate."

On motion amendment carried.
(Clause 1 (2).)

Clause 2 of Schedule read:

MR. BROWNE: Mr. Chairman, I wonder if the Attorney General could make this clear: It is not clear to my mind. Who is going to go to the banks or security houses and how is it going to be done?

MR. CURTIS: I would presume that the representatives of Wabush and Javelin will jointly go to the bond houses. Actually, I might say, they don't have to go to the bond houses. I think the bond houses will come to them.

MR. SMALLWOOD: Suppose they thought it better to have it underwritten in Canada or London they have the right to go anywhere they like. They have an undertaking from Layman Brothers to underwrite the issue.

MR. HOLLETT: Do I understand Layman Brothers have given a promise that they will underwrite this loan?

MR. SMALLWOOD: I have the letter here in my pocket.

MR. HOLLETT: I am taking the Honourable the Premier's word. I don't want to see the letter.

MR. SMALLWOOD: I think I have already shown the letter to my honourable friend on one occasion, did I not? I have the letter here. But I have a letter from other bond houses offering to underwrite the issue. I

have one here from a syndicate of Canadian houses, including one of or including two of the big four Canadian banks.

MR. BROWNE: Mr. Chairman, perhaps the Premier would table that.

MR. SMALLWOOD: No. I don't think I should.

MR. BROWNE: I think the rule is, if you produce a letter —

MR. SMALLWOOD: I did not produce the letter. I said I had a letter from two large money institutions saying they will gladly underwrite the issue. But I think if they are free to go anywhere, to go to the United States or go to Canada or go to Europe they will make a better bargain in the terms, the rates and the discounts and fees charged and all the rest of it in the floating of the bond issue. If it is confined to one country it is always possible the bond houses of that one country will just say the rate is thus and so. There is no competition. If it is known in Canada that the company could go to the United States or could go to any other country it puts the company whose bonds are to be floated in a better position.

MR. HOLLETT: Mr. Chairman, is it correct that four million eight hundred thousand dollars have been raised in Switzerland? That is in connection with this by Javelin?

MR. SMALLWOOD: Yes.

MR. HOLLETT: How was that done?

MR. SMALLWOOD: By the sale of shares.

MR. HOLLETT: Shares in Javelin?

MR. SMALLWOOD: Yes.

MR. HOLLETT: I see. I want to refer back to (2): "Javelin will establish and maintain at or in the vicinity of the iron mine and on land owned by Javelin and charged with a specific mortgage in the Trust Deed, herein after referred to all such plant (including processing plant), equipment, townsite facilities, and other facilities as shall be reasonably necessary for producing and processing not less than three million tons yearly of iron ore concentrates — Now is it a fact that Javelin owns any land down there?"

MR. CURTIS: It will when this Bill goes through. Javelin is entitled to certain land for its operations.

MR. SMALLWOOD: A town, mines, right-of-way for a railway. That is all provided for.

MR. HOLLETT: They don't actually own the land?

MR. SMALLWOOD: Yes. Fee simple will be given. That is all provided for.

MR. HOLLETT: I understood they get the lease for ninety-nine years.

MR. CURTIS: They only have a lease of the mine. But they have freeholds where they put their buildings.

HON. F. W. ROWE (Minister of Mines and Resources): Every agreement which this Government has made with any mining company has contained a clause in it, as in fact with any timber company, it either contained a clause in it whereby that company is guaranteed a grant, not a lease but a grant, fee simple, to the land required, to the rights of transmission lines for townships and for any other operation. That is in Bowater's and all these, to my knowledge.

MR. SMALLWOOD: And in the BRINGO Agreement.

MR. HOLLETT: The land goes away from the Crown?

MR. SMALLWOOD: For telegraphs, railways, transmission lines, mills, factories, towns, the fee simple is given, yes.

DR. ROWE: As in Grand Falls and Corner Brook, for example.

MR. HOLLETT: Is it clearly outlined in the Bill as to what land will be owned?

MR. CURTIS: Not in the Bill, in the concession agreement.

MR. BROWNE: Mr. Chairman, referring to sub-clause 5 of (2) "For the carrying out of the undertakings agreed to be performed by Javelin and Wabush under this clause Javelin will provide financing to the extent of eighteen million five hundred thousand dollars in addition to any sum made available to Javelin from the loan." Now I believe later on it says that nine million dollars may be loaned by Wabush to Javelin. So that will be twenty-seven, if we add these two together. Then it goes on to say: "Provided that for the purpose of this paragraph any sum not exceeding in the aggregate three million five hundred thousand dollars spent by Javelin for development on the iron mine before this Agreement was made may be counted as having been provided by Javelin under this paragraph."

Then in sub-clause 10: Subject to paragraph (9) of Clause 4 of this Agreement Wabush will not without the prior approval of the Government in writing use the loan or any part of it for any purpose other than for the carrying out of the undertakings.

Then in Clause 4 (9) With the prior approval in writing of the Government Wabush may advance to Javelin any part of the proceeds of the bonds or debentures referred to in paragraph (6) of this clause not exceeding nine million dollars for use by Javelin only in providing plant and equipment for the iron mine and subject to the conditions that." So that in addition to anything which Wabush Lake will lend to Javelin, Javelin must raise eighteen and a half million dollars.

MR. CURTIS: Of which three million five hundred thousand have already been spent.

MR. BROWNE: That means fifteen millions. What is the other seven and a half million for? I mean, whilst I appreciate the figures that have been given, I can't get a clear picture in my mind as to how the thing is being done. If we take Ford, Bacon and Davis, they outline forty-five million dollars. I understand that schedule and that estimate. That estimate of forty-five million is without counting the facilities at Seven Islands which have to be established. Now then a later estimate gives thirty-two million three hundred thousand, a difference of thirteen million dollars. Why is that forty-five million dollars put in there if no other shares have been sold.

MR. SMALLWOOD: The other shares were bought and the proceeds spent already. These are shares for the purpose of bringing in this particular amount for this particular purpose whereas other shares were sold for another purpose. The sale of these shares to the Swiss Bank is to help finance the whole project.

MR. BROWNE: Where are you going to get this eighteen and a half million? Or the fifteen million. You

got three and a half. Where are you going to get the fifteen?

MR. CURTIS: It is made up in the first three items in 17 — page 2.

MR. BROWNE: That is how it is to be financed? Mr. Chairman, I understand from the Attorney General the financing will be done by the sale of the holdings which the Swiss Bank has, \$4,800,000; Equipment Trust Certificate \$7,500,000 and Plant Credit; \$3,500,000 and a half million. I take it that means they will get machinery on credit. They will be given that on credit. That is how they are financing. I am not clear in my own mind as to how that is to be done. Supposing there is an amount of equipment worth five million dollars and they pay 30% down, one and a half million. Now how can you call the other three and a half million funds for financing? That is what it means, because it is a liability.

MR. CURTIS: It is a liability. But it is a loan. It means they can arrange the security.

MR. BROWNE: They are building this like people buy a television set, building it on instalments.

MR. CURTIS: Yes, but as I said, they prefer to do that because of the machinery, they know where they are.

MR. BROWNE: Mr. Chairman, I don't want to go over it again.

MR. CURTIS: These can very easily be paid for as soon as the machinery is installed.

MR. BROWNE: That amounts there to eleven millions of dollars, and means that the greatest investment that they have will be the bonds raised by the Government guarantee. The greatest share in the project will be the

investment of the bonds guaranteed by the Government.

MR. CURTIS: They have invested five million dollars, and shares sold to the Swiss Bank and what they already put in.

MR. BROWNE: I suppose they are still selling shares on the market.

MR. CURTIS: I don't think so. I don't think they are selling any shares.

MR. BROWNE: There is nothing to prevent them.

MR. SMALLWOOD No. But I don't think they are.

MR. BROWNE: I did not hear the price today, but should they do so they should get a good price.

MR. SMALLWOOD: What is the price today? I have not heard it for at least a month. The last I heard they were around \$5.

MR. BROWNE: \$5.60 I think.

MR. SMALLWOOD: But the shares are bought and sold. Other people buy and sell the same shares. The shares are revolving. Is that not so? Is not trading done in all shares, bought and sold and revolving and re-bought. The company itself may sell more as they need to, if they need additional capital. And would it not be smart for them, if they have five million shares authorized, and they have four million out, say, and have a million not sold, would it not be smart for them — They are no-par value shares. NALCO's first shares sold for a dollar. The next sold for five dollars. If NALCO shares were ever listed and were entered on the stock market for trading they might go to twenty-five dollars. In which case, if we wanted to raise a few millions for

NALCO's purposes we would only have to sell enough shares to bring in the few millions, once the price of shares had gone up to \$15 or \$20 or \$25. The same way with Javelin, naturally as a result of all these events, our guaranteeing the bond issue, the certainty of things going ahead the par-value may soar to ten dollars. If it does, would not that be time for them to sell some shares and bring more money into their treasury? Otherwise once they sell to John Jones, John Jones sells to Bill Smith. They make a dollar each and sell to Tom Ryan and make a dollar. But Javelin does not get any of that, but only what it got for the original sale when they sold the shares. So if Javelin wants more capital, as no doubt they will, the smart thing to do, I should think is to wait until the value of the shares are enhanced in the market by trading then sell some at the higher price. That is the practical thing to do.

MR. BROWNE: Mr. Chairman, that arose from a question I asked about how to finance the undertaking. You can see the sixteen and a half million and the 4.8 million.

MR. HOLLETT: Where is it?

MR. BROWNE: I can see it. It is stated here the method of financing will be sixteen and a half million — What I am not clear about is this: There is three and a half million credited. What is the value of the machinery on which that three and a half million? The seven and a half million trust equipment, which I take it is also credited, was the value of the machinery.

MR. CURTIS: They value probably about 80% or 90%. I understand it is bought 10% down.

MR. BROWNE: I understand from

the German letter there, they have to pay 30%, which would mean the plant credit, but the three and a half million, what does that apply to? Are we to get any information on those things. It seems to me the public should have a clear picture as to what they are giving as security for this loan, if they are to guarantee sixteen and a half million dollars. There should be some indication that the company will have sufficient funds to carry it through.

MR. CURTIS: That is the object of this clause.

MR. BROWNE: I wonder if the Honourable Minister could explain it.

MR. CURTIS: That clause is clear, Mr. Chairman, very clear. It just says that before the Government agrees to the loan they must satisfy the Government that with the loan they can finance the project.

MR. BROWNE: Is that under (5) you are speaking?

MR. CURTIS: Yes.

MR. BROWNE: Does that mean that before any guarantee is agreed to they have to show you they have fifteen million dollars at least?

MR. CURTIS: Available in either credit or cash.

MR. BROWNE: They must have that now? If you are ready to sign that agreement as soon as it becomes law.

MR. CURTIS: If we sign the agreement it does not say we sign the bonds.

MR. BROWNE: No. Before you guarantee the bonds you want to see they have fifteen million either in cash or in credit?

MR. CURTIS: Yes.

MR. BROWNE: Is that a customary thing?

MR. SMALLWOOD: Yes quite customary.

MR. BROWNE: To the industries, I know that.

MR. CURTIS: I think you will find this follows very closely the 1923 Act and agreement.

MR. BROWNE: You did not follow it exactly?

MR. CURTIS: We could not because of the different nature of the agreement. I think you will find we got that clause from that.

MR. HOLLETT: Mr. Chairman, is the Government satisfied? "For the carrying out of the undertakings agreed to be performed by Javelin and Wash under this clause, Javelin will provide financing to the extent of eighteen million five hundred thousand dollars in addition to any sum made available to Javelin from the loan in accordance with this Agreement and will furnish to the Government evidence satisfactory to the Government that Javelin has provided such financing and the furnishing of such evidence shall be a condition of the Government guarantee." Have they satisfied the Government they can provide it?

MR. CURTIS: Not yet.

MR. SMALLWOOD: Not in a technical sense the honourable gentleman has in mind, but in every other sense, yes.

MR. HOLLETT: Has the Government any evidence to show there is four million five hundred thousand dollars in the Swiss Bank?

MR. SMALLWOOD: We have not gone to it.

MR. HOLLETT: You are not, therefore, satisfied?

MR. SMALLWOOD: Yes. I think the bank would have denied they bought and paid for these shares if they had not.

MR. BROWNE: You announced it publicly now.

MR. SMALLWOOD: Yes, but it was already announced all across Canada a few weeks ago. About three days after I made my announcement the bank closed the deal and paid over the cash.

MR. BROWNE: The stocks went up.

MR. HOLLETT: Who has the floor, Mr. Chairman, is it the Honourable the Premier or my honourable friend?

MR. SMALLWOOD: That is all he has Mr. Chairman, the floor.

MR. CHAIRMAN: Some people are answering him. But I do think unless a member is prevented by age or infirmity, he might be permitted —

MR. HOLLETT: Or sit back and read a magazine, one or the other.

MR. CHAIRMAN: The honourable member will continue.

MR. HOLLETT: Thank you, Mr. Chairman.

MR. SMALLWOOD: Of course I am only trying to help.

MR. HOLLETT: I don't think anybody in this House is trying to help me, Sir.

MR. SMALLWOOD: On either side of the House?

MR. HOLLETT: At the moment, no. "Furnish to the Government evidence, evidence satisfactory to the Government that Javelin can provide such financing." All right, I want to know just what evidence has been furnished to the Government relative to this financing up to \$18,500,000?

MR. CURTIS: That question does not yet arise. The order of events is this: One: We sign the agreement—which we have not done yet—and will do it only after this House has ratified it. Two: They will satisfy the Government, and then and only then will we sign the guarantee. That is the question. This has not arisen yet. This is something arising between the signing of the agreement and the guaranteeing.

MR. HOLLETT: Then I take it the Government presented the facts about the Swiss bank and the equipment without satisfying themselves it is so?

MR. CURTIS: We will check it in due time.

MR. HOLLETT: You have not checked it yet. But it is given us in evidence that this is a good thing.

MR. CURTIS: There will be no guarantee if it is not checked.

MR. HOLLETT: Take myself, as I read it I figure, well they got four million eight hundred in a Swiss Bank and seven and a half million in equipment and three million five hundred thousand—This is tabled by the Government, and I take it it was given as evidence that the deal was as good as we are supposed to think it is. And now I am told that you have no evidence, Mr. Chairman, that there is any money there in the Swiss Bank, that there is no equipment trust cer-

tificate and there is no plant credit. Take this item for instance, has the Government any evidence to show that the manufacturer promises to grant credit to the extent of three and a half million dollars?

MR. CURTIS: Their letter is in the book there, or the copy of their letter—in that book there in front of you.

MR. HOLLETT: I wonder could the Attorney General tell me exactly where?

MR. CURTIS: I thought you read it? I don't have to point out the letter. I will give you the letter right off the bat.

On motion the committee recessed for ten minutes, after which Mr. Chairman returned to the Chair.

MR. HOLLETT: Mr. Chairman, on the matter of sub-section (5) Section 2, I think it was—Yes, I was referring to the fact that conditions for the Government guarantee were that evidence be furnished satisfactory to the Government that the Wabush Lake Railway or Canadian Javelin and Wabush Lake could provide financing to the extent of eighteen million five hundred thousand dollars.

(Mr. Hollett read here the letter from the manufacturing firm.)

Well, we are now into September and I take it they have this agreement. I take it that will be to the satisfaction of the Government?

MR. CURTIS: Yes.

MR. HOLLETT: While I am on my feet, Mr. Chairman, I will go back to sub-clause 2, line 6, from the end: "shall be reasonably necessary for processing not less than three million tons

yearly of iron ore concentrates containing not less than sixty per centum iron, and will supply or cause to be supplied all such electrical power as may be reasonably necessary therefor?"

Now why does the Government bind it down to 60%? We know, of course that Bell Island produces around 52% or 51% as the case may be, and the Iron Ore Company of Canada produces iron of about the same content. Why bind this company to produce not less than 60%?

MR. CURTIS: Actually they can undertake to specify for 65%. It has been made 60% to give a little margin. Actually it might as well have been 65%. The ore in the present shape could not be shipped. They got to concentrate it.

MR. HOLLETT: What difference does it make to the Government what the percentage is if they sell it at a profit?

MR. SMALLWOOD: Because the profit is determined by the percentage of the iron.

MR. HOLLETT: But if the other people can make it at 51% or 52% why not this company do the same thing? You are going to demand the content be 60%. If they can sell it at 52% or 55% or 59% why not let them?

MR. SMALLWOOD: The studies don't show they can. It shows they got to be up around 60%.

MR. HOLLETT: At the present time.

MR. SMALLWOOD: That is all we got to go by.

MR. HOLLETT: Do you mean to tell me that unless they produce 60% ore they can't proceed?

MR. SMALLWOOD: That is what we think exactly. We think they got to ship 60% ore or better to make a profit they need so they won't default on the bond issue.

MR. HOLLETT: Very well, what difference does it make if they ship 55% and make a profit?

MR. CURTIS: They can come back and ask us. That is their own offer.

MR. HOLLETT: Yes. But I don't see any point in its being there.

MR. CURTIS: Except this, as my honourable friend knows, iron ore is sold by the iron content, and if it is only 35% for every ton you get so much iron, if it is 60% you get twice as much iron. Therefore the economics of the thing, the double freight rates for iron, the double handling charges and all that would make the other uneconomical.

MR. HOLLETT: Mr. Chairman, has the Government any evidence to show Javelin spent three and a half million dollars on developing so far?

MR. CURTIS: They have got to produce that before the guarantee. That is the maximum. And if they spent four million they do not get credit for more than \$3.5 million. They have got to prove that.

MR. HOLLETT: They have got to prove these other things too before they get the guarantee?

MR. SMALLWOOD: Mr. Chairman, the Honourable Leader of the Opposition inquired a little while ago about the four million eight hundred dollars that had been paid to Javelin by the Swiss Bank for the shares they bought. And he asked how we knew that and did we have any evidence of it. I said that the fact that it had

been published in all the newspapers across Canada. I can now add that the fact was published by the Edmonton Exchange, who were notified by the bank itself that the bank had bought those shares and paid that money for them. The Edmonton Stock Exchange made the announcement. They had to be listed and had to be registered, because on that stock exchange Javelin's shares are registered.

MR. BROWNE: Mr. Chairman, has the Attorney General a copy of the Articles of Association and memorandum of association of Canadian Javelin and Wabush Lake?

MR. CURTIS: I have the charter. I have not it here. I could send for it. It is at the office.

MR. BROWNE: Could he tell us who the solicitors are?

MR. CURTIS: Doucette and McKay.

MR. BROWNE: Are they here now?

MR. CURTIS: No they were here last week.

MR. HOLLETT: Mr. Chairman, as regard to Section 7: "Wabush will obtain or cause to be obtained all necessary permission for connecting the railway with the railway line of Quebec North Shore and Labrador Railway Company at or in the vicinity of mile post 224 on the said railway line and will cause the said connections to be made. Has the permission been obtained yet?"

MR. CURTIS: I understand it has. There was some discussion as to whether we should put in the clause or not. It was harmless to put it in. I don't think they have to get any permission. But we just put the clause in in case there was anything.

MR. HOLLETT: The other railway being a common-carrier it is quite in order.

MR. CURTIS: I think it has all been arranged.

MR. BROWNE: In regard to this matter of financing the railway: As I understand it, they are now given eleven million dollars credit from the manufacturer of the plant machinery and rolling stock; and sixteen and a half million from the guarantee and \$4.8 for the Swiss Bank. But that \$11 million will be protected by an agreement? They will have a mortgage on that \$11 million?

MR. CURTIS: It will be in the form of a conditional sale.

MR. BROWNE: And they will be protected, so that the protection for the bond holders will be expenditure from the sixteen and a half million plus \$4.8 millions, and what they spent up to date.

MR. CURTIS: The mine, what they spent to date, what they produce for the sixteen and a half and what they produce from the five. It is pretty good security. In addition to that we have the property.

MR. BROWNE: The guarantee will provide two thirds.

MR. CURTIS: That is not bad.

MR. BROWNE: Not too much to have, especially in a mine.

MR. CURTIS: When we consider these are proven deposits.

MR. BROWNE: I would not say completely.

MR. CURTIS: If the honourable gentleman had heard Dr. Monture. In his letter he was cautious, but act-

ually take him away from the written document and he will go all out. I am sorry my honourable friend did not see him.

MR. HOLLETT: In regard to port in Quebec, page 9, for suitable handling. I understand the intention of the Iron Ore Company of Canada is to raise another thirty million dollars, I believe, to improve the port, the plant facilities and the shipping facilities at Seven Islands. Can the Honourable the Attorney General or any person acting for him state whether necessary arrangements have been made for the port facilities at Seven Islands by Wabush Railway or by Javelin?

MR. SMALLWOOD: I have ascertained the principle cause of the difference between the two figures, i.e. \$45 millions suggested by Ford Bacon and Davis and approximately \$33 millions suggested by the latest estimate of Canadian Javelin: The Ford Bacon and Davis estimate was based on the idea of using the Humphrey Spiral System, which is a much more expensive process for beneficiating than is the other system. Now the larger estimate, \$45 million, was based on the estimate of what would be the cost with the Humphrey Spiral System. The later estimate, \$33, is based on an actual offer of \$5,450,000 by Klockner-Humboldt-Deutzag of Cologne. Their tender offers to do it for that price. And it is the difference in the cost of the two systems that accounts chiefly for the difference in the two total figures.

MR. BROWNE: Well, Mr. Chairman, I would like to draw the Premier's attention to several differences. For instance: Producing costs over four hundred, facilities over three million, townsite facilities over one and a half millions, and the power plant,

they only got \$1,100,000 here for that, and Ford Bacon and Davis have it at \$2.3 million. Now for the railroad. They have the figure of \$6 million whereas Ford Bacon and Davis said \$7½ million.

MR. SMALLWOOD: There is a difference of course, between articles bought in Europe and bought in the United States.

MR. BROWNE: The railway won't be bought in Europe.

MR. SMALLWOOD: Why not? It might very well be bought in Europe.

MR. BROWNE: Is it going to be?

MR. SMALLWOOD: I think a lot of it. I believe, as a matter of fact, the steel industry recently has made the offer to provide the railway and take payment for it largely in iron ore, not entirely. I mean, they build railways and things like that in Europe, as the honourable gentleman knows. And their prices are lower.

MR. BROWNE: I don't understand that: 14.2 million for the railroad and rolling stock and in the other 16.3 million, a difference of over two million dollars. Transfer of facilities was not mentioned by Ford Bacon and Davis. And Javelin estimates \$1½ million. Now one and one half million seems to be a very small amount for the transfer facilities to Seven Islands.

MR. CURTIS: There is a public dock there at Seven Islands which they can use, and they have an option on 9 acres of land adjoining it.

MR. BROWNE: One more question, Mr. Chairman, who has control of this company, and how is that control going to be effected? There are no preferred shares. The shares that are in existence, the common stock, does that carry

a vote for each share? If it does the majority of shareholders at any time control the company. And that will leave the bondholders in a peculiar position.

MR. CURTIS: Every company has a bond issue the same way. I understand the men controlling Western Union some years ago only had ten per cent.

MR. BROWNE: I hardly think, checking the figure given here of the statement, that Mr. Doyle controls as much as the Premier says.

MR. SMALLWOOD: Incidentally I am informed the actual contract entered into by Canadian Javelin, or Wabush Lake Railway Company or both with the contractors who are building the railway, i.e. McNamara is for \$364,000. Now that is an actual figure. That is not an estimate.

MR. BROWNE: What does it cover?

MR. SMALLWOOD: Their contract. The exact details I do not know.

MR. BROWNE: Including sidings, etc.?

MR. SMALLWOOD: The actual building. That is not the purchase of rail or rolling stock. That is the actual construction. That is a firm price, a contract which is being made now. All these estimates of Doyle's are based on actual prices whereas the Ford Bacon and Davis estimate, which is quite a bit older — I don't remember the date — but it is many months old, is it not? As I recall, the Ford Bacon and Davis was very early in the year. Since then Doyle has moved at a very great speed.

MR. BROWNE: He is a fast worker. He wanted to be very fast. April 22 that was.

MR. SMALLWOOD: Well, an awful lot happened since then. He has been to Germany twice, to Luxembourg, to Austria, the great steel centres of Austria and the steel centres of Italy and France. He spent two months there and came back and went over there again since then. He has been moving back and forth in the United States and in Canada. He is a man who moves. He is only forty years of age, a man of great energy of superb health and a man of vast experience and contacts. He gets things done. He just flies in a private plane and goes night and day.

MR. BROWNE: He does not go across in a private plane?

MR. SMALLWOOD: That is true. He uses the bigger planes. They are safer. But he is a man of great speed and great action. And since Ford Bacon and Davis' report he has gathered an immense amount of information which is not merely estimated but largely actual offers. We will sell you this article for this price, we will build you this railway for this amount. So that his estimate of thirty-three million odd is based on something more than just estimates. It is based largely on actual offers an actual tender.

MR. BROWNE: When did the Government agree to give the guarantee?

MR. SMALLWOOD: The night I announced it.

MR. BROWNE: How it is that it says here, this estimate July 1955, Newfoundland Government guarantee? July 1955, a Newfoundland Government guarantee of sixteen and a half million dollars.

MR. HIGGINS: The announcement was made about the 11th of August,

MR. BROWNE: Mr. Chairman, could the honourable member explain that discrepancy?

MR. SMALLWOOD: It is evidently an anticipation by Doyle that he was going to get the guarantee.

MR. BROWNE: Were you considering it then?

MR. SMALLWOOD: No. I was personally. I kept Doyle here two solid weeks with his private plane. I disappeared from town and when he had to see me he had to come all around Conception Bay to see me. I made him do that because I was taking my time. I had the responsibility of recommending it to the Cabinet. And before that I had to be absolutely certain and sold on it in my own mind. I was not at first.

MR. BROWNE: Was that in July?

MR. SMALLWOOD: I don't know. I don't even know what month I am in right now. That was the night of the day the decision was made in Cabinet. It was weeks and weeks and weeks before that Doyle had been asking and I had been resisting.

MR. BROWNE: He anticipated?

MR. SMALLWOOD: He must have. He had great faith in his own powers of persuasion or his own destiny maybe. Maybe he thinks he is destined to be a great railway and mining man. I believe he is myself. What my honourable friend just quoted from, is not that a suggested programme?

MR. BROWNE: I quoted from No. 17 here. Source of Funds of Total Investment, Canadian Javelin Limited, July 1955.

MR. SMALLWOOD: Is not that a proposed suggestion of Canadian Javelin? And part of that suggested

programme was that the Government should guarantee the bonds. But as of that date there was no guarantee. There was no decision to guarantee, and not even consideration in Cabinet as to whether it should be guaranteed or not. It was merely a proposal by Javelin.

MR. BROWNE: I don't think there is any date on this document here. This is the "White Book." But this is July 1955. It is an intelligent anticipation of the Government's decision.

MR. CURTIS: Actually we did not see that document until the day of the Cabinet. It may not be a relevant date at all.

MR. BROWNE: It is a peculiar thing. Further on than that, on the next page it says: Capital Requirements, and says in "June". In June they knew what they wanted. And in July they showed how they were going to get it. Now should there not be some explanation from Mr. Doyle as to why he put that down in July 1955, that he was to get a bond issue guaranteed by the Newfoundland Government?

MR. SMALLWOOD: It was only part of a proposal he himself made, a suggested programme submitted to the Government.

MR. HOLLETT: Go further back than that, to August 1954. August 25, 1954: The President of Javelin told his shareholders in August 1954 that adequate funds are available to the company to enable it to carry through its programme. I did not get up to say that. But I wanted to draw the attention of the House to it. The thing I was thinking of was sub-section 1. By the way, I referred to the port facilities at Seven Islands. I did not get a reply to that. I don't suppose

there is one forthcoming — I don't see how there could be one at present. In other words, if satisfied, arrangements had been worked out to build the necessary port facilities to ship the ore —

MR. SMALLWOOD : We are certainly not guaranteeing a bond issue to build a railway to carry ore that cannot be shipped out. It is certainly based on the assumption they are to satisfy us they can in fact not just stockpile the ore at Seven Islands but ship it by boat.

MR. HOLLETT : Base a sixteen and a half million guarantee on an assumption? That is what was said.

MR. SMALLWOOD : We are agreed to guarantee on an assumption, but we will guarantee on more than an assumption on being satisfied.

MR. HOLLETT : Now getting on to 2 (11). For the purpose of informing the Government as to the performance by Javelin and by Wabush of their undertakings under this clause and any other of their obligations under this Agreement the Government may nominate representatives consisting of such engineers, architects, quantity surveyors, surveyors, accountants, auditors or other professional persons or experts whatsoever to such reasonable number as the Government may think fit and may delegate to them such powers and duties as the Government may from time to time determine and the fees and expenses of every such Government nominee shall be paid by the Government."

That made me ask the question about port facilities. Has the Government yet appointed or selected any people to fill these jobs which will be necessary?

MR. SMALLWOOD : On this paragraph, Mr. Chairman, I have two things to say. One is that nobody has as yet been appointed, and the other is that we have been insisting in our negotiations with Mr. Doyle that the cost, the fees and expenses of every such Government nominee shall be paid by the company. He has been resisting that. But he has finally agreed that it should be paid by the company. Now the honourable Leader of the Opposition may not like that. He would perhaps rather have them paid by the Government. We think they should be paid by the company. They will be paid by the Government, of course, but the Government will then bill the company and be reimbursed by it. The men in question will be sought out, retained, employed, directed by the Government. The Government will receive the reports of these men, and the Government will pay these men. Then the Government will bill Javelin for the amount to be reimbursed.

MR. HIGGINS : That being so, why is it that got to be written in Section 2 (11).

MR. SMALLWOOD : We are going to amend now, or ask the committee to amend.

MR. HOLLETT : Now, Mr. Chairman, I feel strongly on that, that this Wabush Lake Railway here (now I am speaking in favour of Mr. Doyle and his company) are likely to be jammed up with Government appointees in various jobs in that company. Political interference in any business of that kind is fatal.

MR. SMALLWOOD : It is a happy thought. I have not thought of it.

MR. HOLLETT : So happy that I can quote instances where the Gov-

ernment has appointed nominees to various new industries already, and God forgive them, if they do not do as instructed to do by the Government. Now I don't want this sort of thing to happen in this highly technical question of mining. I don't agree with it at all. I know I can't do anything about it at all. But I voice the opinion it is not right, not correct, not ethical. Any company submits to do that sort of thing—What do they call them? Engineers, architects, quantity surveyors, surveyors, accountants, auditors or professional persons or experts." They got lots of experts on the Government side, "In such reasonable number as the Government may think, and may delegate to them such powers and duties as the Government may from time to time determine and the fees and expenses of every such Government nominee shall be paid by the Government."

Now I think that is right. If they want to send in experts and that sort of thing, the Government should pay it. I am wondering—Is this a Government mine or is it Javelin's mine? The Government at its discretion can send in all these various people and say to Javelin, we will send them in and delegate to them such powers—they are to be sent in to do this, that and the other thing. A company which submits to that sort of thing is just silly. I would not do it.

MR. CURTIS: It was done in the case of Bowaters. That is a clause taken from Bowaters.

MR. BROWNE: I have the Bowater's Agreement here, "and their fees and expenses shall be paid by the Company."

MR. SMALLWOOD: I think it should be.

MR. BROWNE: Not by the Government but by the Company.

MR. SMALLWOOD: He is contending the Government should pay and not the Company.

MR. BROWNE: I thought I was supporting the honourable gentleman.

MR. HOLLETT: If you are not finished I will sit down. According to that Agreement the Government can put in twenty men at the Company's expense. It is not right that any Government should be allowed to put so many of these people in a Company. Do you mean to tell me the A.N.D. Company would submit to that sort of thing?

MR. SMALLWOOD: If they were asking us to guarantee their bonds, I think they would submit to it. We have the credit at stake, and we want to put in a check on what happens, and we think they should pay.

MR. HOLLETT: Put in their experts but pay for them. If they pay they are at the mercy of the Company.

MR. SMALLWOOD: I have already said: we pay the men we put in. We employ them and put them in. They answer to us, make their reports to us. We pay them. Then we bill the company and get reimbursed.

MR. HOLLETT: That might work out.

MR. CURTIS: I was going to suggest, Mr. Chairman, "Javelin and Wabush agree to reimburse the Government for such fees and expenses as may be paid under this sub-section." How does that strike the honourable and learned member for St. John's East.

MR. HIGGINS: For the amount paid?

MR. HOLLETT: Mr. Chairman, is there a danger there that you are going to do our honourable friend from Trinity South out of a job. He has done a good job for the Government up there in the Unemployment Insurance Office. I am quite sure of that. I have no objections to putting in the honourable gentleman as a nominee, I only meant it as a joke. I am not casting any reflections on the honourable member. Far be it from me to cast any reflections on any honourable member over there. Now that I am on that point I do think that the Unemployment Insurance Office of Canada, the Federal Government, is a place for officials of the Federal Government. Now I grant you that any of us has a right to go in at any time to consult. But I do not like to see what I looked at the other day. And I say this in fairness to the honourable member for whom I have the greatest regard, it is not fair to him. I do not wish to see any member from the opposite side of the House present at a Federal Office of the Unemployment Insurance with about fifteen or twenty men there with baggage ready to go to Goose Bay or Wabush Lake or what not, and directing the affairs. I don't think it is right. I don't think it is fair to the honourable member and certainly not fair to any people who care to form an Opposition against the Government. That is my opinion of it.

MR. CHAIRMAN: I believe the wording of this amendment was that the following words be added to sub-clause (11) "Javelin and Wabush agree to reimburse the Government for amounts paid under this sub-section." Is this clause as amended carried?

MR. BROWNE: Mr. Chairman, I want to get back to that question of the issue of this announcement by Javelin. I think, I take it, this is a photostatic copy, July 1955, saying they were going to finance the railway by a bond issue guaranteed by the Newfoundland Government. I would like to know at what time it was issued, at what time circulated and by whom and what authority there was for making such?

MR. SMALLWOOD: Could I have the thing?

MR. BROWNE: Page 17.

MR. HOLLETT: Page 11, I think. I have a note. Page 11, Clause 3.

MR. SMALLWOOD: I can give the honourable gentleman the information he requests. When Mr. Doyle came here with his proposal that the Government guarantee the bond issue, he had his proposals set forth in a sort of pamphlet which he presented to me, and of which he had a number of copies to circulate to my colleagues. This is the page. This is how it would be set up. This is how he would start the mine. It was all contingent on our being able to guarantee the bond issue.

MR. BROWNE: Well I am glad to get that. That seems a reasonable explanation, Mr. Chairman.

MR. HOLLETT: In reference to Section 2 (11) again in regard to the nominating of the representatives consisting of engineers, etc. That seems to me to be a very important clause.

MR. SMALLWOOD: It is, very.

MR. BROWNE: I hope the Government sees to it that they get proper men there, and will get the necessary invoices and check over the things and

information which they need, some man probably seconded from the railway and even a man from "CNR" to assist in doing that type of work. That is a very important protection to the bond holders and they will be looking to the Newfoundland Government to see that the thing is done properly. The Newfoundland Government therefore is under an obligation.

MR. SMALLWOOD: Just as it is so important that Canadian Javelin themselves and the Wabush Railway Company should retain the services of so eminent a firm as Ford Bacon & Davis to be their own supervising engineers, acting as their representatives to watch the contractor, so I think it is at least equally important that the Government should be represented to see that the money which comes from the proceeds of the bond issue which we have guaranteed is money spent only on the purpose for which it was guaranteed. So we must be represented by very satisfactory people and not a bunch of party heelers by any means. I don't say there will be a large number of them. Now if we had such a man as John P. Powell, that would be ideal as the kind of man we would like to put down as a representative to keep a sharp eye on everything. But we will find some men. I don't picture an army. But if we want to put an army we have the right here in this clause. But we don't want to put an army.

MR. BROWNE: There is just one other point in connection with this clause. All personnel shall be personnel, as far as possible, from Newfoundland. I want to support my honourable leader here in what he said about the honourable member for Trinity South, who has been engaging people for the Iron Ore Company. I don't

know what sort of job he did, but I have the impression he was more lenient to those members on the other side of the House than on this side of the House in insisting that people get employment. Now I can make exceptions.

MR. BUTTON: I offered your son a job the other day and he turned it down.

MR. BROWNE: In a proposition where Government is guaranteeing bonds, I think anybody who is a member of this House should not be engaged in that capacity. And if it is correct he is already doing that work. I suggest he is disqualifying himself.

MR. BUTTON: I am not engaged for Javelin nor for Wabush Lake.

MR. HOLLETT: I understand, and I say this to the credit of the honourable member, he did get a man away for me the other day in some way or another to Wabush Lake. I took up two men on the suggestion of the honourable member, and he did manage to get one away. I say that is to his credit, and I want to thank him for that. I want to tell him now. I did get a job for the other man here.

MR. SMALLWOOD: Getting jobs for the honourable gentleman's supporters.

MR. HOLLETT: Yes, Concrete Products. Two men came up from Bonavista South, Summerville. They came from Bonavista Bay. That is the area the Premier thinks they are beginning to turn over in their sleep. That might worry you. But I did not mean to raise any issue there at all with the honourable member for Trinity South. Anytime I get any business connection with work, he has

talked to me quite reasonably and has really done what he could.

MR. SMALLWOOD : Mr. Chairman, before you put it—In connection with the remarks of the honourable and learned gentleman, the member for St. John's West, I have myself been intending to have that very point looked into carefully. I would not want the honourable member for Trinity South to do anything unintentionally that would form the basis for his losing his seat in the House. And I am sure that he would not want to do anything such as this himself. Now in the case of the Iron Ore Company of Canada he did a perfectly magnificent job for the people of Newfoundland. When that job commenced there was intense dissatisfaction amongst our Newfoundland men working on the building of that railway, intense dissatisfaction. And there were grounds for that dissatisfaction. They were not getting much of a show when that job started. They did not like the food. They did not like the way the food was cooked. They did not like some of the bosses and the way these bosses treated them or acted towards them or even spoke to them. There was great discontent. The committee may remember the first group that came back with the stories of the way they were treated. And I myself took up the matter and kicked up blazes about it. I took down the phone and called Jules Timmins in Montreal and said I would not stand for it, and if they did not want trouble they had better do something about it. They got aboard a plane and flew down to St. John's to take the matter up with me. I suggested we put a man of our choosing down there as liaison officer to have access to the top men of all and always keep in close touch with Newfoundland men. They said,

if you got such a man give him to us. We will put him on salary. And I recommended the honourable gentleman, the member for Trinity South. And he did a magnificent job. Now I would like to have him do the same job in Wabush Lake Railway. I don't know frankly whether he can constitutionally, properly. I don't know, I will ask my honourable colleague the Attorney General and Mr. Speaker, perhaps. We don't want him on the Javelin or Wabush job, (He has not been on any payroll. What he has done so far has been without pay) if that would endanger his seat in this House. And I am sure he would not want it either. He is not on the payroll now, and won't go on if there is any danger of having to vacate his seat.

MR. HOLLETT : This Act protects him, does it not?

MR. SMALLWOOD : I don't think so, this Act deals with directors.

MR. HOLLETT : Not only directors.

MR. SMALLWOOD : Only directors who are exempted under the Disabilities Act. The acceptance and holding by members of the House of Assembly, or any other person of office, Government directors of Javelin, etc.

MR. HOLLETT : I see what the honourable the Premier wants to find out, whether any member if he were appointed under this sub-clause would have to vacate.

MR. SMALLWOOD : Not sub-clause (11) but any other that would provide for directors.

On motion clause carried.

MR. SMALLWOOD : Mr. Chairman, I move the committee rise, re-

port progress and beg leave to sit again presently.

On motion the committee rose to report progress.

Mr. Speaker returned to the Chair.

On motion report received. On motion committee ordered sit again at a later hour this day.

MR. SMALLWOOD: Mr. Speaker, I propose that we meet again tonight. I was hoping that without any intention of rushing, I was just hoping that we might have finished before six o'clock. We are holding Mr. Doyle here in case the honourable gentlemen opposite or the honourable gentlemen on this side desire information only he can give. We are holding him here at some inconvenience to him. Not that we are to be too much concerned with any inconvenience. But he has a railway to build and a mine to open. That is very important. And he is hoping to get away tomorrow. So as we don't intend to meet after today until Monday, I would like to meet tonight. I hope I am not going to inconvenience any of my honourable friends. Perhaps they can alternate, stagger, if they have appointments. One could be here until the other comes back or something of that nature. I don't mean any honourable gentleman who wants to see the wrestling match.

MR. SPEAKER: It being now six o'clock I do leave the Chair until eight of the clock tonight.

NIGHT SESSION

FRIDAY, September 23, 1955

The House resumed at 8:00 of the clock.

MR. SPEAKER: I must say, I do wish in the next parliament the House will give the Speaker power over members who do not attend the sessions of the House on time.

MR. SMALLWOOD: Including the Leader of the Opposition, who was ten minutes late.

MR. HOLLETT: How about the Premier?

MR. SMALLWOOD: The Premier was here right on the tick.

MR. SPEAKER: Committee of the Whole on Sundry Bills. Leave was given earlier that this Committee sit again today. I do now leave the Chair.

Mr. Courage Chairman of Committee of the Whole:

MR. SMALLWOOD: Mr. Chairman, I am sure that the Committee will be interested in knowing that the Wabush Lake Railway Company has obtained the services, as chief engineer for the building of the railway, of Mr. Dunstan. Mr. Dunstan was the chief location engineer of the CNR. And furthermore that they have obtained the consulting services of Mr. McNeil, who is now the chief engineer of the CNR. Mr. McNeil is checking all the work of the railway. In other words, the resident, full-time chief railway engineer of the new railway company is J. R. Dunstan who was the chief location engineer of CNR and is now retired.

MR. HOLLETT: How old is he?

MR. SMALLWOOD: I don't know. I will find out. Mr. McNeil who is still and is now the chief engineer (not the chief location engineer) of CNR has been retained and is permitted by the CNR to be retained by Wabush Lake Railway Company as consultant

in this work. I will find out the age, or if not, the approximate age of Mr. Dunstan.

MR. HOLLETT: Is that McNeil the same chap as at NALGO?

MR. CURTIS: No. He is dead. I think it was McNeil who died in June. No. He is still alive. It was Young who died.

MR. BROWNE: No relation of the man on the Fisheries Authority?

MR. SMALLWOOD: No. Dunstan. This is Dunstan.

On motion clause 3 read.

MR. CURTIS: Before we go any further. I think, in order to enable them to raise this in American funds if they want to, we might insert after sixteen million — "in Canadian or U.S. or American currency as the Government shall determine." The Government retains the right.

MR. HOLLETT: May I ask, why has the Government to determine.

MR. CURTIS: Because we are guaranteeing it.

MR. HOLLETT: It does not make any difference about the guarantee.

MR. CURTIS: There are considerations. That is a restriction we would like to have. I am not fussy. I think we could leave it out. But I think we ought to leave that.

MR. HOLLETT: I feel that the Government should keep as far away as possible. I am quite sure the Government has to have certain guarantees, be able to put in directors and that sort of thing. I think apart from that the Government ought to take their hands completely off. The next thing the Government will own the whole works.

MR. SMALLWOOD: Whether the bonds are sold by Canadian or U.S. funds may well determine what would be the interest rate, which in case of default we would have to pay. So therefore we ought to have the determination of the currency in which the issue is sold. That is obvious, is it not?

MR. HOLLETT: I had not thought the Honourable the Premier had given any consideration whatsoever to the situation in case of default.

MR. SMALLWOOD: I have given a lot of thought to it.

MR. HOLLETT: Although not enough.

MR. BROWNE: The shares may be issued through a security house in the U.S. or in Canada. It does not mean in Canada they may pay Canadian or U.S. funds.

MR. CURTIS: That is the reason the reservation is made for the Government.

MR. HOLLETT: It looks like that company is to be Government pap-fed right along, and has to come back to the Government.

MR. SMALLWOOD: If the honourable gentleman were going to back a note for me, surely it is his right to lay down the conditions under which he would do it. If the people of Newfoundland are to guarantee a bond issue to this railway company, surely it is the right of the people to determine the conditions under which the guarantee is given, and it is the duty of the Government, of this legislature, acting in behalf of the people, to get the best possible protection for the people. So we say that while the House gives authority to guarantee a bond issue to be raised in the United States or in Canadian dollars, that

must be at the discretion not of the company but of the Government.

MR. HOLLETT: I know what it means all right. If I were going to guarantee a loan for the Honourable the Premier I would not tell him how to raise mink, if you like, or look after a farm nor do anything of that kind. I would expect him to know more about that than I would. I should think John Doyle and Javelin will at least have people employed who know a lot more about these things than either the Honourable the Premier or myself.

MR. SMALLWOOD: He will have the right to come and convince us, you know.

MR. HOLLETT: That is easy.

MR. SMALLWOOD: He did not find it too easy.

MR. HOLLETT: Before this is carried, I would like to make the remark, the opinion seems to be forcing itself upon me, this looks more like a Government loan than anything I have seen for a long time. I think it is more of a Government loan than a loan by the Wabush Railway. The Government have to decide even the rate, interest, the terms, conditions and provisions of redemption — such terms and such prices as the Government may approve.

MR. SMALLWOOD: Who should determine it if not the Government?

MR. HOLLETT: The Government if it is getting the loan. It is not the Government getting the loan. It is their responsibility to pay back whatever is the interest rate.

MR. SMALLWOOD: We are making the loan possible, and committing the people of Newfoundland to it.

Surely we can lay down the conditions. If we don't who will?

MR. HOLLETT: It looks like you are going out to borrow the money, and pay it over.

MR. SMALLWOOD: Will you let the borrower lay down the conditions. If we don't let them and we don't who will lay down the conditions?

MR. HOLLETT: I hope you laid down your conditions in all the loans and guarantees you made.

On motion clause 3 carried.

Clause 4: Sub-section 1, 2, 3:

MR. CURTIS: 4-1-3: They or either of them as the case may be.

MR. BROWNE: What does that mean?

MR. CURTIS: Well, which ever one becomes liable. I don't know if it is important, but my department recommends it.

MR. HOLLETT: Mr. Chairman, may I interrupt. It seems as if we have not another four hours to live. I cannot follow. The Clerk is going like a streak. Is there such a rush? I wonder if the Chair would order it be read a little more slowly.

MR. CHAIRMAN: Order. Speaking of ordering by the Chair, I may say, our Clerk is the slowest reader of any reader I have heard in any Legislature.

MR. HOLLETT: Have you ever been in another one?

MR. CHAIRMAN: Certainly, otherwise I would not refer to another one.

MR. HOLLETT: Then if the Clerk is reading more slowly than you have ever heard, Sir, and he has been here ever since the House has been opened.

I would like to know what Clerk is being referred to. I am not casting any reflections.

MR. SMALLWOOD: It is the only House in Canada where they are read aloud anyway.

MR. CHAIRMAN: Order.

MR. HOLLETT: Every time it is read as fast as that I am going to interrupt.

MR. CURTIS: Before this clause is put, Mr. Chairman, I wonder if you would strike out one million five hundred thousand and put in two million dollars. There is a special reserve fund (page 14, Clause 4 (2). Everywhere there is a million and a half put in two million.

MR. HOLLETT: May I ask, Mr. Chairman, if that is a common practice to compel the company to establish a reserve before they are allowed to pay interest to the shareholders.

MR. CURTIS: Yes, before they pay dividends they should have a reserve. And the Government insists they have enough to pay two years interest.

MR. BROWNE: Has the trust deed been drafted?

MR. CURTIS: (shakes his head).

MR. BROWNE: You have not touched that yet. I notice in 4 (1) (b) that Javelin will guarantee the repayment of the loan both as to the principal and interests, and will give specific first mortgage on all land, rights, concessions and fixed assets of Javelin in the Province of Newfoundland and a floating charge on all other of the undertakings assets and other property whatsoever of Javelin in the Province of Newfoundland. I take it that applies to other than concession, the land and rights, and as security.

MR. CURTIS: They are looked after by (c) which looks after the Trustee. You see we will have a mortgage on their equity on these assets. But under sub-section (c) the Trustee will be able to consent to conditional sale.

MR. HOLLETT: Under sub-clause 14: Javelin will keep the Government indemnified against any loss incurred by the Government on account of the Government guarantee. How do they do that?

MR. CURTIS: By mortgage.

MR. BROWNE: I would like to ask some explanation of paragraph 9.

"With the prior approval in writing of the Government Wabush may advance to Javelin any part of the proceeds of the bonds or debentures referred to in paragraph (6) of the same clause not exceeding nine million dollars for use by Javelin only in providing plant and equipment for the iron mine and subject to the conditions:" I understand the contract for building the railway is four million five hundred thousand dollars, or something like that. Less than three million to purchase the rails and all the equipment for the railway, deposits on cars and things like that. Is that estimation sufficient?

MR. CURTIS: Well it is an estimate not exceeding nine. But it just means they can lend money to Javelin, but only when they have satisfied the government as to what the money is to be used for. And one of the things obviously to be satisfied on is that they have sufficient on hand to do what they covenant to do.

MR. HOLLETT: Under Clause 16, neither Javelin nor Wabush has issued any mortgage, debenture, stock bonds

or other security or created any mortgages or charges that will be subsisting when the government is required to give the government guarantee. The guarantee will come first? Is it not a fact that satisfactory security will have to be given to the German firm who supply machinery?

MR. CURTIS: That will be given subsequent to the guarantee.

MR. HOLLETT: The guarantee is the first step, then this other arrangement which will be made with the suppliers of the plant and equipment and trustee authorized to protect them.

MR. BROWNE: On page 13?

MR. CURTIS: You are jumping back now. Yes (b) "Javelin will guarantee the repayment of the loan both as to principal and interest and to secure the said guarantee will give a specific first mortgage upon all of the lands, rights, concessions and fixed assets of Javelin in the Province of Newfoundland and a floating charge on all other of the undertakings, assets and other property whatsoever of Javelin in the Province of Newfoundland.

MR. BROWNE: Does (b) come under (1) too as part of the trustee?

MR. CURTIS: It will be a joint trustee.

MR. BROWNE: I am not sure that my honourable friend is right there because in sub-paragraph 13 the only reference to Wabush is observing and performing all of the terms and conditions of any Trust Deed made under the government guarantee and Wabush will not commit or suffer to be committed any breach thereof, or without the written approval of the government assent to any modification thereof, and in particular Wabush will duly and punctually pay all principal

moneys, interest, sinking fund payment and other moneys, if any, payable in respect of the loan.

MR. CURTIS: And in such trust deed Javelin will guarantee the repayment as to both principal and interest. Page 13 Sub-section (1) and in (a) Wabush will do certain things and Javelin will guarantee repayment under (b). Sub-section 13: Wabush will duly observe and perform all of the terms and conditions of any Trust Deed made under this Agreement, etc. It does not say Javelin.

MR. CHAIRMAN: Shall this clause as amended carry?

MR. BROWNE: Mr. Chairman, I would just draw attention to one section I don't understand: Section (18) (b) "No distribution to shareholders of the capital assets and no sale of the whole or the major portion of the undertaking of Javelin or of Wabush will be made in any case without the consent in writing of the government." What does this mean?

MR. CURTIS: The idea is, Mr. Chairman, Javelin of course has assets outside of Newfoundland. They have foundries and other things. We don't think it is any of our business if they should want to dispose of them. That is the reason we refer to them in this fashion. Obviously they won't be able to sell any assets in Newfoundland. They will be mortgaged.

MR. HOLLETT: Wabush has no other assets?

MR. CURTIS: Wabush won't have any others, Javelin will.

MR. HOLLETT: That does not seem to be a satisfactory explanation.

MR. BROWNE: Is that sufficient there in that way? "No distribution to

shareholders of the capital assets and no sale of the whole or the major portion of the undertaking of Javelin or of Wabush will be made in any case without the consent in writing of the government." Why would they want to distribute the capital assets amongst the shareholders or why want to sell the whole or the major portion of the undertaking? They can't do that while the government is under liability. They could sell the minor portion, 49%.

MR. CURTIS : We would not call that a minor portion. I would say, if they had a small subsidiary—Suppose for instance Javelin wanted to sell its foundry, they would have a right to do it. I don't see any objection.

MR. HOLLETT : I must repeat, Sir, I think this company is going to be hamstrung with government regulations. Go back to sub-section (7) — They can't take five cents out of their account without government consent nor do anything else without government consent. And there has to be a government representative there to see what is to be done. I think the government salaries are going to eat up all the earnings of Javelin. If you are going to give people a guarantee you should give them a little trust, I should say.

Sub-clause 19 read by Clerk :

(19) During the currency of this Agreement Javelin and Wabush shall each keep full and proper accounts which shall be audited at least annually by an auditor approved by the Government, and Javelin and Wabush shall each before the expiration of five months after the close of every financial year submit to the Government.

- (a) a balance sheet made up to the end of such financial year;
- (b) a general statement of profit and loss for such financial year;
- (c) a statement of surplus showing separate accounts for capital surplus, paid-in surplus and earned surplus respectively and the changes that will have been made or occurred for any reason in such accounts respectively in or in respect of such financial year;
- (d) the report of the auditors; and
- (e) such further information respecting the financial position of the Company concerned as the Government requests,

and will submit to the Government from time to time such additional reports as the Government requests in writing relating to the matters specified in such requests.

MR. HOLLETT : Mr. Chairman, I am trying to follow the Clerk. I cannot follow him sensibly, of course. This clerk seems to be able to read much faster than the other. I would point out that there are only two of us here tonight. That is not the government's fault, of course. I suppose it is not anyway. But we would like to have a little time.

MR. SMALLWOOD : You could think up some way to blame us.

MR. HOLLETT : We know who to blame.

MR. CHAIRMAN : Order. No personalities. I will try to put the clerk in second gear.

MR. HOLLETT : Very low gear, I recommend.

Clause 4 carried. Clause 5 read.

MR. HOLLETT: Is the Government making any covenant?

MR. CURTIS: Guaranteeing the loan.

MR. HOLLETT: For, and in consideration of the covenants of the Government set forth in this agreement, Javelin and Wabush hereby further jointly and severally declare and warrant to and in favour of and covenant and agree with the Government." Now that, I take it, refers to financing already done or does it refer to the future financing?

MR. BROWNE: Both.

MR. HOLLETT: Would you say, Mr. Attorney General?

MR. CURTIS: I am sorry! I did not hear the question.

MR. HOLLETT: I would say the Attorney General, if piloting the bill through, ought to give some attention to questions asked instead of gossiping with his next-door neighbour, so to speak. I asked in this loan, page 21, is that what is referred to in this yellow book, already accomplished or does it refer to future financing?

MR. CURTIS: It just seems they will have to satisfy the Government that with what they have and with what they can get and what they will get from us they will be able to finance the proposition in its entirety.

MR. HOLLETT: In other words they covenant, you grant a loan of sixteen and a half and they have to go ahead and find the rest.

MR. CURTIS: We don't want half a railway, yes.

MR. BROWNE: Mr. Chairman, may I suggest for the next session that you stop at each paragraph and

give us a chance, because these are very long and involved.

Sub-clause (a) 5 read. Sub-clause (b) 5 read.

MR. BROWNE: Mr. Chairman, I wonder if the Attorney General could tell us the royalty payable to NALCO?

MR. CURTIS: Mr. Chairman, it may interest the Committee to know, under the NALCO Agreement Javelin has to pay ten per cent of its profits to NALCO, and the net profits are defined in a concession agreement, copies of which, I believe, have been given my learned friend. Ten per cent of net profits or 6c. a ton, whichever is the greater. But if ten per cent of the net profits is more, they are to get ten per cent of the net profit. The difference between that amount and 33c. is to be paid annually to the Government. In other words the Government's amount is not definitely determined. It is the difference between the tonnage, the amount that is paid NALCO and 33c. is paid to the Government. So that the company will pay 33c. in any event unless the ten per cent is more. I think that is a fair arrangement. Now I was wondering—there might be a couple of changes — It might be interesting to the Committee to know—We have heard so much talk of Harriman Ripley and their interest. As the honourable members may know, Mr. George McIntosh, Vice-President of Harriman Ripley is on the Board of NALCO. And when we were discussing that Agreement he took the position that it would mean a nice thing if the amount to be paid to NALCO could be a fixed amount, because under the Iron Ore Agreement, as you know, we got five per cent. Last year they shipped a million seven hundred

thousand tons. We got nothing. And I understand until they ship about ten million tons we don't get anything. So I was wondering if it would be wise to split up this 33c. and instead of giving NALCO 6c., I would suggest NALCO might get just a straight 8c. and the Newfoundland Government the other 25c. You may be interested to know, Mr. Chairman, Mr. McIntosh, representing as he does a substantial block of shareholders, preferred his ten per cent to 8c. which would suggest his feelings about the future of the company and the prospects to NALCO. He is a shareholder and therefore a participant of NALCO.

MR. BROWNE: A shareholder in Javelin?

MR. CURTIS: No. At least not that I know. And rather than accept the 8c. difference he preferred to take ten per cent of the net. Now I don't think you can get any stronger evidence of his opinion of the future prospects of this company.

MR. SMALLWOOD: Mr. McIntosh, it might be remembered, was the Vice-President of Harriman Ripley, and as such was the man directly responsible for raising one hundred million dollars and such further financing as necessary for the Iron Ore Railway.

MR. BROWNE: I heard so many people raised that.

MR. CHAIRMAN: The Attorney General has the floor.

MR. CURTIS: I was wondering, Mr. Chairman, on the third line of page 22: "... in respect of such minerals so obtained." I would like to amend that and say: "in respect of the iron ore." Likewise in (a) third line

of sub-section (a): 2240: "all the mineral processed and shipped. Obviously the mineral so obtained might be stockpiled at the mine, so we could have it "all the mineral ore processed and shipped."

MR. HOLLETT: May I ask, why restrict it to iron ore?

MR. CURTIS: Because it is all we know is there.

MR. HOLLETT: In that connection I quote now from the Agreement: The Lessee shall pay to the Lessor on or before the 31st day of March in respect of mineral . . ." mineral, mind you. This is the agreement, the lease under which you are working. "The Lessee shall pay the Lessor on or before the 31st day of March each calendar year in respect of mineral gotten in or from the premises, etc., ten per cent of the income as herein defined. Then go down. It shall in no year be less than 6c. per ton. So that they are getting ten per cent and 6c. per ton.

MR. CURTIS: "Or" not "and."

MR. HOLLETT: In no case shall the net income be less than 6c.—(If anybody wishes to smile or laugh—read it and see if they understand it).

MR. SMALLWOOD: The cat can look at the queen.

MR. HOLLETT: The queen does not have to be on this side. I will read it again, and see if the honourable the Premier will listen.

MR. SMALLWOOD: We have just made an amendment.

MR. HOLLETT: "In respect of minerals." That might be gold, silver, anything. In other words your royalty is ten per cent of the net income, and the net income is not to be

less than 6c. per ton. Suppose, for argument sake, you get a million tons at 6c. a ton, which would be six million cents, and that will give you sixty thousand dollars. That will give you ten per cent and that sixty thousand dollars on a million tons, so on three million tons the royalty is—

MR. CURTIS: It comes to 33c. a ton, which would be one million dollars to us for three million tons.

MR. HOLLETT: Have you a copy there?

MR. CURTIS: No but I know this almost by heart. Consult your honourable friend next to you. You have a lawyer right next to you.

MR. HOLLETT: "Lawyers". If I could not understand that as good as any lawyer in this House I would not be here, including the Attorney General. It is as plain as the nose on anybody's face. The Lessee shall pay to the Lessor on or before the 31st day of March in each calendar year, an amount equal to ten per cent of the net income, and the net income shall in no year be less than 6c. per ton. In other words then, it is ten per cent of six cents per ton is the minimum.

MR. SMALLWOOD: No. There is a floor set on it. It will be ten per cent of the profits. But if the ten per cent of the profit brought in twenty dollars they would still have to pay the minimum of six cents on it. A floor is set. The figure of the income is ten per cent of the profit, but there is a floor set to that. Suppose there were no profits and the floor is six cents per ton.

MR. HOLLETT: I guarantee the Honourable the Premier that is going to be the highest you get, ten per cent of six cents per ton.

MR. SMALLWOOD: No!

MR. HOLLETT: Oh yes! They are going to pay the Government the least amount possible. They are not in it to keep this Government going. The absolute which you will get will be ten per cent of six cents on every ton that is mined, according to that agreement.

MR. SMALLWOOD: The unfortunate thing is there is not anyone in the House agrees with the honourable gentleman. He is unique. He is alone. Of course Lincoln said: "He would rather be right than president."

MR. HOLLETT: Well ask my honourable friend here what he thinks. Here read it! I will get a lawyer on it.

MR. BROWNE: I must say the method of calculation seems to be a little complicated. We have to adjust the two of these things. It provides for ten per cent of the net income, whatever that is. It provides also that the net income shall in no year be less than 6c. per ton. Now I take it that means to say you are going to say they have to have an income of six cents? Or does it mean, provided the income shall be less than six cents? If the income is less than six cents, what happens?

MR. SMALLWOOD: They have to pay six cents.

MR. BROWNE: What my honourable friend asks — Is that ten per cent of the net income — and the net income shall in no year be less than six cents per ton. He seems to be right. Yes! He seems to be right.

MR. CURTIS: He has something. If so, I will have to apologize to my honourable friend.

MR. HOLLETT: I don't want any apologies. At least I know a little mathematics.

MR. CURTIS: My honourable friend deserves at least a little pat on the back. I think it must be a typographical error. It really does not make a difference to what happens because they got to pay 33c. anyway, under the bill. And if NALCO gets ten per cent of 6c. the Government gets that much more. So, I mean, it does not make any difference to the Government. It is a dispute, if any, between NALCO and the Government. Javelin must pay 33c. per ton. If NALCO gets less than I understood it was to get, which was 6c. the only answer is that the Government gets that much more. The company pays 33c. anyway.

MR. HOLLETT: I want to know which is right now, the bill or the lease?

MR. SMALLWOOD: It is the bill we are passing.

MR. HOLLETT: But I read a section here, and I am told I am a fool and must get a lawyer to do it. Now it is a typographical error. It is a lovely way to get out of a mess.

MR. BROWNE: Just a minute, Mr. Chairman. I would like to get it clear too. I understand that they have to pay 33c. a ton.

MR. CURTIS: That is both the minimum and the maximum.

MR. BROWNE: Must they pay that profit or no profit?

MR. CURTIS: Yes. Profit or no profit.

MR. BROWNE: That is an absolute royalty payable to the Government. Suppose the interpretation put on the minimum they pay out was six cents a ton, that is 27c. to the Government?

MR. CURTIS: Yes! The balance.

MR. BROWNE: Is that the ore as mined? Or is it concentrated or beneficiated?

MR. SMALLWOOD: Yes, the ore as mined.

MR. BROWNE: It is going to be a considerable difference.

MR. CURTIS: We could hardly charge it on ore just taken out of the ground. Concentrated ore.

MR. BROWNE: Yes. What ceiling?

MR. SMALLWOOD: Ore shipped.

MR. CURTIS: That is the amendment I put in "Merchantable ore, processed and shipped."

MR. BROWNE: Are you going to ship it in the form of brickettes?

MR. CURTIS: They may change that and decide not to do it.

MR. BROWNE: Then it is paid on the ore shipped.

MR. SMALLWOOD: On the ore shipped.

MR. HOLLETT: Mr. Chairman, do I understand from the Honourable the Attorney General that the Government will get 33c. per ton?

MR. CURTIS: There will be thirty-three cents per ton paid by Javelin. That 33c. will be paid by them, and that will be put on the table, so to speak. Now then NALCO will have its first charge on that money for itself, ten per cent or its six cents, whichever is the greater, then the balance will go to the Government.

MR. BROWNE: Suppose, Mr. Chairman, the ten per cent amounts to 33c.?

MR. CURTIS: We get nothing.

MR. SMALLWOOD: But we get 73% of the ten per cent. We own 73%.

MR. BROWNE: That does not say you get it.

MR. SMALLWOOD: Why not?

MR. BROWNE: You might be developing another mine.

MR. SMALLWOOD: That is what it is there for. Let us hope we develop a half dozen other mines.

MR. HOLLETT: According to the definition of income. Is the Government naive enough to think they are going to get a big lot out of this?

MR. SMALLWOOD: If not — We get absolutely nothing from the Iron Ore Company of Canada because the definition of net income there is a much longer list than this.

MR. HOLLETT: You don't expect to get anything?

MR. SMALLWOOD: Of course we do. That is the reason we have 33c.

MR. HOLLETT: I can assure my honourable friend, in my opinion, when you are referring to the net income and expecting to get that percentage of the net income — in the case of the Iron Ore Company it was a pretty hopeless bargain. There are so many expenses and so many costs that must go into it.

MR. SMALLWOOD: Their costs are all enumerated in the legislation — set out.

MR. HOLLETT: But not added up, so to speak. You don't know what the various costs are to be.

MR. SMALLWOOD: It is a guaranteed minimum of a million dollars. That is the guaranteed minimum.

MR. CURTIS: That is the reason, because of that very clause, that it is significant that Mr. McIntosh who is

supposed to be a very keen financier still would rather take the chance of taking ten per cent of the net profit rather than take the straight ten cents which we offer him.

MR. BROWNE: Sub-clause 3 page 22: Would the Honourable the Attorney General explain why that is put in.

MR. CURTIS: When the company made an offer to the Government and asked for the guarantee they expressed their willingness to guarantee they would pay the Government and to NALCO a total of not less than one million dollars in any year, with the provision that if in any one year they paid, if that million dollars exceeded the amount that is actually due, and in the following year they have to pay according to calculations one million two hundred and fifty thousand, we trust that two hundred and fifty thousand already paid as having been paid for that year. It is a sort of give and take business.

MR. BROWNE: I don't understand that. As I read it, it says "in respect of the calendar year ending the thirty-first day of December, 1958, the sum of

- (a) the amount of royalties to be paid by Javelin to NALCO under the Concession Agreement; and
- (b) the amount to be paid by Javelin to the Government under paragraph (1) of this clause,

shall not be less than one million dollars (\$1,000,000.00) and in respect of each and every succeeding calendar year thereafter while the Government remains under any liability whether absolute or contingent on account of the Government guarantee or while any moneys payable

to the Government by Javelin or Wabush in respect of such guarantee remain unpaid the sum of the amounts referred to in sub-paragraphs (a) and (b) of this paragraph shall not be less than one million dollars (\$1,000,000.00)." Suppose the bonds were paid off in five years, what happens then?

MR. SMALLWOOD: We get the 33c. We don't have the guaranteed minimum of a million dollars. That is all the guaranteed minimum of a million has, as long as the bond. When the bonds are wiped out that guaranteed minimum is wiped out, but the standard payment remains, i.e. 33c per ton.

Sub-clause 4 read:

MR. BROWNE: I could not follow as the Clerk was reading that. Do I understand it to mean, if Javelin should pay a million and don't pay it they must pay it in the next year? The way it is put, I think, is a little confusing. I think it should be: "If in any calendar year the royalty payable to NALCO and the royalty paid, 33c. per ton added together are less than a million dollars they pay that. But if there is a balance left over, say, one hundred thousand dollars, Javelin shall, subject to paragraph 5, within 90 days of the expiration of such calendar year pay to the Government the difference between the amount they have paid and the million dollars, which would be a hundred thousand dollars. I think it should be reversed to make sense. I must say I cannot follow that one.

MR. CURTIS: I will tell you what it means, then see if that is what it says. The position is this: Javelin has to pay a million dollars. That is the minimum. Suppose in the first year their actual liability on the basis

of 33c. is nine hundred thousand. That means they have got to pay the additional one hundred thousand. Now that one hundred thousand is more or less kept in a separate account. If in the next year they are obliged to pay one million one hundred thousand, they pay the million and the one hundred thousand dollars which they paid the year before is credited against the extra amount.

MR. SMALLWOOD: In other words they pay a million a year for two years. Now in one year they paid a hundred thousand more than they should and the next year one hundred thousand less than they should, but it is an average of a million a year.

MR. CURTIS: Yes, but in no event must it be less than a million a year. In other words they can treat any excess payment made as an amount to be used against the million they owe in the following year. I admit it is a bit obtuse in the wording. This clause was worked out by the representatives of my department and representatives of Javelin. Unless we concede that it does not cover the situation I prefer to let it stay as is, because the lawyer in question is not here to discuss it.

MR. HOLLETT: That means over a period of years we won't get any more than a million on an average?

MR. CURTIS: But if the 33c. comes to more than a million we get more.

MR. SMALLWOOD: But if it does not come to as much we still get the million.

MR. BROWNE: It is very nice to talk about profit. I hope they make it. I hope the ten per cent is greater than the 33c. But suppose it is, what happens then, if the ten per cent is more than 33c.?

MR. SMALLWOOD: We get only the 33c. It is a minimum and maximum.

MR. BROWNE: If it is four cents NALCO will get four cents.

MR. SMALLWOOD: That is right and we will get 78.3% or point something of everything that NALCO gets. Or we get 84.3% of NALCO because that is what we own. 84.3% of everything NALCO owns or will have is ours. We control NALCO.

MR. BROWNE: The whole thing seems to be a little complicated.

MR. CURTIS: I think it is clear enough. We can refer back to it again before third reading if we think it would be better.

MR. HOLLETT: What about this lease? There is a typographical error.

MR. CURTIS: That is actually not signed. It is only a lease attached to the concession. If the wording is not clear we will amend it before the lease is signed. That is only a draft lease attached to the concession. We all know what was meant. And I am glad my honourable friend called attention to it. I will now watch out and make sure it is clarified.

MR. BROWNE: Well if the royalty ten per cent profit was sixteen cents then the company would have to pay to the Government seventeen cents.

MR. CURTIS: Yes.

MR. BROWNE: According as the royalty to NALCO increases the amount to the Government increases, but the amount payable to NALCO, whatever the typographical error is, should be not less than six cents, that is the idea?

MR. CURTIS: That is right. NALCO must get at least six cents.

MR. BROWNE: Then the Government get the other 27c. But the Government never get more than 33c. but NALCO could get 33c.

MR. CURTIS: No. NALCO agreed to a maximum of 33c.

MR. BROWNE: I see, then if ten per cent of the profits equals 33c. NALCO gets it.

MR. CURTIS: And we get nothing.

MR. SMALLWOOD: But the 83.4%.

MR. BROWNE: If ten per cent is 32c. the Government gets 1c.

MR. SMALLWOOD: Directly. That is royalty. That has nothing to do with taxes. We get our mining tax, five per cent anyhow. That is nearly a million a year.

MR. BROWNE: Does that apply to all mines in the country?

MR. CURTIS: Under the Tax Rental Agreement we can change that.

MR. SMALLWOOD: We have our own mining tax, which gives us the right to impose that. Under the tax rental we are not debarred from enforcing our own Act, and we are in fact collecting five per cent. We will get about half a million dollars a year as a Government under that heading, quite apart from this thing, which we have been discussing in the last ten minutes.

MR. HOLLETT: Under the balance sheet from NALCO there is an item of \$893,000 entered as an asset, which appears to be an expenditure by NALCO. And in the Auditor's Report it says: The balance of expenditure aggregating \$893,000 would be received by the Corporation from concessionaries. We are only talking about one tonight.

MR. SMALLWOOD: There are other concessionaires you know.

MR. HOLLETT: Who are they?

MR. SMALLWOOD: At least I might say eight or ten; American Metals, Reynold's Metals I forget them all right now.

MR. HOLLETT: You mean actually operating?

MR. SMALLWOOD: We are operating or have been operating on NALCO Concessions. Sub-concessionaires.

MR. HOLLETT: Have these been tabled in the House?

MR. SMALLWOOD: I am not so sure they are required.

MR. HOLLETT: Blessed Lord! I wonder what it is coming to? NALCO can do anything it likes with twenty-five thousand square miles, and we don't have to hear anything about it here.

MR. SMALLWOOD: Not anything like it. Only what the legislature authorizes them to do. And the legislature does not require they table details of every contract they make. If so, I think they will do it.

MR. HOLLETT: I think it is ridiculous. Here two or three years ago NALCO was going all over the U.S. trying to peddle at various times. They had Valdmanis and this man you speak of trying to peddle blocks of NALCO, all over the U.S. and Canada. It got so bad NALCO got in bad favour with the whole of the financial world. And I think it was because the whole matter was taken out of the hands of the Government altogether and placed in the hands of NALCO and NALCO was placed in the hands of a bunch of foreigners. And they

could do what they like, raise money how they like, and spend it how they liked, according to this. Is there something in the NALCO Act requiring they should lay something on the table of this House occasionally? I wonder if the Honourable the Attorney General or the Premier could tell us that?

MR. CURTIS: I am pretty sure nothing in the Agreement calls for NALCO to table in the House any of the concessions it makes. The larger part of this amount, I think, Mr. Chairman, I am pretty sure, is money that was spent by NALCO. It is on its areas, and they put that in as an asset. In other words, NALCO has deposits near Gander and other deposits they are examining and diamond drilling.

MR. HOLLETT: Which is the assets, the deposits?

MR. SMALLWOOD: The work done.

MR. HOLLETT: They have put down expenditures as assets.

MR. SMALLWOOD: It is just a bookkeeping way of doing it.

MR. HOLLETT: You will remember, Mr. Chairman, I stated here before, that was not NALCO's job at all. NALCO was to bring in people with plenty of finances to develop any resources which they found could be probably marketed. Now we are told that NALCO can do exactly as it pleases anywhere in this twenty-five thousand square miles. And I understand BRINCO can do exactly the same thing. I can't understand the Government doing anything like this. I am quite certain things are going to slap back very seriously on the Government who is responsible for it. This House has absolutely no place in Newfoundland any more. It is just open to take the words of a few men, take

the words yes! I put it that way, that such and such is all right and such and such is going to be all right and pass this and go home again with our stipend. Nothing is properly brought in here. Nothing is discussed at all before it is altogether finalized and everything is done. I would not be a bit surprised but that part of this loan was raised by now. And if that is the way the affairs of this Provinces are going to be handled under Confederation, I am afraid union is not going to bring us all a very, very happy time. I spoke of this before, and feel badly over it, because the original intention of the Premier in setting up NALCO is not being carried out. Whose fault it is on the Government side of the House is not my business at the moment. But I do think the intentions of the Government, and the Premier who said he is the father of NALCO, the intention was all right, in my opinion, it was a good move. NALCO was set up to be a Crown Corporation to endeavour to develop the resources of this Province.

MR. SMALLWOOD: Incidentally, NALCO is still a Crown Corporation.

MR. HOLLETT: But with no responsibility to this House. None whatsoever.

MR. SMALLWOOD: It has the responsibility that the Act gives it.

MR. HOLLETT: Did ever anybody hear of a Crown Corporation not responsible to parliament?

MR. SMALLWOOD: It is responsible to parliament, in exactly the degree to which the legislation exempts and make it responsible.

MR. HOLLETT: Does not the legislation demand that concessions that are granted be tabled here in this House?

MR. SMALLWOOD: No. Look at the Act. The Act says nothing about it.

MR. CURTIS: Here it is.

MR. HOLLETT: I don't want the Act over here now.

MR. CURTIS: You don't want any lawyer. You don't want the Act.

MR. HOLLETT: God help the Act!

MR. CURTIS: The House passed it.

MR. HOLLETT: I can't find that out tonight.

MR. CURTIS: I can find it out for you.

MR. HOLLETT: Can you? That is fine.

MR. CURTIS: Here it is. Page 32 of the Act. Originally, you see, when NALCO was 90% owned it was compelled as you see by page 32 of this copy here: "The Minister shall present the balance sheets to the House of Assembly within fifteen days if the House of Assembly is in session, if not fifteen days after it is. But that section was stricken out when NALCO was denationalized two or three years ago.

MR. HOLLETT: "De" what? Nationalized?

MR. CURTIS: Yes, two or three years ago, and that section was stricken out.

MR. BROWNE: Is it nationalized again now?

MR. HOLLETT: Or is it a private company now?

MR. SMALLWOOD: The honourable gentlemen are a little confused. It never ceased to be a Crown Corporation. It is still a Crown Corpora-

tion. For the purpose of Federal taxation it is not. It does not meet that definition of a Crown Company, which says, "any company whose shares are owned as to not less than ninety per cent by the Government of a province shall not be liable to Federal taxation. If it is 89% Government owned it is subject to Federal taxation. But if it is a corporation owned as to 89% by the Government, if the province controls it, is it not a Crown Company? Of course it is, although it is not a Crown Company within the meaning of the Federal Taxation Legislation. That is all.

MR. HOLLETT: I submit it is not a Crown Corporation in so far as the Provincial House is concerned if it doesn't have to carry out what was originally intended.

MR. SMALLWOOD: We have tabled these in any case.

MR. HOLLETT: I ask who are the concessionaires who have been granted concessions, and I have been told by the Honourable the Premier they don't have to table that here.

MR. SMALLWOOD: I did not say that. I said I am not sure that we have to.

MR. HOLLETT: All right! Let us get sure! Have we or have we not?

MR. SMALLWOOD: I am not sure.

MR. HOLLETT: Ask the lawyer alongside of you.

MR. CURTIS: I say they have not.

MR. HOLLETT: NALCO has not got to lay any concessions — In other words nobody knows anything about it.

MR. CURTIS: I am pretty sure, although we have not got to file them, there would be no objection.

MR. HOLLETT: We don't even know who they are.

MR. CURTIS: You did not give notice.

MR. HOLLETT: Surely they cannot peddle twenty-five thousand square miles without asking anyone.

MR. CURTIS: They are granted sub-concessions to get development. The big corporations develop themselves.

MR. HOLLETT: Giving out concessions for 99 years.

MR. CURTIS: No. None more than five years.

MR. SMALLWOOD: The only concessions given are sold and exclusive on limited areas and for limited periods of time, to prospect. And these time limited concessions to prospect contained within them provisions for much longer terms of actual development if, and when development begins. But the prospecting concessions are for very short periods of time, and on relatively small areas only.

MR. HOLLETT: How are the people in this House, the representatives of the people to know just what NALCO is doing on that?

MR. SMALLWOOD: We submit an annual report of NALCO in this House. And the annual report has in fact been tabled here each year since NALCO was formed.

MR. BROWNE: Not this year.

MR. SMALLWOOD: Well it is now? The annual report of the officers of the corporation has been tabled here annually, and is published in the press. We released the report there in the annual meeting in February or immediately after that meeting the an-

nual report is released and published in the paper, and published in the House. If the honourable gentlemen opposite don't remember that, it is not my fault.

MR. HOLLETT: I wonder if the Honourable the Premier is not mixing concessions and permits to explore?

MR. CURTIS: That is all that has been given — permits to explore.

MR. HOLLETT: I understood there were other concessions the same as Javelin.

MR. CURTIS: They are just rights to explore, that is all.

MR. SMALLWOOD: And to develop if they find anything.

MR. HOLLETT: Are there any other leases being extended to Canadian Javelin?

MR. CURTIS: And Canadian Javelin has not a lease yet.

MR. HOLLETT: There is one here attached to the signed agreement, and it is referred to in the signed agreement as "Schedule A" and "Schedule B". And there is nothing in the thing which requires that the actual lease should be signed. The concession is signed. The agreement is signed. And in that agreement the various schedules tacked on to it are referred to.

MR. CURTIS: Yes, but not signed.

MR. HOLLETT: Not signed. But there is nothing in the concessions to say they must be signed, although they should be signed.

MR. SMALLWOOD: An unsigned draft of the lease is not very binding is it? In law, if it is not signed and not executed does it mean anything more than merely —

MR. HOLLETT: The concession says it "shall" be done in accordance with "Schedule A" as hereto attached. I don't see any reason why it should be signed.

MR. CURTIS: It is not much good as it is.

MR. HOLLETT: Let us get clear on it. While on the annual report of NALCO, I want an explanation of this: During the year under review the directors provided for issue of purchase of shares in the corporation by officers and employees of the corporation.

MR. CURTIS: This is an incentive bonus for the staff. But it was not implemented.

MR. HOLLETT: Am I to understand none of them have been purchased?

MR. SMALLWOOD: None.

MR. BROWNE: Mr. Chairman, I wonder if the Attorney General could tell us who the auditors were of Javelin?

MR. CURTIS: Peat Marwick Mitchell & Co., the same as for NALCO.

MR. HOLLETT: Are they to be the auditors in this business.

MR. CURTIS: Yes.

MR. HOLLETT: Could you tell us why the Auditor General was not the auditor for NALCO?

MR. SMALLWOOD: I can give you the answer to that: When NALCO was formed in the first instance it was to be what we thought was, and still think was unique, in fact a quite unique combination of private and public enterprise, private and public capital. It was a sort of partnership of

the Government with big finance, big finance being represented in this mainly by the two financial houses of Harriman Ripley and Company of New York and Wood Gundy & Company of Toronto and public interest and public enterprise being represented by the Government and its nine hundred thousand dollars capital subscribed. From the very outset the firms of Harriman Ripley & Co and Wood Gundy & Co. expressed the greatest apprehension over their own decision to join up with a Government in any enterprise, because they had, as they have, the characteristic fear of big business, especially financiers, capitalists, of being linked with a Government and of being considered to be unorthodox because they are linked in a business enterprise with a Government. Harriman Ripley frankly wondered what their associates and friends in the financial business of Wall Street would think of it when they learned they had become business partners, co-shareholders and co-directors with a Government, any Government, even a Canadian Government. Wood Gundy felt the same. So we endeavoured at that time, thinking it was worthwhile, making some concessions to them that were not very fundamental. We made concessions to them in the direction of asking some of the most prominent business men in the industrial field we had in Newfoundland to become directors on the board, such as Mr. H. M. S. Lewin, the vice-president and general manager of Bowaters, and at that time Mr. Eric Bowring, Director of Bowring Brothers whose name is famous on both sides of the Atlantic, at least in business circles, and Mr. C. A. Pippy who is known to be an extremely able and successful business man. In addition to inviting these business men on the

Board of NALCO we appointed a very well known firm of auditors, extremely well known to men on both sides of the American and Canadian border, because Peat Marwick & Mitchell are known clear across Canada and clear across the United States, and are one of the best known auditing firms in North America and perhaps in Europe today. It is a world-wide firm. So that, rather than have the Auditor General, a Government and parliamentary official, become the auditors of this Corporation, which was not a Committee, not a Royal Commission but a company, a corporation, the Newfoundland and Labrador Corporation, Limited; a limited liability company, we had instead a private firm of auditors to be the auditors of the corporation just as we had a private bank, the Royal Bank of Canada, I believe it was, to be the company's banker. In other words, being ninety per cent at that time, a Government corporation we tried to make NALCO look as like an orthodox business firm as we could do, without at that time sacrificing the peculiar character that NALCO was intended to have. Now that is why the auditor general was not appointed.

MR. HOLLETT: I know from this report of Peat, Marwick, Mitchell & Co. that there is a possibility that NALCO may undertake mining and other operations, is that right? Is there anything in the Act to provide they may enter into a mining venture themselves.

MR. SMALLWOOD: There is. But if there is not they won't do it. They will do only what the Act permits them to do.

MR. HOLLETT: That is not very satisfactory.

MR. SMALLWOOD: Yes, there is in the Act ample authority to operate mines.

MR. HOLLETT: Then why not go ahead with Lake Wabush?

MR. SMALLWOOD: Then we would hear the objections, if we came to the House asking authority for the Government to set up in the mining business.

MR. HOLLETT: That is what you are doing.

MR. BROWNE: Mr. Chairman, may I refer, I can't find the section but it has stuck in my mind, that the company only has to give its report of its operations five months afterwards. Why such a long period.

MR. HOLLETT: That date, Mr. Chairman, was worked out. In the first instance a lot of the operations will be taking place in Labrador and the auditors have to go down there and prepare the statement, and we worked it out month by month just how soon it should be, and it was ultimately felt that five months would be the most practical, or the earliest practical date on which we could demand the reports.

MR. BROWNE: There is another observation I wanted to make—I cannot find that section.

MR. SMALLWOOD: While looking that up, Mr. Chairman, it was asked earlier in the night here if the firm of Harriman Ripley were about to be merged with another company, and I answered that I understood that they were. Then it was asked if I knew what company it was. It is Blith & Co., I understand. And they are to become the bankers to the Iron Ore Company of Canada in place of Harriman Ripley.

MR. BROWNE: They are all interlocked. On sub-section 19—Page 20: "During the currency of this Agreement Javelin and Wabush shall each keep proper accounts which shall be audited at least annually by an auditor approved by the Government, and Javelin and Wabush shall each before the expiration of five months after the close of every financial year."

Now if the financial year ends the 31st day of December, then that is three months after navigation closes or two months after navigation closes. I am not so sure now just exactly when it closes, but it must close pretty near the first of November. I understand it is snowing in Labrador now. I am just wondering if the company would be able to start the railway this fall.

MR. SMALLWOOD: They are at it down there now.

MR. BROWNE: How much time do they expect to be able to spend there from now on?

HON. F. W. ROWE (Minister of Mines & Resources): Mr. Chairman, the Iron Ore Company of Canada built a good part of its railway during the winter, actually finished it in February.

MR. BROWNE: I am glad to hear that. But navigation will be closed certainly sometime in December as a rule in the St. Lawrence, and operations will cease at that time. Five months afterwards they will be starting up again for a new year. Surely in that intervening time there would be enough months to get the balance sheets. Could there be a shorter time than that? Quarterly would seem to be a reasonable time, three months. That would bring it to the end of March.

MR. CURTIS: That information is largely required for tax purposes and for the purpose of this 33c. assessment. That is the whole object of it.

MR. BROWNE: It means, you see, the House of Assembly will be a year late also.

MR. CURTIS: Unfortunately, yes.

MR. BROWNE: Could you make that three months?

MR. HOLLETT: While waiting on that, could the honourable the Attorney General tell me about this \$320,000 made on behalf of Canadian Javelin, recoverable? It was not paid at the end of December 1954. I understood there was some disagreement.

MR. SMALLWOOD: That is all settled. It is paid. There is nothing owed. As to five months: The Javelin financial year ends the end of December, and they are a common-share company and have to file their report with the Government of Canada in April. They have been doing that. They need three, four or five months, I am informed, and that mining companies quite commonly feel they need six and seven months after the year ends. In the case of Javelin they have properties other than those at Wabush Lake and it is necessary for them in filing their annual returns to have the returns from all their various industries consolidated. They file, I suppose what is a consolidated report, which should take some months to do. That is what they have been doing for years.

MR. BROWNE: We are not interested in what they are doing in Chile, are we?

MR. SMALLWOOD: It is part of their balance sheet. It is one company.

MR. BROWNE: It has nothing to do with information given here. "Javelin and Wabush shall each keep full and proper accounts which shall be audited at least annually by an auditor approved by the Government, and Javelin and Wabush shall each before the expiration of five months after the close of each financial year." That is for its amount in Labrador.

MR. CURTIS: It does not say that.

MR. BROWNE: That is what it means surely.

MR. CURTIS: A full statement of all their affairs everywhere.

MR. SMALLWOOD: A consolidated balance sheet.

MR. J. HIGGINS: Wabush Lake Company only has Labrador.

MR. CURTIS: Yes, but Javelin would have a consolidated balance sheet.

MR. BROWNE: Wabush would have to give a balance sheet to the Federal Government. If they have to file them in April that is only a little over three months afterwards. The 31st of March would be three months. What I am thinking about is that if it is not until after five months, the 31st day of May, then this House is usually closed by that time, so that the House of Assembly knows nothing about it until the following year. Could there be a way found to make it a little earlier?

MR. SMALLWOOD: Maybe if we changed it and made it four months. Make it by the end of April.

MR. CHAIRMAN: Is it the wish of the Committee to revert to this clause? Perhaps we could pass the other clause first, and then revert to this one.

On motion clause 5 carried.

On motion the Committee then reverted to clause 4, sub-clause 19, page 20.

MR. CURTIS: I don't think it is wise, Mr. Chairman, to reconsider, I honestly don't think the company can do it in four months. And I think it is silly to put in a thing which is impossible. I understand the Federal Government allows six months, and if you tie it up to less than five months you may be doing something that is not possible.

MR. SMALLWOOD: They may not be able to get the auditors.

MR. CURTIS: You cannot get auditors when you like these days. I might say, as far as we are concerned, while we are the Government, we will try to get it in time to table. But to tie it down to less than five months, I think, is foolish. And I suggest we don't reconsider the clause.

DR. ROWE: I notice in the Crown Lands, Mines and Quarries Act, for ordinary mining licenses their report is to be made on the 15th of February. But our experience has been that very seldom that has been done. Actually what happens is that sometime in January we usually get a formal request from the corporation concerned asking if the Lieutenant-Governor in Council could grant an extension. The reason given always was valid, either the auditors or an Act of God. And in many cases that extension has to be granted. I may say actually in Labrador our experience has been that it always takes a much longer time. There are always a lot of factors that cannot be anticipated.

MR. SMALLWOOD: The honourable gentleman does not insist?

MR. BROWNE: No. I would just like to say, Mr. Chairman, in that matter I hope this turns out satisfactorily. If it does it will be something for the Premier to talk about. He can't talk very much about any of the other industries he was associated with. I hope this is one which will prove an exception.

On motion schedule carried.

On motion Bill passed with some amendment.

Committee of the Whole on Bill, An Act to Amend the Labrador Railway Act, 1948:

Clause 1 on motion carried.

Clause 2 read:

MR. BROWNE: I cannot remember what the distinction was between that and the original clause.

On motion clause 2 carried.

Motion, that the committee report having passed the Bill without amendment carried:

Committee of the Whole on Bill, "An Act Further to Amend the Act No. 41 of 1938 entitled "An Act for the Confirmation of an Agreement Between the Government and Labrador Mining and Exploration Company, Limited."

Clause 1 read:

MR. BROWNE: How many companies have a right to build a railway down in Labrador?

MR. SMALLWOOD: Two.

MR. CURTIS: The Iron Ore Railway and this.

MR. BROWNE: Who is the Labrador Railway?

MR. SMALLWOOD: They are the Labrador Mining and Exploration Company.

MR. CURTIS: They have the right to build a railway besides the Iron Ore Railway. They are the Labrador Railway Company. They have the right. Then under this Act the Labrador Mining and Exploration Company have the right to build their own railway.

MR. BROWNE: They have now.

MR. CURTIS: They have now.

MR. SMALLWOOD: That one was passed in Quebec about the same time the Commission of Government passed this. And it was passed in the House of Commons afterwards. All three passed it, Newfoundland, Quebec and Ottawa.

MR. CURTIS: Yes, the Quebec North Shore and Labrador Railway.

MR. SMALLWOOD: I have never heard of the Labrador Railway Company before. It is only our old friend.

On motion clause carried.

Motion that the Committee report having passed the Bill without amendment carried.

Committee of the Whole on Bill, "An Act Further to Amend the House of Assembly Act."

Clauses 1 and 2 on motion carried.

Motion that the Committee report having passed the Bill without amendment carried.

On motion the Committee rose to report having passed the Bill without amendment carried.

On motion the Committee rose to report having passed these Bills:

Mr. Speaker returned to the Chair.

MR. COURAGE: Mr. Speaker, the Committee of the Whole have passed the Bill "An Act to Authorize the Lieutenant-Governor in Council to Guarantee a Loan to be Raised by Wabush Lake Railway Company Limited and to Enter into An Agreement with that Company and Canadian Javelin Limited Relating to the Guarantee," with some amendments.

On motion report received and adopted.

On motion Bill ordered read a third time on tomorrow:

MR. COURAGE: Mr. Speaker, the Committee of the Whole has considered the matter to it referred, and passed the following Bills without amendment:

"An Act Further to Amend the House of Assembly Act";

"An Act To Amend the Labrador Railway Act, 1948";

"An Act To Amend the Wabush Lake Railway Act, 1955";

"An Act Further to Amend the Act No. 41 of 1938, entitled "An Act For the Confirmation of an Agreement Between the Government and Labrador Mining and Exploration Company, Limited."

On motion report received and adopted. On motion Bills ordered read a third time on tomorrow:

Second Reading of Bill, "An Act Further to Amend the Women's Patriotic Trust Fund, 1920:

On motion Bill read a second time.

MR. CURTIS: With the unanimous consent of the House, I now move that the House now go into Committee of the Whole on this Bill.

On motion Mr. Speaker left the Chair.

Mr. Courage Chairman of Committee of the Whole.

Motion, that the Committee report having passed the Bill without amendment, carried.

Mr. Speaker returned to the Chair.

MR. COURAGE: Mr. Speaker, the Committee of the Whole has considered the matter to it referred and passed the Bill, "An Act Further to Amend the Women's Patriotic Trust Fund, 1920," without amendment.

On motion report received and adopted.

Motion that the Bill be read a third time tomorrow, carried.

MR. SMALLWOOD: Mr. Speaker, I move that the House do now adjourn until Monday, Sept. 26, at 3:00 of the clock.

We have, I believe, except for third readings completed the legislation that has come before us in this session, leaving before us now only the task of debating the address in reply and third readings. I hope that my honourable friends will be ready to begin the debate on Monday when we meet at 3:00 o'clock.

MR. BROWNE: We have been ready for a week.

MR. SMALLWOOD: Well, my honourable friend will be bursting on Monday, and we should all be treated to fine oratory from my honourable friends opposite, and I am looking forward to it.

MR. HOLLETT: In that connection, Mr. Speaker, may I ask if we are to get a typewritten copy of the Speech from the Throne. I have not seen it yet. We did not get any copy.

MR. SMALLWOOD: There are none on this side either.

MR. HOLLETT: Perhaps there was no Speech from the Throne. We hope to have them by Monday, Mr. Speaker.

MR. SMALLWOOD: Of course it was published in the newspapers.

MR. HOLLETT: The press and radio got them. You know, the stupid people referred to the other day. But the stupid Opposition did not get them at all. I don't know about the members of the Government! They are in quite a different category, I suppose.

MR. SPEAKER: I may say, rather than have a debate: No honourable member has a right to a copy, only the Speaker. However honourable members will be provided with copies from the Clerk's office.

On motion the House then adjourned until tomorrow, Monday, Sept. 26th, at 3:00 of the clock.

MONDAY, September 26, 1955

The House met at three of the clock in the afternoon, pursuant to adjournment.

HON. J. R. SMALLWOOD (Prime Minister): Mr. Speaker, the House is aware, of course, that there occurred recently a very severe hurricane, which was felt in Newfoundland and Labrador, and did some damage. Some telegrams have come in. The first one I

have seen from Labrador is to my honourable colleague, the member for that district — from Battle Harbour, saying there was extensive damage by the hurricane at Cape Charles, with an estimated damage of seven thousand dollars, two motor boats lost and other damage; one store and wharf swept away completely, with fishing gear, two hundred quintals of codfish and also a quantity of codoil; and with one man left practically destitute. Then from St. Mary's Bay we have had reports of some damage, and from Placentia Bay, on the west side, at the head of Placentia Bay.

MR. BROWNE: The head or the bottom?

MR. SMALLWOOD: The head of the Bay. But, Mr. Speaker, actually we have had very few telegrams. My honourable friends, the members for the various districts, have had remarkably few telegrams. I do not know about honourable members on the other side of the House, whether they have had many or any. They represent constituencies where perhaps less damage of a marine character would be expected. But, at all events, in all we have had very few.

Now we have quite deliberately waited until enough messages came in to indicate to us whether the damage done was really very great or not. If it were great, then of course we might have a strong case for asking Ottawa to assist us in rehabilitation of the fishermen who received these damages. If, however, the damage was not great we would not have much of a case for approaching Ottawa, and the full burden of the cost of rehabilitation would fall on the Treasury of the Province itself.

Now which it will be I don't know. We have not as yet received enough

information from around the Province to enable us to tell whether the damage done was great or medium or small. We frankly don't know. I want it to be known that the Government are anxious to have reports in from around the Island of storm damage done to any considerable extent. We would like to have details. We would like to have it not just in general terms but spelled out exactly as to what damage was done, so that, as quickly as possible, we may get a picture of the situation generally throughout the Province and be enabled thereby to formulate whatever policy the situation seems to require.

Presenting Petitions

None.

Presenting Reports of Standing and

Select Committees

None.

Giving Notice of Motions and

Questions

None.

Answers to Questions

HON. G. J. POWER (Minister of Finance): Mr. Speaker, I have here the answer to Section 7 of Question (1).
(See next page for answer)

Orders of the Day

MR. BROWNE: Mr. Speaker, could I ask the Honourable Minister of Finance a question in connection with a question I tabled the first day the House opened? The one I want to refer to, Mr. Speaker, is the one in connection with an overdraft to the bank. I was informed verbally at the time, that there was no overdraft. Am I correct?

Revenue for the Fiscal Year 1954-55**(Subject to Audit)**

MR. HOLLETT. Question 1 (7):

CURRENT ACCOUNT

Estimated	\$39,200,300.00
Actual	38,421,912.66

CAPITAL ACCOUNT

Estimated	\$3,053,900.00
Actual	2,730,499.86

FINANCIAL SURPLUS ACCOUNT

Estimated	\$130,100.00
Actual	378,965.62

Expenditure for the Fiscal Year 1954-55**(Subject to Audit)****CURRENT ACCOUNT**

Estimated	\$35,540,200.00
Actual	36,446,844.60

CAPITAL ACCOUNT

Estimated	\$17,492,500.00
Actual	19,056,419.04

FINANCIAL SURPLUS ACCOUNT

Estimated	\$27,100.00
Actual	38,289.97

MR. POWER: (Nods his head in the affirmative).

MR. BROWNE: And there is still no overdraft?

MR. POWER: No.

Address in Reply to the Speech from the Throne

MR. BROWNE: Mr. Speaker, once again my honourable leader had entrusted me with the duty of heading off this debate on the Address in Reply. This is, of course, a special session, and the Address in Reply is unusually brief, dealing with only matters affecting the development of the mines on the Labrador.

It seems to us, Sir, that there was no need of a special session. And it is certainly, a great tribute to the ability of Mr. John Doyle to have convinced the Government of the necessity of having a special session where we are called together in this manner. Because it would have been so easy for the Government to have given the valid excuse and say: no, we are not ready yet. The House won't be open until February or March. Come and see us about that time. Then we will take up the particular matter that you are interested in.

The Humber Deal took years to come to fruition. And even then it was considered to have been rushed. And as a result of the rush with which it was introduced they ran into financial difficulties.

I quoted the other day some old mottos that occurred to me. "Fools rush in where Angels fear to tread." "Marry in haste and repent at leisure." And an old Latin motto often ignored by Governments.

The extra expense of this special session costs nothing less than thirty thousand dollars, seeing all the members are to get \$750 each for the time they spend here.

I appreciate, Sir, the honour you have given me in appointing me on the committee which is supposed to draft the Address in Reply, but could not sign it. I would have been willing to sign if my honourable friends, also members had been agreeable to submit a more expansive reply than the one they have drafted. In fact I have another clause, which I hope that honourable members on the other side of the House will see fit to add to it later on, but I have very little hope that they are going to do that.

Now, Sir, this is an extra-special session. And as a result, as the Premier told us on opening day, they were not going to have any questions answered. As a result we are not in perhaps the best position to criticize the Government for its conduct since the last session.

I was at Ottawa during two special sessions in 1950 and 1951. And I remember having seen the Premier there, I think on both occasions. And he knows as well as I know that the Government did not refuse to answer any questions because the parliament had been summoned on account of the Korean war situation or on account of the great national strike of the railway, but conducted business as usual. The only difference might have been there was no budget introduced. As far as answering and asking questions were concerned the Government acted as they did in any other session. And it seems to me, Sir, that should have been done on this occasion. However, we did get a couple of answers, and some of them are enlightening.

I notice here one answer in regard to a question asked by my honourable friend, i.e., copies of the minutes of Council that under authority of Section 37 of the Revenue and Audit Act deals with, when there is not enough money in any particular vote. His Honour the Lieutenant-Governor is pleased to sign a special warrant in the amount of one hundred thousand dollars in favour of the vote of the Department of Mines and Resources to cover negotiations in connection with the development of the mink industry in the Province. Now, Sir, we know that during the last session a special bill was introduced to assist that mink industry. We know from reading in the papers, several mink ranchers from

Western Canada have come here, and we learn, or we believe they started at the expense of Newfoundland. The Newfoundland Government paid the shot. But we are asked now (not to vote) or are informed that the Government is supplying a hundred thousand dollars to cover the expenditure in connection with the development of the mink industry? Sir, it seems to me that that amount is a substantial amount for a small province such as ours, and therefore the sort of thing about which we should be informed, and that a supplementary supply bill could have been introduced here to cover the expenditure. Members should be entitled to debate it. But no, Sir, that industry has been set up at Government expense and the House of Assembly is not allowed to know the details of the cost. It seems to me, Sir, that is a flagrant breach of the constitutional and traditional conduct on the part of the Government.

Then, Sir, we are told His Honour the Lieutenant-Governor is going to be moved to sign a special warrant in the sum of seven thousand dollars to cover costs of a new official automobile. Now, Sir, I don't know if that is to replace the automobile I am informed is the one driven by the Premier and I believe used at one time to carry even a goat. I don't know whether that is it or not. It seems to me if we are to have an official automobile it should be used for official occasions and not for private purposes of the Premier or any other minister. These are two answers that we got that are interesting.

MR. SMALLWOOD: The car is for the Government.

MR. BROWNE: Well, I am glad to hear it is for the Government and will be used on official business. But

I understood another car which has been used by the Premier and registered, as I have been informed, in the Department of Health, and is being used by him.

Now, Sir, last session we were given two voluminous reports, one of which we have here, or rather I have part (II) of it here, the Royal Commission on Agriculture. We were told that these reports were going to be printed. But I have not heard yet whether they have been printed or are going to be printed since the last session. I have not seen them. There were a lot of maps which were supposed to be in these reports, which are not yet available. I am wondering if the Government would tell us, or whether the Minister of Mines and Resources would tell us, what is being done to implement this report on agriculture, for example. I would like to know how it is being implemented. My colleague, the honourable leader of the Opposition and I represent the St. John's West District which has three distinct farming communities, Kilbride, the Goulds, Thorburn Road and St. Phillips area, and where there are some very good farms, and where some of the best farmers in the country exist. This year, Sir, there has been a very fine lot of vegetables grown, of very fine quality. Each session I have urged that the Government should give more attention to the question of holding exhibitions, and that there should be an exhibition this fall in the arena. That idea apparently has not developed, has not been taken up, and we are limited to seeing wrestling matches and boxing matches and water carnivals. And beauties are brought in there from New York to entertain people. But the important thing, the holding of an exhibition has

been given no consideration for this year.

MR. SMALLWOOD: It has.

MR. BROWNE: Well it is not going to be done, apparently. It seems to me that the Government is not giving agriculture the attention that it deserves. This report, Sir, sets out undoubtedly some very, very intelligent findings. It says that agriculture can be expanded considerably, with benefit to the whole economy of the country; that the farming population in this country is so small in comparison with all the other provinces, although a substantial majority of the people live in rural communities; and one of the most significant statements made by that Royal Commission on Agriculture was that Newfoundland does not supply any more than ten per cent of the goods which are purchased in the stores, ten per cent of the marketable agricultural products; not more than that amount is produced in Newfoundland. That seems to me to offer a great market and a great inducement to the Government and to the department concerned to stimulate in every way they can, the development of agriculture.

Agriculture, too has another important aspect, i.e. as was pointed out by the Royal Commission, that an agricultural community has its roots in the soil, and forms a more staple social element and is politically more staple. They are interested or should be interested more in political affairs than a community where the majority of the people are employed on various bases. They describe, I think very sensibly, the benefit therefore of having a larger agricultural population.

There is need too, Sir, of a market place, it seems to me, in St. John's. In 1870, I believe, a sum of ten thousand

dollars was voted by the Legislature to supply this market place in St. John's, and it remained on the Statute Books, I believe, until 1933 or 1934 or sometime around there when it was taken off. But the market place was never established. Anyone who goes through the west end of the city of St. John's on Saturday morning will see the farmers, especially from the Thorburn Road, St. Phillips area, going around selling their products to the people in the congested areas of St. John's West. And very fine products. But it seems to me it would be preferable to have a market place where all farmers could go in and you could buy their products, like you see in other cities. In Ottawa there is a very fine market place where the farmers from Ontario and Quebec bring in their products two or three times a week and one can go down there and get fresh vegetables. These vegetables sold today on the streets from the vans and trucks of the farmers from St. Phillips area are, in my opinion, preferable to what you can buy in the stores. They are fresher. They have just been picked either that morning or the evening before. Then again there is another consideration; some of them are about half the cost. Therefore it is a beneficial thing. And we should have a market place, Sir.

Talking about a market place, honourable members may remember a day or two ago I asked the Honourable Minister of Fisheries and Co-operatives what has been done about supplying a market place for the fishermen of St. John's. Now, Sir, I know millions of dollars have been voted for improving the fisheries. But none has been spent for the benefit of the fisheries of St. John's. There is a considerable number of fishermen fishing out of this port, many of whom bring their fish

to Steers Cove where there are no facilities available at all, except what they rig up themselves. And it is very difficult to keep it in a very hygienic condition. Is there nobody interested in these fishermen? They lead a very strenuous life, going out early in the morning from early spring until almost up to Christmas, going out of this St. John's port here and catching fish and bringing it in and selling it. It is a very hard life. And these men are very industrious and worthy of support and encouragement.

MR. SMALLWOOD: If my honourable friend will allow me; The Government is very anxious to build on the waterfront of St. John's, what we plan to be the most modern fish market in all Canada. But first there must be the fishermen's wharf, which is a Federal matter. The Government of Canada have agreed to build a modern fishermen's wharf, on which the Government of Newfoundland would build this modern fish market. But up to now the Government of Canada have not been able to find a suitable site on the harbour front of St. John's for that wharf, not one. They have tried and tried and tried and tried. I may say we have tried and tried to help them find it. We cannot find the proper place for a proper wharf on which we can build the proper market.

MR. BROWNE: Well, Sir, we have only got two or two and a half miles of waterfront. And there should be somewhere in this place where a wharf could be set up for the fishermen. I am sure that there is a big market for fresh fish in St. John's.

MR. SMALLWOOD: Hear! Hear!

MR. BROWNE: People come here from the United States and Canada, and they are disappointed because they

find it so difficult to get seafoods. They come expecting to get lobsters and all sorts of dainty fish, because the country has such a reputation as a fishing country. And they can't find anything of that kind and are greatly disappointed. I believe if a modern fish market and facilities were set up it would not be only beneficial to fishermen themselves but beneficial to the consumer, to the citizens of St. John's and to all visitors who come here.

Now, Sir, I would like to make an observation in connection with the Department of Municipal Affairs. Honourable members who have travelled over the Topsail Road must have noticed that signs have been erected there during the past couple of years in regard to housing, that no building can be erected within one mile of the Topsail Road without a special permit from the department. Well, Sir, I don't know what they do. If the Department of Public Works thinks they have control over buildings along the Topsail Road they would have some kind of zoning regulations. When a man puts up a fifty thousand dollar house he could be assured no dump would be put next door. I would suggest to the members of the Government, the next time they are going along Topsail Road they look at the way it is laid out, with huge car lots here and then a garage and then a private residence, a store, then perhaps another private residence, then a dump, then something else. It certainly is not very encouraging to people who put a large investment into a private house to find the next thing he is faced with a parking lot or a used car lot or a dump next door. It seems to me that now is the time, when there is such a demand for space along that road, now is the time, that these regulations should be put into effect.

Now, Sir, I should like to speak about housing. Nothing is being done by the Government this year in connection with housing. Yet I have been told that there are two thousand people in St. John's looking for houses.

MR. SMALLWOOD: I think we are spending half a million dollars this year on co-operative housing alone, a half million dollars. I think we are leading all Canada.

MR. BROWNE: Yes, Mr. Speaker, they may be spending half a million dollars on co-operative housing. I am giving the Government full credit for that. But I don't know how many houses that represents. Say at eight thousand dollars a house it would be sixty houses. But I understand the Federal Government are going to take over these loans from the Provincial Government.

MR. SMALLWOOD: Less than eight thousand dollars. We have only to advance enough to cover in the house.

MR. BROWNE: I know this: I can claim to be one of the strongest advocates in favour of co-operative housing. I have seen co-operative housing started in the Province of Nova Scotia back in 1934 and 1935, and I have seen it in the Province of Quebec, and I have seen it here. But, Sir, it is not enough. Suppose there are a hundred houses being built co-operatively. Is that sufficient? Can the Government remain indifferent to the fact that two thousand other people are clamouring for houses? Surely the Government has some responsibility in that respect. Rents are very high. But that is not the problem. The problem is to get a place at all. And there are many reasons why land owners or rather householders require possession of their houses sometimes.

Even when there is an estate, a person dies and leaves an estate it is not possible to sell the estate, sell the house, because the tenants are in and cannot find another place to go.

MR. SMALLWOOD: If the honourable gentleman would allow me: We have to be most careful of what we are doing. We have good reason to believe that a certain organization, which is hardly the word to describe what I have in mind, but a certain organization are about to build five hundred new homes in the immediate vicinity of St. John's. Now these will be occupied by people who presently occupy that many units in the city of St. John's. That will free that many units in the city, because the people who presently occupy them will move in to the five hundred new units to which I refer. We have to be careful not to build, lay out public money building so much public housing that there just won't be sale for them.

MR. BROWNE: Well, Sir, if I have done nothing else I have learned from the Premier information that somebody — I wonder if it is Atlantic Homes, Limited?

MR. SMALLWOOD: No it is not a private company at all. It is not a company. It is not an individual. It is a big organization.

MR. BROWNE: Perhaps the Premier will elaborate on his statement later on in this debate. But the fact is that the shortage exists, and people are living in terribly cramped quarters at the present time, and paying high rent for the same. If it is not the Government's problem I don't know whose problem it is. There are two Governments, the Federal Government and the Provincial Government. But the Provincial Government certainly has some responsibility in that respect.

Now, Sir, I am going to speak for a moment or two about the Department of Public Works. Last year when I spoke of the information that came to us in an answer, that a certain former Minister was being paid five thousand dollars for supervising the reconstruction of the House of Assembly, and the labour charged was only two thousand dollars, I was accused of a lack of charity. But, Sir, I would point out a great many cases where the Public Works Department is not doing its duty at all, and five thousand dollars would go a very long way. It is quite notorious that the roads around St. John's have been neglected for years, at least since this Government came into office, and the most we can except from the Department of Public Works is that they send a grader over the road and smoothen it off for the time being. But, Sir, in the city of St. John's there are seventy-five thousand people. It is growing at least as rapidly as any other part of the community. But during the past six years the most paved road construction around this metropolis has been nine miles. They built about nine miles from Waterford Bridge Road to the Goulds. That is not a very high record, one and a half miles a year on an average for six years. There is another quarter of a mile road built towards the Concrete Products Plant. I suppose the Government built that.

MR. SMALLWOOD: No.

MR. BROWNE: No? Concrete Products built it themselves then. Then there are only nine miles the Government built in the last six years. Sir, outside of St. John's there are many important roads, some of which at least should be paved. I think the Government are remiss in their duty if they do not continue to negotiate to pave these roads. There is a tremend-

ous investment in motor cars and trucks, and if the roads are not paved there is a considerable deterioration and loss to the value of these vehicles from year to year, because of the condition of the roads. It is also well known that a car will last twice as long, and the tires will last twice as long on paved roads as they will on gravel roads to which we are so much accustomed here in Newfoundland.

There is the Marine Drive, at one time looked upon as a very beautiful place for tourists to visit. But it is not paved. The Torbay Road is not paved beyond the Airport, and I believe the Americans did that part of the road. Beyond the Airport entrance you strike a patch of road which in the spring of the year is impassable without danger to your car. Then there is the Kenmount Road. I took a man in there last year who had something wrong with his car and wanted to show me what it was. We went in that road. The road is so bad you could not tell if there was anything wrong with the car, everything would feel wrong driving on that road. Yet, with all the congestion on the Topsail Road here is an alternative road which could relieve some of the congestion. Yet nothing is being done about it. Yet the Government could do something of a minor nature, which would not be too expensive, to the roads around St. John's by coating them with oil. The City Council coated the roads in the neighbourhood of Mundy Pond, for example with oil year after year. The result is the surface is hardened and is almost like a paved road. But as soon as you get beyond the city limits you get in an area of dust and mud; dust in dry and mud in wet weather. Last year the people of Blackler Avenue outside the city limits in St. John's West at their own ex-

pense oiled the road. Now I don't think the Government is justified in telling people that they got to oil the roads. It is not only the residents of Blackler Avenue who use that road. The bus drives around that way. It is the same way with other roads, when they are soft and when dust is blowing off it is only making more work for themselves. They have to come back over it. The road to Petty Harbour, along the new Long Pond reservoir is impassable for cars. It is not possible to drive that way at the present time. It seems to me that the Government should consider the desirability of oiling some of these roads in the neighbourhood of St. John's if they are not going to pave them.

Now, Sir, I would like to come to the Department of Economic Development: This has been the department which has been entrusted with the principal, major policy of the Government during the past four years. I am going to take three or four industries at random and ask the Premier or somebody on the other side of the House to tell us something about them. We have the amount of money that has been spent by the Government in connection with these industries. We have no information as to how they are getting along or what is happening in connection with them, how many people are employed or what products they are turning out, what business they are doing, whether they are making a profit or whether they are suffering a loss.

I would like to draw the House's attention to Atlantic Gloves Limited, which has received, I believe, \$569,000. I would like to know what is being done with that \$569,000. I suppose the glove factory is still there. But I think, Sir, that this House is entitled to some information in regard to such a tre-

menhous amount of money as that. We know nothing about it. I don't believe there is a man on the other side of the House apart from the Premier himself, who knows anything about what is going on there. We never see the books and therefore how can we know. We don't get any reports here. It seems to me, Sir, the people are entitled to know about that company.

Then, Sir, the Superior Rubber Company. I don't know if there is anybody on the other side of the House knows anything about Superior Rubber Company, but they have received \$1,400,000 up to the present time. Now, this is one of the guaranteed loan accounts. It was incorporated October 9, 1952, not three years ago, and they agreed to pay interest of five per cent half yearly on a million dollars. It had share capital of a million dollars. Well, I have some knowledge of company law. I know the manner in which a company is formed. I know the laws which govern the formation and conduct of a company. But, Sir, I don't know by what law certain things happened in relation to that company. Because recently, as everyone knows, the general manager and president were dismissed. Now they were dismissed by a letter from Mr. Donald Dawe. I cannot understand how Mr. Donald Dawe got authority from anybody to dismiss the president and general manager of a company with ten thousand shares of a hundred dollars each.

Last year certain revelations were made in this House. I think I read them out myself, affidavits from former workers regarding the mismanagement and waste that was taking place in connection with that. And a charge was made that, I think, something like two hundred or three hundred thou-

sand dollars, some tremendous amount of rubber boots were dumped on the market in Montreal at sacrifice prices of a dollar, and the Premier asked was it not a smart piece of business to send them up there rather than sell them on the market here.

I would like to know what is happening in that factory. I would like to know what is happening in that industry. How does it come about that the general manager, Mr. Max Braun Wogau, who at one time certainly seemed to be trusted with very important missions by the Premier, and seemed to be a man in whom he had confidence, why it was that he was dismissed, and it was necessary for him to take an action against the company to get his money. But even if he took an action against the company, Sir, I would like to know how it was done. How to get a general manager, a promoter of a company, practically dismissed and then take an action against the company, and then have the action settled. Who settled the action? I cannot help coming to the conclusion in my own mind, and I am sure other honourable members who have given it any thought must feel the same, that it is the Government that is running this company. The public is entitled to know what percentage of these shares are now held by the Government. Because it looks as if the Government controls it, when Mr. Donald Dawe, who I believe is the representative of the Government of the company, gives instructions.

MR. SMALLWOOD: Excuse me, Mr. Donald Dawe is not the representative of this Government in anything that I can recall at the moment. He may be in the company as the representative of the Public Utilities Commission, but of the Government I don't think he is a representative of any-

thing. I am speaking from memory. Certainly not in any of the industries.

MR. BROWNE: Well, Mr. Speaker, I have no great objection to the Premier assisting me in getting the truth of these things. But the Premier knows a lot more than he has told us so far. He knows what capacity Mr. Dawe is in in connection with that company. He knows what interest the Government has in that company. What I want to know, and what I feel the House should know and the public certainly should know is what interest the people have in this company? How much money has been invested by the Government in proportion to the investment from the promoters. The president, I presume, is gone for good. He won't be coming back here. What is going to happen to it with such a large investment? What are the prospects?

Well, Sir, that is two companies. Now, Koch Shoes:

This company was formed in May 1953, two years ago, with a guarantee of \$750,000. To date, I believe, the expenditure is \$870,000, at least \$800,000. It was that at the last session. It was guaranteed and paid by the Government. We have learned from the president, I have been informed, I did not see the article myself, but I was informed that there was an item in the press, which said Mr. Koch is gone to Germany and that Mr. Pushie, the Director General of Economic Development was going to take a greater interest in this industry, and that the honourable member for Green Bay was now the manager of the company. Well, Sir, at this particular juncture, I would like to draw the attention of the House to the Legislature Disabilities Act, which says that no member shall be eligible to sit or vote in the

House of Assembly who shall hold any office in the Government of the Province. Now, Sir, if the Government has been in a position to supersede or dismiss the manager of that company then it would look as if the appointment of the honourable member for Green Bay was done by the Government, and since —

MR. SMALLWOOD: What is that again?

MR. BROWNE: If the Government has been able to supersede Mr. Koch as manager of that company and appoint Mr. Morgan then it is an appointment to a place of profit and would render the honourable member for Green Bay ineligible to sit in the House.

MR. SMALLWOOD: The Government appointed the honourable member for Green Bay, except the party appointed him as whip. But the Government appointed Mr. Morgan to no position whatsoever.

MR. BROWNE: Sir, perhaps the Government would tell, or the Premier himself tell us how he came to be in this position? Surely we are sensible people, looking at this realistically. We know there is a tremendous investment, and if I went to look for a job over there I would get no job whatever, would have no chance of getting it, but a member on the Government side of the House gets the job. How does he get it if it is not from the influence that he has with his party. But, as I say, Sir, the country is entitled to know what is going on in connection with that industry.

Then the same thing applies to the Hardboards Industries, were the honourable member for Fogo is reputed to be the manager. It is a strange thing that these two members should ob-

tain such influential positions to the industries which are financed by the Government. The Hardboards Company has had almost one and a half million dollars to date. \$1,469,000. I think they must have had some since then of Government money invested in that. It seems to me, Sir, that the interest of the Government in that company is so great as to make the Government very influential in the appointment of the persons there. I would conclude, except someone informs me to the contrary, it is because of the influence of the Government to make appointments that the honourable member for Fogo has been appointed. So I could go down the list and ask what is being done about the Tanneries, which has had \$469,000 and Gold Sail Leather Goods which started with \$11,000 worth of machinery and up to date cost \$569,000. No, I beg your pardon, \$185,000. Then the Hanning Electric Company which has received \$445,000, and Sir, while I am on it, the battery plant, it has been rumoured around, this company through the influence of the Government, has been able to make a contract with Irving Oil so that their batteries will be sold by Irving Oil, and the Government will use its influence with Irving Oil to have oil produced and brought here by that company used in Government institutions, perhaps the minister would, when replying, say something about that.

The Department of Economic Development seems to be a closed book as far as this House is concerned. We are not allowed to know anything about it, except how much money has to be advanced from session to session and from year to year to keep the industries, and how much money is necessary to pay the deficits from

year to year. It seems to me, Sir, that that is not right. The Government is not entitled to keep that information away from the people of Newfoundland.

But, Sir, the crowning act of this Government has been in connection with the matter for which this session was particularly sought, and which is mentioned in the Speech from the Throne. "You will be asked to enact legislation authorizing my ministers to guarantee a bond issue of sixteen and a half million dollars to assist Canadian Javelin, Limited, in building a railway and in creating the mine established at Wabush Lake.

Now, Sir, it seems to me, as I have stated in the beginning, that we should never have been called here to deal with that particular subject. There has been nothing produced, as far as I can see, to justify our being summoned together. Today, Sir, I have had handed to me a telegram which I think that the House will find very interesting in connection with this company. Recently, Sir, a statement was made and it was quoted in the press of Canada. Here is a message which was received in the city this morning, which reads as follows:

"Northern Miner dated September twenty-second quotes in part Premier Smallwood speaking in Newfoundland Legislature about guarantee sixteen and a half million bond issue for Canadian Javelin Limited. Stop. Quote—Of the estimated thirty-two point two million dollars required to bring the mine into production it was proposed to raise half through the sale of Government guaranteed bonds balance would be raised as follows—four point eight million dollars through sale of stock to the Societe De Banke

Swiss. Stop. Swiss Bank Corporation (Société De Banque Suisse) disclaim any knowledge of such deal. Stop. Swiss Corporation for Canadian Investments Limited fully owned Canadian subsidiary by Société De Banque Suisse Switzerland authorize this statement. Stop. Respectfully request full publicity of this denial. Stop. Swiss Corporation for CDN Investment Ltd. per Allan MacNaughton—Attorney."

Now, Sir, I feel I should give some explanation as to how that message came into my possession today. But, Sir, when that explanation was published in the *Northern Miner*, Mr. Allan MacNaughton, M.P. at Ottawa, was in touch with Mr. Gordon Higgins, and sent him a letter inquiring about it, as he was the attorney for the Swiss people. And the information was sent back to Mr. MacNaughton, and resulted in this message sent to Mr. Higgins, who passed it over to me today. It seems to me, Sir, in view of that, the Department of Economic Development could come in for strict censure. In accordance, Sir, I would move the following amendment to the Address in Reply:

"This House regrets that Your Ministers continue to neglect to inform the House of the manner in which the new industries are being operated and feels that since the amount invested in them now reaches the vast sum of \$25,000,000 and the House is now asked to guarantee a further sum of \$16,500,000 to be invested in a speculative enterprise on the Labrador-Quebec boundary, a Royal Commission consisting of a competent and independent person and the Auditor General should be immediately appointed to conduct a full and impartial

inquiry into the manner in which the said industries were established and have been operated and the said Commission should report to the House of Assembly within three months of its appointment as to the best methods to be adopted to safeguard the Capital invested in the said industries."

I move this amendment, Mr. Speaker, seconded by my Honourable friend from St. John's East.

MR. SPEAKER: On motion, that the report of the committee drafting the Address in Reply be adopted, the following amendment has been offered to the House. (Amendment read). The debate which now follows will be confined to the amendment, until the amendment is disposed of. Then the main debate will be resumed.

MR. HOLLETT: Mr. Speaker, in rising to support that amendment I want to say, Sir, at the outset, that the startling revelation made in this telegram makes me feel all the more the importance of less haste in carrying through the particular business about which the House has been called together. We will find, Sir, in this yellow book, which was submitted to us, the outline of capital requirements and methods of financing. July 1955: If we turn over to No. 17 we find, source of funds and total investment, Canadian Javelin, Limited, July 9, 1955: Sales of Canadian Javelin Stock sold to some Swiss Bank, \$4,800,000. Equipment Trust Certificate \$7,500,000. Plant Credit \$3,500,000 and Bond Issue, Newfoundland Government Guarantee, sixteen and a half million dollars.

I think I distinctly remember, Mr. Speaker, asking the question of somebody here in this House as to whether

or not this money was actually deposited in a Swiss Bank. I feel perfect confidence in stating that I was informed that the money was there, and that it was the result of selling Canadian Javelin Shares. Now this telegram has been presented here by my honourable colleague on my right, and it is signed by Mr. Allan MacNaughton for the Swiss Corporation of Canadian Investments. It is so important, Sir, that I beg leave to read this again: It is addressed to Mr. Gordon Higgins; why is it addressed to Mr. Gordon Higgins? My honourable and learned friend explained that he was approached by these people after seeing an item in the *Northern Miner* stating that he had read a statement by the honourable Premier of Newfoundland. In this matter Mr. Higgins did what most lawyers would do, and immediately gave the facts to MacNaughton, and the result, Sir, is this. I can read it again. (Item read again by Mr. Hollett).

Now, Sir, it is my opinion, in view of this, that an explanation must be forthcoming from the Government and naturally to the Government from Mr. Doyle of Canadian Javelin as to this statement which is made here in this yellow book, which was presented to us. This yellow book, Sir, was supposed to be the facts on which this House would base its opinion as to whether or not it would guarantee a loan of sixteen and a half million dollars. We were told, of course, that everything in that was just as it should be, and that on that we, as an Opposition, could not dare turn down the proposition which we were asked to support. And right here, Sir, almost on the eve of the close of this special session of the House we find this information forthcoming.

Now, Sir, the amendment which is

being made, at any rate the idea in the amendment is that this House regrets that your Ministers continue to neglect to inform the House of the manner in which the new industries — And, Sir, I take it that is a new industry as far as Labrador and Newfoundland are concerned — are being operated.

I feel it my duty, Sir, to stress the information first before starting to say anything further, and indeed, Sir, very little needs to be said in view of the statement made by my honourable and learned friend from St. John's West. A few days ago, Sir, I asked a question with regard to the revenue and expenditure for 1954-55. The actual turnout for 1954-55. And only today the Honourable the Finance Minister has tabled that. I find from that, Sir, that our total revenue for 1954-55, actual, subject to audit, including capital account was \$41,152,411. \$38 million of that was actual current account revenue and nearly five millions capital account, a total of \$41 million, approximately, a little over. Our total expenditure for the same period, 1954-55, Sir, was \$55,530,263, of which \$36,500,000 were on current account and nearly \$19 million actual expenditure on capital account. Sir, can you imagine this Province spending so much money as that? How in the name of God has the Government found it possible to spend that much money wisely in just one short year? In other words a deficit of practically 14½ million dollars for the year 1954-55. Sir, this in itself would demand that a Royal Commission be set up just to see where we are heading as a province. That alone without bringing in this sorry business with regard to some of the new industries which have been financed by this same method of deficits.

But, Sir, when we look back over these few years that have elapsed since we went into Union with Canada, we find that on the new industries, apart from anything that we have here, apart from the Doyle business, on the new industries of the last few years we have spent some twenty-five million dollars in cash, and we guaranteed loans up to twelve million dollars. Our surplus of practically \$45 million dollars in cash has been spent. On top of that we have borrowed, or the Government has borrowed \$38 million dollars, and they have guaranteed twelve million dollars in several amounts making up twelve million dollars. And now, Sir, here we get another guarantee of sixteen and a half million dollars. Just take the cash surplus of \$45,000,000 and add to that the borrowed money, \$38,000,000 which has been spent, that is a total of \$83,000,000, Sir. \$83 million dollars over and above the general revenue which also has been expended. If I total all that up, Sir, I get an average expenditure for the six years, a total of \$35 million dollars spent by the present Government or an average of \$51 million per year, against a revenue of approximately, or an average of \$37 million dollars. So we are living up, Sir, to our record and a little beyond it. The average is \$51 million dollars.

This year we spent \$55 million dollars. And, Sir, in view of the fact that so much of this is being spent in the new industries, and in view of some of the sordid details that have been leaking out in connection with these industries, certainly it is expedient for this Government (and I say this with all sincerity. I don't say it politically. I think every member on this side and the Government side should see the seriousness of this. I am sure the Honourable the Premier is concerned over

it. I know he is worried about it. I know we are all worried about it), and I see only one way out, a Commission of Inquiry should be set up to inquire into these things, and to put things right. If there are industries which are going to produce work, going to produce labour, then, Sir, let us do all we can to put shores under them. Let us shore them up and help them. If there are those, Sir, not likely to succeed in this country, let us tear them down immediately and get rid of them. We all want industries. We all want new industries. And we know the Government made lots of mistakes. I suppose any Government that had gone in there with all this money in the bag, that surplus, would have made mistakes. I am not so much inclined to blame the Government for making some mistakes. But, Sir, I am inclined to blame the Government for allowing these mistakes to continue and to be repeated time and again in nearly every new industry which has been set up.

Now I have referred to the general aspect. Let us now get to the particular expenditures. Looking at Newfoundland Hardwoods — Newfoundland Hardwoods, Sir, was built away back. It was one of the first industries introduced by the present Government. It has cost the country today, up until last year, four million dollars, or to be exact, \$3,932,000. And last year, Sir, they had to give the Newfoundland Hardwoods, under new management, new management I forget his name now, a good old Anglo-Saxon name, a good English name, Sam Grant. He is now the manager. He was given by this Government \$383,000 to see if he could do anything with it. I hope that he does. But that plant, Sir, originally was to cost I believe, something over a million dollars, and has cost this

country to date four million four hundred thousand dollars.

Then Atlantic Gypsum: We have all heard the story, Mr. Speaker, of Atlantic Gypsum and the Cement Plant. Atlantic Gypsum which was to cost \$1.4 million, up to date has cost \$3.3 million. I believe it is now under the management of Mr. Leja. Mr. Leja, Sir, prior to his taking over the management of Atlantic Gypsum was a Government servant. He was in the employ of the Government. And we all remember, Sir, that strange story about the German coming in from Corner Brook with a black suitcase (or was it yellow? I forget now) containing fifty-five million dollars, and accompanied by Mr. Leja, who was at that time a Government servant. He and Mr. Leja came in from Corner Brook. My honourable friend, the Minister of Labour, must be quite aware of all the facts in connection with that. They came in here, Sir —

HON. C. H. BALLAM (Minister of Labour): You said "fifty-five million."

MR. HOLLETT: Fifty-five thousand. I thank the Honourable Minister for the correction. Fifty-five thousand dollars. After all he had not much — fifty-five thousand dollars in a black suitcase. And where did he come? He came right here. Not this House but to this building, downstairs, where our old friend, Dr. Valdmanis, was located. He brought it in, he and Leja — and counted out the money.

MR. SMALLWOOD: Mr. Speaker, to a point of order: The honourable gentleman does not, I know, wish to mislead the House. He stated that this German and Leja went to Dr. Valdmanis and counted out the money. There is not any evidence on this earth to that effect, none at all. There is not a scrap of evidence to that effect,

not one scrap. And the honourable gentleman does not want to defame a man, a man reputable and well-thought of, in the person of Mr. Leja.

MR. HOLLETT: Well, Sir, as my honourable friend pointed out, that is probably literary license (I think he called it). Well, does the Honourable the Premier know?

MR. SMALLWOOD: That is so. They delivered it to Valdmanis, said the honourable gentleman, and they counted it out. And the House can assume that Leja went in with the money and Leja and the other man counted it out. That is all the House could assume from that statement. If that were true Leja would be a criminal.

MR. HOLLETT: I have here a sworn statement.

MR. SMALLWOOD: Mr. Speaker, to a point of order — Of course sworn evidence was produced in the preliminary inquiry and for the Grand Jury in the case of the criminal, Valdmanis. Is it proper in this House for scraps of that evidence, without any background, just taken out of the context, for any member just to get up and quote bits of that evidence against whom no charges have been made, namely, Leja, or any other person? Is it proper to take scraps of the evidence without the complete and full case being presented, just take scraps of evidence and read it out? Is that in order, Mr. Speaker?

MR. HOLLETT: Mr. Speaker, before you decide on that, I might say I have made no charges against Mr. Leja except that he came in in company with —

MR. SMALLWOOD: The honourable gentleman said that Leja and this

man went to Valdmanis in the basement of this building, where they counted out the money. That is what the honourable gentleman said.

MR. SPEAKER: Common sense seems to dictate to me that, if a case has been heard in a people's court, and tried and sentence passed, there the matter ought to rest, unless resurrected by a competent authority. Apart from that, of course, the Chair has no authority, no power, to protect private individuals. I can only look at the amendment before us and I suppose by a most elastic imagination it could be considered pertinent to the subject to discuss something that happened, and which has been tried in court. I say, it would require a very elastic imagination. I am afraid mine does not go that far. And the honourable member is not in order in going into these details at this particular time. The amendment asks that a Royal Commission be appointed to give full and impartial inquiry — Certainly that gives the honourable member the right to offer argument as to why the Commission should be appointed. But I don't think it justifies him in going into details of a trial which has been heard in the courts of the province. I think, much here depends on good taste.

MR. HOLLETT: Mr. Speaker, I don't question your ruling Sir, but I do say to this House: This House is based on free speech — Free Speech. This House, in my opinion, I believe I heard the Honourable the Premier say; is above the courts. If we are not allowed free speech in this House of Assembly, Mr. Speaker, then, Sir, these new industries will go on forever, and the people of this country will go on forever paying over and over again to keep these new industries going.

MR. SPEAKER: May I interrupt the honourable gentleman again: — He

said he is not questioning the ruling. And I am sure he does not apply that to what has been said. There is no attempt to prohibit freedom of speech. I might point out, freedom of speech does not mean license of speech. Certain things may not be said.

MR. HOLLETT: Mr. Speaker, I made the statement and I repeat it. That this man, Leja, according to a sworn statement brought fifty-five thousand dollars, cash, which was given to him by the bank,

MR. SMALLWOOD: Mr. Speaker, there is not a word of truth in what the honourable gentleman now said. There is no such sworn statement that Leja brought money. That does not exist. There never was such a statement.

MR. HOLLETT: I said accompanied.

MR. SMALLWOOD: Accompanied, yes.

MR. HOLLETT: And if allowed I could produce the sworn document to substantiate it. But I am apparently not allowed. And it is about time it was brought to light, or brought before the court so it could be brought to light.

MR. SMALLWOOD: It was before the courts, and a sworn statement in court. That is what the honourable gentleman has there.

MR. HOLLETT: I have lots of them. And I do say that that German went to the bank in Corner Brook to get fifty thousand dollars to bring in here. And the bank said, you must bring a witness. And he brought Leja. And the bank was alarmed at the huge amount of money which was to be turned over. So he had to bring a witness. And he brought Leja. And

together they came in on the train from Corner Brook and came to the Newfoundland Hotel and called up Dr. Valdmanis here at this House, in this building, and they came up and they handed over the suitcase.

MR. SMALLWOOD: They handed it over — they?

MR. HOLLETT: Well, Mr. Hertz was the man.

MR. SMALLWOOD: Two of them did not have it. One of them had it.

MR. HOLLETT: Mr. Leja knew all about it. He was in the bank when the money was counted out. There, Sir, is enough evidence to demand a Royal Commission. I am not blaming the Government for that. But it is an indication of crooked work which went on. We do know, Sir, in addition to that fifty-five thousand dollars there was over four hundred thousand dollars paid over from various industries to an account in New York, the account of Katrina Mattias, Dr. Valdmanis principal and a Mr. Lurje. Sir, I have already pointed out in this House, Mr. Lurje was given a power of attorney in connection with that bank account and could handle it. And when I brought that matter up here in this House last year, Sir, the Honourable Premier and the Honourable the Attorney General did not even remember Lurje. And the Honourable the Attorney General could not remember signing a power of attorney. He did not sign a power of attorney. He witnessed it then, is that what he did. Mr. Speaker, he had to sign it.

MR. SMALLWOOD: He had to witness a man's signature. That is all he did. He witnessed this signature.

MR. HOLLETT: And signed his name.

MR. SMALLWOOD: As a witness. As he has done ten thousand times, as any notary public does. Is the honourable gentleman accusing the Attorney General? Is he accusing me?

MR. HOLLETT: I am not accusing anybody.

MR. SMALLWOOD: He had better not.

MR. HOLLETT: I am not here to accuse.

MR. SMALLWOOD: Better not. Just insinuating and hints, bringing out little scraps of evidence. A case takes a million words. He will quote a dozen or two. That is what he will do.

MR. HOLLETT: I was stating, Mr. Speaker.

MR. SMALLWOOD: The honourable gentleman was twisting and distorting. The honourable gentleman is twisting and distorting. That is what he is doing — misrepresenting.

MR. SPEAKER: Order!

MR. HOLLETT: In what way was I twisting and distorting?

MR. SMALLWOOD: By twisting and turning and giving little scraps of evidence and hinting and insinuating. That is what he was doing. A cowardly, clownish thing to do.

MR. HOLLETT: I am not twisting, Mr. Speaker. I am telling the truth. And it is about time the truth were told. I was saying, Sir, that when I brought up Lurje's name last year neither the Premier nor the Attorney General could remember anything about him.

MR. SMALLWOOD: Mr. Speaker, to a point of order. That is not so. I remember Lurje's name extremely well,

and I never said I did not remember him. I did remember him and remember him quite well by name. The honourable gentleman is quite wrong when he said, I said I did not remember him. I did remember the name very well.

MR. HOLLETT: Very well, remember him now.

MR. SMALLWOOD: I remembered him then.

MR. HOLLETT: Just to prove that there was ample reason for the Honourable Premier to remember I quote from Hansard, 1951.

MR. SMALLWOOD: Mr. Speaker, to a point of order: I have said now I remembered. Now the honourable gentleman is going to accept that or is going no further, I quote Lurje's name here when Valdmanis was accused of being a Jew baiter, and caused the massacre of Jews. Lurje's name was produced here then. And that was the first time the name was ever mentioned in the House.

MR. HOLLETT: That is exactly what I was going to read.

MR. SMALLWOOD: The honourable gentleman does not need to. Does he think I am a liar?

MR. SPEAKER: I shall have to invoke the rule that it is out of order to bring up matters of past history for the purpose of argument and debate. Cannot the honourable member carry on with his speech apart from that matter. It seems to be of no importance.

MR. SMALLWOOD: Mr. Speaker, may I rise to this point of order: Her Majesty's Government thought it detected a criminal. Her Majesty's Government ordered the arrest of that criminal. And that criminal is now in

jail serving a sentence, a self-confessed criminal. And scraps of evidence of witnesses produced by the Crown are being quoted here this afternoon, out of context, out of the background, little scraps gleaned here and there, which can only give a twisted and garbled and distorted impression. Is that in order, Mr. Speaker? Is that in order? Or must the Government produce the complete evidence and lay it on the table of the House, or are we to be subjected — Is the Government so required, and if we chose not to do it, is the Government within its rights not to table all the evidence? And is the honourable gentleman able to get hold of some, and is he entitled to quote scraps and bits and parts of that evidence, without laying himself open to charges of distortion?

MR. SPEAKER: I am afraid I have no alternative but to uphold that. To lift small portions of evidence from its context can possibly lead to distortion, and can give an entirely wrong impression, without any attempt of the honourable member to do so. Furthermore it seems to me now that to do such a thing would be to usurp the power of the Royal Commission, which the amendment asks to be set up. That is what I had in mind just now when I said some higher authority might be able to resurrect all that evidence. I don't think it is a matter for debate on the floor of the House. It is not the point of the amendment at all. I would ask the honourable member then to refrain from quoting parts of the evidence of the courts. We are not a court.

MR. HOLLETT: Mr. Speaker, I feel it is my duty in supporting this amendment to give sufficient evidence to warrant it, and I was quite prepared to quote the whole of certain

affidavits. I take it it is not the intention to allow that?

So, Sir, I shall abide by your ruling. I won't even quote from Hansard about Mr. Lurje, under the date of October 26, 1951. I am prevented from doing that.

Let us go to the North Star Cement Company. And, Sir, I want once again to refer to the disposal of that North Star Cement Company, or the Cement Plant. And incidentally, Sir, the North Star Cement Company or at least the Cement Plant which was to cost the Province \$1.8 millions has cost this country, the people of this country \$4.74 millions. And you will remember, Sir, in 1952 the Government saw fit to dispose of that. The Government and the North Star Cement Company saw fit to dispose of the shares of the plant, and they came to an agreement between the Honourable Joseph R. Smallwood, Minister of Economic Development on the one part and North Star Cement on the second part, and Canadian Machinery Holding Trust, a company incorporated under the laws of Switzerland, of the third part. And the Government will sell and the company will buy the cement plant. In other words, the Government sold the cement plant erected by the Government in Humbermouth in the Province of Newfoundland. Then, the Government will grant to the company a lease for the operation of the limestone and quarry which lease shall be along terms, etc. The purchase price for the said plant shall be the amount spent thereon by the Government; which was, and I repeat, four and three-quarter million dollars. The Government has advanced to the company (that is the North Star Cement, which incidentally was composed mostly of the board made up from the Government) the sum of \$400,000 for

working capital. The company will secure the repayment of the purchase price and the amount of advances. The said mortgage shall bear interest at the rate of 4¾% per annum, and shall include the cost of the bond issue, ten million dollars. The Government will assign to the company the benefits of all the contracts entered into by the Government with Miag and with all the other contractors. It goes on: The Company will insure these parts of the plants which are liable to be lost by fire, and the Government will sell and the holding trust will buy all the shares of the company. In other words; the Government, after selling the plant to the company then goes and sells its shares to the holding company, the Holding Trust. So it goes on, Sir. I have never yet been able to find anybody who could properly interpret this agreement. To me, and I have already pointed out, the signature of the official who signed it is indecipherable. According to the Registrar of Deeds nobody knows who signed it. It is one of the most ridiculous pieces of work I have ever heard of.

Now there is a possibility that, even after all that, this cement plant may be able to give employment to a large number of people. But if the Government would only come out with all the facts incidental to the wrong-doing in connection therewith, incidental to the erection and construction, then, Sir, that would do away with all suspicions there might be in connection with it, the suspicions about certain individuals, Sir, who were connected with it at that time; and I don't refer to any members of the Government. My learned friend has already referred to Eckhardt Mills.

MR. BROWNE: No,

MR. HOLLETT: Somebody told me a few days ago, Eckhardt is building houses out in Gander. I don't know if that is correct or not.

MR. SMALLWOOD: It is not.

MR. HOLLETT: I understand they built something — built a garage.

MR. SMALLWOOD: They erected one garage.

MR. HOLLETT: For Eckhardt Mills?

MR. SMALLWOOD: No.

MR. HOLLETT: Well, were they in the construction business?

MR. SMALLWOOD: At that time, yes.

MR. HOLLETT: The Eckhardt Knitting Mills out on construction work. There is something wrong there, Sir.

MR. SMALLWOOD: Yes. We stopped it as soon as we discovered it. We would not allow them in the construction field. We stopped them.

MR. HOLLETT: It was a long time before they were found out.

MR. SMALLWOOD: One job is all they did. We could not stop them in the middle of a job.

MR. HOLLETT: More than that, Sir, they brought in certain knitted wear by airplane from Germany, and had the unfortunate accident that one of the bales fell out of the plane when being taken off, and behold here were sweaters, scarfs and mitts, etc., which they were bringing here to Newfoundland to sell as a product of Eckhardt Knitting Mills.

MR. SMALLWOOD: The honourable gentleman must surely know that

before producing in their own factory in Brigus they sold the products of their own Austrian factory in their four shops. He must know that. That does make sense.

MR. HOLLETT: We don't know these things.

MR. SMALLWOOD: Possibly the House did not know it. Is it so terrible. Suppose the honourable gentleman did not know, why blow it up into something big and criminal.

MR. HOLLETT: I was trying to start about something criminal a few moments ago, and I was stopped.

MR. SMALLWOOD: The courts settled that matter.

MR. HOLLETT: The court has not yet settled it. I want to see the whole of this Valdmanis inquiry brought in. I want the other case brought up and settled. I don't want it hanging over somebody else's head. We are afraid now to make a remark, we may be speaking of something subjective. I think my honourable friend, the Attorney General would agree there is no point in keeping a case hanging over the head even of the man accused.

MR. SMALLWOOD: How does the honourable gentleman know that? Who can know it. Can he think of at least one reason why the case is held open.

MR. HOLLETT: No, not one.

MR. SMALLWOOD: He can't think of restitution, restoring to the Crown what was robbed.

MR. HOLLETT: Restitution? I wonder would the Honourable the Premier tell us how much money has been received so far.

MR. SMALLWOOD : It is possible whether it is received or not has some bearing on the fact that there is a second charge still hanging. Perhaps one is connected with the other. Perhaps not.

MR. HOLLETT : But it is not.

MR. SMALLWOOD : The honourable gentleman knows. He knows.

MR. HOLLETT : I can read the charges. One charges the accused with defrauding Benno Schilde of \$180,000, I believe, and the other was an accusation of defrauding Miag. I cannot see a possible connection one with the other. However, we will get some explanation some day as to why the other charge has not been settled. I don't know whose fault it is, whether it is the fault of the courts or the Department of Justice, or whose fault it is. But to my mind, Sir, there is certainly no valid reason why this thing should not be disposed of before the unfortunate man got his sentence.

MR. SMALLWOOD : If I had my way, I can tell you, four years would not be long enough for Valdmanis. But I am not the Attorney General. Four years it not enough for that criminal. That is my admission. I would like to see it eight years at least.

MR. CURTIS : As Attorney General the matter of prosecutions is entirely a matter of my discretion. And I do object to the matter being discussed any further. There is a second charge pending, and it is absolutely improper to have either evidence quoted or any discussion. I remained silent as long as I could, not to embarrass any member of the House. But I must ask that this matter be no longer discussed.

MR. SPEAKER : I uphold that point of order.

MR. HOLLETT : I understand the Honourable the Speaker to uphold that point of order?

MR. SPEAKER : Yes.

MR. HOLLETT : There is just a chance that matters of that kind may be stretched a little too long. I was referring to Eckhardt Mills. And I was more or less laughed at because I said it was a fact they had brought in goods. And I was asked, was it not customary for them to bring in goods and sell them while constructing their premises out there. When I looked I saw Eckhardt Mills have at least up until March of last year received \$547,400. That is one reason why they should not have to bring in goods which were manufactured in Germany, which were knit by the people in Germany. Why should they not be knit by the people in Newfoundland? Why could they not be made? Why could not the labour be given? Well, I am told that is the right thing to do.

I do know also, Sir, that in nearly every case here the machinery of certain plants in Germany was brought in here and sent to exhibitions in Toronto, I think it was, as machinery being manufactured by these Newfoundland companies. Now everybody knows that was a fraud, a definite fraud.

My learned friend has referred to Gold Sail Leather Goods and Koch Shoes. You will remember, Mr. Speaker, the rumours that took place here last year over this man, Schaffers, and how he declared a twelve thousand dollar machine, a loan had been received on the basis of a twelve thousand dollar machine of some \$120,000, I believe it was. Now we find that the man whom he accused, Koch, also is gone. He also is gone. Why? I

thought Koch owned it. I thought Koch Shoes owned it. But somebody fired him. Nobody knows how those industries function not even the people who live next door to them. They don't know what is going on. Here is a man, Koch, all-powerful in the factory, and because a man Schaffers makes a charge against him threatens to have all sorts of things done to him. The Honourable the Premier threatened to do all sorts of things to this man, Schaffers. He was going to put the boots to him, and was going to drive him out of the country. Now we find the boot went to Koch, not Koch Shoes but boots. Well, we are told everything is lovely. We are not getting what we ask for. We know very well we are not going to get a Commission of Inquiry. But I am going to tell you members on the Government side, it is about time we did have a Commission of Inquiry. It is about time this House had a Commission of Inquiry into all these things. The whole thing smells.

We have already referred to the Superior Rubber Company. This spring there was a fuss in the House about the ancient machinery out there, pre-World-War-One, I think some of it was. Superior Rubber Company one million dollars. They were going to build a two million dollar factory and run it. We were going to put up a million dollars each. We later gave them another \$362,000. They tell you today there are sixty people employed in the Superior Rubber Company, and half of them are females. We gave them last year \$326,000. There are sixty people employed there. If there were a hundred employed there and got \$3,000 each it would have paid all their salaries. But this company only got sixty, and half of these, as I say, are women. Now is everything right

there? Who are the directors? Max Braun Wogau and Mr. Grube, and solicitor, Donald Dawe. Of course Donald Dawe is in all of them. But this company, Sir, had at November 1, 1952, Max Braun Wogau and Mr. Grube, a man who got out of this country with seventy-eight thousand dollars, and was arrested in Germany for bringing in dollars. There is a story to that too, Sir. There is a story to that, how an affidavit was made and sent back by one of the wives, Braun Wogau's wife, and signed by a certain person here in St. John's, which affidavit got Grube out of jail at any rate.

MR. SMALLWOOD: Helped to get him in jail.

MR. HOLLETT: How?

MR. SMALLWOOD: It helped to get him in.

MR. HOLLETT: Who is "him"?

MR. SMALLWOOD: Him. H-I-M.

MR. HOLLETT: We are not supposed to say anything about this man.

MR. SMALLWOOD: Don't say anything derogatory. The darling of the honourable member's party. He is the pet.

MR. HOLLETT: I assure you, you will never build a monument any bigger than you built to that man.

MR. SMALLWOOD: There is a monument being built?

MR. SPEAKER: I have no recollection of a motion proposing a monument to anybody.

MR. HOLLETT: The monument is invisible but indestructible however. It is unfortunate that our Premier's name should ever have been tangled with Valdmanis. I am sorry for the

Premier and for the country. I am not blaming the Premier at all. This man Valdmanis is one of the cleverest crooks that ever came here. The Premier who is so clever, should have found it out sooner.

But anyway we got rid of Grube. We got him out of jail. And, as the Honourable the Premier said, he got Valdmanis. I could say a lot about that affidavit, but it is not worth while at this time. Sir, our old friend Braun Wogau too has been given the boot, a rubber boot this time, Superior Rubber Company. I wonder what happened to him? Sir, this story is so sordid, so sordid! But it is to be raised again. My honourable and learned friend raised this story of Braun Wogau being told, get out to Gander as quickly as possible, take this money and hand it over to Sennewald and shut his mouth.

MR. SMALLWOOD: Now, Mr. Speaker, to a point of order: The honourable gentleman already said that I sent Braun Wogau out to Gander. Now he is on record as having said that. Now he is paraphrasing, and in paraphrasing he says that whoever sent him to Gander is supposed to have said: "Get out to Gander, take this money and pay him." The inference there is that I gave him the money to take out. I ask the honourable gentleman to withdraw that completely.

MR. HOLLETT: I withdraw it. But I do say this. I do not say the Honourable the Premier gave it to him, and I don't think the Honourable the Premier gave him any money. But I do know there was money taken out and handed over to Sennewald.

MR. SMALLWOOD: Does the honourable gentleman know who gave it to him?

MR. HOLLETT: That is another matter.

MR. SMALLWOOD: It would be something against Valdmanis. If so why not say it? Why protect him? Why leave some innocent person open to suspicion?

MR. HOLLETT: I am not blaming anybody.

MR. SMALLWOOD: I notice that particularly, the honourable gentleman is not saying who gave him the money. Now let me say it. Valdmanis gave it to him.

MR. HOLLETT: Very good. Valdmanis gave it to him. Now, Sir, may I ask the Honourable the Premier to tell me how he knew that?

MR. SMALLWOOD: How did I know? I know a lot more.

MR. HOLLETT: Yes, we both know a lot more.

MR. SMALLWOOD: Yes, but I know more than the honourable gentleman, a lot more.

MR. HOLLETT: I would not even question that at all, Mr. Speaker, and that is the reason why we want this Commission of Inquiry. That is the reason. And I can assure the Honourable the Premier we are going to keep on at this thing until we get the Commission of Inquiry. Yes, if we can't do it the people will do it, Mr. Speaker.

MR. SMALLWOOD: Try the people anytime. Anytime you want to try the people just say the word.

MR. HOLLETT: That is for the Honourable the Premier to say, Mr. Speaker. Max Braun Wogau shut up Sennewald all right. Shut him up all right! Then he came in here, and

this Government gave him a loan of a hundred and ten thousand dollars, right off the bat. Dr. Valdmanis did that, Mr. Speaker. Dr. Valdmanis granted the loan of \$110,000 to this man Sennewald. No comment? No comment. Here we get the Honourable the Premier saying he knows who took it out and why he took it out.

MR. SMALLWOOD: I did not say I knew who took it out. I said I know who gave him the money.

MR. HOLLETT: Then this man comes in here and gets this loan of one hundred and ten thousand dollars. Anyway poor Braun Wogau offended the high and mighty, and what happened. He was fired, Sir. He was fired and he was one of the directors. I remember the day that came out. I have spoken to this man, Braun Wogau, and said, I understand there is a rumor around that you are fired, is that correct? He said, yes, I am fired. I said, who did it? He said, I don't know who did it. There is a man fired and does not know who did it.

MR. SMALLWOOD: The honourable gentleman becomes the host of lost causes and derelict Germans — Poor Max Braun Wogau! Poor Koch! Poor Eckhardt!

MR. HOLLETT: Poor Smallwood! There are a lot of poor ones in the Honourable the Premier's book. They don't last long, Sir, in the Premier's book.

MR. SMALLWOOD: If they don't go straight, you said it, they don't last long.

MR. HOLLETT: I would raise the question; why don't they go straight? Why is it all these people, Valdmanis, Grube, Max Braun Wogau, Koch and Schaffers, and I could go on, why don't

they all go straight? Are they all crooks brought over here, that the Honourable the Premier and the Honourable the Attorney General brought over when they went to Europe that time? They certainly ought to have had more vision. Are we going to blame Valdmanis for all these, Sir? Sure, the poor man let him take it.

Anyway Max Braun Wogau is gone. And, Sir, here is the mystery of it. He did not go straight, so we are told this afternoon. He did not go straight and he was fired. And he sued the company, Sir, under his contract. As we all know, Sir, he had a contract for three years, I believe, and he sued the company. What happened? They settled it out of court. Why? What has he done wrong? Did they settle with Max Braun Wogau because he had done something wrong? Oh no, they shut up his mouth too, Sir, or tried to. But they did not do it quite. You can never shut up the mouth of a crook, Sir, try as you may.

MR. SMALLWOOD: Especially if you have people who buy from them.

MR. HOLLETT: I would suggest to the Government — the Honourable the Premier slept with these people for four years.

MR. SMALLWOOD: And knows them better, than the honourable gentleman.

MR. HOLLETT: Mr. Speaker, if there is no reason for an inquiry here there never was one and never will be.

Take CMIC. Oh yes, let us have a look at CMIC, Machinery Plant. I quote from the 1951 Hansard, in a speech of the Honourable the Premier in introducing an Act to approve and give statutory effect to an agreement between the Government and Canadian Machinery and Industrial Construction

Limited, CMIC. He described where it was going to be built and so on. The Honourable the Premier then goes on to say that that will represent the conclusion, so to speak, of the first phase. I had better go back another paragraph. The company is going to be in operation, and in full production by July 1952, and in three years there will be five thousand people working in it.

"Now, what kind of machinery will that plant manufacture. They will manufacture many kinds of machinery, for example, (and I give these only as examples): flour mills, feed mills, crushing machinery of all kinds, crushing rocks, nuts of various kinds, that is linseed and peanuts and things that give vegetable oils, all that kind of things, crushing machinery for oil plants, grinding machinery of all kinds and conveyor systems and diamond drilling machinery used in drilling for oil and minerals. These are examples of what we might call the heavy machinery which the plant will manufacture. But these are only examples, many other types of machinery can and will be manufactured there. Now in addition to the heavy machinery there will be many kinds of smaller machinery which will likewise be manufactured. The company is bringing with them fifty-eight thousand blue prints, microfilmed, that is to say blue prints which if taken in the original size would fill a very large room, fifty-eight thousand blue prints but microfilmed, which means each one is reduced to a tiny fraction of its actual size and when the need arises they can be reproduced to any size by photographic reproduction. Fifty-eight thousand blue prints of machinery they can and will manufacture in that vast new plant."

Then he goes on: "I agreed with the Speech from the Throne when it said this is likely to become the largest single industry in Newfoundland apart from the fisheries."

Then: "I would not be surprised if within a few years the steel mill becomes the largest of our new industries."

That speech, Sir, cost the people of this country two and a half million dollars. Why should there not be an inquiry into that CMIC to show reasons why some of these things the Premier said would be manufactured are not manufactured. Why were they not manufactured? Why should there not be an inquiry?

A case was never clearer, Sir. A case was never clearer than that there should be an inquiry to see why those things are going on, and to know what the Government is doing, allowing these industries to be established by crooks, brought out unintentionally, I know. They did not intentionally do it. But they have allowed these crooks to camouflage the machinery and the building of the new industries, which have cost the people of this country twenty-five million dollars, and Mr. Speaker, cost this country a lot of prestige across Canada and in the United States of America. That is what the Government is allowing to happen, Sir, instead of setting up an impartial Commission of Inquiry to find out what the trouble is. As I said, everybody makes mistakes even Governments, even the great Liberal Government makes mistakes. But, Sir, there are records even in Canada where Commissions of Inquiry have been set up to inquire into certain aspects of matters touching the Government. I think it should be done right here and now. I suggest it as one way out for the Government. Set up an impartial

committee and they have nothing to fear. The crooks will be thrown out, and then things will go along just as they should.

Now I am not going to refer to the chocolate factory that was brought in here last spring. I am quite sure the Honourable the Premier has taken account of the competition to be met by that factory. I hope they have found some means to get over it.

I already referred to Newfoundland Asbestos, I believe, and I don't want to refer to that, except as I was looking through my notes, and I found a statement made by Mr. Howse who is the Government geologist who recommended the money be spent on this. Mr. Claude Howse has been with the Department of Mines and Resources for quite a long time, since Commission of Government days. Now I see by the press that Mr. Claude Howse has gone over to BRINCO. I have understood all the time that the Government were hard pressed to find men like Mr. Claude Howse to handle things. Why allow BRINCO to take Claude Howse away from them? I wonder why, the Honourable the Premier maybe can tell me why they allowed BRINCO to snatch this man who is so valuable to the Department of Mines and Resources? Why they were allowed to take him away? Is it because he was too good? Surely it is about time the Government got around to thinking seriously. The Liberal Government have some good men. They still have some good men. But they have lost good men, why did they lose them? Ted Russell, for instance, and I have a list of them here. Unquestionably Ted Russell was a good man in the Cabinet. Unquestionably he was an asset to any Government. He is not with us. He is not with us. He is not a P.C. He is a Liberal.

MR. SMALLWOOD: He is a P.C. He ran as a candidate. Surely the P.C.'s would not take a candidate who is not a P.C.?

MR. HOLLETT: Federal.

MR. SMALLWOOD: Well, it is the same party.

MR. HOLLETT: I know all about that — the same party.

MR. SMALLWOOD: The boss came in today, did he not? The honourable gentleman's boss,

MR. SPEAKER: I think this is away from the subject of the amendment.

MR. HOLLETT: Mr. Speaker, what does the Honourable Premier mean by, "my boss"? Sir, have I got a boss? I would say the Honourable the Premier is boss over the whole works on the opposite side of the House. If he was not they would not be there. That is why Ted Russell is out of it.

MR. SPEAKER: The remark is entirely unparliamentary.

MR. HOLLETT: That is why Harold Horwood is out.

MR. SPEAKER: Order! Order! I told the honourable member that remark was entirely out of order.

MR. HOLLETT: I am sorry, Sir. I thought it was the Honourable the Premier. Surely I can make these remarks on the way these new industries were handled. These men are not now in parliament.

MR. SPEAKER: I do not think that it is a reason for the amendment that a Royal Commission be set up; because members left the Government party. That is going a little too far. The Honourable member will agree surely. The amendment specifically states, the

way in which the industries are being operated. Character sketches of people in the House since 1949 might be interesting, no doubt, but not pertinent. Would the honourable member care to resume.

MR. HOLLETT: Well, Sir, I am trying to show that it is absolutely essential to have a Commission of Inquiry set up, and it is my contention that these men left the administration because these new industries were not being handled properly. If proof is needed for that, I have here a statement from the late Minister of Welfare, Dr. Pottle and he definitely states, Sir — definitely states the reason why he left. "I resign," he said, "mainly because I disagree with the Government's policy of economic development." We are asking that a Commission of Inquiry be set up to look into the handling of these industries; in other words to look into the Government's economic policy or its handling of things. Incidentally I regret very much to have heard a statement made by the Honourable the Premier a few days ago.

MR. SPEAKER: Referring to a previous debate.

MR. HOLLETT: When the Honourable the Premier gets up he refers to most anything. I might be allowed a little latitude.

MR. SPEAKER: That is just the point: The House must give me due credit for this, if I am to give latitude to the honourable member on my right I am bound to admit rebuttal from the honourable member on my left. How then have order. If I permit the remark concerning Dr. Pottle, because in the honourable member's opinion it could be used as evidence so the Premier's opinion of him or John Doe's

must be permitted. I do not think the reference is important.

MR. HOLLETT: All right, Mr. Speaker, I have a long list of these people here, Sir. Can I mention Sir William Stephenson? He was one time President, I think, or Chairman of the board of NALCO. And NALCO was part of the scheme of things in the industrial set up which was brought in by the Government, and Mr. Clive Planta. Clive Planta is gone. I could refer to Seigheim, Sennewald, Braun Wogau and Chester Dawe, he also figured, and Schaffers, and a whole list of them. What I am trying to establish is this. It is unheard of that men of their supposed calibre, so many of these men have been either fired or kicked out or left the departments which have been set up, industries which have been set up by the Government. Never in any other province did any such thing happen. That is one of the reasons why, Sir, we are pressing for an inquiry. And will the Honourable the Premier in reply tell us exactly why he will not set up a commission? Does he think everything is going all right? If so, well and good. But for the life of me I cannot see that it is all right nor anything like it.

Now, Sir, I come back to this thing once more, and this is a thing needs explanation. This is another new industry. This is an industry in which the people of Newfoundland are going to guarantee sixteen and a half million dollars. I repeat again, Sir, we have stated here in this yellow book which was presented to us as facts, that \$4,800,000 was to be found in the Swiss Bank. It was stated here by Mr. Doyle, (not in this House) that this money was there. That was one of the reasons why we are supposed to guarantee these bonds of sixteen and a half mil-

lion dollars, because, as stated here, Mr. Doyle had these assets.

MR. SPEAKER: I might be of some help to the honourable member. I would point out he cannot now engage in a debate on the Javelin deal. This is not interfering with freedom of speech. It is simply that he cannot make a speech now which ought to be made at another time.

MR. HOLLETT: All right, Sir, I am prepared to let any remarks go with regard to that. I think I have made a case, if it is ever going to be possible to make a case for any inquiry into the way in which the industries have been handled. I think we have made the case without stating it clearly. We can go into it more fully. We have lots of facts, Sir, which we did not present at the present time, but which will come forward if a commission were set up. The Government have nothing to fear. Surely they have everything to win. Certainly the people would be glad to see it set up. An impartial Commission of Inquiry to find out as that amendment states just how and why these industries are causing so much concern, why all these men have been kicked out, fired and booted out. These are the things, Sir, a Commission of Inquiry would find out. I am not expecting we would find any wrong-doing on the part of any members of the Government. Surely not. That is not the reason for the Commission of Inquiry. The Commission of Inquiry, as the amendment states, is to look into these industries and find out what is the trouble and put them on their feet if there is any way to put them on their feet.

I don't want to take up any more time on this particular amendment I will have an opportunity to state certain other matters in connection with

this. But I do support the amendment and strongly urge every member on the Government side to consider setting up this Commission of Inquiry. I urge the Honourable the Premier. I have nothing against any honourable member on the opposite side.

MR. SPEAKER: Perhaps I misunderstood the honourable member — "He will have another opportunity." On this amendment.

MR. HOLLETT: No, but on the various industries.

MR. SPEAKER: Not the subject of the amendment. I want the House to get that clear. There will be no debate on the industries on the main motion. They are concluded in this amendment.

MR. HOLLETT: We can surely mention some of the industries not already mentioned, I mean as far as I am concerned? I have only touched about half.

MR. SMALLWOOD: Save a few.

MR. HOLLETT: Well, I better keep a few in storage for next year.

MR. SMALLWOOD: Keep some for the election.

MR. HOLLETT: Sir, this is not a laughing matter. This is a serious matter. Everybody knows the size of this province, its population, its income, its economic conditions, everybody knows that all across Canada. Everybody has heard about these men, Koch, Braun Wogau and Valdmanis and all the rest of them, a whole host of them being kicked out and booted out. Everybody knows about that. They want to know what is wrong with the people of Newfoundland. Why don't they see what is the trouble with these industries. A man with a responsible job, I take it,

getting ten thousand dollars, and his wife getting five hundred a month or something like that, without any ceremony whatsoever getting kicked out, not even able to live up to the contract which he signed. Then in the case of the Superior Rubber Company when sued the thing is settled out of court, and he is allowed to go without any more nonsense. He was paid what he wanted and was allowed to go.

Sir, I don't intend to say anything further on this amendment, except to support it and urge every member on the Government side to support it. Set up an impartial inquiry and see what is the trouble and try and get it righted. Thank you Mr. Speaker.

MR. SMALLWOOD: Mr. Speaker, I won't detain the House very long dealing with this, if my honourable friends won't take offense, absurd amendment to the motion. The amendment is that a Royal Commission be set up. What for? To investigate the industries. Why? For what reason? What reasons do they allege for investigating the industries? A tissue of rumors, gossip, old women's tales, a repeated recital of names all foreign sounding, Koch, Schaffers, Braun Wogau, etc., then attempts to quote scraps of evidence in a celebrated legal case that was held here some time ago. It all boils down to what? To practically nothing—practically nothing.

Now this Government brought these industries here. The initiative in nearly every instance, not in every case, but in virtually every case the initiative was taken by Dr. Valdmanis. These are industries which Dr. Valdmanis introduced to the Government. They have been started, and some of them have been very satisfactory. Some of them have gone along satisfactorily. They are working smoothly, efficiently, profitable. One of them will pay over two

hundred thousand dollars in to the Treasury of Newfoundland in the current financial year.

MR. BROWNE: Which one?

MR. SMALLWOOD: I have not said which one — It will pay in over two hundred thousand dollars cash to the Treasury of this Province this current financial year. Another will have made an operating profit this year, for the first time.

MR. BROWNE: Which one?

MR. SMALLWOOD: A substantial profit, I believe at the moment I ought not to say, but it is one of these that the Government owns, and it will in this current financial year make an operating profit of a substantial amount of money, not a hundred thousand dollars but getting up towards it.

MR. BROWNE: Mr. Speaker, I wonder would the Premier tell us which that is, and tell us how the word "profit" is interpreted to get that?

MR. SMALLWOOD: I know I said "operating profit". That does not include depreciation or alterations on capital layout, but a straight operating profit of a substantial amount. That, of course, will go toward the initial cost of the plant. That is to say, it will go towards the amortization of the capital output. But this is the first year that this quite large industry owned by the Government will have broken even in its operating account. It will have broken even and will have made a substantial operating profit.

Now that is two of them, two of the industries that the Government owns. One of the three that the Government, let us say, the Government erected, built with public funds, entirely at public cost, one of them will pay into the Treasury this year around two hundred thousand or may be a bit

more than two hundred thousand dollars cash, and the second of the three will have made a substantial operating profit, as I just defined it, i.e., the current normal conventional definition of operating profit.

The third has taken on an entirely new lease of life. It has taken on a new lease of life. It may not make any substantial profit in this current year, substantial operating profit in this current financial year, but I believe it will. The new operators assure me that they will. But if they don't the operating loss will be trifling. If they don't reach their goal of making an operating profit in the current financial year, they will reach it, undoubtedly in the coming financial year. Now that is the three that have taken half, practically, of the outlay that the Government have made on new industries. These are the three, the cement mill, the gypsum and the birch plants.

MR. BROWNE: Which is which?

MR. SMALLWOOD: Never mind. At the right time that information will be given.

MR. BROWNE: Well, this much, are the three of them sold now? Is the gypsum plant sold too?

MR. SMALLWOOD: No it is not sold. I will have information to deliver to the people of Newfoundland within a matter of days of certainly not more than weeks with regard to that plant. And it is good news and satisfactory news. Now these are the plants which between them cost half, practically half, of the whole outlay of the Government, practically half, of the amount that the Government have spent in the last five years on new industries. Practically half of that amount was on these three plants. And these three plants are in a flourishing

condition and do not need any investigation. There is nothing to investigate. Now these are the industries that cost about half of our total outlay.

Now the other half is accounted for in the industries regarding which we lent money to Germans and Austrians and Latvians who came here to Newfoundland and established plants. Some of these plants are working along satisfactorily, even in the black, making money, making money on their operating account but not after you include amortization and depreciation and the like, no. But on a straight operation they are in the black. Others of them however are far from being in the black. They have lost money steadily since they began, some of them, a relatively small amount of money and some larger amounts. With these the Government is grappling. We are not ignoring, we are not neglecting them. We are not turning our backs on them. Nor have we abandoned them. We think that new management will be necessary in a number of them. We think that new ownership will be necessary in a number of them, entirely new ownership. We will find new owners. We will find some of them in the United Kingdom. We will find some, we hope, in the United States. We have been negotiating on the mainland of Canada. But we are fully determined to clean up each one of them. We are fully confident that we will clean up each of them. We can and we will clean up the industries which have not flourished and have not, largely because they have been under poor management. We will remedy that, we can and we will. And there is no need of any Royal Commission.

Now I put it to my honourable friends on this side of the House: The motion is of course a motion ex-

pressive of strong condemnation of the Government, no matter how friendly may be the tone used by the honourable gentleman opposite, no matter how reasonable may be the arguments. You cannot get away from the fact that it is an attack upon the Government, and that this is a vote of want of confidence. Carry the amendment and the Government falls. The Government have to fall because they have been voted lacking the confidence of the House. In other words; the Government are not capable. That is what the adoption of the amendment would mean. That the Government are not capable of handling these industries, not capable of cleaning up any mess that needs to be cleaned up. That is not true. We are thoroughly capable and thoroughly competent to do it. And furthermore where it becomes necessary to use the boot, to which my honourable friend referred so copiously in his speech, we will use the boot. We regard the interest of Newfoundland as something above the tender feelings of anyone to whom we have lent money whether that someone be German or Austrian or native-born Newfoundlander. We say that the interest of Newfoundland as a whole, of the people of Newfoundland comes above the tender susceptibilities or tender posteriors of the people to whom we have lent money. And if it must be a choice between the interest of the people who borrow money from us and the interest of the Newfoundland people this Government will not hesitate, if it is necessary, to boot them out. They will be booted. We will use our power as a Government in the interest of the people to protect the peoples' investment. We have no intention whatsoever of allowing the public money that we have lent to these companies to be lost. We have no intention of allowing this additional

money we have been obliged to lend them for working capital to make up for their losses to be lost to the Treasury. We have no such intention in the world. We have the situation strongly in hand. We know precisely what we are doing. We know precisely where we are aiming to get. We are not fumbling. We are not groping. We know exactly where we are heading.

MR. HOLLETT: Are most of these companies private companies?

MR. SMALLWOOD: They are all of them private companies except, of course, one of the three we built wholly with public money, namely the Atlantic Gypsum, which is a public company. All the others are private companies.

Now it is no use in my honourable friend asking, how did poor Koch go? How did Braun Wogau, poor Braun Wogau go? How did poor Schaffers go?

MR. HOLLETT: You made them rich.

MR. SMALLWOOD: No they went out very poor. We did not make them rich. They went out poor. But the point is they went out. That is the point. And the further point is, should there be others like them they too will go out, but when they go the industries don't go.

MR. BROWNE: What about their investment?

MR. SMALLWOOD: I would like to deal with that right now. This is not the time or place. So I am not doing it right now. No, the matter is still crossing the stream. We are still negotiating for new owners, and this is not the time, and it would not be in the true interest of the people

of Newfoundland who have fifteen million dollars invested in these industries to say that now.

MR. BROWNE: If they are private companies, how can you be looking for new owners?

MR. SMALLWOOD: My honourable friend will have to exercise his imagination. And lacking that (I don't say he lacks imagination) or refusing to exercise his imagination he will have to exercise his patience until the fact is accomplished. The thing is in good, clean, fine, honest, able and efficient management.

MR. BROWNE: Like the first crowd.

MR. SMALLWOOD: I said, when the old crowd are replaced by the new crowd of clean, honest, efficient and able management, then will be the time to come out and talk. And we will do lots of talking at the right time. That is precisely what we are about. We are replacing some ownership and replacing some management. Now that is it.

If the House still thinks a Royal Commission is needed, that the Government are delinquent, that we are asleep, that we are lazy, that we are slothful, that we are ignoring the public interest, if the House thinks that, then the House will vote to set up a Royal Commission, and the Royal Commission will find out what they will find out, what the Government already knows, what indeed most people in Newfoundland already know, mainly that they are inefficiently managed, i.e., some of these and even some may be something a bit worse than inefficient. Everyone knows that. The honourable gentleman opposite are perfectly right up to that point.

MR. HOLLETT: If you will allow me, I don't take it you include a man like Chester Dawe in that category?

MR. SMALLWOOD: Of course not.

MR. HOLLETT: He is gone.

MR. SMALLWOOD: Yes he is gone. But I am glad the honourable gentleman raised that so I can make that straight. It had not occurred to me. I was talking in general terms, and most certainly did not include Mr. Dawe.

MR. BROWNE: Why is he gone?

MR. SMALLWOOD: That is a long story. We think Mr. Dawe has one of the biggest businesses in Newfoundland of his own, a very large and onerous business. We think that Mr. Dawe has already too much burden to carry, too much work to do to be able to devote to Newfoundland Hardwoods all the time and energy that that industry requires. So by amicable arrangement, quite amicable, Mr. Dawe withdrew, and is now in his own company. And these new owners enormously energetic are devoting themselves and their skilled touch to the plant. And if my honourable friends would go in and go through the plant — I understand they have been in, in less happy times — but they should go in now and see the difference, the very look and very atmosphere and look at the difference in quality. And remember this, faster than they can manufacture they raised their production up and up and up again beyond what it was both in plywood and in flooring and doors, the three products of the plant. And yet although they have increased their production again and again and again they are not able to meet by half the demand, the active, positive demand for their product.

MR. BROWNE: Mr. Speaker, would the Premier answer this question? Mr. Koch formed the company Gold Sail Leather Goods and Koch Shoes. Now he has gone. His total investment, I understood, is something less than a hundred and fifty thousand dollars. The companies were loaned by the Government nearly a million dollars. Who is replacing Mr. Koch in the management of the company? And has the Government got power to look for new owners?

MR. SMALLWOOD: Time will tell that. I don't propose to say here whether we got the power or where it comes from or how it is contrived or how we manage to do it. But we are doing it. That is the point: We are doing it. And we will have the House take note of it. We are in fact doing it now. At the right time, how we got it, where the authority comes from, this will emerge. There might even be (said by a member of the Opposition) an occasional court action. So be it. We are able to handle a court case. But the point of the matter is, and here is the point (the rest is splitting hairs) but this is the essential point: I will have my honourable friends opposite to take note of it, and ask them to vote against their own amendment and withdraw it on the strength of what I am going to say now: Wherever we get the power, this way, that way or the other way, coming from here, there or elsewhere or however it is done, the F-A-C-T is this: We are replacing every ownership and management in these industries where that is necessary in the interest of the people of Newfoundland. We are in fact doing it now. What that means is this: The industries will be here. If they don't flourish under one management let us hope they will flourish under another, and

if they don't flourish under another then under a third. Let it not be forgotten that the great paper mill of Corner Brook, which is the greatest on the face of this earth, the world's greatest integrated paper mill, was owned in the first instance by a company whose bonds were guaranteed by the Newfoundland Government and by the British Government, and when that company failed that they were replaced by a second company, which company failed. I don't say they went broke, no. But they failed to make a success of that plant. And their place was taken by a third company. It took three companies before that plant became the thundering success it is acknowledged to be in the world today.

Now, similarly, some of these plants that we have brought into Newfoundland will fail under the original ownership, under the original management. So be it. Before they go under we replace the management and the ownership and even that second management people will not lose the money we have invested. When the first company failed, when the old Newfoundland Power and Paper Company, which was really a union, a collaboration of the Reid Newfoundland Company and the Sir J. W. Armstrong Wood Work Company, when the Newfoundland Power and Paper Company failed, the Government of the day did not throw up its hands and appoint a Royal Commission.

MR. BROWNE: No. What did they do?

MR. SMALLWOOD: They promoted the sale of it to the International Power and Paper Company.

MR. BROWNE: No they did not!

MR. SMALLWOOD: They did! And I know the story in the most

minute detail. I remember well and have since looked it up. The day when the Government was notified (the Government of Mr. Monroe) that they would have to pay the interest on the bond. Yes. I know how they avoided the terrible necessity of paying the interest on these bonds; how they went to England, and how they arranged in Britain the sale of pulpwood and pit-props; how they got the order for Newfoundland Power and Paper Company. And that company was thereby enabled to get enough money to carry on and pay the interest on the bond. The principle is the same. You can't always be sure the people who come in and to whom you lend the money won't let you down. Have not the honourable gentlemen opposite ever been let down in their lives?

MR. BROWNE: Why don't you give the facts?

MR. SMALLWOOD: At the right time, when it can't do any harm.

MR. BROWNE: It is too late then.

MR. SMALLWOOD: No it is not too late — Unless the honourable gentleman means they have no trust or confidence in us at all, and really think that it is better for Newfoundland if I had never been born. If they really think that they would want to have a Royal Commission. But one would not be enough. If they have no confidence in our ability or efficiency then they want a Royal Commission. But if they think we are on our toes and have Newfoundland's interest at heart and that we in this Government, more than they, more than anyone, more than the rest of the world put together, want these industries to succeed. And do they doubt that?

MR. BROWNE: That is wishful thinking.

MR. SMALLWOOD: Wishful thinking which gives you the will. And we have the will. We have the iron will to make these industries succeed. We will make them succeed, and the Royal Commission will be supererogatory.

MR. BROWNE: Mr. Speaker, before the Honourable Premier sits down I wonder if he would have anything to say about the telegram I read this afternoon?

MR. SMALLWOOD: I have only this to say at the moment. We are trying to contact the people who should be able to give us the information. There is some mistake, some error in the matter. I don't know what the error is. I don't know whether it is different banks or different names of two banks of Switzerland with a slight variation in the names. I believe that is what it may turn out to be. However the facts are really immaterial for this reason: I would ask the House to turn to page 8 of the Bill, Clause 2: Subsection 5:

I will read it: "For the carrying out of the undertakings agreed to be performed by Javelin will provide financing to the extent of eighteen million five hundred thousand dollars (\$18,500,000.00) in addition to any sum made available to Javelin from the loan in accordance with this Agreement and will furnish to the Government evidence satisfactory to the Government that Javelin has provided such financing and furnishing of such evidence shall be a condition precedent to the Government guarantee. Provided that for the purpose of this paragraph any sum not exceeding the aggregate three million five hundred thousand dollars (\$3,500,000.00) spent by Javelin for development work on the iron mine before this agreement was made may be counted as having

been provided by Javelin under this paragraph."

In other words; if it turns out that Javelin have not sold shares to this Swiss Bank, the name of which I shall not venture to pronounce right now, if it turns out they have not in fact sold the shares for four million eight hundred thousand dollars, (now if it is for \$4,778,900.00 I don't mind or for \$4,782,000.00) or approximately four million eight hundred thousand dollars, then the whole deal is off. Of course it is off. This clause provides for it. Clause 2, sub-section (5) on page 8, that they say is a condition precedent to the Government guarantee. We won't guarantee it. Now I don't think for one minute that this information would mean that John Doyle who announced this publicly and sits in this House and hears me announce it and quote him; and informed me that the bank in question, the Swiss Bank did buy the shares and had themselves informed formally and in writing the Edmonton Stock Exchange. I don't think he made that up. And I don't think my honourable friends opposite made that up. They are not putting too much faith in the telegram they read out. They themselves must realize there is an error somewhere in the picture. What the error is I do not know at the moment. I am trying to get through to Montreal and New York and get whatever the explanation is.

MR. BROWNE: That is printed here by Doyle. If it is not true then he is a fraud.

MR. SMALLWOOD: Whatever the name is. I understand there are five Swiss banks, and two of them have names very similar. Which is which I don't know, and I am not going to express any opinion until I get the facts.

MR. BROWNE: The title was taken from Doyle's book, prepared by him.

MR. SMALLWOOD: Yes. Now I noticed in the wording of the telegram that the denial is that they bought shares for a purpose, and they named a purpose. Perhaps they did not buy shares for that purpose, but bought shares just to buy shares. My honourable friend may laugh. But he who laughs last laughs best, and we will see who laughs last. That we will see maybe before the day is out.

MR. SPEAKER: To the motion that the Address in Reply be adopted an amendment is offered to the effect that these words be added:

"This House regrets that Your Ministers continue to neglect to inform the House of the manner in which the new industries are being operated and feels that since the amount invested in them now reaches the vast sum of \$25,000,000, and the House is now asked to guarantee a further sum of \$16,500,000 to be invested in a speculative enterprise on the Labrador Quebec boundary, a Royal Commission consisting of a competent and independent person and the Auditor General should be immediately appointed to conduct a full and impartial inquiry into the manner in which the said industries were established and have been operated and the said Commission should report to the House of Assembly within three months of its appointment as to the best methods to be adopted to safeguard the capital invested in the said industries."

The Amendment is of course an amendment to the Reply to the Speech from the Throne if no other honourable member wishes to speak I would ask the House to vote on the amend-

ment: Those who support the amendment will say "Aye".

(Opposition: Mr. Hollett, Mr. Browne, Mr. Higgins; "Aye").

On motion of Mr. Hollett, seconded by Mr. Browne, a division was called.

MR. SPEAKER: Those honourable members who support the amendment stand in your places and resume your seat after your name is called by the Clerk.

Honourable Leader of the Opposition, Mr. Browne, Mr. Higgins.

MR. SPEAKER: Those honourable members who oppose the amendment.

Honourable the Premier, Honourable the Attorney General, Honourable Minister of Finance, Honourable Minister of Education, Honourable Minister of Labour; Honourable Minister of Mines and Resources, Mr. Norman, Mr. Button, Mr. Janes, Mr. Brown, Mr. Mercer, Mr. Courage.

MR. SPEAKER: The amendment has been lost thirteen to three: Now the main question is now again before the House.

MR. SMALLWOOD: Mr. Speaker, if I may, without losing my opportunity to speak in the main debate, may I suggest to my honourable friends opposite that we now discontinue debating for the day, so that they may go and hear their colleague, their big-shot from Ottawa. Frankly in a fit of anger earlier this afternoon I said: No, hang it, we will go on tonight! And we will deprive them of the privilege and opportunity and pleasure of meeting Mr. Hees. But the anger passed away. And it will do them good. It might make a better election when it comes, for them to meet with Mr. Hees. So I suggest to them, if they are agree-

able, to stop debating now and continue and perhaps conclude the debate tomorrow, in which case I move the adjournment.

MR. HOLLETT: Mr. Speaker, in agreeing with the Honourable the Premier's suggestion; it might do the Government members good to come along and meet Mr. Hees too. Of course it is good to know the Premier's temper is only in fits and starts.

MR. SPEAKER: I would point out the danger of making a statement not based on sufficient thought — It might be construed as an invitation to dinner.

On motion debate adjourned.

On motion the remaining orders of the day do stand deferred.

On motion the House at its rising adjourned until tomorrow Tuesday, September 27, at 3:00 of the clock.

TUESDAY, September 27, 1955

The House met at three of the clock in the afternoon, pursuant to adjournment.

Mr. Speaker in the Chair.

HON. J. R. SMALLWOOD (Prime Minister): Mr. Speaker, yesterday afternoon the honourable and learned member for St. John's West read to the House a telegram, which he said had been received in the city here by Mr. Gordon Higgins from Mr. Alan MacNaughton of Montreal. When he read the telegram it appeared from it that the Societe De Banque Suisse denied or disclaimed all knowledge of the deal under which they were supposed to have bought from Canadian Javelin one million three hundred and fifty shares in Canadian Javelin for a token sum of \$4,800,000.

Now the figure of \$4,800,000 appears in the documents tabled in this House by me on opening day and was received by me from Canadian Javelin. In the document is a categorical statement by Canadian Javelin that they had in fact sold to the Societe De Banque Swiss these shares for that sum of money. Here came a telegram yesterday, addressed to Mr. Gordon Higgins from Mr. Alan MacNaughton, in which he said that he was asked or requested to say that the Societe De Banque Suisse disclaimed any knowledge of such a deal. I will read the telegram: Thanks to the honourable and learned gentleman I have a copy of it. The relevant part reads as follows:

"Swiss Bank Corporation (Societe De Banque) disclaim any knowledge of such deal. Swiss Corporation for Canadian Investments Limited fully owned Canadian subsidiary by Societe De Banque Suisse Switzerland authorise this statement stop. Respectfully request full publicity of this denial stop. Swiss Corporation for CDN Investments Ltd., per Alan MacNaughton — Attorney."

Now the denial is there. It is categorically made as clear as the English language can make it. It says that the De Banque Suisse knows nothing whatsoever about their having purchased one million three hundred and fifty thousand shares of Javelin for four million eight hundred thousand dollars. If the denial is correct then John Doyle is a liar, and John Doyle has made me out a liar by having me announce here in his presence, indeed as he sat inside the Bar of this House, and I consulted him in full sight of the House and walked back to my place and announced that the Societe De Suisse Banque not only bought the shares and paid for them but had reg-

istered the purchase with the Edmonton Stock Exchange. I made these statements on the authority of Mr. Doyle. If this denial signed by Alan MacNaughton, (who incidentally is a Liberal member of Parliament whom I have met. I met him once in Montreal. He came to see me in a professional capacity representing mining company of Cleveland in the United States, the Ogilvie Norton Company) if the denial is true, John Doyle is a liar, and has made me out a liar.

But, the denial, Mr. Speaker, is not true. I am sorry to disappoint the honourable gentleman, but they did buy the one million three hundred and fifty shares in Canadian Javelin, and they did pay four million eight hundred thousand dollars for them. They did it in their own name. They are registered at this moment in their own name — in their own name. Now here is the letter of the Societe De Banque Suisse, Geneva.

Geneva,
August 19, 1955.

Canadian Javelin Limited,
Dominion Square Building,
Montreal, Canada.

Dear Sir:

This is to inform you that subject to instructions, the sum of four million eight hundred thousand dollars has been paid to your account, covering one million three hundred and fifty thousand shares of Canadian Javelin Limited, non-par-value common shares, which shares have been duly received by us.

Yours faithfully,
Societe De Banque Suisse.

Then there is an undecipherable name as usually is the case in these European firms. Rarely if ever can you decipher the name, the signature.

This is a photostatic copy of the letter, received from Canadian Javelin from this very same bank, Societe De Banque Suisse, under the date August 19, and delivered to me a few minutes ago by a messenger who brought it to me from Montreal today via TCA.

I have here also the share lists of Canadian Javelin, of the Chartered Trust Company of Montreal. Now, Mr. Speaker, I ought to explain, for the benefit of any member who may perhaps not know, if there are any who do not know, what the practice is: The practice is that when shares are bought and sold — frequently in any company or companies they change hands very frequently — and there are some millions of shares in Canadian Javelin. They are traded in quite frequently, briskly, and they change hands very often. And companies very frequently, across Canada, very frequently across Canada and across the United States don't want to be bothered to be registering these changes of title and changes of ownership. So what they usually do is engage some trust company to act for them. You have the Montreal Trust and the Royal Trust and Eastern Trust and Chartered Trust and various other trust companies. The Chartered Trust Company of St. James Street, Montreal is the one retained by Canadian Javelin to handle the registration of their shares. No doubt many other companies also engage the Chartered Trust Company and many other companies engage other trust companies. This is actually the list of registered shareholders of Canadian Javelin, as of trust companies. The Chartered Trust Company of Montreal. This has just been delivered to me. I have pasted the pages together with scotch tape, which have come apart, before and

after the pages which contain the entries of the Societe De Banque Suisse.

Now I don't think it is any business of this House, and I don't consider it to be any business of mine to know who are the shareholders of Canadian Javelin as they are here, here on the page that is open I won't read the names of the shareholders. There are a few here on this page which contain the entry of Societe De Banque Suisse and I assume they are all through. I have not looked at them, but only this one page. I assume however all through them the names of the shareholders are from all parts of North America. But, if my honourable friends will undertake only to look at the cover to satisfy themselves that this is the Chartered Trust Company, if they will undertake to do that, and undertake to look only at the back page where the certification occurs and to look only at this page where the name of the Societe De Banque Suisse, has one million three hundred and fifty thousand shares, of course I would be glad to submit the book to them.

MR. M. M. HOLLETT (Leader of the Opposition): We will take your word, Mr. Premier.

MR. SMALLWOOD: The honourable gentleman takes my word! In case there is any doubt in the minds of any members in the House or of the radio or the press and if they should want to see the actual entry — Societe De Banque Suisse, one million three hundred and fifty thousand shares, I will have it here for the rest of the afternoon. When the House recesses or rises later in the day, they may come and examine it. Similarly the copy of the actual letter to Canadian Javelin for the receipt of shares and notation of payment is available.

There is only one copy, but doubtlessly the honourable gentlemen opposite will be quite willing to allow the members present and the radio and the press to examine it.

Now, Mr. Speaker, I have this to say. I was talking to Mr. MacNaughton a few minutes ago on the telephone. He told me a great mistake had been made. In the first instance he had written a letter to Mr. Gordon Higgins, and he told me he was quite shocked to find Mr. Higgins had passed this correspondence over to the Opposition. He had written to Mr. Higgins and asked Mr. Higgins to inform me — to inform Premier Smallwood — of the denial he wished to make on behalf of his company. So he was quite surprised to learn Mr. Higgins had not informed me, and was greatly surprised and considerably shocked to learn Mr. Higgins had instead passed the information over to members of the Opposition. He informed me further, this morning Mr. John Doyle and the Secretary Treasurer of Canadian Javelin had called on him in Montreal and satisfied him completely of the fact that the Societe De Banque Suisse had indeed bought shares and had paid for them in their own name. He furthermore had been satisfied by Mr. Doyle and Canadian Javelin that the shares are presently in the name of the same bank, registered in their name. They are probably for clients. But that is not the point, whether they bought them for themselves as an investment or for their customers, which is a very common-place thing for a bank to do, act for customers, act for clients especially Swiss banks who are constantly acting for hundreds if not thousands of visitors placing risk capital in Canadian industries and enterprises as well as U.S. enterprises. It is quite immaterial whether the bank placed the order for

shares in its own behalf or on behalf of one or more of its customers or clients.

And Mr. MacNaughton has informed me there is not any doubt whatsoever. In fact he said they telephoned this morning to the bank in Geneva and were in fact informed by the bank that they had indeed bought the shares in their own name for that amount of money.

Now I am handed a telegram which I have not read yet. I will read it aloud "Swiss Corporation for Canada Investment Limited per Alan MacNaughton, Attorney (in other words the same firm from which the message of yesterday came, i.e., the wholly owned subsidiary in Canada of Societe De Banque Swiss): "Premier Smallwood: Subject my telegram yesterday to Mr. Gordon Higgins of the legal firm of Emerson, Stirling, etc., St. John's, Newfoundland and telephone conversation with you, now wish to inform you as follows officials of Canadian Javelin Limited this morning produced letter showing Societe De Banque Swiss paid to Canadian Javelin Limited the sum of four million eight hundred thousand dollars covering one million three hundred and fifty thousand shares of Canadian Javelin Limited stock. Have been advised by telephone by Societe De Banque Suisse, Geneva, that this was on instruction and for the account of a third party, Societe De Banque Suisse acting in official capacity. No shares were bought by Societe De Banque Suisse for own account. Signed per Alan MacNaughton.

Now, Mr. Speaker, this is only one of a long series of peculiar (and you can put several quotation marks around that "peculiar") instances which have cropped up in the last

couple of years in connection with Canadian Javelin and each one calculated to damage Canadian Javelin and John Doyle. Every single instance of the type I have referred to was probably intended and certainly had the effect of damaging the name and the reputation of Canadian Javelin, indeed smearing it. I personally have no doubt whatsoever, no doubt at all, Mr. Speaker, that there has been a deliberately planned and quite concentrated effort in the past year or more to smear Canadian Javelin. Now the first real break they have had since they discovered this Labrador deposit of iron ore, and since the scientists have established that beyond any doubt at all, even doubts in the minds of the honourable gentlemen opposite, since then this is the one break they got, the decision of this House, up to third reading now, to guarantee their bonds. So it seems to me this long barrage of propaganda and smearing will end with this attempted smear of yesterday.

MR. W. J. BROWNE: Mr. Speaker, to a point of order, does the Premier mean it was conceived by any member of this House — this last statement referred — the attempted smear? It must be remembered Mr. MacNaughton requested full publicity for this, and he has only himself to blame. We on this side of the House did not see the telegram until yesterday afternoon.

MR. SMALLWOOD: I hope the honourable gentleman did not think I meant the smear campaign was carried on by my honourable friends opposite. I think otherwise. If they will excuse my saying so, financially much bigger and more responsible figures than my honourable friends on the other side of the House. I think very powerful interests have tried to kill the Lake Wabush Iron Ore and the building of the railway. I exonerate

my honourable friends completely. But this I will say in passing: If this propaganda published in the House had not been published in the House but elsewhere the sender would have laid himself open to very serious action in court. I also ask the House to note the fact that Mr. Higgins to whom this lawyer of Montreal wrote is also a lawyer, and was asked by Mr. MacNaughton to refer to me. Not only did he not refer to me, but passed it over to the official Opposition. That is not without significance.

MR. HOLLETT: Mr. Speaker, may I say we only have the Honourable the Premier's word or rather Mr. MacNaughton's word that he asked Mr. Higgins to look into the matter, and that he asked Mr. Higgins to give the thing full publicity. This denial — that is the word — from Mr. MacNaughton — What better way to give publicity than through this House and hence to the world. I think if there has been any error or mistake made the error or mistake has been made in Montreal where this message came from and by this man MacNaughton, who is the Attorney for the Corporation. I resist any attempt to cast any aspersions at Mr. Gordon Higgins in this matter. It was quite the right thing to do, as far as I can see. He was not asked to keep it in trust. Instead of that he was asked to give it full publicity. It was signed by this man MacNaughton. So that I resist any attempt on the part of the Government to cast aspersions at the Opposition and also on Mr. Gordon Higgins who I believe did his duty as far as he could see it, at the request of this man MacNaughton.

I am quite prepared to accept the clarification of this matter. I think the Honourable the Premier himself must know that a clarification was es-

sential, was necessary to satisfy the minds of people here in the House who have to go guarantee for this amount on behalf of the people. When a thing like this arises and comes into the House at the request of the Attorney for Societe De Banque Swiss —

MR. SMALLWOOD: No he is not. Their wholly owned subsidiary.

MR. HOLLETT: And he has requested a denial be made that there was any four million eight hundred thousand dollars over there in Switzerland of Canadian Javelin's. I see nothing wrong with producing it here. If there was any attempt on the mainland to damage the reputation of John Doyle it is none of our business whatsoever. Certainly we are not party to it. It is our duty to try and unearth all the facts which will make it appear to us that the thing is a good thing and one in which we ought to either agree or disagree. So I would like to make this explanation as far as I know, there was no attempt on the part of this man MacNaughton to keep it secret. As a matter of fact he told Mr. Higgins, whom he apparently had engaged as an attorney here, to give it full publicity.

MR. SMALLWOOD: That is the telegram. The letter he wrote to Mr. Higgins. I know the honourable gentleman did not receive the letter. Mr. Higgins gave him the telegram, but the letter he sent, the letter Mr. MacNaughton sent, so Mr. MacNaughton told me on the telephone, was one in which he asked Mr. Higgins to acquaint Mr. Smallwood of the fact. Now if Mr. Higgins had done that, had only done what the solicitor who retained him asked him to do, I would of course have gone immediately to Mr. Doyle. No doubt he was here at

the very moment. I could have asked him. Tell him that in this letter MacNaughton claimed they had not bought any shares. Then all this would have been prevented. But perhaps it was not desired that it be prevented.

MR. SPEAKER: It is becoming a debate. I think we might conclude the matter here.

MR. SMALLWOOD: Mr. Speaker, before you call "Petitions", I would like to invite the attention of this House to the fact that we have present in the strangers' gallery this afternoon a very distinguished Canadian who is on a visit to our province, in the person of the national chairman or national president — I am a little unsure. It is not along my own personal predilection. So I am not too familiar with it. Either the national president or national chairman, to use an old fashioned description of the party, of the Tory Party of Canada, but to use their new appellation, the Progressive Conservative Party, or the Progressive Conservative Association.

Now we differ in our politics in Newfoundland, and we cleave each to his own side very strongly and very adamantly, but we recognize a fighter. We understand that Mr. Hees is a bit of a fighter. Of course if he really wants to know how to fight he should stay in Newfoundland more than just a couple of days, and we might perhaps teach him. Not that we are anxious to teach him too much as then there might be a change in sides in this House, and that we would not like at all.

I am sure I speak for all the House when I welcome a politician of the great Canadian Nation to our Chamber, and I hope we can have a real

old-fashioned Newfoundland debate, and really show him something here this afternoon. (Applause).

MR. HOLLETT: Mr. Speaker, as our distinguished visitor has not the privilege of replying to the very warm welcome which has been extended to him by the Honourable the Premier, I take it upon myself to express on his behalf to the Premier and to the Government our gratitude and thanks on behalf of the President, Mr. Hees for the welcome which has been given him. I think the words which have been spoken have been received very well on this side of the House, and we are grateful to the Honourable the Premier. We have to be grateful to the Premier on certain occasions, you know. After all he is the Premier. Therefore, on behalf of Mr. Hees I thank him and the Government, Mr. Speaker, I note with regret the Premier's statement that we in this House could teach the mainland parliamentarians to fight. But since the distinguished visitor happens to be the heavy-weight boxer at Cambridge University, I don't think it is necessary to teach him to fight.

MR. SMALLWOOD: Oh, there is fighting and fighting.

Presenting Petitions

None.

Giving Notice of Motion and Questions

None.

Answers to Questions

None.

Orders of the Day

Adjourned debate on the Address in Reply

MR. J. HIGGINS: Mr. Speaker, this is a special session of the House. It has been called for a special purpose.

And because it was and is a special session the ordinary routine has been departed from. In the ordinary course of events one would have expected this debate to have preceded the other matters that have been discussed. But I presume it was felt to be expedient, (to use the word we heard not so long ago), to defer the debate on the Address in Reply. When it finally did get under way, we find that due to the amendment which was decided, the scope of speakers henceforth is considerably limited.

One does not want to attempt to discuss new industries. We are not going to hear any more about the new industries. But, Mr. Speaker, there are certain things that we can discuss. My honourable and learned friend for St. John's West, yesterday, I believe it was, made the point, and I submit it is a valid one, that the mere fact that this is a special session does not automatically preclude the discussion of any matter. And I submit, Mr. Speaker, that that point is sound, and that now that the peoples' House is open the peoples' representatives are entitled to discuss the peoples' business.

In every session of this particular parliament we have been treated to something new, something varied, something a little bit gaudier than its predecessor. We had the earlier parade of the industries. Well I can't say. We have been told we are not getting any further information about these industries now. It is not the time to discuss them. But we also had, Mr. Speaker, the monumental reports that were tabled here, reports of the Fisheries Committee, the report which is properly known as the "Walsh Report".

We had the report of the Royal Commission on Agriculture and the

Royal Commission on Forestry. At the time that they were brought in, Mr. Speaker — let us take the case of the "Walsh Report". I can't believe that ever in this House, certainly not since Confederation, was a report given such a build up. The Premier himself outdid himself. He spoke for five and a half days. We were told of the wonderful things that were going to be done. The most wonderful thing that has been done to date, Mr. Speaker, appears to have been the appointment of the Fisheries Development Authority, three gentlemen who have up to date drawn very considerable salaries and have not as yet achieved any great material results. We were told of the towns that were going to spring up. We were told of LaScie which was going to be the garden of the northeast coast. Well, I have not been to LaScie, Mr. Speaker. But I have spoken with people who have been there, and that magnificent town-site, according to these reports, if they are to be believed, has not as yet come into being. That was to be almost the pilot town of the whole scheme. Now it has not come into existence. And the question naturally occurs, is that then a fair sample of the enthusiasm and the energy and the force with which the recommendations of that commission are to be implemented? If it is, Mr. Speaker, any indication of the genuineness of the enthusiasm of which we were told, then I submit that the Walsh Report might as well have never been written. Indeed it has been suggested by people who claim to know whereof they speak that the basic ideas embodied in that report have been abandoned, and that a new concept is to take its place. Certain it is, Mr. Speaker, that the Government has not given us any recent information as to the progress of that wondrous scheme. Now it may

be, Sir, and I suggest it quite probably is, that this Government has become so habituated to living on headlines that there has to be something new every so often, something to keep the public interest occupied. The old idea that a Government was simply there to administer the affairs, the public affairs, of the people seems to have fallen into disrepute. Now it has got to be one mad scramble from one venture to another, pick it up, polish it up, use the salesman's technique, sell it to the people and then put it aside and then find another little scheme and polish it up and do the same. Indeed, Mr. Speaker, I remember we were discussing a little while ago the meaning of the word "Expedient" and the dictionary definition thereof. There are times when one is forced to the conclusion that the present Government's interpretation of the word "Liberal" is that it means "Lavish". Everything must be lavish, on a lavish scale. Money is no object, and the build-up there is no limit to it. Everything that has been put up to us has been the biggest, the greatest, the most wonderful this side of the water, and indeed we have had it administered, all the various ideas — Go get so and so he is the greatest authority on this, and Mr. so-and-so is undoubtedly the greatest living authority on something else. Well, Sir, we have had experiences with some of these great industrialists; they were the greatest men in their respective fields. Some of these industrialists are apparently no longer the greatest men in their fields. They have gone to other fields. I don't know if the same fate is going to befall some of the later geniuses that we have brought amongst us. But as I say we had fisheries.

The last session we had the forestry report and the agricultural report.

We have heard nothing about them since. We are told it has nothing to do with this present session. All that we want to talk about is Javelin. Well, now, Mr. Speaker, I submit that the people of this country want to hear a lot about all the other things that have happened too. They want to know when the forestry report is going to be implemented. There you had something that really did conjure up expectations in the minds of our people. I remember when the Honourable the Premier stated that there would be a third paper mill, that was undoubtedly the news that from any standpoint had the greatest possible appeal to our people.

It is rather difficult, Mr. Speaker, to share in the enthusiasm of the Government for a project down in Labrador which is going to employ five hundred of our people.

MR. SMALLWOOD: A maximum of seven hundred.

MR. HIGGINS: These seven hundred people for all practical purposes might as well be in Quebec. Their money is certainly not going to come back here in the same proportion as it would if there were a third paper mill in Newfoundland with the people living here and spending their money here and raising their families here. If the third mill is timely, and I hope only time will push it aside until we get the boys down on the Javelin.

And Sir, we have had (I was almost going to say indecent) the undue emphasis, I submit, which has been placed on the tourist industry. Now, Sir, the tourist industry has been, I suggest, the most outstanding example of putting the cart before the horse that the present Government has as yet managed to come up with. We talk about the tourist industry, we

appoint a gentleman who is able. And I say this quite honestly. He is undoubtedly good in that particular line of endeavour. I think the present director of tourist development can hold his own with anyone. But that office is set up, Sir. We have another gentleman who formerly worked with the "CNR". He was made inspector of hotels and he goes around to inspect the hotels for tourists. The director goes all over Newfoundland making speeches to service clubs, to Bay Roberts and Bell Island and everywhere else about the wonderful tourist industry. He goes to New York and visits various people. The whole idea seems to be, Mr. Speaker, to sell a tourist industry to the people of the United States and to the rest of Canada. And if these people should ever come here, Mr. Speaker, we are going to be the laughing-stock of the North American Continent. Because we have no place to put them. The Federal Government undertook to build a ferry. Well it built a ferry. And it must have been a great relief to the Tourist Development Board at least to know that the ferry was not going to be able to take cars to Port aux Basques. Because if they ever had, Mr. Speaker, if the "William Carson" were running this summer on schedule landing unfortunate travellers at Port aux Basques in their motor cars, I doubt if any one of them would go back and ever say a good word for Newfoundland again. Because we know, Sir, we know that the progress of the roads and of the accommodations on the west coast of the island particularly has not at all kept pace with the plans that have been lauded so loudly abroad by the Tourist Bureau.

The only part of the country today where you can hope to accommodate tourists in any quantity would be on

the Avalon Peninsula. I don't think there is a member in this House can say that during the holiday season he can get a place to stay with any certainty. If you want to go down to Trinity you have to know somebody down there. What have you got? A half dozen little places on the whole Avalon Peninsula to put up holiday makers. We have not the accommodations, Mr. Speaker, for our own people who want to see their Island, to say nothing of bringing people down. Still we go on and on and on spending money on the tourist industry, which, as I say is going backwards. We must get our roads built first, get our accommodations ready and then prepare for tourists. But don't have them come down, Sir, and find us in a state not only of unpreparedness but actually adverse to seeing people come looking for accommodations.

And tied in with the question of the tourist industry is this question of roads. We are told in 1949 that the Trans-Canada Highway would be completed within, I believe it was three years. Well that has been extended and extended and extended. It is now six years and some months since Confederation. The Trans-Canada Highway is not completed yet. We have not heard from the Honourable the Minister of Public Works. Unfortunately he is not here today to tell us when it will be completed. We do know, Sir, that it is not merely sufficient to complete it. It will have to be surfaced. If the reports of travellers who have gone over certain areas of that Trans-Canada Highway on the western side of the Island are to be believed and accepted, it is an experience compared to that of the people who travelled the Oregon Trail. Now it is a favourite jibe of the Government when we start talking about

roads — St. John's got a few roads, why spend any money anywhere else. That is not true. Take in my own district of St. John's East.

St. John's East is the most neglected area as far as roads are concerned of any section of the Dominion. Actually, Sir, that ties in with the Tourist Bureau. I remember when I was at school I used to work in the summer holidays at the Tourist Bureau. And in those days there was a drive. The Furness Red Cross Lines used to run tourist cruises from New York. They would arrive here on Thursdays and sail again on Saturday. And one of the favourite drives in those days was the Marine Drive down through Logy Bay, Flat Rock, Outer Cove and across the Bauline Line and out the Portugal Cove Road. With the exception, Sir, of the Portugal Cove Road and now a portion of the Tombay Road, there is not in the East End a road, that, up until this summer received any attention at all. It is true the odd grader would go along and scrape up the few major rocks from the middle of the road and throw them in to the side. But as far as receiving any attention, Sir, they have not received any attention. Go down the Logy Bay Road that was used by the heavy equipment from Pepperrell Air Force Base, go to Red Cliffe, and you will see a road that unless something is done with it very, very quickly will have reverted right down to bedrock and will need complete rebuilding. These are the things, Mr. Speaker, as I say, that we would like to hear the Government tell us something about.

John Doyle and Javelin are a project which may perhaps justify the calling of this special session. But Sir, there is no justification for the Government saying we shall discuss nothing else but Javelin. These are questions, Sir,

of vital importance to the people. It is a matter which I think is unanswerable. It is a complaint which must be recognized. We have people down in that section who are amongst the hardest working people in this country. Down on that east shore they have been neglected for years and years.

MR. SMALLWOOD: I thought the honourable gentleman was going to run for St. John's Centre. That is a lot of talk about St. John's East.

MR. HIGGINS: There is one thing, Mr. Speaker, in the Conservative Party, we do not have to take dictation from outside. We decide where to run. At the moment I am the sitting member for St. John's East. Please God! After the next election I will still be. At least it will not be for the want of trying. I have never had any aspirations for St. John's Centre. It is a nice district, a lovely district. But St. John's East is still a lovely district. And, Mr. Speaker, despite the interruptions, and I am glad they are good-humoured interruptions, St. John's East is a district that has been neglected. It is one of the oldest districts in this country. It is a district that has always contributed to the national economy. All down that shore you have people who are steadily employed. There is one aspect of living down there now that has changed. You don't see the same number of men engaged in the fisheries. Indeed I think the Premier himself will agree Torbay and Flat Rock are gone as far as the fishery is concerned, and in Outer Cove there is very little. In Bauline, yes. You need not worry about Torbay, Outer Cove or Flat Rock. They are the sort of people, Mr. Speaker, who like to go their own way. We are like Brooklyn, you see. The rest of the world may be confused but we are all right down

there. Be that as it may, Sir, the point I am trying to make is that you have got great areas, and when I say St. John's East I am naturally trying to christen my own child first — that holds good of a lot of sections of this country. And I do say, Sir, it does seem a little puzzling why the Government can go tearing around with little bits here and little bits there. These things all can be justified. But you cannot justify neglecting existing roads merely to service people who have never been serviced before. That is not a satisfactory answer.

We have been told (and I am not going to get into finances to any extent) that a hundred million dollars liability, contingent, or direct does not really phase this country. Now, Sir, if we are going to spend money, I say by all means spend the money which we are going to get. If the Government are going to bring in a loan Bill which is going to result in direct benefit to our people, and I am not anticipating the thoughts of the Minister of Finance, if he will bring in a Bill to raise a loan for money that will be properly spent, not filtered around the whole country, I don't think we need worry. There would not be any opposition to a project like that.

Now, Mr. Speaker, I promised that I would not occupy the House too long. There is a sort of tacit understanding that the debate won't be unpleasantly prolonged. But I do say, Sir, this House having been opened and the peoples' business discussed, it should not be closed without some statement from the Government as to its progress or at least its intentions in respect of the various reports which have been brought in here in recent years concerning the fisheries, forests and agriculture and all these other matters. That, Sir, is information to which we

as an Opposition are entitled and which I feel sure the people of this country are expecting.

MR. HOLLETT: Mr. Speaker, my learned friend on my left has taken little time, and I think I shall probably take just as little time as he did in speaking to this Speech from the Throne.

I want to draw attention to that Speech, Sir. It is the most unusual speech I have ever witnessed, either, while a member of the House or prior to that. There is absolutely nothing in it. That is an old stock-phrase, of course, but applies definitely to this one. The only thing that is mentioned is the iron mine on Labrador and the necessity for guaranteeing a bond issue to raise sixteen and a half million dollars to assist in financing it. There are about twenty-six lines of type-written matter in that Speech from the Throne, and practically half or more than half are taken up with a very poor description of Knob Lake Iron Mines and the Hamilton River Watershed, which have no bearing whatsoever upon the work of this session. We are merely called together, according to the Speech from the Throne, in reference to the proposal to open a new large iron mine. And we are shown the necessity of guaranteeing a loan of sixteen and a half million dollars.

Now as regards the Ministerial statement made this afternoon by the Honourable the Premier, I am very glad that he was able to produce the evidence which he has undoubtedly produced with regard to the telegram which was read in this House yesterday, which I say was shocking, not only to us but I should say to the Government and to anybody else who had the country's interest at heart.

But it came from what we took to be a correct source, he being the attorney of a subsidiary company of the Societe De Banque Suisse. And he denied or disclaimed any knowledge of any shares having been purchased by this bank. The Honourable the Premier is now able to produce a photostatic copy of a letter from the Societe De Banque Suisse, dated 19 August 1955. And that letter informs Canadian Javelin that the amount of four million eight hundred thousand dollars had been paid to their account, covering one million three hundred and fifty thousand shares of Canadian Javelin Limited, non-par value, common shares. These shares have been duly received by them. That is to say, somebody outside of the Societe De Banque Suisse bought these shares, apparently, and then deposited the money in the bank over there.

But I want to draw attention to the fact, Sir, that that letter was written on the 19th of August, whereas we have here a statement from Mr. John C. Doyle which was dated in July 1955, what date in July is not mentioned, stating definitely there that they had sold to the Societe De Banque Suisse shares to the value of four million eight hundred thousand dollars. That was in July. This letter was not written until the 19th of August. So that there is still some discrepancy, still something which is not just correct. And I am duty bound, Sir, to point that out to the House at the present time. Surely if somebody else bought the shares and paid the money into the account of Canadian Javelin Limited at the Societe De Banque Suisse in July, surely they would have notified Canadian Javelin long before August 19. Yet we have here a statement from Mr. John C. Doyle in which he states the money was there

in July, four million eight hundred thousand dollars, and he says that money was the money of the Societe De Banque Suisse. They themselves had bought the shares, according to this statement.

MR. SMALLWOOD: So they did.

MR. HOLLETT: Maybe they did. But this is the letter that advises that four million eight hundred thousand dollars had been paid to their account covering so many shares, non-par value, which shares have been duly received by us. Well, if they bought them, very well. But how could they have bought them in July, as said Mr. Doyle. Surely goodness, they should have notified Canadian Javelin before August 19, 1955. I would merely draw that to the attention of the House, and probably the Honourable the Premier will be able to give some explanation of that too.

Now, Sir, with regard to this railway on the Labrador — It is the intention of the Government (indeed the Bill has all but passed) that this Government guarantee a bond issue to the extent of sixteen and a half million dollars to build the railway. We, Sir, on this side of the House, still maintain that it is not any part of the duty of this Provincial Government to guarantee bonds for the building of railways. I would say it would be much better if, oh, the Federal Government could do it or do it through the CNR. And as I pointed out before the Canadian National Railway has heretofore built railways on their own account in connection with the opening of mines in various outlying places in the Dominion of Canada. There is no reason, therefore, why the CNR could not have built this line or arranged for a guarantee of the bonds which were necessary to finance the

building of the railway. I do think, Sir, that it is not the part of this Government to be guaranteeing bonds of that nature.

MR. SMALLWOOD: I thought we debated that matter.

MR. HOLLETT: So we have. But I am debating the Speech from the Throne, and that was mentioned here.

MR. SMALLWOOD: I thought it was disposed of.

MR. HOLLETT: The Speech from the Throne has not been disposed of. That is not my recollection, Mr. Speaker, and if I am out of order I take it the Honourable the Premier will take the proper steps to sit me down.

MR. SPEAKER: The Chair will take the proper steps. It is a fact that no debate that has been concluded may be revised. But it is also a fact it is in the Speech from the Throne, as the honourable member says.

MR. HOLLETT: And I take it I can talk to that just as long as I want to?

MR. SPEAKER: Without tedious repetition.

MR. HOLLETT: I won't have tedious repetition. As I have pointed out. I don't intend to talk very long, unless I am interrupted.

MR. SMALLWOOD: If the honourable gentleman wants to flog dead horses, that is his own amusement.

MR. HOLLETT: I did not say Javelin is a dead horse. I am afraid it is a dart pointed right at the economic heart of this country. The point I was to make, Sir, is that any Government of Newfoundland has naturally got an obligation to the people

who put it there. And it is my contention, Sir, that any guarantee of bonds which is to be made by this Government ought to concern primarily the people of this country, ought to concern primarily, for instance, the fisheries or the roads or the health and welfare of the country rather, Sir, than something concerned with the building of a railway in Labrador. We have held all along, Sir, we are prepared to agree that the ore is there. From these statements we believe that the ore is there. Granted, the percentage of iron content is only 34% to 37%. But we are prepared to take the word of the Honourable the Premier, who has undoubtedly gone to a lot of trouble to find out what can be done. We are prepared to take his word that this ore can be beneficiated and brought up to the proper content of 60% or 65% as the case might be. And taking that word, therefore let us assume that everything that has been said is correct. Then we know there are millions and millions of tons of ore in Wabush and the Wabush Lake area which can be beneficiated to over 60% content.

The thing that we cannot understand, Sir, is why private enterprise, why the great financial houses, why the people like Harriman Ripley or the firm into which they have now been absorbed or all the other great firms who arrange these financial deals, why have they not come across and guaranteed these loans and started this wonderful mine down there which is to compete with Knob Lake, which itself raised money to build a railway costing a hundred and fifty million dollars.

We are told, Sir, on certain occasions that the Iron Ore Company of Canada were thinking of abandoning their work in Labrador.

MR. SMALLWOOD: Who told you that?

MR. HOLLETT: And were going to come up to the Wabush area to start mining there, where they have concessions. We are told that, Sir. We took steps to find out that that was not correct and it is not correct. And the Iron Ore Company of Canada are quite satisfied with the deposits which they have, and they will continue to operate in the Knob Lake area, and will only come to Wabush area at such time as they think they will be able to exploit economically from that area.

MR. SMALLWOOD: That is not right. If the honourable gentleman will allow me. The Iron Ore Company of Canada and the Labrador Mining and Exploration Company will continue to operate where they are operating now and not go to Lake Wabush until they have found an economic way of smelting the ore electrically, economically. Then when they have found that they will go to Lake Wabush. That is the fact.

MR. HOLLETT: That is tantamount to what I said. I spoke of economically. The Honourable the Premier has not explained to us why Knob Lake cannot beneficiate the ore which they have in the Lake Wabush area.

MR. SMALLWOOD: That is not what the Iron Ore Company has told me. What it has told is that, as, if and when they find the economic way of smelting ore by electricity they will then go to Wabush Lake and mine the ore to smelt it there and not smelt it where they are operating now.

MR. HOLLETT: I wonder if the smelting is in operation now?

MR. SMALLWOOD: No.

MR. HOLLETT: But the point I want to make, Sir, it is not the part of this Provincial Government, as I have already pointed out, and it ought to be repeated here, perhaps for the last time as far as I am concerned, it ought to be repeated that we are not a financial giant. We have not the taxable assets, if you put it that way, in this country which can turn in to this Government the revenue which is necessary to properly run the country. That fact is disclosed in an answer I received only yesterday. In the 1954-55 fiscal year our Government spent fifty-five million dollars. And in that same period our Government received forty-two million dollars. I don't think it is quite forty-two million dollars. Yet we spent fifty-five million dollars, and they have been spending on an average, Sir, during the last five or six years of some twelve to fifteen million dollars every year more than they are taking in.

Now every sensible person in this land knows very well that we cannot continue to do that. In addition to that, Sir, we have already guaranteed loans to the amount of twelve million dollars. Now on top of that we are going to guarantee another loan of sixteen and a half million dollars. Twenty-eight and a half million dollars guaranteed. Something, Sir, will have to be done in order to (shall I use the vernacular) put a round turn around this expensive Government. I say this "expensive Government" advisedly, Sir. I only have to point out a very few things to prove that. The Government well knows that, Sir. It is not essential, not necessary for me to state these things, which could prove that this Government is an expensive Government. What are we getting for that?

When I remember the day, Sir, when

we had twenty-eight thousand fishermen in this country. True they were not millionaires. They did not have motor cars or did not have television sets, but, by gosh, they were the finest race of people of any land in the world. Today we have anywhere from five to ten thousand fishermen. Nobody seems to know. But I do remember that the President of the Federation of Fishermen stated, only in May, I believe, when the Fishermen's Convention was on, that this would be the last year for him as President of that Federation unless the various Government bodies came across and did something which was of definite use to the fisheries and to the fishing settlements in Newfoundland. He is the General Secretary and a very able man, Mr. Max Lane. I am quite sure he must be definitely worried about the whole situation. It ought to be a fact today, according to statements made by the Honourable the Premier in years gone by and in very recent years, it ought to be a well-known fact that the fishermen of this country the saltcod fishermen should be almost rolling in wealth, i.e., according to statements made by the Honourable the Premier. Yet we find, Sir, along certain sections of the coastline, our fishermen who are still remaining at the salt cod fishery are not making enough on which to live in a manner in which they should live in this Canada of ours. We are told, Sir, that there would be no difficulty whatsoever about our fishermen earning decent livings at the fishery. Instead of that we find, Sir, they have to go down into the bowels of the earth in Wabush Lake and mine iron ore in order to make a decent living for six months of the year. That is the highest ambition which this Government can attain to now, Sir, to open up an iron ore mine away down in Northern

Labrador, shall I say, to send these fishermen who cannot exist or subsist on the fisheries along our shores.

Yes, we will look after you well. Open up a mine, guarantee a loan and open up a mine in Labrador, and you can go down there and dig out iron ore. We told you what we would do. But this is what they intend to do, Sir.

Yes everybody is heartbroken over, shall I say, the misused effort along the fishery line. We have enough people, Sir, in the fisheries, both Provincial and Federal drawing down sufficient salaries, from both departments I take it, to give a decent livelihood to practically every man now engaged in the fisheries, and yet the fishermen are practically starving.

Take our roads: My learned friend to my left has referred to roads in his district particularly. I will refer to the road across Canada, the Trans-Canada Highway: We were informed that there would be a road from Port aux Basques to St. John's, a first class road three years after Confederation. Whose fault is it? The Federal Government's? Oh, no! The Federal Government agreed that they would assist us to build that Trans-Canada Highway, and that they would pay fifty-fifty. They would pay fifty per cent of the cost. It only remains to be seen that this Government, who were so spendthrift in putting in other new industries, which have not turned anything in to the Treasury, this Government has neglected to put the necessary finances into the building of the roads. If they had put fifty million into the road, then the Federal Government would have put in fifty million, and we would have had our Trans-Canada Highway and small industries. These are the industries that count, as far as the little man is concerned. Small in-

industries would have started up along the railway line and farming settlements and people would be able to move around in comfort. Instead of that, Sir, the Government took twenty-five million dollars, as you well know, Sir, and we all know where it has gone. Sir, I have been told here often enough — twenty-five million dollars, and I have been told here on another occasion I ought not to mention these things again. So I won't mention them. I won't mention them. They are unmentionable, Sir, unmentionable. The Liberal Government is unmentionable also.

MR. SMALLWOOD: It is mentioned often enough then.

MR. HOLLETT: Hereafter you are unmentionable.

MR. SMALLWOOD: Is that a promise?

MR. HOLLETT: We have no promises in regard to that. I said in the first instance when I got up, that it may be the last time I would have an opportunity to speak from here. I want to refer, therefore —

MR. SMALLWOOD: We will have to do something about that. We can't allow that to happen.

MR. HOLLETT: As the Honourable the Premier hinted, we already have a very prominent man from the mainland down about that, to see we all get elected. He was kind enough to suggest that is why the President of the PC Association came down here, to help us to win elections. But, Sir, we don't have to go to the President of the PC Organization all we have to do is sit in at the feet of the Premier and take lessons how to win elections. I know how some of these elections have been won. "Vote for the PC's

and you lose your baby bonus." "Vote for the Tories and lose your old age pensions." A favourite topic from every platform across this country by nearly every man across this House. That is the way to win elections, they think. It may have been one day but not today. Thank God our people now know differently, and the man, whether he is a Liberal or a Tory who gets up on his feet and makes such a statement again should be put down with Valdmanis.

MR. SMALLWOOD: No! Not again.

MR. HOLLETT: I want to say this; Dr. Valdmanis brought some famous men into this country. He brought in Max Braun Wogau.

MR. SMALLWOOD: I wish I could pronounce it like that.

MR. HOLLETT: He brought in Mr. Koch and Mr. Schaffers and Dr. Sennewald. Where are they? Where are they now? Dr. Valdmanis brought these men in. They now, according to the Honourable the Premier have been booted out. They, according to the Honourable the Premier were crooks.

MR. SMALLWOOD: The honourable gentleman is putting words in my mouth.

MR. HOLLETT: No, Hansard will show it. Hansard will show it. May I point out Dr. Valdmanis also brought in John C. Doyle. He was the first man to contact John C. Doyle.

MR. SMALLWOOD: No. That is not so.

MR. HOLLETT: Valdmanis did his best to peddle NALCO shares across the United States in fifty thousand share lots.

MR. SMALLWOOD: I am sure the honourable gentleman does not wish

to misrepresent. Dr. Valdmanis had as little to do as himself with bringing John C. Doyle into Newfoundland. Valdmanis had as little as the Leader of the Opposition to do with bringing John C. Doyle into Newfoundland. In other words, he had nothing whatsoever to do with it.

MR. HOLLETT: Mr. Speaker, I am so used to taking the Honourable the Premier's word it has become more or less a habit.

MR. SMALLWOOD: It should be a good habit.

MR. HOLLETT: Now you can become all sorts of things by habit. I know that for a fact. And if I kept on taking the Honourable the Premier's word too often, not that the Honourable the Premier gives us anything he knows to be wrong. I don't think anything like that. But he could give us some — You know he is very enthusiastic, Sir, and could say something in his enthusiasm which would not be just the actual fact. All I know for a fact is that the very day that this man John C. Doyle, February 19, 1954, or April 19, 1953, the very day he came here he came into Dr. Valdmanis's office.

MR. SMALLWOOD: That is right.

MR. HOLLETT: And brought him in, according to information.

MR. SMALLWOOD: Valdmanis did not bring him in. He did not invite him. He did not know he was coming. He did not even know there was such a person in the world.

HON. L. R. CURTIS (Attorney General): He just happened to be Chairman of NALCO.

MR. SMALLWOOD: He was Chairman of NALCO, and if Doyle wanted

to consult NALCO about anything he would go to Valdmantis.

MR. HOLLETT: Is that what you are trying to say?

MR. SMALLWOOD: No. The honourable gentleman is saying Valdmantis brought him in.

MR. HOLLETT: I know he did not bring him in a satchel like the fifty-five thousand dollars from Corner Brook. No. He was instrumental in getting Doyle.

MR. SMALLWOOD: No. He had no more to do with it than the honourable gentleman himself.

MR. HOLLETT: I could produce certain things.

MR. SMALLWOOD: Then produce them.

MR. HOLLETT: I know certain things I do not disclose, even as the Premier has certain things he does not want to disclose. I would say, in my opinion, Valdmantis was instrumental, from facts I have, in getting John C. Doyle to come in here. He and others allowed John C. Doyle to obtain control of sufficient shares in NALCO to have absolute control over twenty-five thousand square miles of territory in this Province.

Now, Sir, having said that Valdmantis was instrumental in bringing in these people, having said that they have now been booted out because of their incompetence and other causes, are we not correct and right on this side of the House to be very cautious about anybody that this man Valdmantis had to do with in connection with coming into this country. I don't know. I know nothing about John C. Doyle. I know a lot about his financial backing. But there are lots of good men have

very little financial backing. But I do say no man should have ever been given the right to have control through his company, Javelin, of twenty-five thousand square miles of this island, this land of ours. It was decidedly wrong. And I thank God he was not able to carry out the financial deal he thought he was going to be able to carry out. Valdmantis, and others, made NALCO smell. I think, Sir, that it would be much more to the advantage of the Government if they devoted more time to their various districts, to the people of this country than they devote to trips abroad to meet financiers who never come here to leave any money. Trips abroad, down to Jamaica. And in that connection, Sir, I would like to make reference to a trip down to Jamaica of the Honourable the Premier and some of his associates in connection with the selling of salt fish down there. There again I have in my possession a statement made by a prominent fishery official in connection with that trip. I have it somewhere. I don't think it is absolutely necessary that I should quote it all.

The idea was that Newfoundland should ship all its fish directly, its shore fish as well as its bank fish, if we are ever going to get any more, down to the Caribbean in a salt state, and then the fishermen would not have to devote any time to making or drying the fish. That has been referred to in this way: Freight rates and handling costs were part of the problem — But the crazy system of shipping fish to the Caribbean was the main thing responsible for putting our most important market in jeopardy. We have been aware of this for a long time. But they have a policy of keeping mum all around. We have urged the Federal Government to begin talks

on fish prices, but can't get them to come here until after the convention.

But what I want to draw attention to is the fact I don't believe it is the part of any honourable member on the opposite side to be endeavouring to make big deals with big concerns in the Caribbean, which deals ought to be made by private enterprise. I have no doubt there are men on the opposite side who have business ability. But I have yet to see anybody on the other side who have made a realistic deal in connection with any of the industries, which have so far been brought in here. I say, if the Government interferes with fisheries to such an extent that the price drops two dollars a quintal then somebody ought to get a crack over the knuckles, and somebody will eventually get a crack over the knuckles for that. There are other things for a Government to do, Sir.

I was told the other day of an agreement made by the Government with a certain union here in St. John's, a carpenter's union, I believe it was. And the rates of pay were to be such and such (I won't name the exact figures) but the Government departments have refused to live up to that agreement, and are paying ten cents an hour less than private industries. That and similar things are subjects which ought to be considered by members of the Government in their various departments. I have been told of charwomen who have not been allowed to earn that which they ought to earn in cleaning up Government buildings. These are only small things. But they are things which our honourable and departed Minister of Welfare used to refer to as the humane values. I am not going to take up that subject, but I want to refer to it. I do deplore the fact, that man has departed our

shores, and I do deplore the fact that he was referred to a few days ago in the terms in which he was referred to by the Honourable the Premier.

MR. SMALLWOOD: If the honourable gentleman will allow me — I will repeat what I have said. Of course I only refer to the man as a politician and not as a father, a husband, a church-goer nor a private citizen, but only as a politician. I repeat now that the people of his own constituency have no respect whatever for him, nor have the people of Newfoundland obviously.

MR. SPEAKER: The words were: "I have no respect for him! The people of his district have no respect for him! The people of Newfoundland have no respect for him!"

MR. SMALLWOOD: That is right. It is a politician we are discussing.

MR. HOLLETT: That is one way out. But in any case, it was not a nice expression to use about a man who had such a distinguished career here in Newfoundland as did the Honourable Doctor Pottle. And as far as I know, he was a pretty good politician too, on the whole.

But Valdmanis went to jail. Braun Wogau was booted out. And who can say that Dr. Pottle was not booted out. I don't know. He was good enough to be a Commissioner under the Commission of Government, and good enough, Sir, to be Minister of Welfare in the present Government here. Now he gets a character given to him like that by this Government. Sir, it is not safe; not safe to be in Opposition for sure sometimes, but it is certainly not safe to be a member of the Government. Because you hew to the line or you will be dubbed. And don't worry, my honourable friend from the

district of Port de Grave will be dubbed ere long, and Sir, I am not so sure he would not deserve it. Anyway, Mr. Speaker, I must not talk personalities.

Sir, although the session has been very short, I must say that we have all held our tempers very well. I am glad of it. I do hope sincerely that this Javelin thing will come to a successful end, and I do hope that we shall never be called upon to make good the bonds. But I feel Sir, in raising the objections which we have raised, and in voting as we have done during these several days, we have brought to the minds of the Ministers, who rule this country, the great seriousness of entering into an agreement of this kind. It would be a tragic thing — and I don't need to go into that, and don't think I should go on to tragedy any more. I hope there will never be a tragedy. But I do want to point out to the Government, in the name of goodness, let us have learned our lesson with regard to industries of all kinds. Let us make sure that the proper, expert, technical knowledge is obtained before we guarantee or loan money to any others, particularly people outside the country. If you loaned money for the fisheries, and the fishery being what it is you lose it, well, nobody is going to say very much about it. Here we have, Sir, along our shores millions and millions of tons of fish coming right in, eating the rocks, as they say. And we have nobody catching it simply because the members of the Federal Government and of the Provincial Government have not been able to get together and visualize and put into effect a plan which will make it possible for the fishermen in various fishing villages around our shores to make a decent living. That problem alone, Sir, is sufficiently large, big

enough for any bunch of men who form the Government here, I would be the first in the world to bestow upon the Honourable the Premier and his Cabinet the honour which this world gives them if they would devise and bring in and execute a plan which would make it possible for our fishermen to live in common decency in the fishing settlements where they were born, if they so desire. Instead of that we find the fisheries neglected more than anything else in this country. The whole idea was that the fisheries were no good — the fisheries were no good. We know how to cure this. We will set up new industries and take the fishermen out of the boats and put them in the industries. Then they will live better. It was a good idea in some respects. I believe the Honourable the Premier really hoped that he would be able to accomplish that. I am not saying anything against anybody on the opposite side. But I do say, Sir, and I criticize the Government and I scorn them severely for things they did. Not in one single case of the fifteen new industries did they take the necessary pains and the necessary care to get the proper expert opinion, and to get the proper management, which was so desirable to any new industry.

Now, Sir, I realize it is the wish of the Government to terminate the session as soon as possible. We have said all that we can say, relative to the purpose for which this House was called together. We have set up and established our caution signals. And I feel, Sir, that they will have the desired effect upon the very enthusiastic Government and most enthusiastic Premier. Thank you very much, Sir.

MR. SMALLWOOD: Mr. Speaker, I will be very brief in summing up this debate and perhaps in closing it.

It has been quite a short session. The business that has been done has been business of very great importance to the people of Newfoundland.

I think that this session has changed the course of our history, bringing us half a point nearer to prosperity, closer to development of our resources. I think that everyone must agree — I suppose though there may be some people who don't agree. I don't think I should spend too much time on those who don't agree. I think it is so obvious that anyone who does not see it is not worthy of any time nor effort to make him see or try to get him to see, because I think anyone with even rudimentary brains knows that what Newfoundland has got to do is to develop her natural resources, which is another way of saying that Newfoundland has got to accept continuously, to accept gladly, to accept the gifts with which God has endowed us. Now we cannot rail at Providence over our conditions so long as we fail to do our part. God has given us these resources. We had nothing whatsoever to do with it, with putting them there. They were put there by God. Our part is to develop them, and out of their development to give our people, our Newfoundland people, the families of this land, the physical where-with-all to get food and clothing and shelter and education and churches and lodges and recreation and entertainment. In other words, to get the physical material things without which you cannot have a civilized land. You just can't have it. Even the most spiritual things need material shelter. You need church buildings, you need churches, schools, parish halls. These cost money. So that even for the most spiritual things we need to give us a good life we must have money, and that money we must rob or must re-

ceive it as a gift or must earn it. The job for the people of Newfoundland is to earn that money. They can do it only if they have natural resources and if they accept these natural resources and if they develop these natural resources. All of which is a long and round-a-bout way of saying that our fate as a people depends upon economic development. Because if you talk of public health and hospitals, nurses and doctors, of clinics of air-ambulances and hospital boats, and about all the problems of health. If you talk about education and all the problems of education; if you talk about culture and even the peculiar thing that we call "Newfoundland Culture" distinctively, when you talk of these things you are talking of dollars and cents, because they all cost dollars and cents and you cannot have them without dollars and cents. So we in this Government took office with a feeling that our prime duty, our first duty was to get economic development. Now admittedly one way to do that is to sit tight and send out investigators every now and again to businessmen and industrialists and financiers of North America and the world, to come in, let them know they are welcome, that the welcome mat is out. Let them know the door is open, on the latch. If we did that we would be in very good company. Admittedly every one of the forty-eight states of the United States and every one of the other nine provinces of Canada and every city of any account in North America on both sides of the border had a promotions department, an industrial development commissioner or some kind of organization. I would venture to say that the literature they put out in the course of a year, every year, to induce industrialists and bankers and bond houses and financiers and invite them to come into their particular state or their par-

ticular county or their particular city, all of that literature put out in any one year, would not fit into this Chamber. That is every year. Oh we could have done that too. We could have printed handsome pamphlets and literature.

MR. BROWNE: And you did.

MR. SMALLWOOD: We printed a pamphlet or two. But I am talking about the most magnificently printed and lithographed literature. If the honourable gentleman has not read it he has missed something.

MR. HOLLETT: What about movie pictures?

MR. SMALLWOOD: Movie pictures—just a slight trickle. That helped but that is about all, only a trickle. I say, we could have done that and the result would have been almost precisely nothing. We would have had to spend a great many millions of dollars to carry on a line of propaganda that would have made a dent, because that line of propaganda would have had to compete with some of the ablest public relations men in all the world. Because you will find the ablest promotional and public relations men of the world here in North America, and some of the best of them are retained by cities, counties and townships and states and provinces to boost their particular locality with a view to getting industries located in their locality. And to compete with that we would have been required to spend a great many million dollars, and we would have accomplished practically nothing.

Now we have accomplished something. We have got these industries. These industries will be debated as long as there is an Opposition. That is why they will remain in Opposition.

They do not realize, they do not understand yet, and it is useless to tell them, and I am now tipping them off politically; if they are smart I would not need to tell them. But as they are not smart I can tell them safely; they are not an issue politically. They will not win one vote one convert who will cheer and be delighted. The more the Opposition attacks the new industries the more those already converted will cheer. But they will win no votes. They are not an issue politically for us nor for the Opposition. We don't win any votes by these new industries. The Opposition does not win any votes by these new industries. They are not a political issue.

MR. HOLLETT: You are losing by them.

MR. SMALLWOOD: They are not a political issue. There are no votes either for us or for them in the new industries. Nevertheless the industries are there. They are there in Newfoundland. They are in existence. They are not hypothetical. They are actual. There are men and women actually working in them. And while the debate rages in this House, these men and women are punching the clock in the morning and again at night and getting pay envelopes at the end of every week or fortnight. They are actually there, functioning if not flourishing at the present time. They are functioning and paying out six or eight or ten million dollars a year in wages. That is good for Newfoundland. That is good for Newfoundland.

Now that is all I am going to say about the industries. And perhaps even that is more than is proper for me to say, in this particular debate.

I want to comment upon just one point made by the honourable leader of the Opposition when he said that the Government for years (I think he said ever since we have been in power. If he did not he might have said it) had been spending more than we have been taking in. Now always I suppose the Opposition will make that kind of claim. By taking a certain number of assumptions on the one hand and on the other hand by bringing out certain facts they will be able to say very conscientiously that the Government is spending more than it takes in. I see there is quite a dispute in Québec, Mr. Duplessis claims that his Government is in a flourishing financial condition. That they have just ended the year with a surplus of income over expenditure. But the Leader of the Opposition comes out and virtually calls the Premier of Québec a liar, and virtually says that (or does not virtually but actually says) Québec just ended up with a deficit. Now they cannot both be right. The trouble of course is the same trouble as we have with our honourable friends opposite, with the members of the Opposition. They are talking about two different things, Mr. Duplessis and Mr. LaPalme. When we are in the Government we follow. And if we are followers and supporters of the Government you approve a certain system of accounting. That is to draw a distinction between the ordinary expenses of the Government, the day to day and week to week and month to month and year to year expenses of the running of the province: that is to say, the salaries of your three or four thousand civil servants, (that is a big item) the running of your institutions, the purchase of food and bed clothing and fuel and the payment of electricity and the pay-

ment of charwomen who clean and the purchase of soap and detergents, the ordinary running of what we call current, ordinary expenditures, and against that current or ordinary expenditure must be placed, of course, current or ordinary revenue. Then apart from the ordinary work of the Government there is the special work, the work which is of a capital character, of a capital nature; not the maintenance of roads but the building of entirely new roads, not the maintenance of hospitals but the buildings of entirely new hospitals, which won't go in ordinary current account.

Now that is the case all across the world, all across the world, and in Newfoundland. If the Government of Newfoundland were the only Government that made that distinction, then my honourable friends opposite would have a very good case. They could get up and say: "Mr. Speaker, amongst the many, many, many crazy things this present Government are doing is to draw a distinction between current account revenue and capital account revenue which they see and only they see, and which no one else sees, and which they in their peculiar mentality profess to see; a difference between current account revenue on the one hand and capital account revenue on the other hand.

MR. HOLLETT: Where do you get the capital next year?

MR. SMALLWOOD: We are not the only Government drawing that distinction. All Governments virtually, although not all, I will admit, but by far the majority of Governments of the world draw that distinction in their accounting between current account expenditure and revenue, the ordinary cost of running the Government and the revenue that comes in

for that purpose on the one hand and on the other is the special money that you get somehow, usually by borrowing. The conventional way to do it, throughout the world, all over the earth, nearly all Governments of the world, use the same methods of getting this special money for this special purpose, that is to say capital account revenue for capital account expenditure. They get it by borrowing. That is the normal way to do it.

If you do not accept that what are you up against? Here is what you are up against. You institute the building of a road in 1955. You begin it and complete it in 1955 at a cost of say one million dollars. You insist that that million dollars be paid for now in 1955, by the taxpayers of 1955 even though the taxpayers of 1975 or 1985 who are not born yet will be using it twenty and thirty years from now. But they shall not pay any of the cost of putting it there. The cost of building the new hospitals, building the new schools, building the new roads, that these capital costs shall be borne from day to day and month to month, as the expenditure is incurred that shall be borne by the living, current population. Now no Government says so. But Oppositions profess to believe that that is how it should be done.

MR. BROWNE: Mr. Speaker, may I ask the Premier; does he remember the speech he made here in 1952, which outlined that he was not going to borrow any money?

MR. SMALLWOOD: Yes, I remember quite well. But may I ask my honourable and learned friend a question, which is not a debating question, which is not a "Smart-Alec" question, which is an honest question requiring an honest answer? Does he agree with the distinction just de-

scribed, a distinction with which other Governments around the world are not bound?

MR. BROWNE: That is elementary.

MR. SMALLWOOD: My honourable friend says so. That is the first time that statement ever came from the Opposition since Confederation. "It is elementary." It is so elementary that I am ashamed to be saying it. The newspapers don't see that. My honourable friend's colleagues or some of his colleagues don't see it. Because only this very day my honourable friend the Leader of the Opposition asked what was the expenditure, and he was given the answer in two parts, one current account and the other capital account. He lumped them together and showed we had a deficit.

MR. HOLLETT: That is right. You borrowed the money to do it.

MR. SMALLWOOD: My honourable friend, or his honourable and learned friend beside him, raised that question of borrowing; and did I not at one time say we should not borrow. Did I say this and that? And I asked him a question and he said the distinction is elementary. But his honourable friend the Leader of the Opposition refuses to draw that distinction, won't accept it, does not —

MR. HOLLETT: May I interrupt to ask the Honourable the Premier a question? How long does the Government think they can go on borrowing ten and twelve and sixteen million dollars a year?

MR. SMALLWOOD: Let me ask my honourable friend a question. Notwithstanding that he already said this afternoon in his speech where he

lumped these two things together and showed a deficit, notwithstanding his doing that, does he agree as his honourable and learned colleague agrees that that is a proper distinction to draw? No, let the honourable gentleman think for himself and give his own answer without any advice now. He is smart enough to do that. He does not need advice and to have somebody whisper in his ear. I would tell the honourable and learned gentleman to keep quiet so that I could think, if I were in the honourable gentleman's position. Does he agree with his argument this afternoon that you ought to draw a distinction between money collected and spent for ordinary current account and money you get, from whatever source, to spend on capital account?

MR. HOLLETT: Mr. Chairman, I have to rise to my feet to answer that question. Certainly there is such a thing as current account and capital account. My current account is what I eat and wear today and pay my school dues and that sort of thing. My capital account is the house in which I live. I have to build a house but only have so much credit. And Mr. Speaker, I say that is limited with me, as it is with any Government. And I am asking now, the honourable the Premier, to answer my question; how long can this Government continue borrowing every year from ten to sixteen million dollars a year?

MR. SMALLWOOD: I would say the answer to that is this: We can continue much longer than Nova Scotia or New Brunswick or Prince Edward Island or Manitoba or Saskatchewan. That is five of Canada's ten Provinces. We make the sixth. There are only four more provinces in Canada that can afford to borrow more than we

can and for longer than we can. But we by the various resources we already have under development and those we know we have that are not yet developed are in a position where our credit standing is excellent in the financial markets and will continue excellent so long as we continue to develop Newfoundland, because development is the key to it all. Development is what will determine the size and quality of credit. And so long as we continue to develop, so long as we continue to have the highest birth rate and the lowest death rate in Canada and our economy continues to expand, so long will our credit continue to be good. I don't say how long that will be.

MR. HOLLETT: Will the honourable the Premier agree that it is limited?

MR. SMALLWOOD: It is limited. Of course it is. Now, having said that I have drawn from the honourable gentleman that admission, I do hope that in the future, if he has a future in this House, and I hope he has and I mean that seriously and I mean it sincerely —

MR. HOLLETT: Thank you!

MR. SMALLWOOD: I hope that in any future speech he will make in this House he will drop this (not intentional dishonesty. That would be an extremely unparliamentary thing for me to say and furthermore a dishonest thing to say. I don't believe the honourable gentleman intended in the least to be dishonest, intellectually dishonest) by saying unintentionally dishonestly and not helping the Newfoundland people to understand the state of their public financing; I hope that distinction is drawn. That distinction must be drawn. And if the

Newfoundland people are given an understanding of the state of public financing then they must have that distinction drawn always to their attention. Because, obviously, the number of new roads they want built, the number of new hospitals they want built, the number of new schools they want built will determine the amount of money that must be borrowed, because that is capital account.

MR. BROWNE: Mr. Speaker, I can follow the Premier in regard to the items he is mentioning now, but is he mentioning the items purely responsible, economic development, which are not capital account but which are current account.

MR. SMALLWOOD: They are not current account, anything but. Money lent to industries to start fish plants—and we have lent twelve or fifteen millions.

MR. HOLLETT: The deficits on the industries.

MR. SMALLWOOD: The deficits on the industries means we lent them more money. But loans made to industries to create them in the first instance, to enlarge them and to meet operating losses in the first years. All these together are loans made, and if loans are not capital account then there is no such thing as capital account. So if say the demand for new industries, the demand for new hospitals, the demand for new schools, the demand for new roads must be limited to the amount that the public is willing we should borrow. Because borrowing is the normal, perfectly conventional way of raising funds for capital account purposes. That is why it is so important that that distinction be drawn for the benefit of the people of Newfoundland.

Now I do hope that in future my honourable friends opposite will assist the people and not confuse them, assist them in understanding the difference between capital account and current account. The same thing applies to the individual, as has been illustrated. The same thing also supplies to any corporate body, to a corporation, it applies to any one and any thing, what is needed to carry on ordinary day to day, week to week, month to month, and year to year, life, ordinary living expenses. That is current or ordinary account. But if you are going to build a new house, buy a new motor car, that is not the ordinary account. That is capital account. And the same thing applies to Government.

MR. HOLLETT: But very often have to reduce current account expenditure.

MR. SMALLWOOD: Indeed you do. And so earn surpluses of money for capital account purposes. It may be arranged to reduce current account expenditures to raise capital account from current account, economize so as to have current account surpluses and use those surpluses for capital account. That is a very sound and convenient way to conduct business. But if that means you must stint on the maintenance of roads and hospitals and on ordinary maintenance of your institutions, you may do that to earn a surplus, but that is not true economy, that is not sound financing.

Now, Mr. Speaker, before I sit down I want to comment and allow my mind to wander for a moment, because I have been thinking a lot and wondering and pondering. I have been doing mental gymnastics for several days now, ever since the honourable and learned member for St. John's West admitted that it would have been

far better for Newfoundland if I had never been born. I have been wondering what difference it might have made to Newfoundland if I had never been born. And I have been wondering particularly, what effect my birth has had upon the honourable and learned gentleman, whose opinion I am now discussing. The honourable and learned member is now a member of this House, and he is a man of great learning and ability and a man who is extremely well-read and a man who is a fine debater and a man of outstanding parliamentary ability. He is a member of this House. Would he be a member of this House today if I had not been born? Can not my birth be thanked for the fact that the honourable and learned member is here this afternoon?

MR. BROWNE: I don't know if anybody else could be.

MR. SMALLWOOD: The honourable and learned member was a member of the House of Commons of this great nation, and graced that House of Commons for four years as one of the members, where he made a reputation of a kind in the House of Commons, of a different kind than he has made here in this particular Chamber. Would he ever have been a member of the House of Commons if I had not been born? I wonder, would he? And is that what he meant; it would have been better for Newfoundland if I had not been born? Does he mean it would have been better for Newfoundland had he remained a police judge serving at the District Court of Newfoundland? Because that is where he would likely be today if I had not been born. Now, Mr. Speaker, that is a philosophical exercise. It would be an interesting essay for school boys to write. Indeed it might win a prize. "Where would the honourable member for St. John's

West be if Joey had never been born." "Is it true Newfoundland would be better off and would the honourable and learned gentleman be better off if I had never been born?" What a vista that opens up to the philosopher to wonder what difference it might or might not have made to Newfoundland. And I could only wish my honourable colleague the Minister of Finance —

MR. HOLLETT: Mr. Speaker, may I rise to a point of order: I don't like to interrupt the Premier particularly in the painting of a picture. But I want to draw attention to the fact, we are speaking, I think, on the Speech from the Throne. I see nothing.

MR. SPEAKER: The honourable member is replying to a remark made.

MR. HOLLETT: I think if there is any exception to be taken it should have been taken. It was not in this debate.

MR. SMALLWOOD: It was in this debate. Speaking to a point of order, Sir. I may say I am always most scrupulous never to refer to a matter that occurred in another debate in the same session of the House, because of my awareness of the fact that it is unparliamentary to do so. Sometimes I begin to do it and pick myself up and correct myself and try to get over it in some other way.

MR. SPEAKER: I don't think the matter has been treated seriously by either the member who has the floor nor the members of the Opposition.

MR. SMALLWOOD: But the challenging observation of the honourable gentleman was made, or I think it was, in this present debate.

MR. BROWNE: You put it in my mind.

MR. SMALLWOOD: The honourable gentleman had it in mind more than once, and I don't think it originated in mine in this present session. I believe he had that in mind some years ago.

MR. BROWNE: I never thought it until you mentioned it first.

MR. SMALLWOOD: The honourable gentleman began by saying it was far better for Newfoundland if I had never been Premier of this province and then said it would be better for Newfoundland if I had never been born. He said he had no doubt about that. Now I would ask the honourable gentleman to submit that matter to the people generally of Newfoundland, not just one constituency, because I would rather imagine that the honourable and learned gentleman could, out of the thirty-six constituencies of thirty-five constituencies which we will have in the next election, select one in which by sheer and indomitable concentration, to the exclusion of all other constituencies, manage perhaps to get himself a majority of votes cast. But by not submitting it merely to one constituency — and I would fancy the district he would select in which to offer himself for a candidate will not be one noted for its admiration of this present speaker, this present debater. I imagine he will pick a constituency in which the great issue will not be my birth and popularity. But leaving out the one particular constituency — I know the same thing probably applies to the honourable member for St. John's East. He too will, I imagine, select a constituency in which his fortunes will not be noticeably hurt by anything derogatory he may say about me in the course of the election. Not that he would say anything, I am sure, but if he should be tempted to say anything that was not complimentary

to me I think it might even enhance his chances of election. So, leaving out these two constituencies, I wonder if my honourable friend, the leader of the party, would be particularly anxious in the constituency which he will contest, for example, what his tactics will be? Will they be to lean heavily on attacks of me or will discretion be the better part of valour? And will he try to get the "Smallwood vote" for "Hollett" or will he try to get elected to the House of Assembly by saying it would be better for Newfoundland if I had never been born? Now I challenge —

MR. HOLLETT: That is a suggestion?

MR. SMALLWOOD: No — Here is a challenge — That the honourable and learned gentleman will select a constituency, whenever the general election comes, and I may tell them they are going to be surprised. They don't think they will. They think they have it all figured out. But they are going to be surprised when the election comes. But that he pick a constituency and we put a candidate there opposing him, and he make an issue of "Smallwood". Let him make an issue of it. Let him make "Smallwood" an issue in that election, and let him repeat on every platform and over the radio the dictum of the honourable and learned gentleman, that it were better for Newfoundland that I had never been born. In that case he has already delivered his last speech inside these four walls. He did that here this afternoon. But I think he will find that discretion is the better part of valour, and that in all Newfoundland today there are only two constituencies, only two in the whole province, in which votes can be won and cheers can be aroused, and where you can arouse a virtual hurricane, a

virtual "Iona" of applause by saying that it were better for Newfoundland if Smallwood had never been born. There are two such constituencies. And it is safer, far safer, not to say that in the others.

MR. SPEAKER: If no other honourable member wishes to speak to the debate, then it has concluded, and I shall now put the motion.

Motion, that the Report of the Committee Appointed to Draft an Address in Reply to the Speech from the Throne be adopted, carried.

MR. SPEAKER: I am informed that His Honour will receive us at 6:00 of the clock this evening.

Third Reading of Bill, "An Act to Authorize the Lieutenant-Governor in Council to Guarantee a Loan to be Raised by Wabush Lake Railway Company Limited to Enter into an Agreement with the Company and Canadian Javelin Limited Relating to the Guarantee."

MR. CURTIS: Mr. Speaker, in moving the third reading of this Bill I would ask that I be given leave to introduce a nominal amendment. It is not an absolutely necessary amendment, but an amendment which I think will improve the agreement that is set forth in the schedule of the Bill; on page 22 I would move that the words "During" on the first line be stricken out, and the words "in respect of" be substituted therefore, in subparagraph (b). This is a nominal amendment, and is, I understand, Mr. Speaker, acceptable on third reading. And I would move the third reading of the Bill as amended.

MR. BROWNE: Mr. Speaker, I wonder if the Honourable the Attorney General would mind explaining the effect of that? As far as I understand

it, and perhaps he will tell me if I am right; that means the payment during any particular year would belong to the year before rather than the particular year. Is that the meaning of it?

MR. CURTIS: My honourable and learned friend is correct, Mr. Speaker. If I might be permitted at this stage to refer to a section, with the permission of the House, perhaps I might say, the amount of assessment at 33c. a ton is on minerals obtained during the calendar year processed and shipped during the calendar year, and the other amount referred to is the amount of the royalties paid to NALCO with respect to the same or in the same year. Therefore the words "in respect of" would be a little clearer, I think. For that reason I would move the amendment. Although I realize that under the agreement the Government has the power to sign the agreement subject in the same terms. But I would rather be frank with the House and make the correction here than take the responsibility for making it after the House has ratified it.

MR. BROWNE: It is not too clear now.

MR. CURTIS: I might say the amendment, Mr. Speaker, is approved by the solicitors on both sides, and I am quite prepared to put it.

MR. HOLLETT: Is that a motion for amendment, not for third reading.

MR. SPEAKER: Before the amendment is put, I wonder are there any more questions? The need for putting this motion is, of course, to decide whether the word "During" shall be retained or be removed. The motion is that the word "During" do stand part of the question.

On motion amendment carried.

MR. SPEAKER: Now the motion for third reading is before the House.

MR. HOLLETT: Mr. Speaker, it is my intention to debate third reading. I believe we can, under Rule 38. But I want to go on record as spokesman for the Opposition, that we do oppose and we have opposed this Bill. In principle we opposed it throughout and we still are opposed to the passing of this thing. Although certain documents have been presented we do think that these documents are not sufficient. And we do think it is not the job of this House to finance such an undertaking at this. The success of that railway for which we are lending money depends upon the sale of iron ore in Wabush area. And we feel, as I have already pointed out here, the mining world today is recognized in the great Province of Ontario as having only about two per cent of mining companies which are formed actually entering into mining operations. So that we are definitely opposed to it. And as we have had to do in all other industries, we do hope it succeeds. We only wish the Government had taken more time in consideration of guaranteeing this loan before they called the House together as they have done.

On motion Bill read a third time.

Opposition (Mr. Higgins, Mr. Hollett and Mr. Browne voted "Nay").

MR. BROWNE: Recorded as a division?

MR. SPEAKER: Does the honourable member wish it recorded?

MR. BROWNE: Without taking a vote.

MR. SPEAKER: If agreeable.

On motion agreed.

On motion Bill ordered passed and title be as on the order paper.

Third Reading of Bill, "An Act Further to Amend the House of Assembly Act."

On motion read a third time, ordered passed and title be as on the order paper.

Third Reading of Bill, "An Act to Amend the Labrador Railway Act, 1948." On motion read a third time, ordered passed and title be as on the order paper.

Third Reading of Bill, "An Act to Amend the Wabush Lake Railway Act, 1955." On motion read a third time, ordered passed and title be as on the order paper.

Third Reading of Bill, "An Act Further to Amend the Act No. 41 of 1938, entitled "An Act for the Confirmation of an Agreement Between the Government and Labrador Mining and Exploration Company Limited."

On motion read a third time, ordered passed and title be as on the order paper.

Third Reading of Bill, "An Act Further to Amend the Women's Patriotic Trust Fund Act, 1920."

On motion read a third time, ordered passed and title be as on the order paper.

MR. SMALLWOOD: Mr. Speaker, I believe that concludes the legislation and business of the session. I understand that His Honour the Lieutenant-Governor is going to receive us at 6:00 of the clock at Government House. I do hope that we will all of us follow the practice that has been established in recent years of assembling and parading to Government House to tender the Address in Reply. We have a little more than half an hour before we start, and we might have a sing-song in the meantime, or we might adjourn.

MR. HIGGINS: I hope we don't become confused with the entrants in the twenty mile walk.

MR. HOLLETT: Give us the surprise you talked about.

MR. SMALLWOOD: I said the election is to be a surprise.

MR. HOLLETT: We know it will be a surprise to you.

MR. SMALLWOOD: The honourable gentleman should console himself now while he can.

Mr. Speaker, I move the House at its rising do adjourn until tomorrow, Wednesday, at 3:00 of the clock, at which time, presumably His Honour will come to prorogue the House.

On motion the House then adjourned until tomorrow, Wednesday, September 28, at 3:00 of the clock.

WEDNESDAY, September 28, 1955

The House met at three of the clock in the afternoon, pursuant to adjournment.

MR. SPEAKER: At 6:00 of the clock yesterday afternoon, the Members of the House of Assembly proceeded to Government House and presented the Address in Reply to His Honour the Lieutenant Governor, to which His Honour was pleased to reply as follows:

Mr. Speaker and Gentleman of the Honourable House of Assembly:

I thank you for the Address in Reply to the Speech with which your present Session was opened.

The Sergeant-at-Arms announced that His Honour the Lieutenant-Governor had arrived.

His Honour the Lieutenant-Governor took the Chair.

Mr. Speaker addressed His Honour as follows:

May it please Your Honour, the General Assembly of the Province has at its Present Session passed Certain Bills, to which, in the name and on behalf of the General Assembly, I respectfully request Your Honour's assent.

Whereupon the Clerk read the following Bills entitled:

A Bill "An Act to Authorize the Lieutenant-Governor in Council to Guarantee a Loan to be Raised by Wabush Lake Railway Company Limited and to Enter into an Agreement with that Company and Canadian Javelin Limited relating to the Guarantee."

A Bill "An Act to Amend the Wabush Lake Railway Act, 1948."

A Bill "An Act to Amend the Labrador Railway Act, 1948."

A Bill "An Act Further to Amend the Act No. 41 of 1938 entitled "An Act For the Confirmation of an Agreement between the Government and Labrador Mining and Exploration Company, Limited."

A Bill "An Act Further to Amend the House of Assembly Act."

A Bill "An Act Further to Amend the Women's Patriotic Trust Fund Act, 1920."

His Honour then said "In Her Majesty's name I assent to these Bills."

His Honour the Lieutenant-Governor was then pleased to make the following speech:

MR. SPEAKER AND MEMBERS OF
THE HONOURABLE HOUSE OF
ASSEMBLY:

I thank you for your attendance at this Special Session of the House of Assembly and the expeditious manner in which you have assented to the request of My Ministers that they be authorized to guarantee a Bond Issue of \$16,500,000.00 to assist Canadian Javelin Limited in building the Railway and in creating a Mining establishment at Wabush Lake.

MR. SPEAKER AND MEMBERS OF
THE HONOURABLE HOUSE OF
ASSEMBLY:

In releasing you from your duties I express my best wishes for success in your several avocations.

His Honour the Lieutenant-Governor left the Assembly Chamber.

MR. SPEAKER: It is the will and pleasure of His Honour the Lieutenant-Governor that this General Assembly be prorogued until Wednesday, the second day of November next and this Assembly is prorogued accordingly.

Journal and Proceedings
of the Sixth Session
of the
Thirtieth General Assembly
of Newfoundland

BEGUN and holden at St. John's in the Province of Newfoundland on Monday the 12th day of September, Anno Domini, Nineteen Hundred and Fifty-five, being in the Fourth Year of the reign of Her Majesty our Sovereign Lady Elizabeth the Second, by the Grace of God of the United Kingdom, Canada and Her other Realms and Territories, Queen, Head of the Commonwealth, Defender of the Faith.

MONDAY, September 12th, 1955

His Honour the Administrator having fixed the hour at which he proposed to open the present Session of the Legislature to be three of the clock in the afternoon of this Monday, the 12th. day of September, the members of the House of Assembly met in the Assembly Chamber at three of the clock in the afternoon, when Mr. Speaker took the Chair.

At three of the clock the Sergeant-at-Arms announced that His Honour the Administrator had arrived.

His Honour entered the Assembly Chamber preceded by the Sergeant-at-Arms.

Mr. Speaker left the Chair.

His Honour the Administrator took the Chair.

His Honour was then pleased to open the Session with a Speech from the Throne as follows:

MR. SPEAKER AND MEMBERS OF
THE HONOURABLE HOUSE OF
ASSEMBLY:

You have been called together to consider a matter of very great public importance. I refer to the proposal to open a new large iron mine in Labrador and to build a railway to connect that mine with the railway already in operation in that territory. These combined undertakings constitute the Canadian Javelin Limited project.

All Newfoundlanders must have derived keen pleasure from witnessing the striking new developments that have already taken place in Labrador. Much employment has been obtained by our people in connection with the opening of the Knob Lake iron mines and the building of the railway from Seven Islands to that area and many

millions of dollars have been paid in wages to our workers in that great enterprise. We have all been deeply impressed with the knowledge that the British Newfoundland Corporation have so energetically undertaken the work of prospecting for minerals in Labrador and the even greater task of surveying the immense water power potentialities of the Hamilton River water shed. This present Javelin project is, my Ministers believe, but the latest in what is bound to be a series of vast and far-reaching developments in the Labrador Peninsula.

You will be asked to enact legislation authorizing my Ministers to guarantee a bond issue of \$16,500,000 to assist Canadian Javelin Limited in building the railway and in creating the mining establishment at Wabush Lake. You will be asked further to take the necessary steps to amend the legislation governing the railway operated by the Labrador Mining and Exploration Company Limited in Labrador.

MR. SPEAKER AND MEMBERS OF
THE HONOURABLE HOUSE OF
ASSEMBLY:

I am confident that you will give to these matters your careful and conscientious attention; and I invoke the Divine guidance upon your deliberations.

His Honour left the Assembly Chamber.

Mr. Speaker resumed the Chair.

Hon. the Attorney General asked leave to introduce a Bill entitled "An Act Further to Amend the House of Assembly Act."

On motion of Hon. the Attorney General the said Bill was introduced and read a first time and it was ordered that the said Bill be read a second time on tomorrow.

Mr. Speaker announced that His Honour, the Administrator, had been pleased to make a speech to the members met in General Assembly and that for greater accuracy he had obtained a copy.

The Clerk then read the said speech at the table.

It was moved by Mr. Courage and seconded by Mr. Canning that an Address of Thanks be presented to His Honour in reply to the gracious speech with which he had been pleased to open the present session of the Legislature and that a Select Committee be appointed to draft such Address in Reply.

It was ordered accordingly and the following gentlemen were appointed to such Committee:

Mr. Courage.

Mr. Canning.

Mr. Browne.

On motion of Hon. the Attorney General and with unanimous consent, the House resolved itself into a Committee of the Whole to consider certain Resolutions in relation to the Guarantee of a Loan to be raised by Wabush Lake Railway Company, Limited.

Mr. Speaker left the Chair.

Mr. Courage took the Chair of Committee.

Mr. Speaker resumed the Chair.

The Chairman from the Committee reported that they had considered the matter to them referred, had made some progress, and asked leave to sit again on tomorrow.

On motion this report was received and adopted and it was ordered that the Committee have leave to sit again on tomorrow.

Hon. the Attorney General gave notice that he would on tomorrow ask leave to introduce the following Bills

A Bill, "An Act to Amend the Labrador Railway Act, 1948."

A Bill, "An Act to Amend the Wabush Lake Railway Act, 1955."

A Bill, "An Act Further to Amend the Act No. 41 of 1938 entitled "An Act for the Confirmation of an Agreement Between the Government and Labrador Mining and Exploration Company, Limited."

Mr. Hollett gave notice of Question.

Mr. Browne gave notice of Question.

It was moved and seconded that when the House rises, it adjourn until Monday afternoon, September 19th., at three of the clock.

The House then adjourned accordingly.

MONDAY, September 19th., 1955

The House met at three of the clock in the afternoon, pursuant to adjournment.

Hon. the Premier made a statement re an editorial in the St. John's Evening Telegram of September 16th.

Mr. Courage, on behalf of the Select Committee appointed to draft a reply to the speech of His Honour the Administrator, presented the Report of the Select Committee as follows:

To His Honour the Administrator,
Sir Brian Dunfield, Knight Bachelor,
Q.C., B.A. (London)

May it please your Honour,

We, the Commons of Newfoundland, in Legislative Session assembled, beg to thank Your Honour for the gracious

speech which your Honour has addressed to this House.

(Sgd.) John R. Courage,
Patrick J. Canning.

Assembly Room,

September 19th., 1955.

On motion it was ordered that the debate on the Address in Reply be deferred until a later hour in the day.

Pursuant to order and on motion of Hon. the Minister of Economic Development, the House resolved itself into a Committee of the Whole to consider certain Resolutions in relation to the Guarantee of a Loan to be raised by Wabush Lake Railway Company, Limited.

Mr. Speaker left the Chair.

Mr. Courage took the Chair of Committee.

Mr. Speaker resumed the Chair.

The Chairman from the Committee reported he had raised the Committee because the honourable member for St. John's West had refused to retract a statement when ordered to do so by the Chair.

Mr. Speaker ruled that the statement, as reported, ought not to have been made and asked the honourable member to withdraw it.

The statement was withdrawn.

On motion of Hon. the Minister of Economic Development the House resolved itself into a Committee of the Whole to consider certain Resolutions in relation to the Guarantee of a loan to be raised by Wabush Lake Railway Company, Limited.

Mr. Speaker left the Chair.

Mr. Courage took the Chair of Committee.

Mr. Speaker resumed the Chair.

The Chairman from the Committee reported that they had considered the matter to them referred, had made some progress, and asked leave to sit again on tomorrow.

On motion this report was received and adopted and it was ordered that the Committee have leave to sit again on tomorrow.

On motion the remaining Orders of the Day were deferred.

It was moved and seconded that when the House rises, it adjourn until tomorrow afternoon, Tuesday, September 20th., at three of the clock.

The House then adjourned accordingly.

TUESDAY, September 20th., 1955

The House met at three of the clock in the afternoon, pursuant to adjournment.

Pursuant to order and on motion of Hon. the Minister of Economic Development, the House resolved itself into a Committee of the Whole to consider certain Resolutions in relation to the Guarantee of a loan to be raised by Wabush Lake Railway Company, Limited.

Mr. Speaker left the Chair.

Mr. Courage took the Chair of Committee.

Mr. Speaker resumed the Chair.

The Chairman from the Committee reported that they had considered the matter to them referred and had passed certain Resolutions relating to

the Guarantee of a Loan to be raised by Wabush Lake Railway Company, Limited.

The said Resolutions having been read a first and second time, it was moved and seconded that the House concur with the Committee therein and the said Resolutions were agreed to.

On motion of Hon. the Minister of Economic Development, the Bill entitled "An Act to Authorize the Lieutenant-Governor in Council to Guarantee a Loan to be raised by Wabush Lake Railway Company, Limited and to enter into an Agreement with that Company and Canadian Javelin Limited Relating to the Guarantee" was introduced and read a first time and it was ordered that the said Bill be read a second time presently.

The Second Reading of the said Bill was debated and on motion was adjourned for further debate on tomorrow.

On motion the remaining Orders of the Day were deferred.

It was moved and seconded that when the House rises, it adjourn until tomorrow afternoon, September 21st., at three of the clock.

The House then adjourned accordingly.

WEDNESDAY, September 21st, 1955

The House met at three of the clock in the afternoon, pursuant to adjournment.

The second reading of the Bill entitled "An Act to Authorize the Lieutenant-Governor in Council to Guarantee a Loan to be raised by Wabush Lake Railway Company, Limited and to Enter Into an Agreement with that

Company and Canadian Javelin Limited Relating to the Guarantee" was debated and on motion was adjourned for further debate on tomorrow.

On motion the remaining Orders of the Day were deferred.

At six of the clock Mr. Speaker adjourned the House until tomorrow afternoon, September 22nd., at three of the clock.

THURSDAY, September 22nd., 1955

The House met at three of the clock in the afternoon, pursuant to adjournment.

Hon. the Attorney General made a statement regarding an article in the St. John's Evening Telegram of September 22nd., concerning Dr. Alfred Valmanis.

On the motion that the Bill entitled "An Act to Authorize the Lieutenant-Governor in Council to Guarantee a Loan to be Raised by Wabush Lake Railway Company, Limited and to Enter Into an Agreement with that Company and Canadian Javelin Limited Relating to the Guarantee" be now read a second time, it was moved in amendment by Mr. Hollett and seconded by Mr. Higgins, that all the words after the word "that" be stricken out and the following substituted therefor:

That this Bill be not now read a second time but that it be read a second time six months hence.

Mr. Speaker put the motion that the original words remain part of the Question. The House divided. There appeared in favour of the motion: Hon. the Premier, Hon. the Attorney General, Hon. the Minister of Finance, Hon. the Minister of Mines and Resources, Hon. the Minister of Fisheries

and Co-operatives, Hon. the Minister of Provincial Affairs, Hon. Mr. Lewis, Mr. Morgan, Mr. Button, Mr. Janes, Mr. Norman, Mr. Brown, Mr. Mercer, Mr. Canning, Mr. Courage, (15) and against it: Hon. the Leader of the Opposition, Mr. Browne, Mr. Higgins, (3). The amendment was lost.

Whereupon the Bill entitled "An Act to Authorize the Lieutenant-Governor in Council to Guarantee a Loan to be Raised by Wabush Lake Railway Company, Limited and to Enter into an Agreement with that company and Canadian Javelin Limited Relating to the Guarantee" was read a second time and it was ordered that the said Bill be referred to a Committee of the Whole House on tomorrow.

Pursuant to order and on motion of Hon. the Attorney General, the Bill entitled "An Act to Amend the Labrador Railway Act, 1948" was read a second time and it was ordered that the said Bill be referred to a Committee of the Whole House on tomorrow.

Pursuant to order and on motion of Hon. the Attorney General, the Bill entitled "An Act to Amend the Wabush Lake Railway Act, 1955" was read a second time and it was ordered that the said Bill be referred to a Committee of the Whole House on tomorrow.

Pursuant to order and on motion of Hon. the Attorney General, the Bill entitled "An Act Further to Amend the Act No. 41 of 1938 entitled "An Act for the Confirmation of an Agreement Between the Government and Labrador Mining and Exploration Company, Limited" was read a second time and it was ordered that the said Bill be referred to a Committee of the Whole House on tomorrow.

Pursuant to order and on motion of Hon. the Attorney General, the Bill

entitled "An Act Further to Amend the House of Assembly Act" was read a second time and it was ordered that the said Bill be referred to a Committee of the Whole House on tomorrow.

On motion of Hon. the Attorney General, and with unanimous consent, the Bill entitled "An Act Further to Amend the Women's Patriotic Trust Fund Act, 1920" was introduced and read a first time and it was ordered that the said Bill be read a second time on tomorrow.

It was moved and seconded that when the House rises it adjourn until tomorrow afternoon, September 23rd., at three of the clock.

The House then adjourned accordingly.

FRIDAY, September 23rd., 1955

The House met at three of the clock in the afternoon, pursuant to adjournment.

Pursuant to order and on motion of Hon. the Attorney General, the House resolved itself into a Committee of the Whole to consider the following Bills:

A Bill, "An Act to Authorize the Lieutenant-Governor in Council to Guarantee a Loan to be Raised by Wabush Lake Railway Company, Limited and to Enter into an Agreement with that Company and Canadian Javelin Limited Relating to the Guarantee."

A Bill, "An Act Further to Amend the House of Assembly Act."

A Bill, "An Act to Amend the Labrador Railway Act, 1948."

A Bill, "An Act to Amend the Wabush Lake Railway Act, 1955."

A Bill, "An Act Further to Amend the Act No. 41 of 1938 entitled "An

Act for the Confirmation of an Agreement between the Government and Labrador Mining and Exploration Company, Limited."

Mr. Speaker left the Chair.

Mr. Courage took the Chair of Committee.

Mr. Speaker resumed the Chair.

The Chairman from the Committee reported that they had considered the matter to them referred, had made some progress, and asked leave to sit again presently.

On motion this report was received and adopted and it was ordered that the Committee have leave to sit again presently.

The House recessed until eight of the clock.

Mr. Speaker resumed the Chair.

Pursuant to order and on motion of Hon. the Attorney General, the House resolved itself into a Committee of the Whole to consider the following Bills:

"A Bill, "An Act to Authorize the Lieutenant-Governor in Council to Guarantee a loan to be Raised By Wabush Lake Railway Company, Limited and to Enter Into an Agreement with that Company and Canadian Javelin Limited Relating to the Guarantee."

A Bill, "An Act Further to Amend the House of Assembly Act."

A Bill, "An Act to Amend the Labrador Railway Act, 1948."

A Bill, "An Act to Amend the Wabush Lake Railway Act, 1955."

A Bill, "An Act Further to Amend the Act No. 41 of 1938 entitled "An Act for the Confirmation of An Agreement Between the Government and

Labrador Mining and Exploration Company, Limited."

Mr. Speaker left the Chair.

Mr. Courage took the Chair of Committee.

Mr. Speaker resumed the Chair.

The Chairman from the Committee reported that they had considered the matter to them referred and had passed the following Bills without amendment:

A Bill, "An Act Further to Amend the House of Assembly Act."

A Bill, "An Act to Amend the Labrador Railway Act, 1948."

A Bill, "An Act to Amend the Wabush Lake Act, 1955."

A Bill, "An Act Further to Amend the Act No. 41 of 1938 entitled "An Act for the Confirmation of an Agreement Between the Government and Labrador Mining and Exploration Company, Limited."

On motion this report was received and adopted and it was ordered that the said Bills be read a third time on tomorrow.

The Chairman from the Committee further reported that they had considered the Bill entitled "An Act to Authorize the Lieutenant-Governor in Council to Guarantee a Loan to be Raised by Wabush Lake Railway Company, Limited and to Enter into An Agreement with that Company and Canadian Javelin Limited Relating to the Guarantee" and had passed the said Bill with some amendment.

On motion this report was received and adopted and it was ordered that the said Bill be read a third time on tomorrow.

Pursuant to order and on motion of Hon. the Attorney General, the Bill entitled "An Act Further to Amend the Women's Patriotic Trust Fund Act, 1920" was read a second time and it was ordered that the said Bill be referred to a Committee of the Whole House presently.

On motion of Hon. the Attorney General and with unanimous consent, the House resolved itself into a Committee of the Whole to consider the Bill entitled "An Act Further to Amend the Women's Patriotic Trust Fund Act, 1920."

Mr. Speaker left the Chair.

Mr. Courage took the Chair of Committee.

Mr. Speaker resumed the Chair.

The Chairman from the Committee reported that they had considered the matter to them referred and had passed the said Bill without amendment.

On motion this report was received and adopted and it was ordered that the said Bill be read a third time on tomorrow.

It was moved and seconded that when the House rises, it adjourn until Monday afternoon, September 26th., at three of the clock.

The House then adjourned accordingly.

MONDAY, September 26th., 1955

The House met at three of the clock in the afternoon, pursuant to adjournment.

Hon. the Premier made a statement re damages caused by the Hurricane.

The Address in Reply was debated.

The following amendment was moved by Mr. Browne and seconded by Mr. Higgins:

That the following paragraph be added to the Address in Reply:

This House regrets that your Ministers continue to neglect to inform the House of the manner in which the new industries are being operated and feels that since the amount invested in them now reaches the vast sum of \$25,000,000.00 and the House is now asked to guarantee a further sum of \$16,500,000.00 to be invested in a speculative enterprise on the Labrador-Quebec boundary, a Royal Commission consisting of a competent and independent person and the Auditor General should be immediately appointed to conduct a full and impartial inquiry into the manner in which the said industries were established and have been operated and the said Commission should report to the House of Assembly within three months of its appointment as to the best methods to be adopted to safeguard the Capital invested in the said industries.

The debate on the amendment to the Address in Reply was concluded.

On the Amendment to the Address in Reply having been put by Mr. Speaker, the House divided and there appeared in favour of the Amendment: Honourable the Leader of the Opposition, Mr. Higgins, Mr. Browne; (3), and against it: Hon. the Premier, Hon. the Attorney General, Hon. the Minister of Finance, Hon. the Minister of Mines and Resources, Hon. the Minister of Education, Hon. the Minister of Labour, Mr. Morgan, Mr. Button, Mr. Janes, Mr. Norman, Mr. Brown, Mr. Courage, Mr. Mercer; (13). The Amendment was lost.

On motion it was ordered that the debate on the Address in Reply be adjourned until tomorrow.

On motion the remaining Orders of the Day were deferred.

It was moved and seconded that when the House rises, it adjourn until tomorrow afternoon, September 27th., at three of the clock.

The House then adjourned accordingly.

TUESDAY, September 27th., 1955

The House met at three of the clock in the afternoon, pursuant to adjournment.

Hon. the Premier made a statement re shares of Canadian Javelin Limited and tabled a letter relating thereto.

The debate on the Address in Reply was continued.

On motion the report of the Select Committee appointed to draft a reply to the opening speech of His Honour the Administrator was adopted.

Pursuant to order and on motion of Hon. the Attorney General, the Bill entitled "An Act to Authorize the Lieutenant-Governor in Council to Guarantee a Loan to be Raised by Wabush Lake Railway Company, Limited and to Enter Into An Agreement with that Company and Canadian Javelin Limited Relating to the Guarantee" was, on division, read a third time with some verbal amendment, and passed and it was ordered that the said Bill be printed, being entitled as above, and that it be submitted to the Lieutenant-Governor for his assent.

Pursuant to order and on motion of Hon. the Attorney General, the Bill entitled "An Act Further to Amend the House of Assembly Act" was read

a third time and passed and it was ordered that the said Bill be printed, being entitled as above, and that it be submitted to the Lieutenant-Governor for his assent.

Pursuant to order and on motion of Hon. the Attorney General, the Bill entitled "An Act to Amend the Labrador Railway Act, 1948" was read a third time and passed and it was ordered that the said Bill be printed, being entitled as above, and that it be submitted to the Lieutenant-Governor for his assent.

Pursuant to order and on motion of Hon. the Attorney General, the Bill entitled "An Act to Amend the Wabush Lake Railway Act, 1955" was read a third time and passed and it was ordered that the said Bill be printed, being entitled as above, and that it be submitted to the Lieutenant-Governor for his assent.

Pursuant to order and on motion of Hon. the Attorney General, the Bill entitled "An Act Further to Amend the Act No. 41 of 1938 entitled "An Act for the Confirmation of an Agreement Between the Government and Labrador Mining and Exploration Company, Limited" was read a third time and passed and it was ordered that the said Bill be printed, being entitled as above, and that it be submitted to the Lieutenant-Governor for his assent.

Pursuant to order and on motion of Hon. the Attorney General, the Bill entitled "An Act Further to Amend the Women's Patriotic Trust Fund Act, 1920" was read a third time and passed and it was ordered that the said Bill be printed, being entitled as above, and that it be submitted to the Lieutenant-Governor for his assent.

It was moved and seconded that when the House rises, it adjourn until

tomorrow afternoon, September 28th., at three of the clock.

The House then adjourned accordingly.

WEDNESDAY, September 28th., 1955

The House met at three of the clock in the afternoon, pursuant to adjournment.

Mr. Speaker informed the House that at six of the clock yesterday afternoon the members had proceeded to Government House and had presented the Address in Reply to His Honour the Lieutenant-Governor, to which His Honour had been pleased to reply as follows:

MR. SPEAKER AND GENTLEMEN OF THE HONOURABLE HOUSE OF ASSEMBLY:

I thank you for the Address in Reply to the speech with which your present Session was opened.

The Sergeant-at-Arms announced that His Honour the Lieutenant-Governor had arrived.

His Honour the Lieutenant-Governor took the Chair.

Mr. Speaker addressed His Honour as follows:

May it please Your Honour, the General Assembly of the Province has its present Session passed certain Bills, to which, in the name and on behalf of the General Assembly, I respectfully request Your Honours assent.

Whereupon the Clerk read the following Bills entitled:

A Bill, "An Act to Authorize the Lieutenant-Governor in Council to Guarantee a Loan to be Raised by

Wabush Lake Railway Company Limited and to Enter into An Agreement with that Company and Canadian Javelin Limited Relating to the Guarantee."

A Bill, "An Act to Amend the Wabush Lake Railway Act, 1955."

A Bill, "An Act to Amend the Labrador Railway Act, 1948."

A Bill, "An Act Further to Amend the Act No. 41 of 1938 entitled "An Act for the Confirmation of An Agreement Between the Government and Labrador Mining and Exploration Company, Limited."

A Bill, "An Act Further to Amend the House of Assembly Act."

A Bill, "An Act Further to Amend the Women's Patriotic Trust Fund Act, 1920."

His Honour then said "In Her Majesty's name I assent to these Bills."

His Honour the Lieutenant-Governor was then pleased to make the following speech:

MR. SPEAKER AND MEMBERS OF THE HONOURABLE HOUSE OF ASSEMBLY:

I thank you for your attendance at this Special Session of the House of Assembly and the expeditious manner in which you have assented to the request of my Ministers that they be authorized to guarantee a Bond Issue of \$16,500,000.00 to assist Canadian Javelin Limited in building the Railway and in creating a mining establishment at Wabush Lake.

MR. SPEAKER AND MEMBERS OF THE HONOURABLE HOUSE OF ASSEMBLY:

In releasing you from your duties I express my best wishes for success in your several avocations.

His Honour the Lieutenant-Governor left the Assembly Chamber.

Mr. Speaker then said:

It is the will and pleasure of His

Honour the Lieutenant-Governor that this General Assembly be prorogued until Wednesday, the second day of November next and this Assembly is prorogued accordingly.

HENRY H. CUMMINGS,
Clerk of the House of Assembly.

NEWFOUNDLAND HOUSE OF ASSEMBLY

1954

Hon. the Speaker, R. F. Sparkes, L.C.P., M.A.

CABINET

Hon. Joseph R. Smallwood	Premier & Minister of Economic Development
Hon. L. R. Curtis, Q.C.	Attorney General
Hon. C. H. Ballam	Minister of Labour
Hon. E. S. Spencer	Minister of Public Works
Hon. J. R. Chalker	Minister of Education
Hon. H. L. Pottle, M.A., Ph.D.	Minister of Public Welfare
Hon. W. J. Keough	Minister of Fisheries & Co-operatives
Hon. S. J. Hefferton	Minister of Municipal Affairs & Supply
Hon. P. S. Forsey	Minister of Health
Hon. Myles Murray, Q.C.	Minister of Provincial Affairs
Hon. F. W. Rowe, B.A., D. Paed.	Minister of Mines & Resources
Hon. P. J. Lewis, Q.C.	Minister without Portfolio
Hon. G. J. Power	Minister of Finance

OTHER MEMBERS

Samuel Drover, Esq.	Member for White Bay
Baxter Morgan, Esq.	Member for Green Bay
Gordon Janes, Esq.	Member for Fogo
Charles Maxwell Button, Esq.	Member for Trinity South
Patrick J. Canning, Esq.	Member for Placentia West
John R. Courage, Esq., B.A.	Member for Fortune Bay-Hermitage
Isaac Mercer, Esq., Q.C.	Member for Port de Grave
Clyde Scammell Brown, Esq.	Member for Bonavista South
George Norman, Esq.	Member for Burgeo & LaPoile
James Higgins, Esq., Q.C.	Member for St. John's East
Malcolm Hollett, Esq., M.A.	(Leader of the Opposition)
	Member for St. John's West
David I. Jackman, Esq.	Member for Harbour Main-Bell Island
Frank D. Fogwill, Esq.	Member for St. John's East
W. J. Browne, Esq., Q.C.	Member for St. John's West