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VERBATIM REPORT

Friday, May 5, 1972

SPEAKER: THE HONOURABLE JAMES M. RUSSELL

The House met at 10:00 A.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order!

PETITIONS:

MR. T.M. DOYLE: Mr. Speaker, I beg leave of the House to present a petition for two areas of Witless Bay in my district. The areas are Gallows Cove and Bears Cove. The prayer of the petition has three prongs. First of all to upgrade the Gallows Cove Road and upgrade the Bears Cove Road, secondly to improve the approach to Gallows Cove Road from the main highway and thirdly to pave one-third of a mile of Gallows Cove Road.

Mr. Speaker, having driven over these roads on many, many occasions I can vouch for the fact that they very definitely need upgrading. This petition is signed by eighty-two residents of the area which is approximately ninety-two per-cent of those living on these roads.

I therefore have pleasure in tabling this petition from the residents of Callows Cove and Bears Cove in Witless Bay.

MR. NEARY: Mr. Speaker, it gives me great pleasure to support -
Mr. Speaker, this is a minor point: The hon member who just resumed his seat wishes to move that the petition be tabled.

MR DOYLE: I so move, Mr. Speaker.

MR. NEARY: Yes, I rise to support the petition. Mr. Speaker, I had occasion to visit the honourable member's district prior to the March 24 election and I did hear rumors that the honourable member in the conduct of his campaign got stuck in the mud a few times. I think it is a reasonable request, Sir, and it is just another promise that was made by the new government. I hope that the temperamental Minister of Finance will find his way clear in this construction season to see that the road in the two areas in Witless Bay especially

MR. NEARY:

the Gallows Cove Road is upgraded and paved this summer.

MR. MURPHY: Mr. Speaker, I too would like to support that petition. As the then Leader of the Opposition and perhaps acting member for the district in the interim between the resignation of the Fisheries Minister

Mr. Maloney I had many times to speak on behalf of the people, in the House, and I know that we look forward, Sir, if there is any money left after we are finished with Mr. Doble that some of these monies will be diverted for the use of the people of Newfoundland particularly this area.

On motion petition received.

MR. BARRY: Mr. Speaker, I ask leave of the House to present a petition on behalf of the people of North Harbour in Placentia West. The prayer of the petition is for the upgrading and paving of some four and one-half miles of road leading from the Burin Peninsula highway to and including the community of North Harbour. The petitioners point out that the upgrading and paving of this particular road would be quite an economical project this year because of the fact that there is a fair amount of highway equipment in the area for the work which is presently being done on the new Burin Peninsula highway.

The petition has been signed by 228 voters, Mr. Speaker, and I heartily endorse their request and move that this petition be tabled on the table of the House and referred to the department to which it relates.

MR. NEARY: Mr. Speaker, I would like to rise in support of this petition presented on behalf of the residents of North Harbour in the district of Placentia West. Mr. Speaker, I am sure that the honourable members of the House must be really impressed with the number of petitions that have been presented this session for upgrading

MR. NEARY:

of roads and road paving and so forth and if the Minister of Finance, Sir, can accede to just even half of those requests we will have road paving equipment running out of our ears this summer all over the province. You will not be able to move, Sir, without bumping into a roller or what they call on Bell Island the voting machines which they refer to as a piece of road paving equipment.

But I do hope that the honourable member for the district of Placentia West gets his request on behalf of his constituents in North Harbour.

On motion petition received.

MR. PECKFORD: Mr. Speaker, I ask leave of this honourable House to present a petition on behalf of the residents of South Brook, Halls Bay. The prayer of the petition, Mr. Speaker, is that the type of water supply which was begun about two or three years ago be completed. It is about eighty per-cent completed and they ask that the other thirty families that are now not connected to the water supply be connected.

I think, Mr. Speaker, that one of the priorities of any government should be the completion of capital projects already underway in various parts of Newfoundland rather than start a new capital project. So I fully support the prayer of this petition. It is signed by 235 voters of South Brook which is by far the majority. I fully support it and hope that the government will see fit to extend this water supply so it encompasses all the people of South Brook, Halls Bay.

I move, Mr. Speaker, that this petition be placed on the table of the House and referred to the department to which it relates.

MR. ROBERTS: Mr. Speaker, just before you put the motion, may I say a word or two to say that I share the honourable gentleman's hope

MR. ROBERTS:

that the government will be able to see their way clear to providing the money necessary to make the prayer of this petition a reality. I think anybody who knows anything of South Brook in Halls Bay and the whole area knows that this is one of the areas of Newfoundland where this type of municipal amenity is quite badly needed. It is not the only part of Newfoundland. There are many, many others but it is needed in this area and the petition so eloquently presented by the gentleman from Green Bay states the matter and it is with a great deal of pleasure and considerable interest that I support it.

I will be watching the various announcements this year to see if the honourable gentleman's hope does become reality.

On motion petition received.

MR. ROWE (F.B.): Mr. Speaker, I beg leave to present a petition on behalf of the people of Bird Cove in the district of St. Barbe North. Sir, the prayer of the petition is that the nursing clinic at Bird Cove be reopened immediately and if necessary any renovations or remodeling be carried out to facilitate the reopening of this clinic. Sir, the petition is signed by some 130 citizens of Bird Cove.

From the information, Sir, that I can gather this clinic was closed down some time around the middle of March 1972 after ten years of operation. The people in the area are not quite sure why this clinic was closed down but they think it was because of lack of adequate heating facilities. Sir, I do not know and neither do the people know who gave the order to close down this clinic but it was open once weekly, before it was closed down, to serve the medical needs of the people of Bird Cove, Brig Bay, Plum Point, Blue Cove, Bartletts Harbour, Reefs Harbour, Shoal Cove, Ferolle Point, Castors

MR. ROWE (F.B.):

River and Pond Cove. Sir, that represents ten communities and about 900 voters.

At the present time, Sir, the people are forced to travel over thirty or forty miles of the most deplorable road conditions existing in the province at the present time, that is to the nursing station in Flower's Cove and they have to go about one hundred miles to St. Anthony if they wish to get to the hospital.

This is another example of the hardships that the people of my district are experiencing at this time, Sir, and I beg that the honourable Minister of Health look into this matter immediately and inform the people of Bird Cove and the surrounding area what is in store for them in the future regarding the status of this Bird Cove nursing clinic.

Mr. Speaker, I ask that this petition be placed on the table of the House and referred to the department to which it relates.

MR. HARVEY: Mr. Speaker, anything to do with nursing stations or medical clinics along our coast line whether it be on the coast line of Labrador or the coast line of Newfoundland, the Province of Newfoundland or the Island of Newfoundland I certainly support, I understand the situation that exist in my friend's and colleagues District of St. Barbe North. It is not unlike mine. In Labrador South where people - although in St. Barbe North they have a road to travel over -

AN HON. MEMBER: Some road!

MR. HARVEY: Some road! But in my district the people have to be transported by skidoo or boat or plane or whatever means they can to get a patient to a nursing station. I sympathize with the people of Bird Cove and I would certainly support the petition.

On motion petition received.

MR. P.S. THOMS: Mr. Speaker. I beg leave to present a petition on behalf of the residents of Saunder's Cove, Bonavista Bay.

Now, Mr. Speaker, the prayer of this petition is that a water and sewerage system be provided for this community. I note, Mr. Speaker, that Saunder's Cove is part of the Town of Glovertown.

Also in passing, Mr. Speaker, I note that the Town of Glovertown have forwarded to the Minister of Municipal Affairs and Housing a petition from the residents of Glovertown South. Both these parts of the Town of Glovertown have been incorporated within this last couple of years. These people feel they are entitled to a water and sewerage system the same as the rest of the island and the rest of the Province of Newfoundland.

At the present time, Mr. Speaker, and during the past winter many of the septic tanks froze because of the hard winter. Almost all of the local wells froze and many of the people had to go quite a distance to obtain enough water for their families to drink.

MR. P.S. THOMS: Mr. Speaker, I sincerely hope and trust that this administration can do something at least do some little thing in regard to this problem in the Glovertown area.

I ask, Mr. Speaker, that this petition be placed on the table of the House and referred to the department to which it relates.

MR. S. A. NEARY: Mr. Speaker, it gives me great pleasure to support the petition so ably presented to this honourable House by my good friend and colleague the member for Bonavista North.

I think, Mr. Speaker, that probably the honourable member is establishing some kind of a record in this honourable House. I think now just about everyday since Opening Day the honourable member has presented a petition. I understand there are more to come. I would say, Sir, the more power to him.

AN HON. MEMBER: Inaudible.

MR. S.A. NEARY: The more power to him, Mr. Speaker, He is what I referred to yesterday as the battling member for Bonavista North, he is in there battling for his constituents and I hope that he has impressed the Minister of Finance and the Minister of Municipal Affairs with his arguments today.

MR. CROSBIE: Inaudible.

MR. NEARY: It is just ordinary common sense, Mr. Speaker, it is logical in this day and age that people would like to have drinking water. It is necessary, Mr. Speaker, as fresh air. I hope that the member will be granted the request, the prayer of the petition on behalf of his constituents of Saunder's Cove in Bonavista Bay.

On motion petition received.

ORDERS OF THE DAY

HON. W. W. MARSHALL: (MINISTER WITHOUT PORTFOLIO): Mr. Speaker, we now revert to the subject that occupied us yesterday and the subject that is going to occupy us for quite some period of time in the years to come. Before commencing this debate, Mr. Speaker, I want to advert

MR. MARSHALL: or refer to certain comments made yesterday by the honourable member for White Bay South in his address. He made the observation, he cautioned against any imputation of wilful neglect or any reference to the tainting of the integrity or the impugning of motives of honourable members on the other side of the House.

Now I think that position has been adequately and eloquently answer by the honourable the Premier. There is no intent and there is no desire and it would be totally untrue for persons on this side of the House to attempt to impute wilful neglect or to make imputations against the integrity of the honourable gentleman on the other side or any honourable gentlemen in this House or for that matter who were in this House or to impugn the motives.

But, Mr. Speaker, that is one thing. That is one thing to be said. But what I do say and we do accuse the previous administration of is complete and abject negligence and incompetence in handling a project, a project which is vital to the economic well-being of our people. It is very hard, Mr. Speaker, to contemplate what went on with this project. It is very hard to contemplate this Bill No. 55 without being motivated by feelings that range from subdued anger to complete and outright rage. Because the affect of this bill is that in 1966 a linerboard project was conceived and it was estimated that it would cost in the vicinity of \$58 millions. When we took office in January, for the first time it was revealed, the shocking truth was revealed to the people of this province that this project is now going to cost \$114 million or it has cost \$114 million to date. This bill by section (7) reveals the further truth that at least another \$50 millions are going to have to be borrowed in order to complete this project. So we have an estimated escalation from \$58 million, Mr. Speaker, to at least \$164 millions.

Now what is the effect of this?

AN HON. MEMBER: Inaudible.

MR. MARSHALL: Well \$160 million, the honourable Minister of Finance reminds me it may go to \$160 million but we are so used to dealing in millions of dollars the rest of the inheritance from the other side, from the administration, that a million here and there did not mean any difference to them and in our calculations and in the overall awful picture presented by this, it cannot mean much here because you have at least a \$100 million escalation in the cost.

What does this mean? I would like to take, Mr. Speaker, the honourable gentleman opposite, the honourable members of this House down to a house not far away from this honourable Chamber where a gentleman is living in conditions that you would not find in the sixteenth century, a retired gentleman who has a heart condition and is unable to bring oil from downstairs to upstairs to keep himself warm, he and his family, because of his heart condition. And is unable to light a fire in the house because of fire regulations. I would like to take the honourable gentleman opposite, I would like to take them to this house and to explain

to this gentleman and to the people of Newfoundland why we cannot adopt as effective a housing policy as we would wish to in the future. Purely and simply because \$100 million extra of our money has to be devoted to this project, because \$50 million has to be borrowed directly by the government in the next few years. I would like to go with the hon. the member for Bonavista North who eloquently has placed petitions before this House from time to time and has spoken about the conditions in Hare Bay and Dover in his district of which we are cognizant, very cognizant. I would like to see him explain to the people in that area the fact that our development programmes will have to be curtailed somewhat, will not be as extensive as we would wish them because of \$100 million escalation by reason of this project.

The same with the hon. member for Labrador South. We know the conditions in his district. We know that he is fully aware of them, he spoke about them in the Address in Reply. I would like to go with the hon. member for Labrador South and explain to the good people of Labrador South that it is going to take a little bit longer than we had first contemplated to bring the people in that area from the conditions which approach the conditions of at least the 1920's and I think the hon. member will concur when we say in some cases indeed it is the conditions of the late twentieth century, that we cannot tackle this problem as effectively as we otherwise would. Why? Because of the \$100 million escalation in this cost. This is what must be explained, We have to address ourselves, Mr. Speaker, as to how this came about. How did this shocking situation arise? How could this nightmare develop?

There has been reference, the hon. Minister of Finance in his eloquent address. The member for White Bay South in his very effective address referred to section (10) of the Melville Pulp And Paper Limited Authorization Of Agreement Act, and therein lies the big problem. Therein lies the problem where the Lieutenant-Governor in Council, the cabinet, was given power to guarantee such loans and indebtedness and other

obligations and to enter into any contracts as the cabinet deemed necessary.

Mr. Speaker, I can tear that up and hope that that type of legislation will never appear again in our statute books.

AN HON. MEMBER: Inaudible.

MR. MARSHALL: The hon. gentleman is perfectly prepared to yield the floor for a question but not a speech, Mr. Speaker.

MR. ROWE (W.N.): I want to ask a question, would the hon. gentleman care to say who is to blame for section (10).

MR. MARSHALL: I am glad he asked the question, Mr. Speaker, because I will get onto that right now.

In his speech last night, the hon. the member for White Bay South took great pains to point out the fact that three hon. members on this side, the hon. Ministers of Finance, Justice and the hon. member for Fortune Bay, were members of the government at the time this went through. True, they were. But the fact of the matter is they were members of this government because they presumed that such powers would be exercised in a reasonable manner. When they determined that they were not being exercised in a reasonable manner, these hon. gentlemen had the fortitude to cross the House and to stand up with the small little band that was already across and joined them in their efforts to bring down the government and to bring about a sensible, sane government which we have right now. So let us not spend this session, Mr. Speaker, talking about what the hon. members here did and what the hon. members over there did, that does not matter. The fact of the matter is that there is a marked distinction between the hon. members on the other side and the hon. members on this side of the House who joined the opposition in the previous assembly.

This distinction is this, when they saw that matters were getting out of hand, when they saw that the engine was running out of control, when

they saw that the faith that they put in people in 1966 was misplaced, they had the courage of their convictions to cross the floor and join the opposition in the face of great criticism and that, Mr. Speaker, is a distinction. I was very, very, surprised to hear the hon. member go on at great length and to try to impute and to try to insinuate that the members opposite were the only ones against such a power that was given in that act.

The hon. member conveniently forgot last year, first of all, just before I get onto that let me point out that this party has always stood for curtailment of the power of the executive council, of the cabinet, to borrow. In the only real effective policy convention that was ever held in this province in 1968, or 1969, the hon. member, if he cares to refer to the resolutions adopted by the Progressive Conservative Party, will see that the curtailment of power of a cabinet to borrow was one of the top resolutions that were adopted.

Subsequently last year, and this is what the hon. member opposite forgot to mention yesterday, in the previous session of the House, I introduced a bill to curtail the power of the cabinet to borrow, to change The Revenue And Audit Act completely, to effect a change so that cabinet could no longer borrow and to stop this mad borrowing without reference to the people. What did the government of the day do? How did they deal with this bill, this resolution? I will tell you how they dealt with it. The description used, to which they all joined and agreed including four of the hon. members opposite who voted, stupid in the extreme, we were told. "Stupid in the extreme!" "They do it in every province of Canada, so we had to do it here!" When in actual fact, Mr. Speaker, they do not do it in every province of Canada and there is no reason why it should be done here and it should not be done here anymore.

I am glad to see in this legislation in Bill No. 55, in section 7(3) an indication of that. Under section (3) the power of the cabinet to borrow for the purpose of completion of this project is limited to \$50 million.

That indicates to the people of this province that it could cost \$50 million more to complete the project. But it should also be an indication to the people of this province that we intend to refer to the people's House when we want money from time to time rather than this mad borrowing in secret.

Now, Mr. Speaker, when we come back to the words of the hon. member for White Bay South and his talk about he was not responsible, he did not want cabinet to borrow,

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this borrowing power.

AN HON. MEMBER: (Inaudible)

MR. MARSHALL: That may be so. That was the indication yesterday given Mr. Speaker, by the honourable member.

MR. ROWE (W.N.): I am entitled to an explanation which I am permitted to have under the Standing Orders. I at no time and in no way said, Sir, that I was not responsible for the powers which the government got. I said, "I was perfectly willing (I believe these are the exact words) to shoulder my share of the blame, one forty-secondth, one out of forty-two parts of the blame for the -

AN HON. MEMBER: One out of thirty-nine.

MR. ROWE (W.N.): One out of thirty-nine although there is no division recorded as I mentioned last night. I am quite willing to shoulder one part out of thirty-nine of the blame for giving the government those powers. I hope the ministers who ask for the powers and got the powers are equally willing to share the blame.

MR. CROSBIE: Who has some of the powers?

MR. MARSHALL: Yes, that is the point we come to now, Mr. Speaker.

MR. ROWE (W.N.): The hon. Minister of Justice hangs on to the power.

MR. MARSHALL: Mr. Speaker, I believe I have the floor.

MR. SPEAKER: Order!

MR. MARSHALL: I believe I have the floor, Mr. Speaker.

I will tell you who exercised the power. In June, 1971 of that year -

AN HON. MEMBER: Who was Minister of Justice then?

MR. MARSHALL: In June, 1971 of that year a report was made to the government by D.D. Dick Consulting Engineering Limited concerning the dire plight of this project. What happened? On June 25, 1971, \$9 million in interim financing was borrowed by the government pursuant to this very power. That is who exercised the power. Again on October 1, 1971, when the project was running out of funds, who exercised the power then, when we were in the throes of an election? Who acceded to the secret

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borrowing and cabinet then? No, Mr. Speaker, the words, the imputations with respect to the borrowing in cabinet, the secret borrowings in cabinet without reference to the People's House are hallow in the mouth of the hon. the member for White Bay South and the honourable gentlemen on the other side. It remains to this government to recognize the danger and this government will deal with the danger as it will deal with all the other problems that it has inherited. Another reason as to how this project ran out of kilter is because of the very philosophy adopted by the other side, by the previous government, this policy of "develop or perish." We have heard it time and time again. It became a very, very popular policy - very, very popular words. It remains to us to make sure that that particular policy does not revert to "develop and perish." That we will see.

Mr. Speaker, the trouble with that kind of outlook is this: It denotes an air of panic, "Develop or perish" they say. It denotes an air of panic. Consequently, schemes were adopted, no doubt with good intentions for the development of this province, but schemes were adopted, projects were adopted without proper feasibility studies. We were rushed into it. We got into areas where government did not know with what it was dealing, all because of this "develop or perish" attitude. It went even farther than that. As a result of this, Mr. Speaker, the great vision came that Newfoundland was to have its Chicago, its New York and its Toronto all together. As a result of this we saw it extended to the very sociological roots of our country in the oppression of people and the adoption of a forest centralization policy. Again how did it happen? Obviously, it happened because government failed to arrest the problems or to deal with the problems when it became evident that the costs of this project were escalating out of all contemplation. They did not come to grips with it. They appeared to sit there paralyzed with the obvious signs of economic disaster all around them. I wondered how this could occur, I wondered. But I think we get the answer - we got the

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answer from this sitting, from words of the hon. the Leader of the Opposition. When the hon. the Minister of Finance in this House was informing the House of the government's policy towards municipal taxation of Crown corporations and specifically with respect to the Holiday Inns he indicated at that time that he would table the agreement between government, the holding company of government with respect to Holiday Inns and Atlific Limited, which he did the other day. But at the time he mentioned that, the hon. the Leader of the Opposition used words and I am paraphrasing. I am not quoting. "Good, I would like to see a copy of that agreement." He had never seen it. Similarly, when a commission was established by this government to look into the ownership of the liquor leases, similar words are mentioned by the Leader of the Opposition, the hon. Leader of the Opposition. He would like to know who is behind it. This I suggest, Mr. Speaker, is one of the root causes why we find ourselves - not just the hon. Leader of the Opposition but all the ministry. I say that statement reflects an attitude of all of the previous ministry. I cannot conceive, Mr. Speaker of anybody in this present cabinet, not only in the cabinet but any of the hon. members on this side of the House - if there is a paper or a contract which they wish to see, if there is a matter which they wish to have determined, they would not be supporters, they would not be in the cabinet or indeed supporters of this government for very long unless it were produced and satisfactorily explained to them. So this then is one of the major reasons of how this situation occurred. It is no good. Here again I advert to the fact that we are not questioning the motives. We are not questioning the motives of the honourable members but it is no good with words to say what you intended to do. It is what was done which counts.

I would ask the question: Why did not the honourable members who were members of the cabinet in the previous administration resign forthwith?

Mr. Marshall.

It was found on December 23 last that a loan for \$100 million deutschemarks had been obtained from the Hessische Landesbank pursuant to a guarantee given by the leader of the government at that time which, as I believe they will agree, they will concur, was given directly in contravention to the understanding that the cabinet of the day had with respect to the giving of that guarantee. Why did they not resign then, in Heaven's name? Why they did not really resign before when they found that this complex was running wild, that the costs were running wild and that the affect was going to be the strangulation of services to the people of this province, of health services, of education services, that is where the error was made, Mr. Speaker and that is what the honourable members opposite will have to answer, from now until they go to their great reward, to the people of this province.

Then again we have the other instance and I would like to hear an explanation with respect to it. On December 1, when it was found that \$2 million had been paid to the Union Bank of Panama, which the hon. Minister of Finance has described, during that period of time the hon. the Leader of the Opposition and the hon. member for White Bay South, in all fairness, made

representations to get it back. But that was not enough. That was not far enough, Mr. Speaker. During that time the Leader of the Government was pressing the hon. the Leader of the Opposition and the hon. member for White Bay South, was pressing them to give more money to this complex and knowing the situation, knowing that \$2 million had been siphoned off to a phony bank, knowing that the Leader of the Government was supporting at the time this particular action, why in heavens name did they not resign? Certainly they ought to have resigned. They definitely ought to have resigned when they found that that guarantee was given.

Now the hon. member for White Bay South in his remarks in addressing himself to that particular question said, "Why should they?" "Why should they?" He doubted that it would have any effect, that it would not have brought down the government. Mr. Speaker, he seems to have forgotten the tenuous manner in which the reins of government were being greedily grappled hold of by the administration of that day, on the basis that there was no clear mandate.

If the hon. gentlemen had resigned from the cabinet and departed from the government at that time, it most certainly would have brought down the government. There would have been a change. Mr. Speaker, this project demands now and it demanded then action and quick and firm action. It is a case of months, days, weeks, hours and in fact minutes matters. Consequently the hon. gentlemen on the other side have their responsibility, they have a heavy responsibility for deprivation of the people of this province of the necessary services to which they are entitled. For a long period of time yet to come and every time they get up and present a petition that requires the expenditure of money, I would suggest, before they bring it in, they soberly consider the drain on the public treasury as a result of the incompetence and neglect of the previous administration.

Now, Mr. Speaker, I pass to what we found, when we assumed the government on January 18 of this year. I do not wish... I am not going to repeat because I could not repeat, in the magnificent detail that the hon. the Minister of Finance furnished it yesterday, the conditions that we found on our entry into government.

I well recall speaking to him the day after, on January 19 I believe it was, about a matter that we were supposed to get together about and he said, "For Heavens Sake!" or words with a reasonably similar connotation that I cannot be permitted to repeat here - "we better get together on this mess in the linerboard mill." And get together we did and he has lived with it and we have all lived with it. As he indicated, he spent 60% of his time on this project and, as we saw yesterday, he has done a very magnificent and fine job. I will dare to say this, that not only 60% of his time, his work time, but 90% of his time afterwards has also been employed, as with most of the rest of us, on this terrible situation.

What did we find? We found there was no management. We found \$115 million to \$119 million government backed, government guaranteed, that there was no management. There had been warning that management was necessary from the Dick Consultants, no management, no effective management was in vogue, it was not there.

The markets were not solid for the linerboard. They were not firmed up. There were no effective markets, no guarantee of market and here was the linerboard mill supposed to go on stream in October of this year and there were no markets for it, a most serious, serious situation.

The woods operation, the hon. the member for Labrador North, of course, would be interested in this. The wood operation was completely out of kilter up there. There was no log handling device to load the logs in Goose Bay or Stephenville.

This project is not a case of loading two or three crates of Kleenex boxes from Goose Bay and bringing them down to Stephenville. There are over 300,000 cords of wood to be brought down. The project had been allowed to get on at this rate. The project had apparently been milked by the Canadian Javelin interests and there was a great acceleration, an excruciating acceleration of costs.

So what did we do? We immediately entered into negotiations with the Javelin interest with respect to this matter, which resulted in this agreement. I am going to spend now a few words on this agreement.

I was shocked last night to see the hon. Leader of the Opposition, not only quoted but I saw him on C.J.O.N. television, say that they approved, the opposition approved in principle this agreement but that it did not see why the government, I think he used the description, "Mr. Crosbie had to pay \$5 million to Mr. Doyle," and the hon. Leader of the Opposition is nodding over there and I believe I have quoted him correctly. His words were to that effect.

The hon. Leader of the Opposition should be ashamed of that because he knows better, Mr. Speaker. He knows that Mr. Doyle is not being paid any \$5 million. Canadian Javelin is being paid the amount indicated in this bill.

MR. ROBERTS: Inaudible.

MR. MARSHALL: The time for humour passed last October, Mr. Speaker. This is a very serious matter, very, very, serious matter.

Mr. Doyle is not being paid, let us be quite clear about that, any \$5 million. What is being paid under this agreement and I will go into what is being paid under this agreement, is being paid to Canadian Javelin of which there are about 20,000 other shareholders beside Mr. Doyle. The only reason that Mr. Doyle holds any degree of control in Canadian Javelin is because of the fact that the previous administration entered into a dummy collusive agreement with him, with respect to the

preferred share issues to the government whereby 530,000 preferred shares with voting rights were issued to the government so that Mr. Doyle and the government in concert could circumvent the huge body of shareholders. So let us be, let us be quite clear about that.

What are we paying them? The \$5 million? We are paying nothing but the cost of this project, nothing but the cost of it

MR. MARSHALL: \$5 million is referable to development expenses prior to 1969 of Javelin. These development expenses - we just do not take things by rote as the previous administration did. We have been advised by competent advice, consultants, Peat, Marwick, Mitchell; that this is so. So that is one point that I would like to bring out and it is very important for this reason: I have heard, as a result I believe of a statement made by the honourable Leader of the Opposition, an observation passed on one of the radio programmes this morning, "why did they not give the \$5 million to welfare?" This was the way it was painted.

Well first of all we are giving the cost of the project. Secondly, I would like to remind the good lady who made that observation that but for the excesses and neglect of the previous administration we would have about \$70 million to give not only to welfare but to education and health and what the heck have you. So \$5 million been given for predevelopment expenses. One hundred thousand dollars has been given and that relates exactly to the amount that Javelin put in to the buildings over in Harmon.

Then we come to the debts, We are assuming the debts, This seems to bother them a wee bit. Mr. Speaker, the debts of the parent and subsidiary companies. The only debts under this agreement that are being recognized are debts which are legitimately part of the project that were loaned to the project, that were expended in the project, and this we have verified and we are having verified by Peat, Marwick and Mitchell.

If it so happens that any of the debts mentioned in the Schedule were not expended in the project then we have taken safeguards to protect the people of Newfoundland by the write-off, set-off. It is purely and simply that.

MR. MURPHY: Mr. Speaker, I wonder if the honourable gentleman would permit a question? Does this refer to trading debts like

MR. MURPHY: several up around the Goose Bay Area -

MR. MARSHALL: All debts that are legitimately part of this project are going to be recognized, will be recognized by the government, as is indicated in this Agreement.

Now, Mr. Speaker, those debts and maybe you can turn around and say you are giving the money again to the Javelin Companies, but I remind again that Canadian Javelin have 20,000 dissident shareholders. That the money that is being repaid is money that has gone into the project and we are going to determine it.

What was our alternative for this, Mr. Speaker? Anyway this is a good deal. This is as good a deal as we could get. If we had to put together this project we would not be in this situation. I am not saying that, Mr. Speaker. But considering the mess that we found considering all of the factors, this is an excellent agreement whereby we are just taking over the project from the hands of the Javelin interest to protect the jobs of the people in the district of the honourable the member for Labrador South and the honourable the member for Port au Port. We are paying for the cost of the project and not one whit, not one nickel, not one cent more.

Now what was the alternative? The alternatives that the honourable member for White Bay South mentioned, some of which I have mentioned as well. The liquidation of the project as he indicated, of course, is unthinkable. At the time we had \$100 million into that project and this province could not stand liquidation of the project by selling it at a fire sale, as it cannot right now. We could have let it wallow on the way to bankruptcy, as it was going because of the lack of direction by the previous government. This is equally unthinkable.

The only other alternative that presented itself was the possibility of court action. Now I must say that this consumed quite a bit of thought: quite a bit of thought by us on the other side. But the

MR. MARSHALL: problem with it was this that government faced, the fact that the honourable member for White Bay South and the honourable leader of the Opposition know full well, that if this matter went before the courts under the trust deed. the trust deed itself was not as effective as we would have liked it. We will come to that in a moment. If we had gone to courts and got such a huge matter embroiled in the courts, it might have been two, three, four or five years before the matter was resolved. We were told that you had to get management personnel in their, pretty well immediately. We were told that the woods operation had to be firmed up. We were told that there were no markets etc. Everyone knows on a project as gigantic as this that there was no way while this matter was embroiled in the courts that we could satisfactorily assemble together the necessary management, sales and technical staff that were necessary to rescue this project from the brink of destruction. So that is one of the major reasons why we could not go to court.

There was another reason as well, there was more than one reason. I am just citing some of them now, as they come to mind. If we had gone to court in this matter we had to have regard to the defenses that were available on the other side. It was a point of fact that the previous government had put the Javelin interest in the position where they might possibly they certainly could raise it as a defense and even though the opinion, our opinion, was that perhaps it was not as strong a case as we had, you still had to take cognizance of the other side.

But in any event concessions for leases in Labrador were not given to Javelin when they requested them. I reiterate what the honourable the Minister for Finance said yesterday, that the members on the opposite side, the then government of the day, were right in not giving the leases in the circumstances. But they were very wrong, the government was very wrong in getting this province in the

MR. MARSHALL: position where so many hundreds of square miles in Labrador were pledged to Javelin. This being so, they had put themselves in a position where Javelin, the Javelin interest had a reasonable case to answer court action.

Then again we could have expropriated, so they say. But there are two or three factors that must be borne in mind in addition to the fact that Javelin Company is a dominion company. First of all I revert again, we seem to have Mr. Doyle on the brain, but we must remember there is more than Mr. Doyle involved again in Canadian Javelin. The credit of our province is at stake when you talk of expropriating. I do not suppose any member in this house would have the slightest hesitation of expropriating from Mr. John Christopher Doyle himself.

But that was not the issue, Mr. Speaker. It was not only Mr. John Christopher Doyle but there were 20,000 other shareholders at least, comprising people who were influential in the financial communities of the world and yes, indeed, comprising widows and orphans who were as innocent as the poor widows and orphans in this province who are going to suffer as a result of this particular project. So we could not expropriate.

There is another factor as well, as a result of this. Granted if you are going to expropriate and pay the value there could perhaps be no quibble. But then we come to what is the value. The previous government through their NALCO concessions, as I have indicated, gave huge tracts of timber resources into the hands of the promoters of this project.

Now we had advice to the effect that maybe, maybe: these timber resources had little value. But the word "maybe" was there. It is a fact that we had other advice to the effect that the timber resources, the timber concessions could amount to many, many millions of dollars

and we did not feel, as fair as we wanted to be to the shareholders of Javelin, not to Mr. John Christopher Doyle but to the shareholders of Javelin. we did not feel that one of our natural resources which was given for the purpose of development, that we should be put in the position of having to renov it, to pay for it to get it back, at the cost of maybe \$25 or \$30 million in order to bring it back to its rightful place, to the use of the people of Newfoundland that it was always intended to be for, that the government gave off to a third party but that we have back for the people of Newfoundland right now pursuant to this agreement.

I could go on, Mr. Speaker, about this particular agreement. There is another aspect of it, also brought up by the honourable member for White Bay South. This relates to the court actions and relates to alternatives which we may have had. There is an alternative mentioned about court action and in that alternative there might have been, as the honourable member for White Bay South has indicated, there were the Wabush royalties that had been pledged by the Javelin Paper, by Canadian Javelin as security for the performance of this project by its subsidiary Javelin Paper.

These royalties amount to some \$25 or \$26 million. There is about \$1.5 million on deposit with the Montreal Trust Company, which is the trustee under that arrangement. Canadian Javelin not John Christopher Doyle, but Canadian Javelin is getting that back. That was questioned. If it was not questioned, it certainly admits of explanation as to why that is being given back to them. For this reason the only way we could get it would be by court action. The only manner in which this would be resolved would be probably in four or five or six years. In any event most of the money would not be paid except over the next ten, fifteen or twenty years, pursuant to the agreement. The present value of that money, as indicated by the experts of Peat, Marwick and the actuaries that we called in to examine this, is approximately \$12 million.

We were informed that unless this project had, unless this project got off the ground, got off the ground immediately there would probably be a further delay of at least another year which in addition to its other great impediments on the project, fiscal strain on the project itself, would directly result in payment of about \$14 million extra in interest and other related charges. So we were not gaining anything by going after this particular fund.

Now, Mr. Sneaker, those are the alternatives that we had. Those are the alternatives that we examined. This is the agreement that we came up with. I want to draw your particular attention again, if I may, to that portion of the agreement relating to the \$50 million. I could tell you just a wee little story about that. As is the custom with new governments, a bill was drafted by the very competent civil service members of the Public Service. They follow along, as we have found in other avenues of government, along the same pattern as before many of which by the way will be changed over a period of time. One of the clauses that they had in, which they exhibited to us, was a clause to the effect, which was natural because they were just following along what have been done over the years— there was a clause to the effect the Lieutenant Governor in Council could borrow as much as it wanted to, to finish the project. In other words, similar to section 10.

Our committee saw that and immediately took directions. Consequently you will see in this legislation now a provision to the effect that the aggregate of public monies to be expended, loans to be guaranteed under this section shall not without further reference to the Legislature exceed the sum of \$50 million. That is the way in which we intend to deal with the matter in the future.

The honourable member for White Bay South mentioned (again, it was well taken) the honourable Premier mentioned it last night and we all concur, before any sale is made it should be referred back to the Legislature. I say, hollow words from those who allowed the debt of this province to accelerate

to its gigantic proportions, but an observation now well taken, having seen the light of day. Mr. Speaker, I want to just mention now that it was never the intention, it would never have been the intention of this government at any time in the future to sell this project without reference to the Legislature, anyway, in any event. The only reason why that particular clause might have been in there was because - the only way that would be used would be if we got far in excess of the market value. If there was any question at all that the interest of people of this province was not being served it would have been referred to the Legislature anyway, but I am delighted that it is going to come back to the Legislature in any event.

What do we do? What about the future? What about the future of this project? I support this Bill as all members on this side support it, with a certain amount of qualification, because it is not our baby. It is not our project. It is not our way of operating and it was brought about and set upon us by a previous administration. But I can tell you this, Mr. Speaker, that we intend to pursue in the future a course and we are determined that this project is going to succeed, that the jobs are going to be there and that the people of this province are not going to be strangled to the extent that they would have been strangled if the previous administration had continued on in its inert, careless and negligent manner of handling this particular situation.

One or two other things in closing, spoken by the honourable member for White Bay South. I could go into a long litany, which I am not, if I wanted to with respect to certain of the matters which he said. I feel and I emphasize again and I come back to the original statement which was made, which I made, that the honourable members on the other side who were part of the government, from now until they go to the grim reaper will answer to the people of Newfoundland as cabinet ministers collectively. I am not talking about the individuals, but as cabinet ministers collectively why they allowed the noose to be tightened around the throats of the people

of Newfoundland without taking the preventive action that they could have. That is the situation. There is no point in this House getting up and talking about members on the other side who were here in 1966, and they voted for so and so, because the fact of the matter is this: In 1966, this Melville Pulp & Paper Limited Act was passed. It was passed again envisaging an expenditure of \$58 million. It was provided in the Act, it was contemplated that the financing was to come from France. There was to be involvement with a concern called Societe Ensa in that country. The thing broke down. It was not heard from. It did not spring to life again, Mr. Speaker, until November 21, 1969, when

MR. MARSHALL:

all of the members here present, and the three members here present were over on the other side then in opposition not supporting the government, when the honourable member for White Bay South and the honourable the Leader of the Opposition and the other honourable members who were then members of the cabinet were in it. There is no point talking about that.

I feel, Mr. Speaker, as I say, that I cannot - this legislation moves any individual from feelings of subdued anger to outright royal rage. The fact that this amount of money has to be spent is an indictment on the democratic process. It is an indictment against the previous administration and I hone to God that the members on the other side of the House and those who supported the previous administration in the elections of October and March can explain to the people of Newfoundland why they have to labour so far behind the rest of Canada and indeed will probably have to for yet a little while longer, purely and simply because the gigantic sum of \$40. millions or \$50. millions must even be found in this year to keep a project going which ran out of control because of ineptitude, negligence and incompetence of a now defunct administration.

MR. SPEAKER: The Chair recognizes the honourable member for Labrador North.

MR. WOODWARD: Thank you, Mr. Speaker. Mr. Speaker, I will be very brief. First I would like to compliment my colleague, the honourable member for White Bay South, for speaking so ably and representing us on this side of the House so well in his presentation of last evening. I think he did a good job, I think possibly one of the better presentations that have been heard in this House so far this year.

Again, Mr. Speaker, I would like to compliment the honourable

MR. WOODWARD:

Minister of Finance for doing his homework so well and presenting so ably the problems of the defunct Javelin project that have been so close to me and to the people of my area since 1966. As far as commenting on the bill itself, this I will not do but I would like to say that to mention the Forestall Report or recommendation, which I suppose is very close to the people and the woods harvesting operation people of the Lake Melville area, as the honourable Premier mentioned and as the honourable Minister of Finance mentioned that it is the intentions of government to carry out the recommendations of the Forestall Report.

Am I correct in that, Mr. Speaker?

I can see the problems and I think that possibly, looking around the House here today and looking at the honourable members that are sitting in the House, very few people have been as close possibly to the woods harvesting operation as I have been personally myself. Sir, I have to say this, in all fairness, that the operation left a lot to be desired. The people, especially the private sector of our community, have been very disturbed and were very concerned about the Javelin Operation and I hope that this is the end and it will bring some stability to that operation so that our people can put confidence into it and therefore go ahead as a private and commercial sector and invest in the community where we belong, to develop that portion of the province that is so dear to us.

But, Mr. Speaker, I think we are missing a point and I say that the concept of 1966 of the Javelin Operation did get out of control primarily because of maybe monetaring the whole project itself. The monetaring sense got out of control and eventually we end up by the government taking over the operation or by purchasing the operation, whatever the case may be. There is one thing that I would like to

MR. WOODWARD:

say, and from practical experience, that this is a mighty project. The magnitude of developing the wood in the Lake Melville area is a mighty, mighty and it is a hard, very, very hard task.

Now I suppose that I could say that the inexperience, the inefficiency of the Melville people left a lot to be desired. I think it did and I think the voters and the people that so ably supported me in the October and the March election will go along with that and therefore, Sir, I have no reservations in saying it. But the problem is what is going to happen in the future. Mr. Speaker, will the operation be all roses from hereon in, will the production of 550,000 cords of wood which represents somewhere in the vicinity of better than one million tons? One million tons, Sir, the handling of one million tons of simple rock or sand involves a lot of work. The handling of one million tons or 550,000 cords of wood, Sir, represents more work.

We have a very short navigation season. Sir, as I have explained and as the Premier mentioned and I agree with him that maybe the operation of the mill itself can go on production, be quite efficient but we have not yet solved our problems with the shipping of the raw materials from the Goose Bay-Lake Melville area to the mill in Stephenville. This is a problem, Sir, and it is a very big concern of ours. Sir, I would ask the government to bear with those problems. Maybe it is advantageous to look abroad or to look at some other areas and find out that the economic needs are far greater or the return is far greater to get raw materials from some other source than the Lake Melville-Happny Valley area.

The problem is, Sir, I think the whole concept of this mill when it was - in 1966 or going back maybe a long time before that

MR. WOODWARD: was the fact that we want to harvest the Labrador wood. We want to harvest this industry, this resource industry and we want to bring Labrador into the stream of life.

I think it is happy news for our people to see that the government is taking over and they will hopefully inject some measure of efficiency, put it on a proper productive level and not be dealing with maybe the undesirable people that we have dealt with in the past. It has been depressing, Sir, over the last three or four years a lot of our private people, our business people of our community have suffered because of the fact that Javelin has not lived up to their responsibilities in the local area. Possibly at times our Chamber of Commerce felt that we were heading for maybe chaos or bankruptcy, the whole community as such, because of the inept way that they ran their business and refused to pay their bills.

I think now, as you look around that there are a number of bills, and a number of local people in the community that are suffering because of the fact that they are owed money by this operation. I hope, Sir, that when the government do take over this will not happen. I hope that in the immediate area of Lake Melville they will give the businesses, private sector of that area an opportunity to play a part in the operation. I ask the government to do this, Sir.

Again, Sir, there is another problem that we are faced with in as far as getting the materials, I would be quite happy if this year we can get 230,000 cords of wood out of Goose Bay. I think it is as much as the port can handle or the facilities can accommodate that we presently have. I would like to see, Sir, if we are going to produce this amount of wood, other facilities that will have to be built.

We felt that the Javelin operation came in and got what was available in the community, but they put very little in the community as far as fixed assets of any nature were concerned, Sir. We hope that when the government do take over the operation, they will see fit, Sir, to put some permanent assets into the community and to play a role in that

community by which they live.

Going back to my colleagues, Sir, the hon. Leader and the hon. member for White Bay South as well as the hon. member for Fogo and the hon. member for Bell Island, great emphasis have been put on their responsibility, their neglect, because of their association with the previous administration. I think it is very unfair, Sir, that the government should point out any one or any number of people or lay the blame on any individuals. I became a part of the Smallwood Administration going back to July 28 and I am very proud of it. I am not proud of the Javeline organization. I saw the loopholes in the Javelin organization, I think we saw it a long time ago in Goose Bay. Sir, that is maybe one of the reasons why I sit here in this House today, just to help plug those loopholes.

I do not think, Sir, that the hon. member for St. John's East explained that the sins of the father must well be visited upon the children. I hope, Sir, that the present government will not hold -we have a number of gentlemen sitting on this side, hon. gentlemen sitting on this side of the House, people who came from respectable families and have taken a very active part in the community, are well respected and who were so ably sent here by the people they represent. I hope Sir, the method that this government will adopt will not be to personally persecute for the shortcomings of one whole administration.

One thing we must remember, Sir, one thing we must remember is that the trend has been reversed. That previous administration had a full mandate a much greater mandate than the present government has and they acted on behalf of the people, Sir. I do not think it is the individuals themselves, I think that our Newfoundland people should help to bear that responsibility also. Because, firstly, they were responsible for sending those people to the House, as well as myself.

MR. A.J. MURPHY: To act on their behalf, not John Doyle's

MR. WOODWARD: We did not act on John Doyle's behalf. When I say we, we

did not act on John Doyle's behalf.

I think Sir, that it is welcome news that we are bringing some stability into the Javelin operation. We look forward, I am sure the people and the communities of Labrador, maybe the whole of Labrador (I think the hon. member for Labrador South will speak later and he will support me) with hope to the government's takeover. Again there is another very important issue, taking back the concessions. We were in a sense not happy about having promoters controlling out forests. We have a lot of private people who would like to go into developments in Labrador as well. I hope that the hon. Minister of Finance and Economic Development will give consideration when some of our private people go to him to ask for timber stands or small concessions and that the whole concessions will not be given solely and wholly to the Labrador Linerboard Limited. They will have an opportunity too, Sir, to help in the development of those resources and to produce some of our timber stands.

I think, Sir, that this is a great project. 550,000 cords of wood representing more than a million tons, involve a lot of shipping, as I said before. 550,000 cords of wood and the spin off from that industry can keep the areas, the depressed areas in Labrador South, as the hon. member will mention later, will bring viable economic stability to those areas. When you think in terms of going into Labrador you will find, from an operational point, that you are going to need a great number of the people who move from this island to some other parts of Canada to go into Labrador to help in this development, hopefully, not on a transient basis. I think the time has come when transients should not go someplace to make a fast buck and get out to go and invest it in some other part of the province or some other sector. This government have a responsibility to ask our Newfoundland people if that is the case or to encourage them to go into Labrador, to Goose Bay or Happy Valley or the Melville area, take up residence there and help in this great project.

We support the Bill in principle. Those things I would like to

have continued. I will say this, Sir, that I hope there is no breakdown. I would like to see the continuity. If this particular operation were disrupted for one reason or another it would set us back a long way, as I have explained before. I hope, Sir, in the wisdom of the Minister of Finance and Economic Development that there will be continuity and the thing will continue as it is continuing today.

MR. HICKMAN: Mr. Speaker, the previous hon. members who have contributed so well to this debate have covered most of the facts leading up to the introduction of the bill which government feel is absolutely essential and essential that it be approved by this House of Assembly as soon as possible. I do not propose to go over in detail again the facts that were presented in chronological order by the hon. Minister of Finance yesterday.

Mr. Speaker, there are just two or three points in the beginning that I want to draw to the attention of the House and to clear up. There has been a great deal of talk about the House of Assembly in 1966 or in 1967 when it passed the Melville Act providing that the Lieutenant Governor-in-Council would have the right to expend monies on this project over and above that anticipated at that time. There is a great deal of debate on the wisdom or otherwise of giving an open-ended guarantee to Canadian Javelin at that time.

But, Mr. Speaker, it is my feeling that if the House of Assembly decides to confer upon any government the awesome power of borrowing without reference back to the House of Assembly, then surely the responsibility of government to maintain adequate control and to make sure that the project is viable is that much the greater. This I believe, Mr. Speaker, is where I part company with my friends on the opposite side of the House. The issue before the House today, if it is an issue any longer or if rather we are only talking about history, is not whether the House of Assembly should have conferred this power upon government. There is a school of thought and a very sound, sensible school of thought that indicates that it should not and it will not again. But whether or not when this project started and in particular when it started that the controls and management were imposed that you would expect from a responsible government. The original contracts between Javelin, Melville and the others and Ensa, Corfu and the Schneider-Crusot Group were tabled in this House. These contracts, Mr. Speaker, were a bit more restricted than the agreement that was signed

Mr. Hickman.

on November 21, 1969. There was one clause in that agreement which was very significant and very significantly is not in the November 21 agreement of 1969. That clause was that Mr. Doyle or his companies, before the government would advance one solitary cent or make any guarantees, would have to satisfy government, would have to comply with these agreements by showing, pursuant to a guarantee of a Canadian bank, that Javelin would invest \$11 million in working capital in that project, not that they had to put it in that day but nothing less than a firm, binding guarantee from a Canadian bank would suffice. I have no idea why the French backed out of the project. I do not believe they really wanted to get out of the project. My recollection is that they subsequently instituted court proceedings against Javelin for breach of contract and for failure to proceed with the financing they had arranged. I do believe that the reason why Mr. Doyle (this is a belief only) backed out of that project was that there was no way he intended to comply with the requirements that there be \$11 million working capital guaranteed by a Canadian bank. This, Mr. Speaker, was not included in the agreement of November 21. The \$11 million working capital is there but the key requirement, the owner's requirement from Javelin's point of view is not in that agreement. The other requirements of that time, of the \$11 million, of the federal participation, both through ARDA and Public Works, well we know the story on that. It could be, Mr. Speaker, that the honourable Arthur Laing was not the jackass that the government suggested he was. It could very well be that when he had refused to proceed with these federal public works in Stephenville and Happy Valley or Goose Bay that he had some idea that this project left a great deal to be desired.

Then we come, Mr. Speaker -

AN HON. MEMBER: They went ahead with the work at Stephenville.

MR. HICKMAN: On a very, very limited scale, Mr. Speaker and not the kind of project that was envisaged and necessary to take the 200,000 tonners that were in the original conception of building a chip mill.

MR. ROWE (W.N.): There was something about municipal services -

MR. HICKMAN: The municipal services project is on-going now.

Now, Mr. Speaker, there are all sorts of things which transpired in between. The hon. the Minister of Finance and Mr. Wells saw fit and properly so to cross the House in 1968. When I heard the hon. the Member for White Bay South last night ridiculing the hon. the Minister of Finance and saying that this is his finest hour, I agree that it is. I agree that there is no man in this province today entitled to assume that yesterday was his finest hour anyone more than the Minister of Finance.

I know something about it, Mr. Speaker. It was a year later that I found myself in opposition. I know something about the abuse that the Minister of Finance took. I know something about his determination to bring to the attention of the people of this province the financial position to which we were heading. I have heard him in the House say time and time again that the public works of this province would suffer, that Newfoundlanders would suffer, that the petitioners who could come looking for water and sewerage will suffer because of the way that this project was proceeding. The abuse, the personal vindictiveness that he took and subsequently that I took for taking that position, I would hope that this House will not see again. I do hope that when the hon. member for Bonavista North, who seems to have more petitions than anyone else, whether that indicates that his district has been more neglected in the last twenty-two years than any other district is not for me to say, I do hope that when he replies to these petitions that he will say: "Ladies and gentlemen of Dark Cove, Gambo, your project cannot be met this year not because of lack of sympathy on the part of the present administration but because my hero let you down." That is the only honest approach that he can take and his people will thank him for it.

But, Mr. Speaker, during that time there was a group known as the Voting Trust.

MR. HICKMAN: That first group did their work and did their work too well. The original voting trust committee consisted of Mr. Denis Groom as Chairman, the government representative was Mr. Frederick Russell and the Javelin representative was the same man who is there now a Mr. Weisner.

Mr. Groom and Mr. Russell committed an unforgivable sin insofar as this project was concerned, they took their job seriously. They turned up at meetings of Javelin. They went to directors meetings and they started to show their concern for what was going on as it related to this project here.

Mr. Groom is gone. I found out yesterday for the first time that Mr. Russell and Mr. Groom submitted reports to the Leader of the Government, expressing the concern that they had and pointing out certain inequities that were already transpiring. Mr. Russell is no longer there. What has happened to the present voting trust I do not know. But I would hazard a guess that they never met. I am sure they did not make a nuisance of themselves insofar as Javelin was concerned.

I am sure they did not turn up at directors meetings. But simply because these other men wanted to discharge their responsibilities and it is a long story because I heard the story, Mr. Nat Noel, Mr. John O'Neil and myself, as to how these men were gotten off the voting trust. This is history and I do not know if it is that relevant today.

Mr. Speaker, we come to the agreement of November 21, 1969. The final negotiations for that agreement took place in London, England. In the summer of 1969, the government retained Mr. Nathaniel Noel and Mr. John O'Neil, two very competent lawyers, to work with the lawyers in the Department of Justice, in fact they became the lead negotiators insofar as legal word was concerned and they did their job well. They were to act and to protect our interests. They did it too well because it became very abundantly clear that if there were three men in Newfoundland that

MR. HICKMAN: John Christopher Doyle did not want to see in the summer, nor did he, was Nat Noel, John O'Neil and myself. We were accused time and time again of trying to scuttle the project, so come October, Mr. Noel and Mr. O'Neil were dropped.

Now remember, Mr. Speaker, they were protecting the interests of this province more than anyone else of that time, not in making policy but in trying to write into the agreements, in trying to keep into the agreement, for instance, the \$11 million working capital guaranteed by a bank. But, Mr. Doyle did not like them. They told me in October, I was not in government then, that they had been dropped.

MR. MURPHY: Was that a cabinet decision?

MR. HICKMAN: I have no idea. I do not think they know to this day. Mr. Noel is realistic enough I believe to think that there may have been another reason why he was dropped too. He supported me in a rather nefarious venture that I embarked on in October of that year. But be that as it may, they were dropped.

But let us see what happened on November 21, 1969, when the guarantee agreement is to be signed, the one that is going to make or break this province and has gone a long ways towards doing that. The two leading solicitors and negotiators were not there nor did they see the final agreement, and indeed they were so concerned that someone might interpret their previous work as approving what was now in the agreement and having known nothing more about it than what they read in the papers that there was a group in London, that they sent a telegram to the Leader of the Government confirming that they had not been involved in the final negotiations of the agreement, that they did not know what was in the agreement, that they would assume no responsibility for it and confirming certain recommendations that they had made. But worst than that, Mr. Speaker, not worst but just as bad, no lawyer from the Department of Justice was taken in on the negotiations of the final agreement. The final agreement was negotiated in London by the Leader of the Government,

MR. HICKMAN: the then Minister of Justice, Mr. Curtis and Mr. Donald W. K. Dawe, Q.C., Mr. Curtis' partner.

This is how the Province of Newfoundland finally got into the bind that we are in today. When I hear suggestions, I will say to the hon. member for White Bay South that with what he had to work with last night he did a masterful job. But when I hear all these insinuations, the Minister of Finance, the member for Fortune Bay, the Minister of Justice, they must take responsibility for all of this, let us make the record clear as to where the responsibility for the November 21 agreement lies and the shenanigans and the chicanery that went on in concluding that agreement.

Now Mr. Speaker, surely if we are talking about the past and maybe it is only relevant in that it justifies and indicates very clearly that the present administration has no other course to follow than the one it has followed. If it is relevant, surely the issue before this House is the management of this project from the day the first nail was driven sometime in 1970.

You can make all the agreements in the world and you can write into the agreements protections and the guarantee agreement has these protections as to the previous agreement, that the government has the right to send in project engineers, the right to send in chartered accountants and everyone else to control the expenditure and to report even daily or hourly to the government. They make great reading, but they are worthless unless a government is prepared to avail of that protection in order to afford some control over the project and this, Mr. Speaker, was not done.

I can recall during the first resolution in 1970, before this House, when a select committee was sought to look at the linerboard project, my responsibility during that debate was to pay attention to these

MR. HICKMAN: particular protections that were not being availed of.

I did not need to be reminded by looking it up in the papers, but the hon. gentlemen on the opposite side of the House who were then sitting over here, practically laughed me out of the House of Assembly. I can remember one hon. minister as he then was said, "The member for Burin wants a battery of engineers, he wants a group of chartered accountants to go out and check on what is going on out there." Did you every hear anything so ridiculous? Then when I was bold enough to suggest that this was going to, if left uncontrolled, place this province in deep financial trouble, I am sure the hon. members will recall the take-off that the then Premier did.

MR. HICKMAN: The member for Burin, "the unpatriotic member for Burin" he said. "He said that if we do not control the project we will be in deep, deep, deep financial trouble" to which there was loud desk thumping on this side of the House. It does not do me any good. It is not good for my ego to say today that that has happened.

But if we are looking at history, if we are looking at the conduct of the administration, the previous administration as it relates to this project let us look at the way that this project was managed from the day it started construction in Stephenville. The opposition are taking the position that there are many courses of action open to it. Which leads me to the question as to why in May of 1971, when there was clear default, when the Department of Justice had come to the conclusion that Doyle was in default, Javelin was in default based on the Dick Report that they had no longer sufficient funds and they were running out of finances, why was there not a notice of default given then? The project was not nearly in the critical stage of construction. Mr. Speaker, it is in now.

But no, Mr. Speaker, I do not know what the reason was. But that is not the action, Mr. Speaker, that followed. But rather, Mr. Speaker, and I have heard, when you think of it, when you sit in this House as I did for the last couple of years and if you talked about the financial position of the Province of Newfoundland or that we were being jeopardized by these projects, we were always being accused of being unpatriotic or stating facts that might effect the credit of the province. When you realize, Mr. Speaker, that while all of this was being said that Mr. Doyle had been given minutes-of-council by the backload to peddle around Europe during the past summer to try and raise funds to continue this project. He had nothing to offer. His assets had been mortgaged. The assets of the project had been mortgaged. There was nothing left for him to offer but one thing, the guarantee of the Government of this

MR. HICKMAN: Province. That is what he trotted around Europe in, Mr. Speaker, the summer of 1971 in his pocket, and you talk about affecting the credit of this province. September 9 he was given one. Mr. Mahoney was then the Minister of Justice and Mr. Curtis was his solicitor, Mr. Doyle's solicitor. On September 9 he was given a minute-of-council for \$60 million to borrow in London. On the 16th of September he was given another one to borrow 240 million Swiss franc through an European bank. On October 18, he was given another one for 60 million Swiss francs. On October 12, he was given another broken down into parts. 120 million Swiss francs by two loans of 60 million.

Newfoundland's credit, Newfoundland assets being trotted the financial world of Europe, in the financial markets, in the back pocket of John Christopher Doyle, Mr. Speaker, that cannot be blamed solely on the leader of the government of the day. These were minutes-of-council decisions taken in cabinet. The looseness, the looseness of the controls over John Doyle at that time staggered the imagination.

Let me give you one example, in October when he was over in Switzerland at one point he raised 100 million francs to be financed by one hundred promissary notes of one million francs each guaranteed by the Government of Newfoundland. So the Government of Newfoundland signed these notes. One hundred notes, one million francs each, sent them over to Switzerland, and the gentleman from whom the money was being borrowed was a shake-out from somewhere in the middle East said he did not like the quality of the paper that he wanted fine parchment for his notes. He wanted them in living colour. So they sent back one of Mr. Doyle's men with the new pink slip, the promissary note ready for signing. Never signed? No question, they were signed.

But there was a rather unusual discovery found by an official of my department. When they came back with the one hundred notes of 100 million francs each, that they had slipped in five extra and

MR. HICKMAN: that one hundred and five had been signed and when this was put to Mr. Rossini and the Doyle group his answer was, "well, you can never tell, I might lose a few between here and Switzerland and I want to make sure I have one hundred notes to be disposed." But these shenanigans were certainly known to the administration.

Does this deter them from continuing to advance money? Does this -

AN HON. MEMBER: Inaudible.

MR. HICKMAN: Pardon?

AN HON. MEMBER: Inaudible.

MR. HICKMAN: Signed by the Minister of Economic Development, John C. Nolan and Javelin Paper Corporation Joe Rossini and the other man's name I cannot read, Raymond someone. To keep the record straight, this plane for transporting the son-in-law or the son and daughter-in-law to Europe on the Swiss vacation, that was tried to be tied in with the project, that they were given a plane apparently or rented a plane to fly over these pink slips to Switzerland.

AN HON. MEMBER: Inaudible.

MR. HICKMAN: Well, Mr. Speaker, you may see it is unrealistic to expect any government when they are in power in October and an election is imminent to suddenly pull the plug on their pet project at that time. But this started long before October, it was on-going in June. The storm signals were up in May. I am not at all impressed and I am sure this House is not impressed when I hear that in December of 1971 the Treasury Board orders an investigation into Mr. Doyle's affairs or the affairs of the linerboard project.

AN HON. MEMBER: Inaudible.

MR. HICKMAN: If I can quote the honourable gentleman correctly that in December to the chargin of Mr. Doyle and his associates, Peat, Marwick, Mitchell and Company were instructed to forthwith investigate the spending or their expenditures of this \$24 million that was advanced. But they did carry out the investigation in

MR. HICKMAN: December.

MR. W. N. ROYE: But that was not the point of that particular investigation.

MR. HICKMAN: But whatever the point is, Mr. Speaker, of the investigation is not very impressive. It does not warrant that a government that has the confidence in December of forty-four percent of the people of Newfoundland suddenly show some concern over the way the project is being managed.

But I had expected the honourable gentleman from the other side to come in and say, like in law almost confess in a void.

"We had problems. We had certain responsibilities.

MR. HICKMAN: We were not privy to some of the oral reports. We do know what was contained in the other reports from Dick and Company because they were in writing. We were aware last May or earlier that key management was essential. We should have taken the action then and we did not, and because we did not take that action we realize today we are placing the present administration in a position where they must take this action and take it now.

It is one thing to talk about cabinet solidarity and to say that if the former Leader of the Government were here he could defend himself, but I have noticed and I am sure that the people of Newfoundland have taken note of the very obvious disassociation with that gentleman during the past couple of months.

Now, Mr. Speaker, there was a day when that was not a popular position to take. Mr. Speaker, we do not have to be reminded on the government side of the House, that from here on in what flows from our efforts will be our responsibility. This is why I think it would be very appropriate that we once again repeat it for the record, that this bill before the House today does not guarantee beyond all reasonable doubt that the linerboard mill is going to be successful. What it does guarantee is that from here on in this project will be completed under the closest possible surveillance of the government and particularly the Minister of Economic Development. If, when this development is finished, we still have our troubles, it will be open to the opposition to say that maybe you should have used another approach. But it will never be open to the opposition to say, "we did not get you in the mess you are in." That they have forfeited forever and a day.

I believe that the bill before this House not only shows some determination, a great deal of determination on the part of the government not to run away from a nasty situation. It would have been very easy, maybe not easy but cowardly but certainly a lot less work to say, "the other crowd got us into this trouble, we will shut her down and forget

MR. HICKMAN: all about it and we will paint a Liberal sign across the mill so that everybody in Newfoundland will remember forever."

That is not the problem or task that is facing this government right now. It is a task that no government in any province in Canada, has ever had to face. It is a financial burden on the people of Newfoundland that no other Canadian living outside of our borders has ever had to face or would every tolerate facing.

When we used to raise it in opposition, there used to be great gloating over the heavy water plant and some problems in Saskatchewan and Manitoba with two industrial projects there that are not totally dissimilar with this one. I have no doubt that there has been a great deal of concern and soul searching in these provinces because of this. But the financial burden per capita imposed on Nova Scotians because of the heavy water plant is only chicken feed to what is imposed on Newfoundlanders.

Last week I heard the Premier of Nova Scotia lament and state very categorically, he said, "we have now been in power for nearly three years, because of financial commitments made by the previous administration, we have not been able to introduce one new programme in our province, that is worthy of the name, yet we have increased taxes every year we have been in office." Their burden, brought on by an unusual scheme in Cape Breton, is not nearly as serious as the one that Newfoundlanders are facing now. Fortunately for them, they have a per capita income that at least can help them shoulder whatever burdens they have a bit better than we can.

The hon. the member for White Bay South last night expressed some doubt as to any constitutional problems which we may have run into if we had gone the road of straight expropriation by virtue of legislation and letting the courts decide on any compensation.

Now, Mr. Speaker, our advice was twofold. Number one - there was no way we could pass an act in this Legislature that would be enforceable

MR. HICKMAN: against Canadian Javelin in the sense of getting the master records, the master information, the master proposals that are in their Montreal offices or anything else that we wanted outside this jurisdiction.

There was another opinion, and it is a different opinion but again it shows the futility and the lack of wisdom of going any route other than this one. There was another argument where there was a great deal of disagreement amongst lawyers. That was that if you accept the principle that a Provincial Legislature cannot legislate to affect a Canadian corporation, that it equally follows that you cannot pass legislation to take the major assets from their subsidiaries in which they have almost the controlling interest or total interest, and thereby indirectly affect that company, that Canadian company, without again running smack into the constitutional problem of it being ultra vires.

I do not particularly agree with that part of the opinion but there are lawyers who disagree and constitutional lawyers who say it cannot be done. Because I believe when once Canadian Javelin decided to put monies into this project in Newfoundland, that they brought themselves within the jurisdiction of this Legislature. But there are constitutional lawyers who say that what you cannot do directly by legislation, you can do indirectly by going around a circle and affecting that company by expropriating two of their major companies in this province.

But wherever we turn, the one piece of advice that we receive, we can say it now, we could not say it to Mr. Doyle because, as far as he knew, he had his notice of default that we were intent on going to court and so we would have, if we had to. But the advice that we got from Peat, Marwick, Mitchell and Dick and Company, the counsel involved, was, if at all possible, stay out of the courts because if you once get down in the court house, and if you once have to appoint an interim

MR. HICKMAN: receiver, who by the very nature of his appointment has to continuously go back to court for approval for any expenditures or programme that he wants to follow, that there is no way that this mill can start up in October and maybe not this time next year. So you cannot sue. You cannot expropriate realistically. You negotiate.

The burden of these negotiations were carried by the Minister of Economic Development. To me and I am sure to him, it was a great pleasure, not a vindication but it was a great pleasure the first day we met Mr. Doyle and his associates.

They approached us with the same fervour and the same domineering approach that they had been so used to getting away with in this province for a long, long time and it took them about five minutes to realize it was a new ball game.

MR. HICKMAN:

it took them, I would suggest, less than that to realize that the people of this province were not going to be pushed around any more and then they resorted to writing letters and saying, "We are being made the whipping board. You are being too harsh on us." Nonsense, Mr. Speaker, they began to face for the first time the hard-nosed negotiations that if they had been carried out all through this project would have prevented us from coming to this House today and asking for the House to approve the bill we have before us, not the kind of bill that will go down in the annals of this House of Assembly as being the House's finest hour, not the kind of a bill that the people will stand here in ten years time or twenty years time and say, "I was in the House when that was passed and I am awfully proud of it." Not that kind of a bill.

If it succeeds ten years from now there will be no point in coming in and saying, "It took the Tories to get it going," because they should never have been in the position where they had to get it going. But, Mr. Speaker, it is the kind of a bill coupled with the determination of this administration and with the prodigious capacity for work that the Minister of Economic Development has and he is complaining that he spent sixty per-cent of his time to date. That, I suggest, is considerably less than will have to be spent on this bill in the next six months. Hiring of management; negotiating of marketing contracts that had not been negotiated to date; negotiating a satisfactory shipping contract which has not been negotiated to date; trying to get, and he will and government will, trying to get the forestry operations in Labrador operating on a viable basis; negotiations with the two paper companies for the right to acquire some of their wood during the interim period because apart altogether from their holdings, do not let us forget, Mr. Speaker, that the rest of the timber

MR. HICKMAN:

stands in this island, for all practical purposes, are leased to a gentleman named Shaheen. So the job is not going to be that easy.

The people of Newfoundland, I am convinced, when they returned this government to office with a very massive majority and when you look at the gerrymandering that has gone on in the electoral districts, electoral boundaries, you will realize just how massive that was, they returned us with a mandate to bring to them the facts, be they pleasant or unpleasant. We have had to bring to them rather unpleasant facts. Any responsible member of this House of Assembly will surely have the courage to go to his constituents this year and say, "Your justifiable needs, the clinic, the hospital, the paved roads, the snowblows in Labrador South, all justifiable, things that every other province in Canada take for granted today are going to have to wait not because I have failed to make your case when I presented you petition, not because the government is not anxious to do this work but because there was an albatross put around your neck called the Javelin or the Melville Pulp and Paper Mill and you have to pay for it and you have to wait."

If that approach is taken then I think that Newfoundlanders will be satisfied that there is a genuine concern on both sides of this House to get this province going again, to get this mill going again, to try and make it a viable operation so that we can attract someone hopefully in a couple of years time to take it off our hands and we can get out of the business. Mr. Speaker, I compliment my friend, the Minister of Finance, not only for his work but for the courage that he showed over the past four years in trying to prevent finding himself today in a position where he has on his hands the most onerous job that any Minister of the Crown in this province has ever faced.

But let me say, Mr. Speaker, in closing, that the people of

MR. HICKMAN:

Newfoundland should be eternally grateful, eternally grateful that they found themselves with a Minister of Finance and Economic Development today that has the capacity to carry this through, and this he will do.

Thank you, Mr. Speaker.

MR. HARVEY: I will buy that, Mr. Speaker. I do not have the knowledge nor the information on what transpired concerning this bill over the past two or three years so I will refrain from getting involved in it. But I speak on the bill because of the benefits that may be derived from the building of the mill for my area of Labrador South.

Mr. Speaker, I first congratulate the Government of Newfoundland and Labrador for presenting this bill no. 55 to the House and in so doing will possibly save this mill from failure after so many millions of our dollars have been spent on the project. I would certainly agree, Mr. Speaker, with many of my other colleagues in this honourable House that any Government of Newfoundland and Labrador will never again have the power to spend money as they had without first coming to this House of Assembly for approval.

I would like to congratulate the honourable Minister of Finance for his most informative speech on what has transpired since the starting of this paper mill at Stephenville and to thank my colleague, the member for White Bay South for his superb speech on the same subject.

Mr. Speaker, the building of the linerboard mill on the west coast of our province could bring instant prosperity to two separate sections of the area I represent. The honourable Minister of Finance has already stated in this House that the Melville area of Labrador cannot supply enough timber to keep this mill in operation and consequently the lumber or the timber will have to come from the island section of our province. I do not begrudge any timber coming

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MR. HARVEY:

from the island section going into the Stephenville mill. I know my friend and colleague on the other side of the House, from Green Bay, the honourable member for Green Bay is also interested in something of that nature but I do say that we deserve, the Labrador South Coast deserves a cut of the pie.

Mr. Harvey

I already stated in my reply to the Speech from the Throne and in fact pleaded to this House that every consideration was to be given to the possibility of using some of the vast timber stands in Labrador South. Now that the fact has been revealed that the Melville area cannot supply the 490,000 cords of wood needed, I would certainly hope that negotiations will start immediately with the Sandwich Bay Co-operative of Cartwright and with interested parties at Port Hope Simpson on operating a woods operation in these areas.

The people of Port Hope Simpson, Mr. Speaker, have already had experience in the operation of a woods operation. They are well-trained in that field due to the fact that Bowaters had an operation there for many years but unfortunately it pulled out of that area in the late 1960's. Speaking on the Port Hope Simpson operation, Bowaters did also build a wharf there, a suitable wharf for the transportation of wood from that area into Stephenville. So the docking of ships would be no obstacle in shipping wood from Port Hope Simpson to Stephenville. The benefits above and beyond the income that people would receive in giving them a new economic base, other than the fishery, would go beyond the ordinary pay cheque. I would assume with an operation starting in Port Hope Simpson, you would have the benefit of at least the starting of an operation of this size in Port Hope Simpson. I would certainly hope that public services would indeed follow. I speak particularly of a nursing station, water and sewerage, roads and so on and so forth. I would add, Mr. Speaker, that if an operation in Port Hope Simpson had started or will start by the building of this mill then it is not impossible that the wood cut for that mill could run down the coastline towards Mary's Harbour and in turn build a road connection with that other community which is so desperately needed.

The Sandwich Bay Co-operative was set up last year, Mr. Speaker, on a grant supplied by the government. The co-operative is run and managed by a reliable group of interested citizens of Cartwright. They already have started a small operation there and cut some wood. I think it is already

Mr. Harvey.

stock-piled on the shoreline of Sandwich Bay. They have two DC-7 tractors that has been laid up in Cartwright this past year anyway. They have been used in the operation and can be used in any further operations in the Sandwich Bay area. These tractors were leased or given (I am not quite sure) by the government to the Sandwich Bay Co-operative in 1970. Like the Port Hope Simpson area, Mr. Speaker, the Cartwright area could benefit immensely from such an operation. Ships operating from Stephenville I might add Mr. Speaker, could, in going into the Port Hope Simpson area or the Sandwich Bay area, cut off their steaming time by about 150 miles saving the trip down into Lake Melville, down in the Goose Bay area. I am not saying that we should not take wood out of Lake Melville either and Goose Bay. I do not think my hon. colleague from Labrador North would agree with that. I certainly hope that we could get in on some of the cake as I said before.

There is a 300 mile difference in steaming time from the area I represent, Cartwright, Port Hope Simpson than it would be for ships going into Goose Bay and returning. Therefore, that could be something to consider when there is a setting up (if the government so desire) of an operation in the Cartwright, Port Hope Simpson area.

Mr. Speaker, I once again plead like I did in this honourable House and to our government, the Government of Newfoundland and Labrador, that everything possible will be done for the starting of these operations. It could benefit an area that for so long has had to suffer because of the lack of any economic base other than the fishery. It would also help the people of Port Hope Simpson and Cartwright in other ways. As I stated before in this House, Port Hope Simpson is a community that exists only in the wintertime to some extent. Then it becomes three, four, five other fishing villages. Cartwright is the same thing. It is a winter community that becomes - Packs Harbour, Spotted Islands, Batteau and places like that - in the summertime. A viable woods operation in either of these areas would

Mr. Harvey

probably stop this sort of nomadic - Mr. Speaker,

AN HON. MEMBER: (Inaudible)

MR. HARVEY: Mr. Speaker, in closing - like I said, I know nothing of the bill. I only came in politics four or five months ago. I had a short stay in the last session and probably not much longer in this, according to reports. In closing, Mr. Speaker, I wish the government every success in putting this mill into a successful operation. I would like to congratulate them again on bringing this bill to the House.

MR. F. R. STAGG: Mr. Speaker, as the member for the district in which this project, (the various projects as some people call it) is located, I would like to begin my address by telling you people a little about Stephenville. There is more there than a linerboard mill. It is a town the economy of which was based upon Ernest Harmon Air Force Base. It came there in the early 1940's. It lasted until 1966. In 1966 Ernest Harmon Air Force Base completely closed in June of that year. The easy life that many of our people had experienced for many years, because living in an area where an air force base is located, you get many benefits than otherwise accrue to people. You get many things duty free. You get many things cheaply, which is not always quite legal now but many of these things do happen. The easy life became very hard in Stephenville in 1966. In August, 1966, the government came in - when I say the government, I mean the government. The cabinet assembled in St. Stephen's Gymnasium in Stephenville, the first time it ever assembled outside of St. John's. It was in August, 1966, early August, 1966. There was more pie in the sky that night than has ever been anywhere before or since. There were some fourteen industries promulgated, some of which have come and gone and very few of which have come and stayed. There was an election shortly after this meeting in Stephenville, August, 1966 and a Liberal member was swept in there, just as Liberal members were

Mr. Stagg

swept in all over the province.

In 1967, Stephenville calmly began to come back largely based on the Adult Centre at Stephenville. The Adult Centre, for those of you who may not be aware of it, is an institution set up under Canada Manpower, basically federal funds in it, where people, adults, upgrade themselves, upgrade their education.

MR. STAGG: There have been sometimes upwards of 1,000 students attending the school and they of course are paid a reasonable amount of money by government. This brought a great deal of money into the town and while it was not good times for all, it nevertheless took some of the sting out of the tremendous setback we have had since June 1966. Lights began to go on all over the town again. Several smaller industries were opened. Some closed, others with varying degrees of success. Our airport which is second to none in Eastern Canada, with a 12,000 foot runway, this was a mainstay of our economy. It still is. The Minister of Transport as he is now known or as it is now know the Ministry of Transport paid very good money. The people who are employed with the Ministry of Transport and Air Canada contribute a great deal to our town in more ways than just monetarily.

In 1970, early in 1970, the lineboard mill began. It actually began in early October 1969. Most of us remember what was going on in early October 1969. The ground was cleared in early October 1969. This was shortly before the Liberal Leadership Convention. Great clouds of smoke came from the area where the mill is now located. It was thought that this was just a political gambit, we have found out since that time, of course, it was not. This was just a legitimate clearing of land, which incidentally happened on the 1st. of October 1969.

The mill is our greatest adventure and the mill promises to bring great prosperity to Stephenville, even if it may bring something less than prosperity to the rest of the Island. Buildings 360 and 361 were mentioned here. They have been the subject of a rather reprehensible transaction. They are really showpieces, these two buildings. There are very few other buildings like them anywhere in Newfoundland. They are dormitory facilities only, however, It is very difficult to adapt them to anything else. They can house about 800 people comfortably two people to a room. They are there, they

MR. STAGG: are available for nothing or for \$100,000, not \$650,000.

Our town has suffered from lack of hotel and motel facilities. Javelin said that these two large structures would be hotels, or at least one of them would be a hotel. This is a very deciding factor in people, local people and also people from the outside area refusing to put hotel/motel facilities in our town. It has been a real drawback. The reacquisition of these two buildings will precipitate a decision (and I look straight at his back here) a community college or colleges for the West Coast (said with tongue in cheek) to a certain extent.

Mr. Speaker, we do not want to be international outlaws. Can you imagine our credibility in the economic development field if we were to drive this company under, if we were vindictive enough to drive them under because they had not exactly played cricket with us. Canadian Javelin will be able to survive or at least it will have a much greater chance of survival. The project will survive. The government I am sure will survive and honourable members of the opposition will survive as well. It is a settlement from which both sides emerge with honour, we more honourably than they, I would say.

The agreement itself says that there is going to be \$2.5 million now and \$2.5 million contingent upon deductions for unauthorized advances. Well some of these have already been gone into. I would feel that we will not pay the full \$5 million. I think that this is honourable. Any suggestion of sellout is hypocrisy.

The past three and a-half months and it has only been three and a-half months since, if my arithmetic is correct, this government took office and in the great scheme of things three and a-half months is not a very long time. The past three and a-half months have been both exhilarating and taxing for me personally.

Mr. Speaker, I remember when you and I were in Ottawa learning certain academic things about procedures in the House, we arrived

MR. STAGG: Friday and I had to rush back here on Saturday. First I had to rush back because the mill project was becoming a very volatile issue. While I was in St. John's learning as much as I could about the project John Dovie was in Stephenville attending a mass public meeting explaining Javelin's side. This mass public meeting consisted of fourteen people, Fortunately, he was not able to generate great public support in Stephenville.

There was a time, a brief time when I feared for my family, because sometimes the reports that come back those things give you cause for fear, but it was very briefly. In these three and a-half months I have learned more. I think I have learned more about this project than the honourable members opposite did for the last four years. Maybe they are not so brilliant as we have been led to believe.

Mr. Speaker, this project and others like it point out the need for very comprehensive planning and our Premier has made a point of this in virtually every speech he has made. The honourable member for Placentia West in his speech in reply to the Address from the Throne talked about oil concessions and the indiscriminate way in which they were handed out. This type of nonsense will end.

The people of Port au Port did not think that mill would operate. Now I have lived there for, well virtually all of my life, but I have lived there during the life of this mill

The people of Port au Port did not think it would operate, there were men working down there, working overtime, vitally involved in it, they never thought it would operate. That feeling is now gone. They do feel it will operate. Towards March 24, it was hard to supply them with 'now' buttons. They were at a premium. This government are really the only alternative. The only government, the only party which had the personnel that can handle that project.

Mr. Speaker, I think the people of Port au Port have acquitted themselves with honour as well. They did not waiver in the face of possible disaster. They respected the cabinet committee, especially the Honourable Minister of Finance whom they stood by quite valiantly in 1969. He certainly has been paid any debt he may have had to the people of my district.

I am going to digress a little bit now and try to plug Port au Port a little more. Port au Port is going to be a very prosperous place, I plan to stay there and become prosperous with it. I have two petitions under my desk here, that I have yet to present. I do not know if I am going to get the chance to present them. One is for the extension of CTV facilities to Bay St. George, the other is for the provision of the boat shelter for Long Point. Both of these are very topical within the district. You can imagine how topical CTV is this year with the National Hockey League playoffs. We do not get CTV in Port au Port. We will be, we are and will be one of the most productive areas in this Province. There are various reasons for that.

Honourable members, students of political science, seasoned politicians, young naive backbenchers, we all must realize that resignation from government on matters of principle, is an integral part of politics as is participation in government. The honourable members opposite have acted as apologists for themselves, but they

do not satisfy me that they loved Newfoundland more than power.

I also find it very strange that the Honourable Leader of the Opposition stood on stage in Stephenville, early in March, with my opponent and Mr. Clyde Wells, heard my opponent praise Mr. Doyle and did not set him right. Surely, all the revelations on Mr. Doyle have not come to light since that time. There was an abuse placed with the government in the 1967 Melville Act. This and other abuses precipitated the three honourable members, who are sitting on this side now, having crossed the floor to that side then.

Mr. Speaker, litigation can be a matter of great delay. I am not particularly steeped in the traditions of the law having only practise for two years. This may be considerably more than some of the other - some of the members practised just the same. Litigation can be a matter of great delay. This project must start in October or soon there about as possible. We were not going to get a default judgement against Javelin. From my association with Mr. Colomb and Mr. Diamond who are their lawyers or who would be instructing their Newfoundland lawyers, they could keep us in court for quite some time. Mr. Colomb, to say the least intimidated me, quite a character but a capable lawyer.

Mr. Speaker, this Bill proposed to ratify an agreement. There is no way Canadian Javelin would accept a settlement whereby they would get nothing. It is an agreement, both parties agree. So, with those few words I would like to close but I want to re-emphasize that this is an agreement which we are being asked to ratify. Nothing else would bring this project to a satisfactory conclusion quicker.

I would like to now pay special tribute to the Honourable Minister of Finance who has laboured long and hard throughout the past three and a half months, indeed he has laboured long and hard for the past three or four years, he has probably been labouring long and hard his whole life. The people of Port au Port will not forget him. As long as he is part of this government I am sure that we will be on a very reasonable footing economically. Thank you.

MR. EARLE (H.R.V.): Mr. Speaker, I am rising to support this legislation, this bill, I would first of all like to offer my most sincere congratulations to the Minister of Finance who did such a magnificent job in moving this bill, second reading.

I think the hon. gentleman, if he had lived in the middle ages when they had the habit of christening people by their characteristics and abilities would have been known as "John the Digger." He certainly dug extremely deep, extremely well and he has brought up facts which this province and the people of this province are entitled to know.

I do not think that the members of the former government who sit on the opposite side will be able to rest secure until "John the Digger" digs his own grave and I hope that never happens. But this is one of many things which need to be told and revealed to the people of Newfoundland and this is just an opening salvo of the sort of thing which transpired over the past twenty-three years which has placed this province in the predicament it is in today.

Now, Mr. Speaker, at the outset, the hon. the member for White Bay South did quite a job in laying the responsibility for all this on various shoulders and, Mr. Speaker, I have no hesitation whatsoever in accepting my share of that responsibility for the period in which I was with the Liberal Regime.

I must clarify that though by saying that at the outset when this project was started, it was in such a confused state that I doubt that even the lawyers of the government at that time understood just what was going on. This was the ultimate in promotion by unscrupulous people and it was aided and abetted by one person in the Liberal Government. It was complete misunderstanding on the part of many members of the cabinet and, as a matter of fact, they were not brought into the picture and those who have since sat with the Liberal Cabinet know how that cabinet operates.

But, Mr. Speaker, that does not excuse what happened since

MR. EARLE: November 1969. Then it became patently obvious that the whole deal was on the wrong tracks and that it was going to cost this province a fabulous sum of money. The thing had started to escalate beyond all dreams and anyone that was with the Liberal Government at that time and was cognizant of the facts, must bear full responsibility for not calling halt.

Now I do sincerely congratulate the Leader of the Opposition and the member for White Bay South for the efforts which they made, and which I read about, which tried to bring a halt to this. All I will say to these gentlemen; that in the words of another famous man, "it was too little and too late, much too little and much too late." They had the opportunity, the golden opportunity at that time to bring a rapid halt to this project, to bring a rapid halt to the manoeuvrings of the Liberal Government because the thing, as we all remember, was on such a thin edge at that time, that had they been men enough to stand on their feet, it would have collapsed and this thing would have been settled without all the troubles and difficulties that have transpired since then.

However that is history, there is not much point in placing the blame, but there are a few things which I must clear, Mr. Speaker. It was said, I think by the hon. the member for White Bay South, that in the resignations of the hon. Minister of Justice at that time and myself, which then actually transpired and took place within days of each other, there was no reference whatever to any disagreement with the Javelin project. That may be strictly true. I do not know what the Minister of Justice at that time said in his resignation, but I do know what I said in mine and I do well remember the conversations that I had with the Premier of that day, at that very difficult and trying time. I put it quite plainly in my resignation and to the Premier in further conversations that the reason I supported the Minister of

MR. EARLE: Justice in that Liberal Convention, that notorious Liberal Convention, was that I disagreed as Finance Minister, which I was at the time, with his financial policies. Now part of these financial policies was this Javelin deal. It was only one part of many.

The member for White Bay South said that it took great courage to remain with government. I agree with him. Nobody could agree more. I was with the Liberal Government for eight and a half years and that took tremendous courage because I had to go to bed with myself on many occasions, wondering beyond all reason if I were doing the right thing, questioning myself inside out. The torment practically undermined my health at the time. I reached the stage where I could not sleep, I could not eat, I could not enjoy life generally. But it was a continuous turmoil and I know that the members who sat on the Liberal Government realize what a turmoil this was because of the manoeuverings and the things which were going on. One who was constantly called upon to turn to his conscience and say, "just how far can you go with this?" I hope that God and the people of Newfoundland will forgive me for many of the things to which I agreed under the screen of cabinet solidarity and loyalty to the Premier of the day.

I was loyal to that gentleman for eight and a half years. When I passed in my resignation there were no back doors about it. I went to him face to face and said, "Mr. Smallwood, it is time for you to step down," and I said "In so doing I can no longer support you. I support another man." Then as it developed a few days afterwards, I caught the Premier lying directly to me about this whole affair and I lost my temper. I lost my temper completely and I said, "Mr. Smallwood, as long as I live, and I am in politics I will do my utmost to destroy you politically."

So I cleared the decks with him. I felt that for the sake of Newfoundland I had to do it. I knew too much was going on. I held three

MR. EARLE: portfolios. I went along with far too many things and I admit responsibility for them. But ultimately I had to have far greater courage than it took to stay with that Liberal Administration. I had to have the courage to resign, and resign properly. Believe me, Mr. Speaker, that took real courage, because when you are part and parcel of a Liberal Regime, the Liberal Regime of that day and frankly I hope it will never be the same from hereon, but when you were part and parcel of that system, you knew that when you resigned and when you disagreed, that from thereon you would suffer the utmost vilification and abuse and every other kind of character assassination that could possibly be done to you.

This was attempted to be done to me in this very House. I was accused of breaking my oath of office. I swore solemnly that I would not break the oath of office and I never did. But the first thing the gentleman who was sitting there jumped up and said was that I was breaking my oath of office. I never went within a gun-shot of it and never intend to. I swore to be loyal and I was loyal. But that gentleman tried to assassinate my character and that was not the only instance.

But Mr. Speaker, this is all old history. I think the story is well known before and there is not much point in dwelling on it except to say that each cabinet minister of that day, and I suspect it is the same or it was the same until the Liberal Government was defeated, had a tremendous responsibility, not only in his conscience but in his day to day work. Of course it was what he was paid for and it is the duty of the cabinet minister.

MR. EARLE:

But in my case when this thing was really coming to a boil I was the Minister of Finance and believe me the number of things that were on my platter at that time and which I had to keep grips on and which I stayed with the Liberal Government to try to correct were beyond dreaming. I could name a number of them if you wish them. It was brought out in the House the absolutely disgraceful situation of the brewery deal in Stephenville. I ask the Premier at that time, across this House, I was sitting on the other side, if he had given without consent of cabinet concessions to the former operators of that plant on SSA tax and he said, "No." When he said, "No," I had on my desk a copy of a letter signed by him in which he had done that very thing.

This is the sort of thing that we had to put up with. Now, Mr. Speaker, as I say, there were so many things on our plates at the time that in your responsibility as a minister in trying to keep grips with all of these devious and various things that were going on, we had of necessity, and I make no excuse for it, to go by the advice of our legal advisors. Actually, I think if we had attempted, those of us who are not trained as lawyers, I think if we had attempted to understand these deals we would not have succeeded because there was nobody, in my experience, and I hope there never will be again that could work out deals comparable to John C. Doyle. It would take a team of Philadelphia lawyers to catch up with him and this is exactly what my colleague, the then Minister of Justice, had to deal with. Having faith in him and knowing his ability and his training and the others who worked with him at that time, I felt that we could safely take their advice and, like the honourable member for White Bay South, I was not too deeply or directly involved in those early stages. I was doing my other jobs which I had to do but in this

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particular project it was mainly in the hands of the Committee and we thinking they were the wisest that we had, and they were, we accepted their advice.

Now I happen to be a very close friend of the Minister of Justice and I knew at the time the turmoil he was going through and what he had to decide and believe me his burden was not a light one at that particular stage. This is why, as I got to know the gentleman and we worked together, I supported him as the Leader for the Liberal Party because I felt he was honourable, he knew his business and he was qualified, but for doing that, of course, everybody knows the penalty. You cannot buck or you could not buck the one man in charge at that time. The results were obvious.

Now there is one other thing. I was not completely idle at that time either although I did not have direct connection with the Javelin deal. I was not by any means idle because in my responsibility as Minister of Finance and with the very able assistance of then Deputy Minister, Dennis Groom, I had to try to keep an eye on things and we did our best. Dennis Groom was an extremely able man and he had many, many battles with the Premier over this of which I was all too familiar and for which I had to defend him to the absolute idiom of abuse which he got for trying to protect Newfoundland at that time. But anyhow Dennis Groom did give me extremely good advice on one occasion and that was that we, borrowing in Germany at the time - I went to Germany with Mr. Groom and we raised \$25. million and when we came back we heard that Mr. Doyle was over there trying to negotiate loans and Dennis came to me and he said, "Mr. Earle this cannot be permitted because you remember that at my insistence I got you to take a letter to the Premier, which is a normal thing in the bond market, saying that we will not allow anyone else to go in

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while we are negotiating our own finances." Now when Mr. Groom showed me that letter and brought it to me it was so important that I did not sign it myself. I took it to the Premier and I said, "Premier would you please sign this letter but before you do so will you please read it and realize what you are doing, because he was barring Doyle from going to the markets." So he signed the letter and nothing happened for a matter of two or three weeks but then Doyle started to kick over the traces. He could not raise his money. He got literally thrown out of the financial markets of Germany at that particular time and the Premier gave me all hell. He said, "Val, you are responsible for cutting out the jobs of seven thousand men at Stephenville." I never got such a berating as at that time. He really blew me up on that one.

But Dennis Groom and myself, as Minister of Finance, were protective or trying to protect the finances of Newfoundland. Now apparently, I do not know if the honourable gentlemen who served in the Cabinet afterwards were aware of this but they should have taken the same step. The Minister of Finance at that time, I think has got his award by being elevated to the Senate since then but I believe he was Minister of Finance at the time and he should have realized that this sort of tactic should not have been permitted because it completely upset the normal financial arrangements for the financing of other projects in the province. Now perhaps they all agreed that this Stephenville project should take precedence over everything else. If they did so, knowing what was going on, knowing the financial difficulties it was in, knowing the type of person they were dealing with in John C. Doyle, then they must assume complete blame for helping him to raise these finances at that time.

This is when the thing should have been brought to a head and this

MR. EARLE:

is when they should have had the courage to stand on their feet and say, "No further. We can stop this." A very simple letter would have stopped it and those who knew about this and were in on the thing at that time should have had the courage to say so.

Unfortunately, Mr. Speaker, over the past twenty-three years this great Liberal policy of which I was a part at the time, I take my share of the responsibility, was a peculiar sort of thing. There is an old Anglican hymn which starts of, I think, with "Praise God from whom all blessings flow,

AN HON. MEMBER: (Inaudible).

MR. EARLE: Well, it is certainly sung in the Anglican Church. And this should have been the motto of the Liberal Party because that is how they acted, "Praise him from whom all blessings flow," but the mistake they made was that man cannot play God. They were attempting to, but the people of Newfoundland on March 24 of this year and to some degree in October caught up with the notion that man is not empowered to play God. He cannot just get it and give it away.

The comments of the honourable the member for Bonavista North are right along the lines of the old Liberal gewgaw, the old Liberal stuff as, "Boys what wonderful fellows we are! Look what we did! Look what we did! Look what we did! Look what we did! Look what we did! You know, it went on forever and ever and ever. But this broken record, this scratched record that could not stop this is the very doctrine of Liberal policy. But what it said in effect, Mr. Speaker, was that we get and we borrow and we beg and we give it away and we do not care what the hell happens afterwards. Now this is what we are faced with today. We are in that predicament today. We are facing, and forgive the language, Mr. Speaker, but we are in a hell of a position. Newfoundland finds itself in a

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position where it has to measure up to it and the Newfoundland people are going to be called to measure up to it. As I see the smirks on the other side, by heavens they are in a spot now! "This is what is going to defeat them in the next election. They are going to have to curtail on some things. The people are not going to like that. The Liberals manage to keep things going so here are these dirty Tories. Tory times are hard times." I can see all this developing as you watch the faces across the other side. "This is what is going to defeat these fellows."

Well I say, Mr. Speaker, if we go down to defeat on that basis, thank God! If the people do not have the sense to realize that what we are trying to do will in the long run be to the great benefit of them and to the province as a whole they can only deserve the kind of government they get. If they want to continue to sing, "Praise God from whom all blessings flow," and think that the government is God, No government is God, no government can do these things. No government can borrow money and spend it indiscriminately. No government can get and give. Everything that is borrowed has to be repaid. These are

simple economic facts. It is no use going out to our people and feeding them this kind of guff which has been done for twenty-three years. The greatest sin of commission which the Liberal Party has to face and answer for in history is the way that through this kind of doctrine they have demoralized the people of Newfoundland. I see it. Every member sees it. Of the dozens of letters that I get every day, other members I presume get the same, what do most of these letters say?

They take an attitude which says, "government must look after us from Cradle to Grave. I want this, I want that, I want the other thing." I mean all this stuff we are talking about today, if this attitude persists, that will go completely over the heads of the people. People could not care less. As a matter of fact I was shocked and amazed at the recent Liberal campaign to find that you could talk about things like this and say what the government was doing. You could actually go out and with that you had written proof of the fact that the late Premier had himself put \$500,000 in his pocket, and you showed them, they would say "So what? He was in a position to do it." Not all the people, mind you, but a great many of the people who believed this Liberal doctrine believed that and thought along these lines.

This has to be changed, if Newfoundland is to survive, if Newfoundland is to make of itself what it was in history, if it is to have strong independent hard-working people who can pull themselves up by their own boot straps and incidentally, Mr. Speaker, that is our only salvation. The whole moral attitude of the people has to be changed. The government that has the guts and the courage to do it is probably going to get all kinds of blame. But a government must, because other than that there is nothing but abysmal failure for this province. You cannot continue to give without paying the piper. Newfoundland has been living in a fairyland. It has been living in a dreamland for twenty-three years. Sure, we all enjoy these benefits. We are all pleased because we have these benefits. We are delighted that these benefits

were brought, but with the lack of planning, with the lack of priorities who is to say that over the last twenty-three years as much was done with the money that was available that could have been done. Most certainly if there had been planning, if there had been direction, if there had been commonsense, if it had not come under the complete denomination of one man. There would have been more sense.

People would have been in a far better situation today. This is the burden that had passed to this Tory Government, I am not ashamed of the word "Tory." We will prove ourselves, Mr. Speaker, or go down trying. We have right here now the essence of the first step. This bill in itself depicts a deplorable situation, but it can be beaten and we will beat it.

The honourable Minister of Finance has already thrown out some rays of hope in the project in Labrador. The mill itself is a good, viable operation. If we can correct the other ills, then perhaps in three, four, five years time, the people of Newfoundland will thank us.

By the way, on Stephenville, just while I am passing, before I close, it is getting very close to 1:00 p.m.. On these buildings which the honourable member for that area mentioned out there. I remember very dramatically, very vividly, a session in this House, I think it was last year, when these buildings at Stephenville came up for questioning. I asked the question: "Were tenders called for the disposal of these buildings at Stephenville?" The Premier of the day very quickly jumped to his feet and said; "Yes, tenders were called."

So, I got to work and got the newspaper fellows and everybody I could to try and find these tenders, where they were called. They rang me back several times, and said; "Sorry, Mr. Earle, we cannot find them." But eventually the "Evening Telegram" did come up with one small advertisement, I think it was about a two inch single column, hidden away in the middle of the page, offering these buildings for sale.

When you are dealing with an \$8 million asset of the people of Newfoundland, you do not hide it away in a one inch column in the middle of

the "Evening Telegram" when you are offering it for sale. This thing should have been broadcast high and wide, everybody given a chance, but oh, no, friend John C. Doyle had to get this for \$200,000, \$50,000 of which he did not pay until after the election. This was the sort of stuff.

Have you any wonder, Mr. Speaker, that those of us who were in the know in the Liberal Government, on this side of the House, eventually had to take double courage not single courage and stay with them, but double courage and get out before it was too late for this province. I support this Bill.

MR. SPEAKER: It being now one o'clock I do leave the Chair until 3:00 p.m.



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SPEAKER: THE HONOURABLE JAMES M. RUSSELL

The House met at 3:00 P.M.

MR. SPEAKER in the Chair (Mr. L. Barry, Deputy Speaker)

HON. W.W. MARSHALL (Minister without Portfolio): Before we proceed with the debate, I wish by leave of the House to move that the hon. the member for St. George's District be appointed Deputy Chairman of Committees of this House and seconded by the hon. the member for White Bay South.

MR. SPEAKER: It is moved and seconded that the hon. the member for St. George's District be appointed Chairman of Committees. All those in favour "aye." Contrary "nay." Carried.

MR. F. J. AYLWARD: Mr. Speaker, I rise to support the principle of this bill now before the House, which is a bill to provide for the ratification of an agreement made by the government with Canadian Javelin and other companies and wherein the government would acquire the assets of the linerboard plant at Stephenville and also some other leases and other rights of these companies connected with that operation.

Mr. Speaker, I would first like to join with the other gentlemen who spoke in this debate in paying tribute to the hon. Minister of Economic Development for the wonderful exposition he gave of this complex matter now before the House. I think that there is hardly any member on this side or the other side who are not proud and happy and secure today to feel that we have in the Portfolio of Economic Development a man who is as capable and as able and as dedicated to Newfoundland as the hon. member who now holds that portfolio. I certainly feel myself, Mr. Speaker, that we need have no doubt in this House of Assembly or indeed the people of Newfoundland need have no doubt that the hon. minister did for the province of Newfoundland, the best that anyone under the circumstances in which he found himself and which the government found itself could have done.

It certainly was, as the hon. member for White Bay South said yesterday, a big day for the Minister of Economic Development. Sure! it was a great day for him and I do not feel, Mr. Speaker, that he took any particular

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pride out of the fact that he was vindicated to the extent that - well he was right and it was now necessary for the government to pay the money suggested in this bill for the assets of the linerboard plant. No one, I respectfully submit, Mr. Speaker, would have been happier than the Minister of Finance if all the assets of this operation at Stephenville could have been acquired without payment of one cent. I am sure, Mr. Speaker, that I re-echo the sentiments of every member on this side when I say: "We are not at all happy that Canadian Javelin or indeed any one has to receive five cents considering the amount of money that has already gone into that venture." As the hon. minister said when introducing this bill, he told the honourable House that this was (to use his words) "a good example of how not to develop."

Mr. Speaker, any man in Newfoundland today realizes, that here was an operation which was supposed to be completed I think in the original stages for \$55 million and now it was going to cost the province in the vicinity of \$150 million or more. What has happened, of course, is that the government find themselves now in a position where we must salvage the investment that we have and the only economically way at the present time under present circumstances is to proceed as outlined in this bill.

Mr. Speaker, without delaying the House because I know all of this has gone on before but every hon. member I know on this side of the House must feel a certain urge to get up and speak on this bill because it is such a matter of great moment. It means so much to every one of us when we are confronted with problems in our district. I have here today waiting to meet me a delegation from Long Harbour and Mount Arlington Heights looking for money for their roads. I had a delegation from St. Bride's yesterday looking for money for their roads and undoubtedly there are others only waiting to come in and I had numerous letters from people looking for help and assistance. Of course, the government find themselves in the position

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where its hands are tied because they will now need I think this year, according to the minister without portfolio this morning and the Minister of Finance, \$50 million. What do we say to the people of Long Harbour, the people of Mount Arlington Heights, to the people of St. Bride's, to the people in Arnold's Cove, indeed to all the people in our districts when they ask for money to pave their roads, for money to extend and improve their services? They can properly ask the last administration, Mr. Speaker, for an explanation. When one realizes the circumstances as outlined here yesterday by the Minister of Economic Development, I think or I am sure that the vast majority of the hon. members of this House and indeed the public of Newfoundland had no idea that the situation was as bad as it really is. We find that a contract was let out there in Stephenville to build that operation at cost - plus ten and a quarter per cent. The Minister of Economic Development, who is a man who has some knowledge of business as well as law, could not believe it.

Now, Mr. Speaker, undoubtedly the government had rights and they had to approve these contracts. What explanation do we have? Then you also have the startling disclosure that the government of that day employed experts to protect the interests of the province and to advise the government and the Minister of Finance disclosed or the Minister of Economic Development disclosed yesterday that these reports were to be, according to the instructions received from the experts, short and to be made verbally to the Premier of the Province.

Now, Mr. Speaker, I think the hon. members who spoke in this debate on this side and indeed on the other side were to some extent very, very fair in their remarks and in their criticism. But certainly, when the facts were as bad as they are, they are justified I submit in stating that there was certainly to say the least extreme negligence on the part of the previous ministry.

We had, according to the Minister of Economic Development, figures

he said first public disclosure was obtained when a prospectus was filed in New York when the government was trying to sell a bond issue, which showed that there was \$91 million invested in this project. The Dick report at that time showed \$123 million.

Now, Mr. Speaker, the hon. member for White Bay South spoke last night in the debate and as the hon. member for Burin said this morning, he gave an excellent and an eloquent explanation and he certainly did the best he could with the position in which I respectfully submit he found himself. Because if he admits himself, Mr. Speaker, and I know it was desperate days both for him and for the other gentleman, the Leader of the Opposition, because these were two powerful men in that particular ministry and these were men I am sure that the public of Newfoundland looked to with great respect and admiration and they felt that these two men were two knowledgeable men, and they knew what was going on. I think the hon. member for White Bay South said while he was not directly concerned with that, he did become concerned, I think it was in May.

After his concern, Mr. Speaker, we see that in June this further guarantee of \$9 million was given to Canadian Javelin and he told the House that the backup agreement which they extracted from Canadian Javelin at that time, improved the legal position of the government, as I understood his remarks, and gave the government rights, under that backup agreement, which were better than the rights they had under their original agreement.

AN HON. MEMBER: Inaudible.

MR. AYLWARD: So they were advised by the legal office of the Crown. In that respect I am sure all members say that this was good. It was good and we congratulate and compliment them for it.

But of course, Mr. Speaker, the question is, as just suggested by the hon. member for Burin, if we had the power under those contracts the power is no good unless we exercise the power. But what happened? Instead of exercising the power that we had under these contracts or under this backup agreement, apparently from the disclosure by the Minister of Finance, in October 1971 a further \$6 million was given and in November another \$7,800,000 and in December another \$1,200,000, making a total of \$24 million. All of this, Mr. Speaker, without any public disclosure, as suggested by the hon. the Minister of Finance.

Now, Mr. Speaker, it is obvious what this gentleman did, and that was he took advantage of the situation. Anyone in business knows that if you find yourself in the position in which this enterprise found itself, the best thing to do is to get in as deep as you can. So it is obvious what he did was to get further and further in debt. Of course when they were in so deep what else could the province do but continue to give them more money. The only other alternative was, Mr. Speaker, to exercise those rights and this is where the people and the public of Newfoundland, I respectfully submit, have a good right to ask the members of the previous ministry - why did it take from June until December, a further six months, before any action was taken.

Now we know that in December certain letters were written, but I think, Mr. Speaker, history shows that at that particular time the results of the October election were known and it was obvious, I am sure to these two gentlemen as well, that there was and could and would likely be a change in the administration of the affairs of the province.

But even after that, Mr. Speaker, and this I respectfully submit as mentioned by the members who spoke previously in the debate, the further unforgiveable act was that on December 24 when a further guarantee was given for 100,000,000 deutschemarks or \$30 million, as suggested, this gentleman was prepared or was given to right to roam

Europe with a guarantee from the Province of Newfoundland in his pocket for \$30 million.

This, Mr. Speaker, I respectfully submit is a desperate state of affairs and one that should have never been allowed. Then they knew or should have known from the relations of this gentleman with this union bank in Panama, and also this Societe Transshipment company in Liechtenstein, that things were far from good. But what happened, Mr. Speaker? He was permitted and did in fact raise \$30 million more and then of course the deplorable situation prevailed when he refused to pay back the previous \$24 million.

The action taken by the member for White Bay South and the Leader of the Opposition in rushing off and trying to get the arrangement which was ultimately worked out whereby the proceeds of that particular loan were deposited in a joint account, certainly again, Mr. Speaker, is commendable.

But Mr. Speaker, we have to ask ourselves how, in the name of heavens! could such a situation develop? I think the answer is simply this, Mr. Speaker, that there was just too much power in the hands of one man. Perhaps there was nothing these gentlemen could do other than the course suggested to them by my hon. friends and that was to resign. But Mr. Speaker, I do not think this province can every afford to put that much power in the hands of any other individual in the future because Mr. Speaker, we have before us today the result of what can and did happen and what the cost and the terrible results are to the province.

We also have the startling disclosure that these two buildings at Stephenville, valued at over \$8 million, were sold by the Government of the Province to Canadian Javelin for \$200,000. Mr. Speaker, if I understood the Minister of Economic Development correctly, he said that he could not even find a copy of that agreement in this building.

Mr. Speaker, I think the public of Newfoundland demand of this government that in a position of this nature that they certainly take some steps to obtain these public records. Surely, the ministers should not have to rely upon the lawyers for Canadian Javelin to provide them with agreements of that nature.

Can you imagine, Mr. Speaker, if you were working in any particular enterprise in this town, or indeed in any town or in any organization where you had and kept files which belonged to them and when you started to leave, or for one reason or another you were kicked out, you took everything out of that office, what would happen? You would not be allowed to get to the door.

Then, Mr. Speaker, we also had the position as explained by the Minister of Economic Development where in his opinion we did not have proper protection under these agreements. We had also the startling disclosure by the hon. member for Burin, that when he was Attorney General he engaged two lawyers, Messrs. Nathaniel Noel and John O'Neil to act for the government in negotiating this agreement with Canadian Javelin and that these two men were removed and when the final agreement with this company was negotiated in England, according to the Minister of Justice,

MR. AYLWARD: the province was without any legal representation. There was no lawyer from the Department of Justice and the two lawyers who had been retained to act for the province had been taken off the deal. This, Mr. Speaker, is a desperate situation and this bill, I respectfully submit, shows the price that we are paying for such neglect.

The hon. member for White Bay South, in his address last night put some of the blame on the amendment to the Audit Act and I agree, Mr. Speaker. I was so pleased to learn that this government will no longer permit a situation where the Lieutenant-Governor-in-Council (which is the cabinet) can just borrow on its own without any recourse or approval in the House of Assembly.

Mr. Speaker, I think the good intention of the government is disclosed in this particular bill, because it states right in the bill that they are authorized to spend up to \$50 million.

Mr. Speaker, as pointed out by the hon. member for Burin, it is all very well to say that you accept one thirty-ninth, I think, of the responsibility for the passage of that particular act in the legislature. As a strong member of that ministry, I would submit, Mr. Speaker, that the responsibility of that gentleman was a lot higher than the percentage which he mentioned.

MR. W.N. ROWE: I was a backbencher at the time.

MR. AYLWARD: Yes, the hon. member was a backbencher at the time I agree but, Mr. Speaker, what I am referring to is the discretionary power used to obtain that money which was used after the hon. member was appointed a cabinet minister. I agree entirely that the hon. member was a backbencher at the time, but I think it will be of little help to us, any of us, if we go to our districts in Newfoundland and say; 'Well, I was only one thirty-ninth. In other words, I do not think the people of Newfoundland will buy that logic. I am sure the hon. gentleman knows that.

It was the exercise of this discretionary power that permitted the last administration to borrow \$24 million last year or to guarantee Doyle \$24 million from June to December. If that provision were not in the

Audit Act, then that would not have been possible and it would have had to come to the Legislature for approval.

The biggest criticism, Mr. Speaker, I lay at the doorstep of these two men, or any men who supported really the administration in these last few years, was that they allowed one man to have too much power and this is where, Mr. Speaker, I think the Minister of Economic Development, the hon. member for Burin, the hon. member for Fortune Bay and the hon. member for Hermitage needs our commendations for the steps that they took. They placed, I respectfully submit, the province ahead of their party and ahead of their loyalty to any one man. I know, Mr. Speaker, when the Minister of Economic Development spoke here yesterday in this debate and he said that he did not mind the political wilderness, if what he was doing was in his opinion right, I do not think there is any man, woman or child in Newfoundland, Mr. Speaker, who can question his motivation. I say, unfortunately, subsequent events in this bill is the best evidence of the fact that he was right and those who supported him, Mr. Speaker, can equally point, I think with pride, to the fact that they at least did their part to try to bring an end to that leadership.

My hon. friend from White Bay South says, what could he have done only resign, and look what happened to the hon. member for St. John's West when he resigned. How far did he get in trying to change the situation? How far did the hon. member for Burin get? I respectfully submit in that respect he is right, Mr. Chairman. I would point out that the significance, standing and the stature of the hon. member for White Bay South and the hon. the Leader of the Opposition increased considerably after the defection of these two hon. gentlemen. On their strength in that cabinet, after the hon. member for St. John's West and Clyde Wells left in 1968. (he was not in the cabinet at that time is that correct? But shortly after.) they were two strong men, Mr. Speaker and that government on that date could not, I respectfully submit, have stood up with resignations from either one of these two gentlemen.

As I said, Mr. Speaker, when I opened my remarks, this is the

best example of the terrible philosophy of develop or perish, because, if we had many more of these, instead of developing of course we would have to perish.

It is startling, Mr. Speaker, I respectfully submit, to contemplate the consequences of just where this province would have been, had the previous administration under the same leadership been elected and this situation continued and further guarantees given. How much further could the province have gone in borrowing and giving it to these men for these ventures? I think the public, Mr. Speaker, of Newfoundland owe a great deal to any and everyone who did anything to bring that administration to an end.

Then, Mr. Speaker, can you imagine the cold shivers that went down the backs of Newfoundlanders when they realized that here was the same man that we are now talking about and all the money that he expected from the province, when after the election he was here wheeling and dealing with certain political figures. Imagine a man in that category deciding the government of the province!

I feel, Mr. Speaker, from the few remarks made by the hon. member for White Bay South and the Leader of the Opposition in this debate that they know the type of individual with whom the hon. Minister of Economic Development is dealing. They know the difficulties he is encountering and they know, Mr. Speaker, that this same individual, as I said, appeared on the scene after the October 24, election and tried, according to news reports at least, to wheel and deal and decide what party should govern this province.

Then, my honourable and learned friend the Minister of Economic Development also mentioned about somewhere in the records, this one hundred thousand dollar political contribution from Canadian Javelin or one of these companies. This again shows, Mr. Speaker, I respectfully submit, the great need for independence of political parties from such supporters. Even if the cost of political campaigns are to be borne by the treasury of the province or some method worked out whereby political parties

obtain some support on a per capita basis, it would forever destroy the significance of men who could make these political contributions and then, of course, expect favours from the government for them.

I am sure in some provinces of Canada today there is legislation (I think in Quebec) where political campaigns are paid by the province. Now there are certain restrictions of course, but to the parties fielding candidates, not everyone who decides to run, but worked out on a proper basis, the cost of the campaigns are paid from the treasury of the province. This, Mr. Speaker, is something perhaps we should consider in this province.

I am glad, Mr. Speaker, that this government have taken a new approach to development because it should be abundantly clear that we cannot afford another linerboard mill. We do not know what the situation is with respect to other large operations or large industries that are still part of this great development scheme. Undoubtedly, Mr. Speaker, the Minister of Economic Development and Minister of Finance will in the near future or as soon as he can get around to it, be bringing us up-to-date on these matters.

Mr. Speaker, as I mentioned earlier, the terrible effect of all this is that the people of Newfoundland who are in desperate need of public services will now be denied these services, at least for a year or two years, because, it is

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impossible for the province to finance ventures of this kind and still maintain the public services (or extend them) at the level they have been for the past three or four years. I say, Mr. Speaker, that I support this bill. Nobody is happy that the government have to take over a plant. I am sure, when we were all elected, we did not think we were going to join a government that was going into the linerboard business. This is a last resort, Mr. Speaker. I accept the explanation of the hon. Minister of Economic Development when he says that after considering all avenues open to the province that the one suggested in this particular bill is the best one for the province. I also say to the opposition, Mr. Speaker, that to say this is a "sellout" is certainly not being fair. Considering their association with the whole deal in the past, it is far, far from fair, being dishonest about the situation. Mr. Speaker, the explanation given by the minister that in order to obtain the assets, court action would have to be taken and we all know, as any one who has had experience with the courts, how cumbersome and how at times this could be drawn out and delayed. So all he has suggested to this House is that this, in his opinion and in the opinion of the government, is the best and cheapest possible way the government salvage our investments and hope to complete the project."

I am sure, Mr. Speaker, that every member in this House, both on this side and the other side, trust that this venture will be a success. I am sure that there will be still very, very many problems. Mr. Speaker, all any one can do and all I respectfully submit to this government of doing is trying to do its best. I think they should be given every credit and I am glad to see that the members on the other side are supporting the principle as well. I support this principle and I hope, Mr. Speaker, as long as I am a member of the House that it will never be necessary for this

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government to bring in similar legislation whereby we will have to take over any other industry because of the neglect and mismanagement which apparently was the cause of the take over in this case. Thank you.

MR. SPEAKER: Before continuing the debate, I wonder if I could welcome the visitors to the House this afternoon. In particular I wish to welcome on behalf of the members of this House a Grade VIII class and a Grade IX class from Lone Valley Integrated School in Swift Current and it is with particular pleasure I welcome the students from the great and historic district of Placentia West who are attended by their teacher Mr. George Eddy. On your behalf, I welcome these students and hope that their visit will be an informative and educational one.

MR. CROSBIE:Mr. Speaker, just before the debate continues, I would like to table four photostatic copies of order's-in-council and agreements that were requested by the Leader of the Opposition yesterday. The first one is an order-in-council and an interim agreement dated June 25, 1971 that is the order-in-council. The agreement is dated June 25, 1971 concerning the first advance in June of \$9 million; order-in-council, dated October 1, 1971 and an agreement of the same date covering the advance of \$6 million; order-in-council, dated November 19, 1971 and an agreement of the same date covering the advance of \$7.8 million ; order-in-council and agreement of December 16, 1971 covering the final advance of \$1.2 million.

MR. R. WELLS: Mr. Speaker, at the outset of my remarks, I feel that I must and ought to compliment the Minister of Economic Development on his speech yesterday and more than his speech because it is not enough, Mr. Speaker, to start with ability and knowledge, general knowledge of an area of life or law or anything else but along with that in order that a job, a piece of work such as was done yesterday, in order that that can be accomplished, there has to be a tremendous amount of application put into the study and the learning of a particular situation before that can

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be done. First, Mr. Speaker, one has to learn what one is about, as the hon. minister did obviously starting the 18th. January; and secondly, an approach and a way must be found to rectify a particular situation with which one is faced. I compliment the minister and I compliment the committee which served with him and the government as a whole in bringing to fruition, before this House, a sensible plan of approach whereby this problem of the linerboard mill can be tackled.

We heard also yesterday from the hon. member from White Bay South. It was an excellent speech and I compliment him on it. I happen not to agree with him and I am not going to spend long on this, Mr. Speaker; but I think I should say that it is my understanding that when a man is part of a cabinet, when he is a member of a government, that there is such a thing as collective responsibility (I have heard that discussed from the galleries of this House) and that responsibility cannot be ignored afterwards, that the members who were members of the cabinet at the time are responsible for what took place. Now I think the honourable member with all his skill is placed in a difficult position. I am choosing my words carefully and I would like the honourable member to correct me if I am wrong. Yesterday what I understood him to say was that he did not agree with what had happened in recent years in the dealings with that linerboard mill. Now the hon. Minister of Economic Development talked about misfeasance and malfeasance. I do not think that there is any doubt in anyone's mind with regard to this whole linerboard project, particularly in the last year or two years, which was disgracefully handled. It was handled in such a way that anybody with commonsense would have to say that there was something wrong with it. Of course, the real proof that there was something wrong with it and the way it was being handled was that it was not made public. Take the advance of the \$9 million, that was found out by the public when the present Premier obtained the knowledge some months ago and said so. Up to that time there was no knowledge on anyone's part except the members of the government that that money had been advanced.

Mr. Wells.

It seems to me, Mr. Speaker, the honourable member is placed in the position - I think he has admitted that the project was wrongfully handled and being wrongfully handled he is endeavouring to say that although he was a member of cabinet and although he has to share collective responsibility yet somehow he, as an individual, did not care for it. Now, of course, history did not care for it. He did not care for what was happening. I think history is going to have to judge him. I will say very little more on it. It seems to me that the whole principle underlying cabinet government is this, in our system, the British system: "If you do not agree with what cabinet is doing, whether cabinet be run by one man or sixteen men or twenty men or whatever that you resign."

MR. WELLS: It seems to me, Mr. Speaker, the only way the system can work is if that is done and there is ample precedent for that both in this province, long before the Commission of Government, in the British Parliament and elsewhere in the English speaking world. I think the honourable member is placed in a difficult position and I think his colleagues or some of his colleagues are in this awkward position also in that they want somehow to make the transition from the old Liberal Party that was dominated by one man to their new Liberal Party which they are claiming and perhaps is a more democratic institution. They are like astronauts, Mr. Speaker, getting from one module to another module in space. They have to be very careful because they could end up taking a space walk, quite literally, because it may not be accepted by the public of Newfoundland what they are propounding in this House. But as I say the public will judge this not me.

But what has happened here and I, like many backbenchers in this House, I suppose on both sides, people who are not connected with the former administration or who were not in the House before, find that what has been exposed yesterday and today particularly by the Minister of Economic Development but also by the honourable member for White Bay South have posed a great many questions that have ramifications far beyond this bill and what must be done with the linerboard mill.

I think we can accept and I think the honourable member on the other side has made it clear that there was terrible negligence on someone's part and it has to be ascribed to the previous government in this whole project. There was bad dealing on the part of Canadian Javelin and John C. Doyle - dealings which had nothing to do with the good of Newfoundland but rather advancing the interest of that particular company.

But there is something even more sinister, Mr. Speaker, that seemed

MR. WELLS: to me to come out and I would ask the honourable minister to correct me if I am wrong and the honourable the member for White Bay South. But it seemed to me that in the two speeches there was clearly implicit if not explicit that there was corruption involved. I am asking now, not propounding, but it seems to me I heard yesterday in the remarks, that the previous Premier purported to give to this company, where was the company? Liechtenstein. What was the name of the company?

MR. GROSBIE: Societe Transshipping.

MR. WELLS: Societe Transshipping purported to give 10,000 square miles to Societe Transshipping, this was square miles of timber in Labrador which we must ascribe a considerable value to. Now he purported to give that and I understood also from the speech that Canadian Javelin purchased what they were suppose to have, the Societe Transshipping, from Societe Transshipment for a sum in excess of \$2 million.

AN HON. MEMBER: \$4 million.

MR. WELLS: \$4 million. Is that correct?

AN HON. MEMBER: Societe Transshipping.

MR. WELLS: Societe Transshipping.

Now let us examine that, Mr. Speaker, if that is true

MR. W.N. ROWE: on the subject is what the honourable Minister of Finance has said. This letter, I think was sent in 1965. I know nothing about the subject whatsoever.

MR. WELLS: I agree with what the honourable minister said, and he has cleared up the point.

But let us examine that, Mr. Speaker, what it means that millions of dollars worth in affect of our resources were purported to be given to this foreign company, in a tax haven which is Liechtenstein, to people that we do not know, on the record at any rate, for nothing. Because there is no record that this Societe

MR. WELLS: Transshipping in Liechtenstein paid this province extra for what it purported to receive. Not a cent. And yet we find that Canadian Javelin the company for practical purposes controlled by John C. Doyle gave Societe Transshipping something in excess of \$4 million for these rights which were purported to be given by the previous Premier.

Now, Mr. Speaker, who does that? What government -

MR. SPEAKER (MR. BARRY): Order, please!

AN HON. MEMBER: Inaudible.

MR. WELLS: What government or what person gives something of great value to people who we do not even know and then what other person goes and pays public monies \$4 million to get the rights which were given for nothing? In other words, it seems to me from the story that we have heard in the House about Canadian Javelin, it seems that Canadian Javelin and its operations connected with the linerboard mill have been financed almost wholly by the Government of Newfoundland either directly or in the form of guarantees. Is that correct, Mr. Speaker?

AN HON. MEMBER: Inaudible.

MR. WELLS: Substantially correct.

So that means that our money \$4 million of it went to this company in Liechtenstein -

AN HON. MEMBER: Inaudible.

MR. WELLS: They paid \$2 million and they owe \$2 million. This was our money that went to buy for Canadian Javelin our rights that were given away or purported to be given away for nothing.

So now, Mr. Speaker what does that mean? That means that someone got their hands on \$2 million and hoped for another \$2 million which they had absolutely no right to in God's world. Our money, our resources! Now who got that money? Did some individual get it?

AN HON. MEMBER: He is in Clearwater right now.

MR. WELLS: Did some persons get it and split it up among them?

Now I want to know as a member of this House, Mr. Speaker, I want to know sooner or later who got that money. Because to me this is just more than mismanagement, carelessness, giving out here, giving out there. That is one thing. We all make mistakes. We could all probably be said to be guilty of mismanagement those of us who are in a position to manage anything from our own private concerns to business concerns, public concerns. None of us are perfect. But this is a much more different and sinister thing. This, Mr. Speaker has the stench of absolute corruption.

Let us look at something else that came out in the speech yesterday. This business of the buildings at Stephenville which were purchased by Canadian Javelin for \$100,000 or \$200,000 whatever it was and that when the deal was being negotiated with Javelin for the return of these buildings a further five hundred odd thousand was added on as what they wanted as price for this buildings, why? Because someone had been given \$500,000 worth of stuff in Canadian Javelin.

Now I will not rest easy in this House, Mr. Speaker, until I know and until we know and the public knows who got the \$500,000 worth of shares. Because they tried afterwards to get paid for or reimbursed for by the Government of Newfoundland by the people and the taxpayers of Newfoundland. Because that too, Mr. Speaker, had the stench of corruption.

So as I say, I wonder if we are not just seeing the tip of an iceberg here. Oh, yes, mismanagement, carelessness, incompetence all these things are there, these things are bothersome enough, bad enough. They are disgraceful enough. They are enough for a government to be thrown out of office because of them. But the other things that we are seeing, Mr. Speaker, they have a totally different connotation.

MR. WELLS: These answers I suspect and I think, we must have.

Now if I might digress for a moment and I might be accused perhaps for the moment of lacking in relevancy here, but I do not think so. When my remarks are concluded, I think it will become clear. Let us go back, go back to the early 1950's when Mr. John C. Doyle first came on the scene in Newfoundland. Now apparently it has been known, I think since the 1920's and 1930's at least that they were rich in valuable deposits of iron ore in Labrador. These deposits some of them, they are in different places, the ones that are now being dealt with and mined by Iron Ore Company, we are not concerned with, but the ones in the Wabush area and I suppose in the Carol area generally were known to be vast even thirty and forty years ago, but there was not at that time a beneficiating process which could make them commercially viable and attractive.

But after the war there were advances, Mr. Speaker, in the beneficiating process. The development

MR. WELLS:

of the beneficiating process and certainly in the 1950's it was known that this was going to be the future of iron and steel development and that mines like Bell Island Mine were going to be on the way out and the new mines were of the sort and the sort of ore that was in Labrador. Blast furnaces, I understand, are tailored to mines and blast furnaces were starting to be built elsewhere in the world that would use the type of ore that comes out of Labrador now, and it was known that this vast resource was there.

Now John C. Doyle came to Newfoundland and for some reason which I have never been able to find out, but it is a matter of public knowledge because it is enshrined in enough statutes, John C. Doyle was given vast areas of concessions in Labrador. Now Mr. Speaker, why was he given them? Ostensibly it might be our view that he was given them so that he could develop them. But who was John Doyle? He was president of a small coal company on the mainland, in Montreal, the Boon-Strachan Coal Company. He had no mining experience in iron mines, he had no steel experience, he had no experience that would fit him for that. He was a coal man and yet he was given, he had no resources of any great kind. He was not a multimillionaire when he first arrived in Newfoundland but for some reason which has never been explained, I suggest to the people of Newfoundland, he was given vast concessions.

So what did he do? He knew about the beneficiating process. He had the advice of a man named Victor Jafine who had worked in the American Administration during the war and who advised him and was very technically competent in matters involving this sort of ore and the future and the development of it. He knew and the government of Newfoundland should have known at the time that this was going to be a very, very valuable thing. So Mr. Doyle with his

MR. WELLS:

company. Canadian Javelin, set about, not developing them because there was no chance of his developing them as he did not have, figuratively speaking, two cents to his name. So what could he do? He knew what the government of the day must have known also that he would go and sell these concessions to whomsoever would pay him something for them.

Now he had to make it look as if he were doing something so he started off to build the railway that subsequently became, I think, the Q.N.S. and L. Railway but he did not have any money to build a railway. He did not have any money to even pretend that he was doing anything, so what did he do? About in the mid 1950's the Government of Newfoundland guaranteed him, I am not sure now from memory as I have not looked at the statute recently whether it was \$4 million or \$6 million to start going through the motions so he could go to the iron and steel producers and manufactures in the world and say, "Look, I have started something. I have started a development. Will you buy it off me?" So he did that. He went through the motions and when Mr. Doyle in 1971 went around Europe with a piece of paper which was a minute-of-council in his pocket, it was not the first time that Mr. Doyle had trounced around Europe trying to sell something that belonged to the people of Newfoundland.

He went back in the 1950's with a piece of paper which was the rights to deed to the minerals in these properties, trying to hock them also and I understand, Mr. Speaker, that at that time he got letters of intent from various people or companies in Europe saying, "Yes, if you can sell us such and such a product, namely beneficiated iron ore, at such and such a price, we will buy. Why not?"

Now you have then to go to the North American Continent to understand what happened next. I think it is a matter of record

MR. WELLS:

and well known, Mr. Speaker, that the major deposits of iron ore in the United States or in the Mesabi Range in Northern Minnesota, that area, and it is also well known that the Mesabi Range during the Second World War had a great deal of iron ore taken out of it. My understanding is that back in the early 1950's and the middle 1950's that as a matter of policy the American Government was saying to its iron and steel conglomerates and corporations, "Try to get insofar as you can your source of iron, raw material, from elsewhere because the United States in case of future national emergency would like to conserve the iron and steel that is in the Mesabi Range."

From their point of view this was very sensible and the United States iron and steel industry at that time was looking at various countries. It was looking at Canada, Newfoundland, Labrador, it was looking at Venezuela, it was looking at the West Coast of Africa,

Of course, it is very interesting that Canada should appeal to them. I think for very natural reasons because if national emergency arose they would have long sea lanes to reckon with to get the supply of iron ore from the West Coast of Africa or even from Venezuela whereas the Canadian route, if Labrador were to be developed, up through the St. Lawrence seaway was a route that they could control and protect.

So, Mr. Speaker, you can see how they would be looking, the American iron and steel interests, toward Labrador and at this crucial time the Government of Newfoundland had given Mr. Doyle the whole package, not the whole package but a good chunk of it and he was setting out to sell it. Now in these days, Mr. Speaker, Mr. Doyle was persona non-grata in a lot of areas also. He had never proven that he had the capacity to do anything except be some sort of promotor and he had never had the chance to be successful at that

MR. WELLS:

before and when he started to interest Europeans in these deposits it was then that the American Iron and Steel Industry began to be interested in Labrador and they sat down and they talked to Mr. Doyle and they finally negotiated an agreement with him.

My point, Mr. Speaker, is why could not the Government of Newfoundland have negotiated a deal with the American Iron and Steel Industry or if they employed Mr. Doyle to negotiate the deal, why did they have to give him the deal which they gave him carte blanche? - Because what did Mr. Doyle do? He sold these mining rights in Labrador to a group that subsequently became known as Wabush Mines and he sold them under conditions that we all know about or we should know about because it is one of the most disgraceful things, I think, in the history of Newfoundland whereby the Government of Newfoundland got twenty-two cents a long ton and Canadian Javelin, his company, got sixty-six cents a long ton on the ore that is produced in that area, out of that ground by Wabush Mines.

So when we find the Government of Newfoundland, the same government, giving colossal concessions, gifts of money, gifts of everything of value to Doyle in 1971 and early 1972 and 1970, this whole linerboard process, this is just a continuation, Mr. Speaker, of something that has gone on every since the early 1950's. It went on when the government gave this, the same government gave these valuable deposits to Doyle way back in the 1950's and allowed him to become a multimillionaire at the expense of us in Newfoundland, because that money should have gone into our treasury that in fact went into Canadian Javelin. So Canadian Javelin and its subsidiary companies and associated companies, the whole corporate labyrinth that they surround themselves with, became wealthy and they branched out to tax havens like Nassau and Panama and all sorts of places, hotels

MR. WELLS:

in Panama, estates in Nassau, the whole thing, the whole trappings of a multimillionaire but all out of Newfoundland and he did not stop. It was a continuing thing. The Government of Newfoundland at no time ask Doyle or it seems to me have I ever heard that they made Doyle go by the book even of the agreements which they gave him, these statutory agreements which are all in the legislation of the past twenty years. They did not demand any kind of pound of flesh from him but they just let him go on and anything he wanted, any help, any assistance, any accommodation was always given to him.

So this linerboard thing, Mr. Speaker, I suggest is the tip of the iceberg. It is what you can see now but you have to go back at this continuing state of affairs ever since 1953 or 1954 to really understand it because it flows out of the established policy of that government to give the Canadian Javelin and John C. Doyle anything that he asked for without let or hinderance. So, not only is this linerboard a disgrace of the highest order but the whole series of dealings with Canadian Javelin are a disgrace of the highest order. Of course Canadian Javelin, what has it put into Newfoundland? Does Mr. Doyle live here? What has he really got here? Nothing only concessions. What he really has, his hotels, his home and all these sort of things they are scattered down in the warm countries in the tax havens. It reminds me of a song Mr. Speaker, the refrain in the popular song, "I like it here but I love Montego Bay."

So, there, there is the history or part of the history of this continuing disgrace which is almost enough to make one ashamed to be a Newfoundlander, ashamed that a government elected by the people would start this and continue it for all these years. It always involved a taking from the taxpayer of Newfoundland, a taking of his land, a taking of his timber, a taking of his money, a taking of his credit, all into this company and the people associated with it.

I pose you one question Mr. Speaker, why does a government or why does one man who controls a government, if that is the way it was, why do they do that for another man? Why do I, if I am in control of a government make you a multi-millionaire? Why? Why? That is a question that has never been answered so far as I know to the people of Newfoundland. It has never been answered to me. I do not know the answer. But I hope that this House, for the people we represent, will find out the answers. You heard the speech from the Minister of Economic Development yesterday. All the giving out, giving out, which even the honourable members really admit was wrong. It disturbed and worried them. We know the man who was responsible, basically, for the initiation of that policy.

Why? No one gives the answer. Why is it? Why was it done? Why was it so necessary that John Doyle's Linerboard Mill be put there at all costs, supposing it escalated to \$110, \$120, \$130, \$140, \$150 million. Why? Until we know the answer to that question, Mr. Speaker, this whole thing will not be clear and it will not be clear to this House, it will not be clear to the people of Newfoundland.

Well, Mr. Speaker, we leave that subject and go to the present subject of the bill itself. What has to be done? I am not going to go through all that again. I think both sides of this House, agree that when this government took over it was faced with an intolerable situation. It could not keep on pumping more money into the thing, under Doyle's management, because the thing was weird as it was. It could not forget the money, the public money that had been pumped into it and say we will write it off and forget it whether it produces or not. It could not do that, so it had to come to grips with some sort of solution. It had to do something. The thing that seemed sensible to the government, the thing that seemed sensible to all members of this honourable House was to take it over, try to get it operating, pray that it worked, made money or that it works in future, makes money so that the Province of Newfoundland will not suffer more than it has already suffered. That is the hope, of course, of the government, of the minister, of us on both sides of this House. It has to be. So, once that decision in principle was taken, Mr. Speaker, the only thing that remained was how it should be done, how it should be gone about.

Now, the Minister of Economic Development has explained this to the House. I have heard other speakers, we have all heard them in the last two days speak on that. It seems to me that the way that it is being done is perhaps the only practical way, practicable way that it could be done. You could expropriate, then you would have to have a third party, namely the courts, decide on compensation. You could take over under the trust deed if the trust deed were strong enough. You would be back where? In the courts.

Now, Mr. Speaker, I do not pretend to know much about linerboard mills, but I know something about the operation of the courts. This is not intended as a criticism of the courts but rather in praise of them. The courts are meticulous places where things are examined carefully, where each side is given the opportunity obviously to have his complete say, to call whatever evidence he wishes or its wishes, if it is a company, and they are subject only to relevance. It is obvious to anyone who is familiar with the courts, Mr. Speaker, that any action which landed the relationship between Canadian Javelin and this government in the courts, anyone who knows anything about the system at all would know that at the minimum it would take a year, it may well take two or three years before the matter was resolved.

What would happen, what would happen to the linerboard mill while this process was going on? Obviously, if you are recruiting top management are you likely to go and get the calibre of man you want if you say "well we are asking you now to come and manage, keep going a project, of course it is in dispute in the courts, we do not know what is going to happen. We will not know until the court case is over." You would not get anybody under these circumstances. Nobody worth his salt is going to be employed by a project like that, at the higher level at the top management level. Who then, who would bring the project to fruition, who would complete it? I believe I heard the honourable minister say yesterday that every day - not every day - every month that this project is in the building process right now costs in excess of \$1 million. I believe it is \$1.600.000 every month, So if you delay for five months, you are talking seven or eight million, if you delay for a year, you are talking seventeen or eighteen million.

This is the thing that this government was faced with. So then we come to the question of the price because that is the only thing, really, that the learned gentleman opposite are talking about and disputing. They were saying, or I gathered yesterday they were saying you should

not pay the \$5 million. Well, what is the alternative? Put it into court, pay \$15 million perhaps in interest while the thing is being resolved. The alternatives are terrible. This way, for the payment of \$5 million, believe me, Mr. Speaker, it galls me that a cent has to be paid Canadian Javelin. I do not like it. It is not what I would have wanted. It is not what any of us would have wanted. But at least it is the best of a bad bargain, a very bad situation which the government inherited. It is better to pay \$5 million. If the honourable - we have to trust the Honourable Minister of Economic Development and his committee on this. He could have told us - if they had negotiated \$6 million, I would be saying the same thing, if it were four million I would be saying the same thing, that we have to take on trust, unless we sat down and were part of the negotiations. But if \$5 million is the figure that they tell us they can get it for, completely and free and clear, with all the books, all the records, all the things that are out of the jurisdiction of Newfoundland and the Newfoundland courts if it is the best of a bad bargain, for God's Sake let us pay it and be done with it, try to salvage this project! Because it seems to me, Mr. Speaker, it is the only way hopefully that any sense can be made of this thing.

So, Mr. Speaker, as someone said this morning, this whole business is not something in future years that members of this House are going to look upon and say, "I am proud to have been there that day and had to do this." But it is the best of a bad situation. Best of a bad situation that has taken a lot of credit and money out of Newfoundland. It is a salvage

operation, Mr. Speaker, but I think in the circumstances it is the best that can be done. I commend the Minister of Economic Development and the government on taking these steps and bringing it to the House for public debate and I support the bill.

HON. R. L. CHEESEMAN: Mr. Speaker, rising to support the bill now before this House, I compliment my colleague the hon. Minister of Justice for his presentation in introducing second reading of this bill.

As he spoke, Mr. Speaker, I found my mind travelling between two reactions. The first the incredible story which he unfolded and the second how any one mind could grasp the many facets involved. I believe, Mr. Speaker, that every member of this House is indebted to the hon. minister and his committee for the work that has gone into its preparation. The job was fantastic and the hon. minister's presentation masterly. May I also congratulate the Premier for the clarity with which he expressed the government's position on this particular bill. He did so, Mr. Speaker, without personal abuse or individual attack. He clearly outlined the position, recounted the facts leading up to the need for such legislation and the determination of the government to see the job through for the benefit of the people of this province. He stated the facts without fear and made the province aware of the consequences. A bold and brave step, Mr. Speaker, and a step which I am sure will in the long run prove to be of ultimate benefit to our people.

I would also, Mr. Speaker, like to congratulate all hon. members on both sides of the House who obviously were well prepared for their part in this debate.

Now, Mr. Speaker, as one who had no previous involvement in this whole affair, I can I believe speak without emotion brought about by such personal involvement. It is from this position that my comments are made.

As I sat and listened to the story unfold, I found myself in utter disbelief. Could I really be sitting in this House of Assembly and hearing such a story? Like many of my colleagues, I have heard over the years of some of the involvement of government in economic development in this province, but never in my wildest dreams, Mr. Speaker, could I believe that such happenings as we have heard in the past few days could occur in the province of Newfoundland and Labrador.

I am certain that the people of this province will hear these facts with equal disbelief. Disbelief that members of the government sent by them to represent them in this honourable House could have been party to such happenings. What we have heard in the past few days, Mr. Speaker, is a story which at best is one of complete neglect and disregard for the welfare of her people, their rights and their interests. A neglect, Mr. Speaker, that when measured against the needs of our people, past, present and future is nothing short of criminal and must be viewed in that light.

The hon. Minister of Justice states that we are trying to make the best of a bad situation, a salvage deal, Mr. Speaker, but a salvage deal involving something in the amount of \$160 million of the people's money of this province. Who placed Newfoundland and Labrador in this position? It was the previous administration, Mr. Speaker, by their complete lack of regard for any sound business principles, by loans advanced without proper authority, by incomplete files, by lack of proper authority for transfer of thousands of acres of her forest, by no proper guarantees to secure millions of dollars of the people's money and on and on.

Can this be the same administration who but a few short months ago were shouting that Bowaters were not making a proper contribution to this province and wanting to investigate their operation? What nerve Mr. Speaker. One can only now assume, in the light of the present

facts, that the aim of that government was to drive out of our province every legitimate business that in any way posed a threat to the wild head-long plunge to rape our province of its natural resources.

Little did we know, Mr. Speaker, how apt were the words, "It is time for a change." Thank God for the sense of our people when they voted for that change, because given any longer, Mr. Speaker, and the good people of this province could have wound up,wards of the state. \$160 million on a single project, Mr. Speaker, would be rich planning for the Province of Ontario. In this province it is unthinkable and utter madness and when we hear of the lack of planning, the lack of any proper financial programmes of the original cost being multiplied by three, it becomes unbelievable.

It has been suggested, Mr. Speaker, that a royal commission be appointed to investigate some of the circumstances of this deal. I believe, Mr. Speaker, that our people will want such an investigation, to determine once and for all how such unthinkable events could have come about and who could have permitted them and who stood to gain by our province's loss.

\$160 million, Mr. Speaker, could make the District of Hermitage a Mecca for our people. We could build two, three or five new fish plants. We could build and pave hundreds of miles of road. We could equip all of our fishermen with new boats, our schools could be upgraded, water and sewerage could be brought to every community, playgrounds and libraries could be provided for our children, new homes could be built for those in need.

The lack of these facilities and the delay in bringing them to our people is the real crime against those people, Mr. Speaker. Our fishermen without proper harbours, slipways or wharves, our loggers without mills to provide work, our school children without running water and toilet facilities, our aged without proper accommodation, our sick without proper medical care, our citizens without water and sewerage

will not soon forget who placed them in this position, who sold them out that others could live in luxury.

Now, Mr. Speaker, they say it is an ill wind that does not blow someone some good and we have already heard the hon. member for Labrador South state that it is his hope that the opening of the linerboard mill will provide employment for his area, I share in his hope, Mr. Speaker, that the linerboard completion, because we know now that it will not be all waste, that this will indeed provide an opportunity for our loggers in Seal Cove, in Fortune Bay and the loggers in the woods resource of the Bay d'Espoir area will be put to good use.

It is a good thing, Mr. Speaker, that somebody has finally stepped in and taken over the mill and assures its completion so that it is not \$120 million down the drain. One day, as has been suggested, it may be proven that the wisest thing that this government ever did was to take the step it has now taken. For the next five to ten years, Mr. Speaker, the toiling masses of this province will pay and pay dearly for the disregard

MR. CHEESFMAN and neglect of their welfare, and all this, Mr. Speaker, in the great name of Liberalism. What a myth, what a farce. Thank God for the brave and courageous men who took a stand against such negligence! I am proud today, Mr. Speaker, to stand and be associated with such men, men who put their province ahead of personal ambition men who were not afraid in the face of personal abuse to stand up and be counted. The job that lies ahead will not be easy, Mr. Speaker, but we will, we can and we must win this battle. This government may not go down in history as the most popular government this country and this province ever had, but it will go down in history as the government that saved our province from economic ruin.

However, to do so will take all our combined efforts and the understanding of all our people. For my part, Mr. Speaker, I am prepared to devote the next three to five years of my life for the good of our province. I am sure that all members of this honourable House are prepared to do likewise. I have much pleasure, Mr. Speaker, in supporting this bill.

HON. A.J. MURPHY (Minister of Provincial Affairs): Mr. Speaker, I do not think there is much I can add to what has already been said. I would like first of all to congratulate our Minister of Finance and Economic Development and his committee for the presentation they have brought before this House.

Mr. Speaker, the previous speaker has said it is rather unemotional with him, he had not been close to the scene. Mr. Speaker, I wish these gentlemen on this side today had been seated on that side over there in 1966 and the ensuing years, Mr. Speaker, when three of us tried to the best of our ability to carry the torch for freedom in this province.

I remember many occasions, Mr. Speaker, that I will not go into at this time. I think, as somebody else has already said; "history will tell the story." The hon. member for White Bay South referred in one part of his remarks to this bill being carried unanimously. There

was no note of division or divide in that.

Let me tell this House, Mr. Speaker, that the rules of our House required four people to stand in their places in this honourable House to record division or divide. We only had three, consequently, Mr. Speaker, we of the lowly opposition were denied that privilege. I remember one particular day in this House, Sir, when there was a very urgent matter coming before the House, it was a government issue. We requested that we divide. The Speaker informed us, Sir, that due to the rules we could not have a vote at that time, a standing vote or recorded vote.

My hon. friend, the gentleman, the hon. minister who today is carrying the torch for us with his committee, to bring justice back to Newfoundland, stood right here in his place and he said; "Mr. Speaker, I think this vote should be recorded." He said; "I am not voting for this matter, but" he said; "I think justice should be done. I will stand and make number four." That enabled us three to stand up in this honourable House and have that matter recorded. Today, Mr. Speaker, as I stand here, I wish to thank the hon. minister because at that time, although he was one of a group that in my opinion were showing no regard nor no respect for this province, at least, at the very least he had the gumption and the guts to stand up there, notwithstanding what his colleagues thought, the whole thirty-eight of them, so that we in the opposition could record our thoughts in this honourable House on behalf of the people whom we represented.

Mr. Speaker, we talk about emotion, I would like, Sir, as I said, some of these members who have spoken to have sat through the nine years I have sat in this honourable House, scoffed at, jeered at, sneered at as if I had no right to stand here. Only one had any right to be here before whom they genuflected and bowed. Mr. Speaker, (and I say this now for the benefit of the newer members in this House) never, never get mixed up in your gods, because that is what brought this province today almost to the brink of disaster.

We forgot the people who sent us here. You had to be a devout and loyal Liberal or a devout follower of the great one himself. Mr. Speaker, I could go on for hours and talk about this one gentleman here who stood - and let us look at your coverings of the House of Assembly. See how small they are. Go back to some that happened in this House when this same gentleman stood up and he thought he was here by Divine Right -

Mr. Speaker, this province has been betrayed, sold down the river. I say now to these hon. gentlemen on the other side, in charity and because this House commands it, I will not term them Judas Iscariots but I say, for God's sake do not be Pontius Pilates. Do not wipe your hands of what has happened, you are just as much responsible as that gentleman who sat in that chair, just as much responsible. When this bill in brought in here for the good of the province, in Heaven's name do not let me hear statements that I have heard on television, that someone has sold out this province. It was not this hon. minister here or anybody on this side. This province has been sold out the past twenty-three years and these newer members God forbid! will know the story when they go back to their districts this summer or this fall.

Hospitals and clinics. My hon. friend from Labrador South said there are people living today in conditions that do not in exist in many cases in the wilds of Africa. I heard the hon. member for Bonavista North, the same old story is being told here; "Look what we have done in twenty-three years. We brought you schools, we brought you roads." (I do not know how many outhouses are here now, I have not heard the latest tabulation from Mr. Smallwood) But, in God's Name! who paid for them? Did the people of Prince Edward Island, Nova Scotia, New Brunswick? No, the people in Goose Bay and Happy Valley paid for them, the people in Bonavista South paid for them, the people in every district of this province paid for them. Blood money, paid them by a brute that in my opinion, Mr. Speaker, had no regard for the people who sent them here. But they

worshipped at the altar "Liberalism" or "Smallwoodism." God forbid! and I say this, Mr. Speaker, that we on this side or any of the new young members in this House, God forbid! you ever forget the obligation you owe to the people who sent you here, to no one else. This is the only way this Province of Newfoundland can be brought back to be shown some respect in this great Dominion of Canada.

We have been brought to the brink of not only economic disaster but I think we are the 'laugh' of this nation. We are the very "laugh" of the nation. We are a 'joke'. Why? I heard the former hon. Premier refer to the brilliant men he had on his side. He referred to the lads in 'kiddies' corner,' these brilliant young men. He did not worry,

did not worry about losing the hon. Minister of Justice, the hon. member for Fortune, the hon. Minister of Economic Development. They had no brains. He had them all cornered right here! Doing what? As I said before, worshipping at his office.

Mr. Speaker, I better not go on too long because I do get a little bit worked up when I think back. For the times I stood in this honourable House, describing conditions - you talk about Labrador South, you talk about St. Barbe North, come down here in the centre of St. John's and I will show you something. They could do with a few thousand of that \$160 million that we passed along to John Christopher Doyle. We do not have to go too far. The hon. member for St. John's East I think hit the nail on the head this morning. The hon. Minister of Health, look what will happen to him this coming summer when he cannot put a clinic here or a hospital there or somewhere else. Mr. Speaker, in my opinion this past twenty-three years or this past nine years I have been here (anybody, and the anybodies were on that side) I tried to get up and speak on behalf of this province, on behalf of the people, those famous toiling masses we heard so much about over the years, that lonely fisherman on the Bill of Cape St. George, let us talk about them - sneers and jeers! There was a member there but he is not there now. That is his place. He would have been the star actor on Rowan and Martin and that was his contribution to this House. No matter what you said, there was someone who always knew something. All the experts were here. The last year or year and a-half when the honourable gentlemen just could stand it no more, they came over to that side. Abuse! Mr. Speaker, you could not hear it on the lowest slum of any city, some of the language that was used towards these honourable gentlemen. They had the guts, Sir, (I do not know if "guts" is a parliamentary word) or the intestinal fortitude to stand up and say: "No! Mr. Smallwood, no more can we do this. We have gone far enough."

The hon. member for Fortune today said that he could not sleep nights. Of course, he could not! Of course, not with what was going on here.

Mr. Murphy.

I spent many sleepless nights too but not for the same reasons but because of the abuse and the berating that was hurled on me. I am no great legal mind. I am no great legal mind! Legislation to me, some of this stuff it would be just as well to pass me a book in Hebrew, and I could not read that. I will tell you one thing I try to do. I try to stand up for the people who sent me. Today please God let us go out of this Chamber, all of us here and all of us there and say: "Look! in Heaven's name, in the name of justice, if we are to do anything for our people, to bring it back from the brink of frustration and disaster, let the hon. Leader of the Opposition, whom I know is patiently waiting to get up and tell this great province, it is a sellout. It is a sellout. God help us. Let us be honest. Let us all be honest.

The people in Happy Valley and Goose Bay today (I have been there several times and the honourable member I can appreciate how he feels) are worried to death about a certain thing which might happen there with the passing of this. People on the other side are as much a part of legislation as are this group. This is not an elite group. Between both, Sir, we represent everybody in the province. I say the hon. the Leader of the Opposition will get up and he will speak about five words. He should say: "People of Newfoundland I apologize for what we have done. We have been a part of it but not directly responsible." (I think we will all agree to that). "I apologize. Let us not waste time. Let us give this bill second reading. Let us put it through committee and God guard thee Newfoundland."

MR. CARTER: Mr. Speaker, first of all I would like to congratulate my colleague the hon. Minister of Finance on a very clear presentation of a most complex bill. We are very fortunate to have in the government a man of his capacity. The opposition on the other hand are currently saddled as a group of people who have helped to bring Newfoundland to this sorry state to which we now address ourselves. It would be amusing,

Mr. Carter

Mr. Speaker, in other circumstances to witness the verbal gymnastics and the rhetorical gyrations that the opposition are using to justify their previous actions. In the present circumstances, it is embarrassing to witness them trying to white-wash their guilt. We all remember how announcement crazy the previous administration were. They turned the Legislature into a circus as they brought forth announcements and announcements of announcements. Clearly they suffered from an acute lack of love in their youth and that must have been their way of compensating for that lack.

Mr. Speaker, a word here about announcements in general and preliminary announcements in particular. The latter will always put a negotiator on the defensive. How can you bargain with someone when you have already publicly taken a stand? When you add to this gross error in tactics a serious and obvious lack of understanding and rudimentary financial matters, the result is disastrous. We are brought to the situation which this present legislation is designed to deal with. Let us look at the training of the honourable members, the hon. member from White Bay South and White Bay North. We already know about their lacks. Politically they were suckled by the former Premier and nurtured in a circus atmosphere of irresponsibility. The period between September, 1966 and January, 1972 reads like an Orswellian nightmare. It is a hard period to describe because during that period words themselves lost their meaning. Servility was portrayed as loyalty. Sycophancy was confused with acquiescence and groveling with humility, cowardess with bravery and deception was confused with reticence as the real state of affairs was kept from the Newfoundland people.

There was certainly at the time a proliferation of well-heeled toadies and it was with considerable amusement tinged with pity that I used to watch the present hon. Leader of the Opposition dance attendance on the former Premier. I can still hear the imperious snap of the fingers that summoned that terrified individual to new depths of subservience. They now say that they acted on their own initiative. What a laugh!

Mr. Carter

In what sense can the honourable members say that they are educated? They saw and presumably understood all that was going ahead or at least enough of it to realize the consequences which we are today attempting to deal with. No, Mr. Speaker, they are misinformed in the most elementary concepts of common sense and yet to judge by their smirks and their sneers, they are still unrepentant. They remain

MR. CARTER: servile to the end. Shame on them and the party they represent! They should hide their faces and conceal their whereabouts. It is too late for remorse. The only acceptable alternative is to stay out of sight. But let this honourable House record that on this day this government did its duty and grasped the nettle and in so doing brought sanity to the industrial development of Newfoundland.

Mr. Speaker, I support this bill. I admire the people who drafted it. I am in awe of those who negotiated it. I know that at long last Newfoundland is in good hands.

MR. A. B. PECKFORD: Mr. Speaker, as a rookie member of the House I just want to stand up for a few minutes to say a few words on this bill or to give my support to it for a number of reasons which will not take me very long to go into.

I think Mr. Speaker, that historians will record that the speech of yesterday given by the hon. Minister of Finance marked a watershed in the economic development financial status of this province. It is the first time, I think in twenty-three years or perhaps even hundreds of years that there has been some direction given to our province in some very vital area.

Mr. Speaker, I remember three or four years ago, although I cannot go back in time as long as the honourable the member for St. John's Centre has been a member of this House. But I did spend a number of years associated with the hon. Minister of Finance and Economic Development. I can remember well one time in Springdale when he arrived there for a political meeting and afterwards I had a talk with him. A few months passed by and I met him again in Grand Falls and it was at the time when the linerboard project was in the offing. I think the former Premier had made some announcements regarding the shipment of the wood from Labrador area down to Stephenville. I remember being at a meeting in Grand Falls when the hon. the Minister of Finance accosted the then Premier and asked him about the expensive

MR. PECKFORD: operation that this would be.

Subsequent to that, a few minutes to that, I went with the now Minister of Finance to his motel room and for three or four hours I asked him questions and he explained to me what he thought of the province financially, economically and so on. It was from that time on and during the Leadership Campaign that I worked night and day for that cause. So therefore it is with a great deal of pride that I stand here this afternoon and congratulate the Minister of Finance and Economic Development on a fantastic job that he did yesterday.

I know full well that this bill which he was instrumental in complying and making up will be one of the life lines in the economic development of our province. But I think, Mr. Speaker, that it is even more than that and even though it is \$160 million involved here I think this action of yesterday, this speech of yesterday does not only indicate that we now have direction in the field of the linerboard mill specifically, which this bill is for, but more importantly surely the honourable the member for Bonavista North could talk about laying the foundation over the last twenty-three years. When I look at the timber rights of this province and when I look at the mineral rights of this province and when I look at the fishery of this province and when I look at almost any sphere of activity in this province and see what an absolute mess it is in today, I can realize that with that speech of yesterday on the linerboard mill that this only marks the beginning of a new era of planning in Newfoundland where we can for once and for all set this matter straight.

I have gentlemen, I have hundreds of people, almost, in my own district who because of mismanagement of our forest resources have to sell today, this very day have to sell thousands of dollars of their equipment because they are not allowed to go into a certain block of land because of this mismanagement that has taken place.

MR. PECKFORD: Look at a map sometime, Mr. Speaker, of this province and take a look at the timber rights. I did it for the first time with any thinking about it, I have looked at the map before of the timber rights and the mineral rights and concessions, but I look at it now as a member of the House of Assembly and as a person representing people, and find the absolute mess it is in.

So this speech, although, it is important for its own sake per se as putting the linerboard mill on a new direction and giving us a chance to succeed, this speech also and this is why I refer to it as being the watershed of economic development because it marks the first concrete example that the government of this province has ever taken to help put sanity and planning and organization into our development. I can only voice the sentiments of the member for St. John's Centre when he mentioned about the poverty that is still existent or at least the below standard of living that is existent in Newfoundland today throughout this province because, Mr. Speaker, I have had over the past seven years the opportunity (I do not know how many more can say this, Mr. Speaker, but I am proud to say it) to visit just about I think every community on the Island of Newfoundland and also every community in Labrador South. The only part of the province that I never visited is the northern part of Labrador. Because of working with the Government of Newfoundland as a welfare officer, I did visit every community the whole way around the island.

I know for the amount of that money that has been spent in the last twenty-three years, the amount of services that we have received as a result of that I think it could have been managed a lot better.

I sympathize, Mr. Speaker, with the gentlemen on the other side, with the honourable the member for White Bay South, the honourable the Leader of the Opposition because I can remember sitting in the gallery of this House a couple of years ago and watching the former Premier do his verbal gymnastics, click his fingers as somebody

MR. PECKFORD: has mentioned. I was on many occasions convinced by looking at the visage of the member for White Bay South also to a lesser extent the member for White Bay North that they were (what shall I say) mentally disturbed is the better connotation of those words.

The only perhaps the unfortunate part is, I am not going to judge them, the only unfortunate part is perhaps that they did not resign. But it is not for me to say, I am not going to say that really. I do not mean that. But I think under the circumstances under which they operated they did try and as the member for White Bay South said yesterday - it is unfortunate that they were not successful, that they did not have as much influence with the former Premier so that they could change some of these millions of dollars.

I jotted down, Mr. Speaker, yesterday as the hon. the Minister of Finance was speaking, 'the millions of dollars involved here and I suppose after you get into a position of any kind, like if you get into a position where you are dealing with people, people only become numbers or become something on a piece of paper, perhaps it can become the same way with people in government. The absolutely millions of dollars and this is the point that I would like to emphasize to the opposition. When we look on June 25, 1971, \$9 million. October 1, 1971, \$6 million. Somebody correct me if I am wrong. November 1971, \$9 million. October 1, 1971, \$6 million. Someone correct me if I am wrong. November 1971, \$7.8 million. December 16, 1971 \$1.2 million. Can we stand here today in all honesty and all fairness to everybody concerned and say that \$5 million, \$2.5 million of which is only going to go to Mr. Doyle now, it is a sellout? Of course these are only the loans, the direct loans that were given since June 25, 1971.

From May 18, I think it was, no, May 19, 1968 \$81 million was committed to the project. By May 1971 there were \$123 million dollars committed to the project,

costing millions and millions of dollars and now we find we are trying to get a reasonable deal , a deal that is pretty good under the circumstances and then the cost plus - the business of MacAlpine contract over in Stephenville, cost plus ten and one quarter per cent. It is absolutely ridiculous.

So Mr. Speaker, in between eating and sleeping and working with, for a couple of years, the now Minister of Finance and Economic Development and knowing what he went through in those years, also following this, amateurly I suppose, for the last two or three years, I thought I had to get on my feet and say a few words to say that I truly support the bill that is presently before us. Thank you very much.

MR. ROBERTS: Mr. Speaker, I want to first of all ask the young gentleman to bring me a glass of water. I do not intend to read all of the notes

I have here but I may get to some of them and maybe it may take me a few minutes to say what I feel I should say.

I understand there are, with respect to the minister who will close the debate, there are no other members on the other side of the House who proposes to speak. If there are, I would gladly yield to them. I do this because I will be the last and final speaker on this side of the House, those of my colleagues who wish have spoken and the others feel they do not need to get into the debate. It is not because they do not have points they wish to make but because the government have indicated they have not told us why, but they have indicated quite unmistakably that they wish this legislation to be dealt with expeditiously. We were quite amenable to that, we still are. We offered to give up Wednesday but the Minister of Finance explained yesterday the non-arrival of certain consents on the Javelin interest, It meant that the government did not wish to proceed with the bill. I have dealt with the Javelin people on and off, particularly the months between June and July of 1971 and January 1972. The hon. gentlemen was well advised not to rely upon them but he said to wait until

he had it in writing.

I see him behind your Chair, Mr. Speaker, nodding in agreement. He and I agreed on a great number of points on this matter in this debate, this bill. We may disagree on one or two but that is part of it.

Mr. Speaker, this debate, I think has been one of the best, certainly one of the most meaningful that I have heard in this House, and I have heard my share, taken part in my share, I hope I will take part in some others and hear some others.

I think almost all of the members who spoke had a contribution to make. The speeches yesterday by the Minister of Finance and Economic Development introducing the bill and the speech of my friend and colleague, the member for White Bay South, were I think two of the finest speeches I have every heard made.

I do not envy the Minister of Finance the task, He welcomed it, indeed he has been questing after it for a number of years now. He welcomed it and he seized the opportunity when it came and I think he served it well.

I would be less than candid if I did not compliment him. Although he is not in his seat I know he is within sound of my voice. I would be less than honest if I did not compliment him on his presentation of what is a very complex subject.

Equally I want to compliment the gentleman for White Bay South. He and I, together with the member for Forgo and the member for Bell Island, entered the cabinet in July of 1968. The member for Labrador North entered the cabinet I believe near the end of July 1971. We all served in the cabinet until the end of January 1972 when Mr. Smallwood passed in his resignation as Premier, Of course that carried with it the resignations of the ministers who served in his ministry.

Before I come to that road, Sir, there are one or two points I wish to make with respect to that. I was saying that my friend from White Bay South made what I think was a magnificent speech. I am not giving away very much. I am not revealing any secrets. I am not letting down any political guards when I say Sir that the position in which we find ourselves is not altogether the most fortunate. I think the gentleman from St. John's West, the Minister of Finance, knows what I mean. He is nodding assent. I do not think he envies me my task right now. I do not think he envied my colleague from White Bay South.

Before I go on now, I feel these gentlemen (if I can use that phrase) from St. John's North - the Minister of Education has returned. I did not want to say anything about him with him outside his seat. I was going to make some comment upon his speech. I hope he did not like it. He was reading it. I hope he did not like it. There may have been extensive notes, my point is not - I could not care if he reads it or not, Mr. Speaker, it is reassuring to know he can read. What concerns me is that he is not the author of it. I do not want to reply to it. I do not think it merits any reply. I think it is quite beneath contempt. All that I want to say is that I was quite surprised to hear that sort of speech come from any of the hon. gentlemen opposite. A number have spoken. They have spoken hard, they put their points forcefully. I have no complaints. I may argue with the points but none of them descended to the levels of the hon. gentlemen from St. John's North, the Minister of Education. I was surprised. I cannot say I was shocked. I have seen too much of that in this House over the years. I was surprised it came from him. I was a little upset that it came in this session. He might do well to heed the words which the Premier gave us last evening when he spoke, close on 10:30 or 11:00 o'clock, spoke closing the debate at the end of the evening. I really do not want to say any more about the gentleman from St. John's North, Sir, except to say I am surprised,

he knows what I mean, he knows full well what I mean.

I do not even mind the gentleman from Hermitage, the Minister of Fisher, who made a political speech. Again I will give him the credit of thinking he did not write it. I think it was written for him and handed to him, but he read it almost as if he believed it.

I do not mind that, Sir, that is part of the partisan game.

AN HON. MEMBER: I will write one for you if you want it.

MR. ROBERTS: Well then, Mr. Speaker, if the gentleman writes one for me, not only will I read it better but I would not be reading as good a speech as I could give without him writing it for me.

AN HON. MEMBER: Inaudible.

MR ROBERTS: No, it is not being learned, Sir. "Learned" in the House of Assembly I do not know why the phrase is used. It means a member who - I do not know if it means a member of the Bar, Mr. Speaker, or whether it means a gentleman who is qualified in the law. But it is a traditional phrase, just as the phrase "the hon. gentleman is gallant" because he, during the Second World War, served Her Majesty, I believe in the airforce. Am I correct? So he is the gallant member, the honourable and gallant member, if he were to qualify for the Bar he could become the honourable learned and gallant member. However, for the time being

MR. ROBERTS:

he is merely honourable and gallant. I do not mind the partisan speeches, Sir, I expect them. I do not mind the honourable House Leader dragging us down into St. John's East. I am quite aware of some of the conditions that exist in that constituency, individual cases that would tear your heart out and I think he will grant me that he is equally aware of thousands of these cases. I could tell him of one that I recently brought to the attention of the Premier, in my own district. A lady and gentleman who together have had five children, four of them suffering from cystic fibrosis, sorry only two of them suffer from cystic fibrosis, Mr. Speaker, the other two are dead. Cystic fibrosis, I am told and my cousin can correct me if I am wrong, cystic fibrosis the prognosis is that it is incurable. These children need permanent care. They need extensive care. It is not even a matter of being a diabetic which is also incurable but a needle or a tablet or something once a day will maintain the levels of insulin or blood sugar or whatever it is you maintain, but they need very extensive care. They require oxygen tents, they require very extensive drug-therapy treatments. These people, Sir, live in Main Brook in my constituency, and I maybe a little of point but no further than the gentleman from St. John's South and like him I will tie my remarks into what I am saying.

These people live in Main Brook. Main Brook is a community of six or seven hundred people, Mr. Speaker. There is no work there now. There was a Bowaters Woods Operation and like too many of these industrial developments throughout Canada a community sprang into existence to service an industry, the men found work, a town sprang up, people had to live somewhere and eventually the industry closed. Bowaters used to cut for export, Tommy's Arm in Green Bay was in exactly the same position, Hampden in White Bay South.

MR. ROBERTS:

My friend from Bonavista North has communities in the Indian Bay area that suffered the same faith, in the Gambo area and Port Hope Simpson. I mean all over. Well Port Hope Simpson is a little different in that Bowaters tried to but it was a woods operation in the 1930's named after Sir John Hope Simpson. But these people in Main Brook, Sir, live thirty miles from the nearest doctor, over a second class dirt road. They want to move to St. Anthony to be near a hospital and I have asked, I do not mind saying I have asked the government and I have been well received. A number of ministers are looking into this and I believe action will be taken. They have asked if perhaps a rule can be bent to a little extent. If the man was on welfare, Mr. Sneaker, he would get a house tomorrow, there is no doubt of that but he is not so the government are going to try to find him a house in St. Anthony.

Now, Mr. Speaker, I do not go into that now because of my concern for these people, that is real: I do not go into it because I want to tell the government I think they are doing the right thing when they attempt to bend some rules and when the Minister of Social Services next returns to St. John's I have no doubt I will hear from him on the point. He has been in Corner Brook all week on a staff meeting. My point, Sir, and the honourable gentleman from St. John's Centre is involved in it as well, my point is that the persons living in deplorable conditions, I think that is putting it, perhaps I could be stronger but deplorable conditions here in St. John's or in Main Brook in White Bay with two children who need continual care or any of the thousands of cases throughout Newfoundland and Labrador that could be found. The files of the Social Services Department are filled with them. The files of the Health Department would yield hundreds more. Every individual member -

MR. ROBERTS:

What about the family up in Milltown who have ten children and five of them hopelessly mentally retarded? It is tragic beyond words and there are many others. I know of hundreds. Every member would know of scores and in some cases hundreds more. The argument as to what that has to do with it is I did not think worthy of the minister, "I do not know what that had to do with it." I know what he was after. I know what he was trying to do. A number of his colleagues are trying to do the same thing. It is scoring very cheap and very partisan points. The honourable gentleman said that when the man in St. John's East, I am not quoting him but if I am not reproducing accurately the gist and substance of what he had to say, I am sure he will correct me, as I want him to and I know he will. The fact that this man has a problem and that there are hundreds and thousands of people throughout Newfoundland who have a problem that requires social capital, requires money from government, money from the public. It has nothing to do with this mill or it has, then the honourable Minister of Finance, you know the two cannot be compatible, the two arguments are incompatible.

The Minister of Finance told us and it seems to make sense, I must confess on that point I will take his word as I have no doubt he has researched it out and checked it out, this mill will in all probability make a small profit. Again I am not quoting him but I am trying to reproduce what he said; it may have a number of years of coming into a profit position. That is only to be expected. I would think most businesses that start up do that. That is fine. We can accept that and if that is so it means, of course, that the cost of the mill, whatever it is and we do not know what it is as we have not been told, the cost of the mill will rise, I am sorry will-it will rise too. The minister said that will be repaid out of

MR. ROBERTS:

the earnings of the mill. That is fair enough. That is one of the prime reasons I submit why the government have brought in this bill, certainly one of the prime reasons why my colleagues and I will support it in principle at second reading, the stage we are at.

The honourable gentleman for St. John's East, the Minister without Portfolio, the House Leader, would have us believe that because the cost is estimated to be \$160. millions, and I think that is the figure he used, that somehow that is going to be a drain upon the province. If it is, Sir, I do not see how that is compatible with the argument that the Minister of Finance advanced that the mill will pay for itself.

AN HON. MEMBER: It cannot pay for itself tomorrow.

MR. ROBERTS: No, I agree, Mr. Speaker, it will not pay for itself tomorrow. I would think it will be twenty years possibly.

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: Yes, the problems will be there, Mr. Speaker, and a hundred years from now there will be problems but it will certainly service the debt as it goes. It may not for the first two or three years but it will service the debt as it goes along. It will pay the interest and in due course it will begin, whenever the appropriate moment comes, repaying the principle. Nothing unusual, nothing strange. The member for Labrador North who is a businessman would tell me that that is quite the normal business practice and the Minister of Economic Development would agree with it. There is nothing strange about that.

But I really think, Mr. Speaker, it is quite beyond the pale to drag in some poor soul, be he living in St. John's East or St. John's anywhere or White Bay anywhere or anywhere in this province. It is an argument that has no relevance to debate. It is an argument -

no relevance to debate an argument that has no merit in this debate. The honourable gentleman is shaking his head, Well, he may shake his head. If it means he does not agree, that is fine. It means he has some sort of disease, I would suggest he take his medicare card, go off and see the nearest physician. He does not agree, that is fine. I do not agree with him. I think it was quite beneath him. It was quite beneath the level of this debate.

The honourable gentleman also went on and talked at great length, as did several of his colleagues, about the escalation of the cost. Now, several of them said, Mr. Speaker, that the cost had tripled. Am I correct in my statement? You know that, The honourable gentleman did say that it had tripled? I understood him to say tripled. Anyway that point is deeply relevant on my part. Nearer to triple, okay.

Mr. Speaker, the governments involvement may have nearer to tripled because the original government guarantee, there was no government involvement, was of the order of \$53 million. The Melville Act in 1966-67, the one that was passed in April 1967 I guess, specified that or the one that was amended in May 1968.

However the cost of the project, Sir, was never \$53 million. The cost of the project as it was given to the House in April 1967 on the debate on second reading of the Melville Bill was of the order of \$112 millions of which, according to the speech made by the Minister of Finance who was then the Minister of Municipal Affairs, you take off \$9.4 millions, so we will call it \$103, \$104 million. My source for that is the "Evening Telegram" of the date and I am quite prepared to believe, that the "Telegram" have reported the figures accurately. The honourable gentleman, Minister of Finance, said that he agreed with the figure of \$96 millions to which had to be added \$16 million for the ships. There would actually be a net of \$87 million as opposed to \$96 because of a bank loan of \$9.4 million for Javelin Forests based on secured, on security of the wood ships I am not sure I follow the argument but I think the figures are relevant. The

fact remains that the original cost of this mill is in the order of millions, to which has to be added if you are talking \$160 millions. Speaker, the cost of working capital which, am I correct, is included in the cost of the \$160 million? So, how much? Twenty odd million is working capital. It is about twenty million.

So, what we are talking of, in effect, Sir, is an escalation in a project cost from, we will say \$105 millions as outlined in 1967 to about \$140 million if you compare apples and apples. Because the working capital apparently was not included in the original figure. If it was I hope I will be corrected, the information I have is it was not. The working capital of course is included in the \$160 million.

So I think that it should be put on the record, I am not going to make a great oratorical speech. Maybe I am not capable of it. In any event, I think the matter is too serious. The Minister of Finance treated it too seriously, most of the members of this House treated it too seriously for me to try that sort of tactic. The point remains Mr. Speaker, let it be made for the record, the escalation in this project is of the order of \$35 to \$40 million. That is the information I have. It may be wrong. The Minister of Finance will doubtless, if I am wrong, correct me. If I am correct I know he will be good enough to say so. He did not yesterday in all of his introduction, I suppose, I can understand why he did not. He had a great deal else to talk about. He did not refer to the escalation per se, I have not the detailed breakdown figures but my estimate is between \$35 and \$40 million.

I do not know just what that includes. My own files are incomplete on the point. The honourable gentleman did not give us the details, perhaps he will at second reading, when he concludes the debate. I know it includes an effluent plant. I know it includes extra interest. I do not know what those amounts are, but perhaps he will tell us exactly what the escalation is.

The member from St. John's East would have us believe it was tripled.

I do not think that is correct. I am sorry.

MR.MARSHALL: Mr. Speaker, I wonder where the honourable Leader of the Opposition takes his start from? If he wanted to start last October you could say it has escalated by \$10 million.

MR.ROBERTS: No, I am starting back in 1967.

MR.HON.MEMBER: The guarantees of the government -

MR.ROBERTS: Yes, I agree on the government's - indeed not the guarantees the government's direct involvement because - Mr.Speaker, first of all let me say that while I have a great respect for the "Evening Telegram" I think they are usually very accurate. The figures I cited are from the Hansard. They will be found in the Hansards for April 10, 11,12, 1967. Secondly, I am dealing just for the moment with the statement made by the Minister without Portfolio, the House Leader, that the cost of it had tripled. It has not. The project escalation is of the order of thirty to thirty-five, or forty million dollars, a great deal of money.

The government's involvement has gone from \$53 millions to whatever the project will cost because there will be no one else but the government in this project. The only shareholders will be Her Majesty the Queen, in Right of Newfoundland, represented therein I assume by three ministers. That is the normal process. I, when I was a minister, held I suppose twenty shares, Maybe the honourable gentleman has inherited some of them. They are always endorsed in blank. I have never been an archbishop, I never will be. But I am told when a corporation is sold a bishop or archbishop takes office, the first thing he does is sign his will. Ministers are in much the same situation, when they hold these shares they sign share transfer certificates in blank.

But the government will be the only shareholder. The government will be the only owner. The government will be the only person financially interested in it. If it makes money the government will stand to gain. If it loses money the government must make good that loss. So, it is quite correct to say as the finance minister says, that the government's

investment is tripled. The investment envisaged in 1967 was \$53 millions. The investment necessary to complete the project will be of the order of \$160 million. It may be higher, I do not know. I am going on what the honourable gentleman tells me. I would think the government now has, counting the amounts in this bill, about \$140 millions into the project. By my guess, it is only a guess, Mr. Speaker, they have been putting \$1 million a week into it. What has it been costing to keep it going? How much has gone into it since the first of January?

MR. CROSBIE: We have about \$112 million in it.

MR. ROBERTS: How much has gone in it since the first of January?

MR. CROSBIE: Since the first of January, it would be at least \$12 million or \$14 million.

MR. ROBERTS: My figures, you know a guess of a million dollars a week. There has been about sixteen weeks since the first of January, so it is of that order. That is why

MR. ROBERTS: I said \$120 million but it is \$112 million, \$140 million the project construction costs and then \$20 million for the working capital. In other words, you know it has incredible amount of money into it. All I am saying right now and there are another number of things but I just want to deal with this one point of the escalation. I want to deal with the extent of the escalation because either the honourable gentleman did not realize it in which case I am helping him or he did realize it in which case he has inadvertently misled the House and I know he would want the House to be set straight.

The Minister of Finance can and I have no doubt will tell us what the escalation is about, where it came from and so forth.

MR. MARSHALL: On a point of order, Mr. Speaker.

MR. ROBERTS: Yes, of course, Mr. Speaker.

MR. MARSHALL: An innuendo that somebody misled the House is indeed a very, very serious innuendo. So to set the record straight, because the honourable Leader of the Opposition is a member of the government who did not understand these things. The involvement of this government - Mr. Speaker, to a point of order.

MR. ROBERTS: Mr. Speaker, I must say that the honourable gentleman has misled the House.

MR. MARSHALL: You insinuated.

MR. ROBERTS: I did not even insinuate it, Sir. I mean, is there a point of order?

MR. MARSHALL: The point of order is that I should like the hon Leader of the Opposition to either state quite clearly if he is saying, which as I understood him to say, that I misled the House; the reason why I misled the House. Because I view that as any other hon. member of this House would, rather seriously.

MR. ROBERTS: Mr. Speaker, I cannot help what the hon. gentleman understands or does not understand. You can lead a horse to water but you

MR. ROBERTS: cannot make him drink. What I said, and I repeat it, was that either the honourable gentleman inadvertently misled the House, and I used the word 'inadvertently', or he did not understand - one or the other. I did not accuse him of trying to mislead this House. I do not think even the honourable gentleman would do that. He and I may disagree on a lot of things but we do not disagree on that sort of thing. That is the sort of thing I could expect from the gentleman from St. John's North, the Minister of Education. I do not know if that takes care of the so-called point of order but if not we will go back at it.

So, Mr. Speaker, you know it is all very well to say that the costs have escalated. They have. They have escalated substantially.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: I am sorry?

AN HON. MEMBER: Three times.

MR. ROBERTS: Three times. The honourable gentleman may hear it far more than three times. We had -

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Oh, the government has tripled. Agreed. Agreed. We are on common ground there, Sir. It has gone from \$53 million to \$160 million and that is near enough to triple.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: That is not to say that the project costs have escalated. There is a vast difference between the two and if I have established that point, if the honourable gentleman will agree on that point then I will let it rest.

MR. CROSBIE: Agreed.

MR. ROBERTS: Agreed. I thank the honourable Minister of Finance.

Now, Mr. Speaker, we have heard an awful lot of that. We heard nine ministers, I am sorry, nine members on the other side, in addition

MR. ROBERTS: to the Premier and the Minister of Finance, speak. We heard them all out with interest. They all had their little individual contributions to make.

AN HON. MEMBER: With no interruptions.

MR. ROBERTS: There were remarkably few interruptions. There were some. There are always some just as there will be some -

AN HON. MEMBER: A responsible opposition.

MR. ROBERTS: But you know we do not want any question, question, question. If we have to be here tonight we will. If we have to be here tomorrow we will. It is the Government who are in a hurry.

MR. MURPHY: The hon. minister has made the statement

MR. ROBERTS: Right, I am all for it. So let us not have the honourable gentleman talking about question, question, question. That is all I am saying.

HON. MEMBERS: Inaudible.

MR. ROBERTS: No, no, no, the honourable gentleman knows what he said and I know what he said.

MR. MURPHY: Did the honourable Leader of the Opposition say "agreed"?

MR. ROBERTS: No, the honourable Minister of Finance I think said "agreed." So leaders propose and the Minister of Finance disposes. That is about the way it works around here. I am watching him.

Mr. Speaker, let me come back to a point which has been raised I think by almost every honourable member who spoke and that is the question of the responsibility of the gentleman from White Bay South, myself and the other members of the government. I listened to the honourable gentleman's speech last night and he said quite clearly and I repeat the honourable gentleman from St. John's South was always eloquent on the point, he did not add anything to the sum of human knowledge, but he repeated it again or reiterated it because that is for more than the second time. And let there be no doubt I stand here as did my colleague last night, (haw! haw fuel with straight water) responsible for the acts of the ministry of which

MR. ROBERTS: we were a part of, just as any honourable gentleman who is a member of the ministry, the honourable member for St. John's Centre, who is the Minister of Provincial Affairs and Labrador Affairs, is responsible for each and every act of the ministry headed by the present Premier as long as he is a member of it, so is the Minister of Labour, so is each minister. That is perhaps the basic rule of cabinet government. It is a rule that presents difficulties, but in the long run it works. It is about the only way I guess parliamentary government can be carried on. It presents difficulties for ministers time and time again. A question comes up, a minister takes his position in cabinet. Cabinet debates are kept secret because obviously as the honourable gentleman across I think have always realized and if they did not always now realize you cannot debate these things publicly.

The minister presents an argument. He may present it strongly. he may present it weakly, he may just acquiesce. A decision is taken. He then has a simple choice, he can either accept that, which means that he accepts responsibility and goes along and defends it, or he leaves the cabinet. Quite clear, a very simple procedure.

The gentleman from St. John's South said that there are ample precedents and indeed there are. There are two men on the other side who left the cabinet the gentleman from St. John's West, the Minister of Finance resigned the cabinet in May of 1968. The present Minister of Justice resigned from the cabinet in late October 1969. The gentleman from Fortune Bay never resigned from the cabinet. I, Mr. Speaker, would ask him to look at the "Evening Telegrams" if he resigned it was under duress. I remember the spectacle of the honourable gentleman -

MR. EARLE: On a point of order, Mr. Speaker.

MR. ROBERTS: Yes.

MR. EARLE: If the honourable gentleman would allow me, I read my resignation to the House.

MR. ROBERTS: The point is well made. The hon. gentleman did write a letter or sign a letter which said: "I resign." But let me go on - There may have been two. There may have been two hundred. Why two, as a matter of interest?

AN HON. MEMBER: He tried to get back again. I presume.

MR. ROBERTS: So why were there two? I thought one would do the job.

MR. EARLE: Inaudible.

MR. ROBERTS: I am sorry?

MR. EARLE: Inaudible.

MR. ROBERTS: Oh, the honourable gentleman submitted one - well I never said the resignation was accepted or not. If a man is going to leave a cabinet, Mr. Speaker, he can leave.

Mr. Roberts

But what I was going to say was that the honourable gentleman did not resign of his own volition.

AN HON. MEMBER: That is a downright falsehood.

MR. ROBERTS: No, Mr. Speaker, that is not a downright falsehood.

The honourable gentleman went on the television and I watched him, more with pity and sympathy than any other emotion.

AN HON. MEMBER: Did you cry?

MR. ROBERTS: No, I did not cry. He cried. I did not.

Mr. Speaker, I am speaking to the bill. I am only dealing with the remarks made by honourable gentlemen opposite. The hon. gentleman from Green Bay does not think I am. Fine, we heard him out. I am sorry, what was that?

MR. PECKFORD: I never said a word. I am totally innocent.

MR. ROBERTS: For once the honourable gentleman is right. I withdraw. I apologize. I think it was the smirk from Bonavista South. Am I correct? He has not denied it so I assume it is him. Well we did not have to listen to him so I cannot say what I was going to say.

Mr. Speaker, as the member for St. John's South said, "it is quite in order to leave the cabinet." None of us left the cabinet on this issue. Indeed no minister left the cabinet on this issue. The hon. member for St. John's West, the Minister of Finance, was out of the cabinet by the time the issue became at all relevant. The hon. member for Burin, the Minister of Justice, left the cabinet on an entirely different point. The hon. member from Fortune Bay resigned from the cabinet, as he told us at the time, because he was asked to resign. Whether he should have been asked or not is beside the point. But he was asked to resign and he bleated. I felt very sorry for him, I am not revealing any confidence. I am not revealing what may have passed between the gentleman and myself. We had conversations. I am just referring to the public records. Your Honour can look it up. The statement

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can be found in a weekend edition of "The Evening Telegram." They were also on the CBC television but I doubt that there is a permanent record of that. So, Mr. Speaker we are responsible. There is no quarrel there. As my colleague said last night and said with far more eloquence than I can, with far more force, with no more sincerity, and he spoke with great sincerity, Sir, it would have been terribly easy to walk away from this. Up until the election, it would have made little difference. It might have made some political difference. It would not have made any constitutional difference. After the election, as one of the honourable gentleman opposite said, (I do not know which one but it does not matter. One of them made the point. It is valid) any one member leaving the government or any one member leaving the government's side would have brought down the government. The government were in a caretaker position at best first because of the recounts and then because of a situation involving the Minister of Labour but not involving him personally but the situation involving the constituency of St. Barbe South and the Sally's Cove burning of the ballots and all that. Until that was settled by the courts, the issue was in the balance as to who was the government or not. At the moment it was settled, of course, the administration left office. During that period any one man could have left and would have brought the entire administration down. No man did leave. I cannot say that there were not pressures, there were not requests, there were not suggestions, there were not invitations. No man did leave. I could have left. The hon. gentleman from White Bay South could have left. The hon. member for Bell Island could have left. The hon. member for Fogo could have left. The hon. member for Labrador North could have left. We did not. I will not say I did not think about it, Sir, I would be misleading Your Honour. I would be misleading the House. I would be misleading the people of this province. I did not leave.

If I had my time back, I do not know whether I would or not, Sir. I do say that I make no apologies for what I did as a minister in those months. I think that the hon. gentleman from White Bay South and I served Newfoundland by staying in that cabinet. We may not have served our own interests if

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we had left, we would not have had the hammering that we have had here yesterday and today. I would not have been subjected to that from the gentleman from St. John's North. Maybe I would have been a hero in some eyes but I would not have been one in my own.

Mr. Speaker, the Minister of Finance yesterday -

AN HON. MEMBER: (Inaudible)

MR. ROBERTS: I do not have his exact words really but he said that the two years he spent in the administration which Mr. Smallwood headed were among the least happy or the most miserable he had ever spent. He went on and he got a great hand from every member of this House. He said, "he did not mind being in the wilderness. He did not mind fighting for what he believed was right." I think every honourable member would feel that, Sir and every honourable member would say that and every honourable member would act that way. I felt and I still feel that to have stayed in that ministry during those months was the hard thing to do and it was the right thing to do. That is why I did it. That is why my colleague from White Bay South did it. We will be judged, I have no fear of that at all. I make no apologies. The hon. gentleman, the minister without portfolio, said that we should have resigned over the Panama Union Bank incident. Mr. Speaker, I say we would have served Newfoundland badly if we had resigned over that incident. To say that that entire transaction was shadey was to put it mildly. It may or may not have verged on the quasi-criminal, I do not know. I will say that no money was lost to the Province of Newfoundland. I will go so far as to say that it was action by the ministry for which all the ministers were responsible. It does not matter which particular minister initiated it or which particular minister signed the letter and there were two in this case. Action by the ministry saved that situation. The honourable gentleman went on and said that we should have resigned when the guarantee for that deutschemark loan and the Hessische Landesbank loan, when we discovered it. The honourable gentleman has access to all of the facts. He has doubtless spoken with the officials concerned. No doubt he has. He should have. He is certainly conscientious

Mr. Roberts.

enough that he would have. He knows what happened. I am not going to say what happened. He, I think, said what happened. I did not demur. I was here in my seat. I was listening. I have heard every word of the debate, not all of it in the House but I have heard every word. I think the hon. gentleman from White Bay South and myself served Newfoundland well. I do not think we would have served her well to resign.

AN HON. MEMBER: Who were you protecting Newfoundland against?

MR. ROBERTS: Protecting Newfoundland against anyone who would harm her, Mr. Speaker. That is the duty of any member of this House, any Newfoundlander.

AN HON. MEMBER: Would the hon. member care to name him?

MR. ROBERTS: No, Mr. Speaker, I would not care to name anybody. If the hon. gentleman wants to ask, if he wants to make a little statement, I would yield the floor to him. He will have to make it a question.

MR. EARLE: Would the honourable member yield, I wish to clear a point.

MR. ROBERTS: Yes, I will yield any time to the honourable member, Sir.

MR. EARLE: The resignation of the person now speaking, as a member of the cabinet and as member of the Smallwood Government - letter October, 27, 1969. "It is with deep regret that I tender herewith my resignation as Minister of Finance of the Province of Newfoundland and Labrador and as a member of your cabinet." There was some argument about it. Mr. Smallwood would not accept it at the time. On November 5, I wrote Mr. Smallwood and said: "Therefore, I hand you herewith my resignation of Minister of Finance" which he would not accept on October 27. Now you can be as technical as you like, Mr. Speaker, these were two letters of resignation. You can get into a legal argument if you want to but in my way of thinking these were definite resignations and that is what they were intended to be.

MR. ROBERTS: Mr. Speaker, I do not quarrel with the fact that these were letters of resignation.

MR. ROBERTS: do not even know why two were needed. I have never understood how a letter of resignation is accepted. If one is going to resign, or one has resigned, the letter is merely the notification of the decision, of the intention, of the action.

MR. EARLE: There was only one person tried and that was the Premier.

MR. ROBERTS: What I did say, Mr. Speaker, and I am not being technical, it is the hon. gentleman who raises the subject again. I am sorry to have to go into it again, but if the hon. gentleman raises it I will have to restate what I did say, it was that the hon. gentleman resigned under duress. My authority for that is the public statements - the hon. gentleman was not here, but I will repeat. I said that certain conversations had passed between the hon. gentleman and myself, including one in my room in the Department of Health. I have made no reference to that nor would I, that is between the two of us. If the hon. gentleman wishes to make it public fine, but I would not, I never will. He recalls the conversation, I am sure he does.

I am quoting the gentleman's public statements as they were published in the 'Evening Telegram,' the day after. I realize that I am a little far from the principle of the bill (55), but the hon. gentleman raised the point and I did want to set it at rest.

MR. EARLE: Yes, Mr. Speaker, I...

MR. ROBERTS: He is back at it again, Sir.

MR. EARLE: I am glad it was raised, because the hon. member well knows what transpired during those three or four days. At the request of the Premier I went to see him and all other members of the cabinet. This was done at the request of the Premier, but I had not withdrawn my resignation.

AN HON. MEMBER: (Inaudible)

MR. EARLE: I could not reach them all because they were in a secret meeting. The effects of that meeting and what went on I heard of afterwards.

MR. ROBERTS: Mr. Speaker, I guess the point is and the hon. gentleman has

made it again, that this is well known and I am not saying it was right or wrong, but I am stating a fact.

MR. EARLE: The fact is, I resigned.

MR. ROBERTS: Yes, at the request of the Premier.

MR. EARLE: Not at the request of the Premier.

MR. ROBERTS: Mr. Speaker, It is pointless to pursue it further, all I will say is that the hon. member's memory is failing him. He might wish to check the point, if he...

MR. EARLE: (Inaudible)

MR. ROBERTS: Oh! Mr. Speaker, of course he submitted a letter of resignation. I suppose any man who has ever been dismissed from cabinet submits a letter of resignation.

MR. EARLE: I had not been approached, he had never heard of it when I went to him.

MR. ROBERTS: Not been?

MR. EARLE: I had not been approached to resign. The Premier had never heard of it when I went to him.

MR. ROBERTS: Mr. Speaker, if the hon. gentleman wants me to go through somewhat sad chronology of his last days with Mr. Smallwood, I will.

MR. EARLE: Thrash, stuff, nonsense. The hon. member does not know what he is talking about.

MR. ROBERTS: The point I was making was that there were two men on the other side who did resign. One on a major policy issue, the gentleman who just came in, the Minister of Finance, and the other on a point not of policy but a disagreement with the Premier on a point of political practice, a dispute arising over the then Leadership Convention, The Minister of Justice did resign. He left somewhat suddenly, as I recall. There was a telegram the Premier had read to him on the telephone, but he did leave the cabinet. The other hon. gentleman left the cabinet under different circumstances. Maybe it is in his own interest not to push it further. If he wishes I will, but it is exasperating old wounds

Sir. Is the hon. gentleman going to go at it again? I mean I will yield to him if he wishes.

MR. EARLE: There are those who do not wish to see what cannot be told.

MR. ROBERTS: That is quite true, Mr. Speaker, it is quite true. It is also irrelevant. As I was saying, the easy thing for us to do would be to resign. We did not resign. For that I take responsibility, the gentleman from White Bay South takes responsibility, the gentlemen from Labrador North, Fogo, Bell Island will answer for it. If it is good we will answer, if it is bad we will answer. What we did we did in good conscience and on the best information we had, so that is that.

Hon. gentlemen can say what they want, they can hammer us all they want. Maybe some day they will be in that situation and we will see how each of them measures up to it. Maybe they will do better than we did, maybe they will do much better than we did or maybe they will not, but let them speak. The hon. gentleman spoke about being in a political wilderness. I followed his career, I admire much of what he did, I disagree with much of what he did, but I admire it. Nobody can doubt the hon. gentleman's courage and his willingness and his fierce desire and ability to stick to it. He said he knew defeat, well, Sir, we too know defeat. I have known it politically, I may know it again. I do not mind defeat, I do not mind. There is nothing nicer than going to bed and discovering one of your own supporters has, politically speaking, put a knife between your ribs and twisted it.

You know I knew, I knew why the then member for Port de Grave was not here that day.

AN HON. MEMBER: Bay de Verde.

MR. ROBERTS: I am sorry, Bay de Verde. I knew who had gone to see him on Sunday. I do not know what passed between them, but I knew who went to see him, a relative and enough be said. Royal Commissions, we might establish one there. We might have a look at that curious transaction. I would like to know why an hon. gentleman would give up, would forego

a pension, I would be interested in that. I am not accusing him of anything I am just asking. I agree with what the hon. gentleman from St. John's South said about tips of icebergs and corruptions. The first I heard of this Leichtenstein business was from the Minister of Finance - the first I heard of it in detail was when he went into it yesterday. I heard his references before. I would like to know who owns that compnay, because certainly, on the evidence laid out by the Finance Minister, there is something wrong.

MR. A.J.MURPHY: The hon. Leader of the Opposition...

MR. ROBERTS: Other than references made by the Minister of Finance publicly before that, including questions he asked over here.

MR. MURPHY: The questions were asked during...

MR. ROBERTS: I do not remember that, but he may have. I do not remember it.

MR. MURPHY: The hon. member conveniently forgot it.

MR. ROBERTS: No, Mr. Speaker, the hon. gentleman should not say I conveniently forgot it. Let him attack my actions but let him not impugn motives.

MR. MURPHY: All right, want me to check back.

MR. ROBERTS: I do not know if the hon. member for St. Mary's asked the question or not. If the hon. gentleman says he did, I will accept his word. I am just saying I did not remember it. The hon. gentleman who sat for St. John's West and still does asked questions. They were answered by members of the ministry. I went no further on it, maybe I should have. Maybe I should have.

AN HON. MEMBER: Did you bother to find out where Javeline received their rights from?

MR. ROBERTS: No, Mr. Speaker, I must confess that I did not check the answer to that question if it was an answer. It was answered in the parliamentary sense. I do not know how much information was conveyed, I suspect not a great deal. Any number of things the ministry did before

I was in it I did not check, any number of things the ministry did while I was in it I did not check. No one man can know everything that happens, can check every piece of paper. Maybe this one should have been checked, it could be.

Somebody over there said we, meaning the gentlemen on that side, are not perfect. I agree with that, I also agree that we are not perfect either.

The hon. gentleman from St. John's South says that the whole transaction should be investigated. I agree with that, my colleague said so last night.

It is pretty curious; a letter is issued a letter that has no validity. Any lawyer looking at it would say that it was invalid. not worth the paper it is written on. At best it might be a statement of intent, but as a grant of property, a grant of real or personal property it is worthless. You know, a first year law student would, you know, reading real property or land law (1) or something would write it off. Yet, on the basis of that a company is formed under strange circumstances. Leichtenstein is a tax haven I understand and you can do all - I have been reading the past week a book called "Rogues and Riches" which I commend to hon. members. The "Evening Telegram" wanted to reproduce a large segment of it. I commend it, it has a long chapter on John Christopher Doyle, most illuminating, most interesting. Dicks and Company do have it, they are not paying me for the commercial, but they do have it.

That letter is later - I may have misremembered the chain of events, but that letter becomes the basis of an agreement between Canadian Javelin and this Leichtenstein Corporation which may or may not, but presumably is a "dummy corporation." That is the inference, that is what it would seem to be on the face of it. Three gentlemen who are presumably lawyers or, I do not know, but you know, not known in the deal, not known in the transaction, not known in the Javelin - government dealings, but \$2 million just paid by Javelin

MR. ROBERTS:

and too many boards obligated.

MR. CROSBIE: Would the Leader permit me just to ask him. I do not want to mention this in case he does not have a chance to reply to it. There was a Cabinet meeting April 3, 1969 at which the honourable gentleman was present and at which an order-in council passed having something to do with this timber

MR. ROBERTS: I can quite believe that. He mentioned two meetings yesterday, Mr. Speaker. While I was in the Cabinet -

MR. CROSBIE: Wait now. I am not finished. It is quite possible that this might have been passed and you might not have noticed but it was passed.

MR. ROBERTS: That was what I was just going to say. During the years -

MR. CROSBIE: If you wanted to look at it I can get you a copy.

MR. ROBERTS: I would like to say that - I doubtless have a copy in my own files because I have a set of the minutes. During the period that I was there thousands of orders, an average of 1,200 orders-in-council a year are passed and possibly another 1200 cabinet directives and maybe 3,000 or 4,000 treasury board minutes are passed each year.

AN HON. MEMBER: It must not be so important to overlook it.

MR. ROBERTS: We will see what the order is. It may or may not have been a substantive part of the order. I do not pretend to vet every order. I am responsible but I do not pretend to vet them any more than the Minister without Portfolio vets every order that comes up. If one of his colleagues comes in and says, "Here is a proposal. May I have it approved?" If it meets with the approval of the government, after whatever discussions necessary, it is approved and that is it. I had a minister tell me today, I will not

MR. ROBERTS:

name him, it does not matter as he is not familiar with the details of the bill but he said, he named the three men on the committee and he said, "They say it is the right thing so we will go for it." One of the honourable gentleman's colleagues and I did not quarrel over that. I think it is quite reasonable. The honourable gentleman concerned is running a department. As the member for St. John's South said that he trusted the Minister of Finance, he was speaking with reference to \$5. million but you know I do not find that hard to understand.

If ever the honourable gentleman for Bonavista South gets into a cabinet, he may or may not, stranger things have happened you know stranger things have happened, then perhaps he will understand what I am talking about. Responsibility is one thing but to claim all knowledge is another. There are any number of incidents in history. I mean I could go through, if the honourable gentleman wants I could name him a thousand where - Does the honourable gentleman know the Critchel-Dowd Case where the Minister of Agriculture in the United Kingdom resigned? He resigned because some clerk grade forty-seven had made a terrible mistake involving the rights of one of Her Majesty's subjects and the minister resigned. You know there are hundreds of cases.

I am responsible. I am not denying that.

MR. MORCAN: Would the honourable gentleman permit a very small question?

MR. ROBERTS: Yes, small or large.

MR. MORCAN: The question is you were unaware of this company, Societe Transshipping although the question was brought up by the honourable member for St. John's West, I think, last year. Surely there must have been some questioning as to where the timber lands

MR. MORGAN:

came from for Javelin, 10,000 square miles?

MR. ROBERTS: No, Mr. Speaker, the answer to the question is this and the Minister of Finance said so, the real secret on this thing, the real knob of the problem is that these 10,000 miles could never have been logged anyway and they are not part of the timber that is needed for that mill, as I understand it. The head waters in that part of Labrador flow down north to south, that is the area Quebec wanted to get from the Government of Newfoundland six or seven years ago. It was one of the quid pro quos on the BRINCO deal when Mr. Levesque was at it. We did not know why they wanted it then or still do not for that matter. But I think that whole transaction in Liechtenstein should be investigated, of course, and I think the Minister of Finance is quite right not to pay anything. I know that Javelin ask for it and they were right to be turned down.

As far as I can see, and the minister will correct me if I am wrong, no money provided or guaranteed by the Government of Newfoundland has gone into that because the \$2. million has gone, presumably it has been deducted and again the minister nods assent. That, I think, is a point which should be recorded.

MR. CROSBIE: That has been bilked from their shareholders.

MR. ROBERTS: Right, right. I mean it is, Javelin are experts at bilking their shareholders. I will come on to that a little later when we talk about \$5. million.

The other thing that I want to see investigated, my colleague said so last night, is this exceedingly curious incident of being asked, the government being asked to pay back \$650,000 in return for reconveyance of an equity which is worth \$100,000, on the consideration pay - most curious, on the face of it, and the Minister of Finance said so, apparently criminal. Certainly you know a

MR. ROBERTS:

prima-facie case. Somebody on Javelin's side, I pressed the minister but he said one of their negotiators (he did not name him) I am not sure if the same was made in writing or orally, but made that plain that we, Javelin, gave somebody a bribe. Now there is a clear inference in that.

AN HON. MEMBER: He did not say that.

MR. ROBERTS: No but I mean I am paraphrasing. No but the honourable gentleman might have been right to say that.

MR. CROSBIE: He said it cost him \$550,000.

MR. ROBERTS: It might very well have been a bribe or a bribe offer or it might not. I do not know but the fact that the statement was made to the minister or to somebody who repeated it to the minister, I think means that the whole business must be looked up and that Javelin person should be sent for. I do not know if he is in the jurisdiction or out, but if it is criminal we can get him whether he is in or out. I would like to see that looked into. You know if anybody did ask for or receive a bribe offer let us get to the bottom of it, and I mean that. I know it was not I. I know that much and I am quite prepared to believe it was nobody here. I am quite prepared to believe anything about it.

AN. HON. MEMBER: (Inaudible).

MR. ROBERTS: But it should be looked into. The member for St. John's South is right to bring that up. The Minister of Finance brought it up and my colleague brought it up and I bring it up and I think the government should take the steps. Now I do not know whether a Royal Commission is the right way or whether it should be referred to the Royal Canadian Mounted Police or you know what should be done. All officers of the Crown could advise on that. These curious transactions should be looked at. They should be looked at with a jaundiced eye

MR. ROBERTS:

because on the surface, on the basis of it, on the prima facie evidence that we have and all we have is the prima facie evidence.

AN HON. MEMBER: It is hearsay -

MR. ROBERTS: Well, it is hearsay but it is worth exploring. I mean it might not be admissible in a court of law as evidence but it certainly is the basis for further investigations. It would give me a great deal of pleasure if the minister when he closes this debate were to say that the government will commission such an inquiry whether it be by Royal Commission or by other means I will leave up to the ministry and law officers but I want to get to the bottom of this. I want to get to the bottom as a Newfoundlander. I want to get to the bottom of it as a member of this House and I will be candid and say I want to get to the bottom of it because if it was somebody in my party who was involved I want to know about it and I think the people of Newfoundland should know about it. This sort of conduct has gone on, let it be brought out and that is why, I forget who mentioned that, it was the member for St. John's East and he is not in his seat unfortunately. I said that when the government set up a Royal Commission on these liquor leases that I welcomed it. Of course, I did and I can tell the House, I am not breaching anything, I ask who owned those liquor leases and I got no answer. Should I have resigned? Maybe. Blame me if you want, I mean you know I will have to stand to what I did or did not do.

AN HON. MEMBER: (Inaudible).

MR. ROBERTS: No, Mr. Speaker, because resignation would not have solved that particularly. The only solution to the problem, and I do not even know if the Royal Commission can discover it. I feel they cannot discover who owns those liquor stores. I hope they can. I mean my fear is that they cannot but I hope they can. I hope

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MR. ROBERTS:

they can and whoever it is gets nailed. Bingo! I do not care who it is, just nail them. My fear would be and I tell you why I have the fear, my fear would be that Mr. O'Dea, the honourable Mr. O'Dea, will bring in a report and say, "I have been unable to discover," and then that leaves all sorts of suspicions still undisputed or unanswered. I fervently hope when that report is made to the ministry and when it is produced that it names names.

MR. ROBERTS: I am sorry.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: No. I am not scared of the Mafia. I watched the movie "The Godfather" with a great deal of interest and if I owned a horse I would be concerned. If I had any potential of being a singer, which I do not, I do not even have any on being a speaker.

Mr. Speaker, these are things which must be looked into. It should be looked into, because I do not view this debate as merely partisan. Of course it is partisan. Honourable gentlemen opposite are trying to score partisan points. Fine, let them. We will try to score a few too. "It is a long road that has no ash cans," as John Diefendbaker once told the House of Commons. It is a consoling thought, a very consoling thought when you find yourself the Leader of a Party that is a little less than you went into the election with. It does not bother me. I have seen governments come and go. This government, I have seen them come. I will see them go - when I do not know, under what circumstances.

Now they are proud and arrogant. They feel that they have all the wisdom and virtue of the world. Fine, I have every sympathy when the hon. Minister of Finance opened his speech yesterday and gave in. Maybe I would have given into the temptation. Probably I would have, to say - he did not say it was a proud moment but it was in his mind. He said, "Four years ago I left the ministry on a point of policy. Today I stand here," he did not use the word "vindicate" but said, "I am vindicated." He would be less than human if he did not feel that.

The hon. gentleman from St. John's Centre whose entrances into the House I would say, Mr. Speaker, have become occasions of state. I have been marvelling at them and I wish I could copy them. I will practice.

AN HON. MEMBER: Get in the elevator on the way up.

MR. ROBERTS: But, Mr. Speaker, the hon. gentleman from St. John's Centre sat here for ten years, napping in his seat. I do not blame him. Part of politics is being prepared to lose. The hon. gentleman has done his

sharing of losing. Now he has won, or he has been the beneficiary of a victory. Or if you wish, the beneficiary of a loss, being an insurance man he would understand that.

I am not worried about being here, not at all. I will live to see some of the hon. gentlemen opposite over here when I am over there again. Whether I am there as Leader of a Government or as a backbencher...

AN HON. MEMBER: Inaudible.

MR. ROBERTS: The hon. gentleman knows a great deal about losing too. He has the courage to keep coming back. Was it four times the hon. gentleman blew it before he won one? He is ahead.

The hon. gentleman from St. John's South knows about losing. There is nothing wrong with losing, nothing wrong at all. I think government should remember that they can lose. I could go so far as to say they will lose.

Now, Mr. Speaker, yesterday the Minister of Finance, and I would agree with what everybody else said, it was a masterful speech. It was a presentation of a great deal of material that had been well put together. I am not doing the gentleman any disservice when I say that is what I expected of him. I know him well. He has got great abilities. He used some of them yesterday. He presented a most intriguing story. Parts of it were only too familiar to me. The "Merry Christmas and Joyful New Year," that my colleague and myself put in over Christmas was only too familiar. The hon. gentleman did not tell us one third of what went on. Maybe he does not know all of it. But he did not tell what he knew.

MR. CROSBIE: It would make a long book.

MR. ROBERTS: I agree. It would make a magnificent book, the only thing is nobody would ever publish it other than as a work of fiction.

MR. MURPHY: Inaudible.

MR. ROBERTS: I do not know about that, Mr. Speaker. I often wonder. The hon. gentleman is always positive. But that does not make him right.

MR. MURPHY: Experience speaks.

MR. ROBERTS: Experience speaks, I agree. I can only hope the hon. gentleman gets some experience.

There he is, sitting with his feet propped up. What is the fellow in the "Mikado"? Is it the Pooba?

MR. MURPHY: No - Roberts.

MR. ROBERTS: No, there may be a Roberts in the "Mikado," I do not know. But there is also a pooba. The hon. gentleman tells me it is fire to the heights of the Roberts, but a pooba he has made.

MR. MURPHY: Well, Mr. Speaker, I do not know about the people of White Bay North. They have chosen to return me and I am grateful to them and I consider it a high honour. They did it by adequate majorities in each case. There were no recounts in White Bay North.

I take some consolation from the fact that the people who know me best have returned me with greater majorities. The gentleman who was sent down to run against me in October and who subsequently caused the Progressive Conservative Party to postpone the nominating convention in Burin-Burgeo by offering himself as a candidate for the nomination managed to lose and the young man who ran against me last time. Maybe next time they will turn me out. That is their privilege. It is their right and they know how to do it.

Let nobody over there ever think that the people of Newfoundland will keep returning them, no matter what. There are no safe seats.

MR. MURPHY: The last election was a lesson to us..

MR. ROBERTS: Yes. It was a lesson for a lot of people. But let it be remembered that a government that wins begins to die the day it takes office. I saw the day, the hon. gentleman saw the day when there were thirty-nine over there. I was one of them. There were smirks and arrogance there too.

AN HON. MEMBER: Too much.

MR. ROBERTS: Maybe too much. Our administration paid the price. It paid it in blood on March 24th.

MR. MURPHY: I tell you the people of Newfoundland paid it too.

MR. ROBERTS: It could be. The people of Newfoundland took the price.

MR. MURPHY: They are paying it now.

MR. ROBERTS: We will see. I told you so. Mr. Speaker, if you want to call it 6:00 o'clock I will. If you do not want to, I will go on. I have a number of things yet to say. After all we have only had four speakers on this side. I suppose altogether we have not taken the time the Minister of Finance had. I do not begrudge him one second. I did not even begrudge the (I have to call him a gentleman) from St. John's South who got up and read a little hatchet job.

AN HON. MEMBER: North.

MR. ROBERTS: North, I am sorry. I am very sorry. The hon. gentleman from St. John's South neither read nor performed a personal hatchet job anyway. The gentleman from St. John's North... Do you know Hogan's Pond is in St. John's North. I will never establish residence in St. John's North. The hon. gentleman will be relieved to hear that.

MR. CROSBIE: What are you doing there now?

MR. ROBERTS: No, but I will never establish legal residence there in the votings. I could not. Having to look at a ballot with the hon. gentleman's name on it, after the job he did on me.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: It could be. If the hon. gentleman wants to keep coming at me, let him feel free. He will earn his name of "Savory John" yet.

MR. CROSBIE: Inaudible.

MR. ROBERTS: If you want to call it 6:00 o'clock, we can. When do we come back? I guess we will never go to Boyne Cramm's wedding? Anybody here besides myself asked to the wedding?

HON. MEMBERS: No.

MR. ROBERTS: Well he is having a wedding, being a bachelor I assume that leads to the marital state, does it?

Do you want to call it 6:00 o'clock? If we could then, Mr. Speaker, let me just say, I will probably need the better part of three-quarters of an hour or an hour after supper given no help from the other side by means of interjection. Do we plan to go on to committee?

MR. MARSHALL: We would hope that it would not be necessary for the House... We will move tonight that the House not rise at 11:00, so that hopefully we can get this bill through committee tonight.

The hon. the member for White Bay South, the House Leader for the Opposition, has indicated that leave will be given for third reading of this bill if it passes second reading and then at that time we hope to prevail upon his Honour the Lieutenant-Governor to come in and give assent to this bill as well as the other bills that have been passed.

AN HON. MEMBER: How long?

MR. MARSHALL: I would imagine probably fifteen or twenty minutes. So we may not go much past 11:00 o'clock, Mr. Speaker.

MR. ROBERTS: This is a little out of order, Mr. Speaker, but if we could take a second, we will move an amendment on the \$5 million debt, the Premier undertook yesterday to accept. There are one or two other things, we cannot vote against it unless there is an amendment, then we have to vote against the whole Schedule. But it is a simple amendment, other than that I do not think we propose to be long in committee, unless the hon. gentleman from St. John's Centre wants to mix into it, I will gladly have him. I enjoy jousting with him. It is great fun. It sharpens...

MR. CROSBIE: the Lions Club.

MR. ROBERTS: As a christian among the lions. "Oh Daniel, dare to be a Daniel." Let me just remind you of the words of Daniel's song. Anyway, let us go home.

MR. MARSHALL: I would like to give the hon. Leader of the Opposition a copy of the proposed amendment which is going to achieve the points I brought up last night, so that you might look at it from the point of view of expediting committee.

MR. ROBERTS: That is the point the Premier dealt with yesterday.

MR. MARSHALL: That is right, with respect to the sale of the premises. We have an amendment drafted.

MR. ROBERTS: Fine, Sir, the only amendments we have will deal with the \$5 million and possibly with the fact that the bill and the government may want to do this now, the bill has no requirement for tabling of documents. I will move it but I think it is one that is going to be accepted. You may want to have it drafted, Mr. Speaker.

MR. MARSHALL: What documents?

MR. ROBERTS: Any documents that may result under this standard clause. The law clerk might take a moment or so over the adjournment.

I know we are out of order, Mr. Speaker, but after all we managed to get this debate this far by reasonable co-operation.

MR. MURPHY: Inaudible.

MR. ROBERTS: But we are adjourned, are we not. The Speaker has not left the Chair yet.

MR. SPEAKER: It being now 6:00 o'clock, I do leave the Chair until 8:00 o'clock tonight.



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SPEAKER: THE HONOURABLE JAMES M. RUSSELL

May 5, 1972

Tape no. 347

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The House resumed at 8:00 P.M.

MR. ROBERTS: Mr. Speaker, when the House adjourned at what we call six o'clock in the parliamentary sense, I finished touching upon one or two of the points raised by honourable gentlemen opposite in their debate or in their contributions to this debate over the past day or so. I do not think I need to go back over that. There are one or two other points I want to make particularly with respect to what seems to be the concerted design of the ministry. I assume it is not an accident. I assume we will hear a great deal more of this in the years to come, months to come, weeks to come and we will have loads of opportunities to argue back and forth on it. This was the plot outlined by the Minister without Portfolio, the hon. gentleman from St. John's East who several times in his little chat this morning referred to the fact (many of his colleagues picked it up or were asked to pick it up if they wished) that we are going to be told any time in Newfoundland in the next three or four years that any time something is not done, it is simply because the government have had to invest a sum of money in the linerboard mill project and that is the reason it is not done or will not be done. Now time will tell whether that is the government's thinking, if thinking is the right word to describe that state of mind.

All that I want to do now is to note again that the form of examination as far as the information that we have over here - I know the Minister of Finance will correct me where I am wrong and set me straight where I have gone astray. On the figures the fact remains that the escalations are considerably less and while the government's involvement has increased that is because as of now the government are the only owners of the project or will be when this bill becomes law as it will, I gather, this night. In addition, of course, the Minister of Finance has told us that he expects (I realize that there is much he cannot know and much that no man can know) and we all share his wish and his hope that this project will pay for itself. The people of Newfoundland will not end up having to pick up these

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guarantees. This is the only way the people of the province could be out-of-pocket on it, if the project does not earn sufficient money to service the debt on principal, on interest. The point could be made and doubtless will be made that the fact that the credit of the province will have about \$140 million on it. I am not counting the working capital. If the honourable gentleman wishes, we could make that \$160 million. It is about \$140 million for the assets, for the capital value and another \$20 million for the great working capital. That is true it will show on the direct debt of the province. Up until now it has been an indirect liability, a contingent liability. No matter how close the contingency may be, it is certainly not a very remote one. Now one of the affects of this bill will be to make that a direct liability. So be it! That should not eviscerate the reason for voting in favour of the bill but it should be noted. In addition, of course, the people of this province through the government will acquire an asset that will be worth \$160 million or \$140 million. Whether that asset could be sold for that or not, we do not know. There are two ways to value any asset: (1) What is it worth or what is it listed for, its books value? (2) What it would bring if sold? What it would bring if sold is a different matter all together. The iron, ore mines on Bell Island might easily be worth on the books of some company \$8 million, \$10 million or \$12 million. If they were to be sold, they would obviously be worth nothing or next to nothing. The mill will have cost \$140 million presumably the Crown corporation will take that depreciation. They will not be in a tax position anyway at least until such time if ever as they have an option for purchase were okayed.

In addition, Mr. Speaker, it should be noted for the record and we will keep coming back to this, if the occasion should arise and I expect it will that the administration which now apparently is going to claim that the cost of this mill, the fact that they had to take over this mill, the fact they are taking it over - they are going to put up the claim that that will prevent them from doing anything in Newfoundland or

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everything they cannot do will be because of this. I might make the comment -

MR. CROSBIE: There are other things too.

MR. ROBERTS: Oh! there are many other things too. I am just speaking on one aspect at a time. There are many, many other things and I have no doubt, Mr. Speaker, that over the months and years ahead in this session or this Assembly, we will hear a great deal more from both sides about this. The point I want to make is that during the last election when the government candidates were going throughout this province promising to pave everything that did not move and to pension everything that did move, they were fully aware, these ministers were aware, all of them are equally responsible for this, that the project would cost this amount of money. If they now feel that they cannot afford to implement their election promises, then so be it! They made false promises, knowing they were false.

MR. CROSBIE: There was nothing new a year ago.

MR. ROBERTS: I do not follow the honourable gentleman's comment.

MR. CROSBIE: There is nothing new for this province if that were the case. That has been the pattern of the last government.

MR. ROBERTS: I understood from everything that had been said -

MR. CROSBIE: There were no paving promises. We could not get the paving machines out last March. Last fall you are talking about, when you could not walk on a road in the island.

MR. ROBERTS: The honourable gentleman, Mr. Speaker -

MR. CROSBIE: You could not walk on a road in the island but it would be paved over. There was not a vegetable garden safe last fall.

MR. ROBERTS: The honourable gentleman has obviously been into the - I will not say that.

MR. CROSBIE: The honourable gentleman has obviously been in the what?

MR. ROBERTS: No, I will not say it, Mr. Speaker.

MR. CROSBIE: Why not say it?

MR. SPEAKER: Order!

MR. CROSBIE: You will just hint at it.

MR. ROBERTS: No, I will not even hint.

MR. CROSBIE: Come on! Have the guts to say it.

MR. ROBERTS: No, I do not want to say it, Mr. Speaker. It is unfair. It is something that the honourable gentleman told me privately and I should not use it publicly. If he wants to hector, let him, I will go on making the point. The honourable gentleman, Mr. Speaker, has a lot of good points. I would be the last to deny that. I think it is fair to say that he may just have one or two weaknesses. One of them I suggest, Your Honour, is an inordinate sensitivity to criticism. I have watched this honourable gentleman now for a number of years. He is awfully good at dishing it out. He is exquisitely good at dishing it out. He can ballyrag and abuse with the best of them. I do not pretend to be in that league and I hope I never am. Give the honourable gentleman the citation of merit in that department. He is not quite so good at taking. As a matter of fact, Mr. Speaker, I think we will find every time the honourable gentleman is in any way questioned or criticized, anything less than the glorious hymns of praise which were sung to him this afternoon, he gets very upset. My colleague here the other day referred to him as being temperamental. It touched off a tirade about "contemptible worms." You know, these things are all on the record. The honourable gentleman is much too sensitive. He should be as good at taking it as he is at giving. He is pretty good at giving so he will have to learn to be good at taking it. You better get used to it, Sir. He is in the government now. The job of the opposition is to oppose and we will do the best we can. We will try. We will learn. The honourable gentleman may just make a mistake some day. It is possible. It may be unlikely but it is possible. It is possible.

MR. CROSBIE: I joined the government in 1966.

MR. ROBERTS: No, Mr. Speaker, that may or may not have been a mistake. The honourable gentleman may make another mistake. I realize it is highly unlikely. I realize that really it is almost pushing the laws of probability beyond

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the going where they could be pushed. It is possible. It is just fairly possible. If so, we may be so brave as to raise the matter. Maybe I am wrong. Maybe the paragon will go on. Maybe all we will hear for the next four years is how great a man he is.

MR. SPEAKER (BARRY): If the honourable Leader of the Opposition is present coming within the bounds of relevancy to the motion. I do not mean to curtail the debate.

MR. ROWE, W.N. But he could be heard in silence.

MR. ROBERTS: That is a matter of course where Your Honour will rule and I will decide that if I can be heard in silence. I did not start the interruptions from the paragon of virtue over there.

MR. SPEAKER (BARRY): The honourable member is entitled to be heard in silence as are all members of the House.

MR. ROBERTS: Thank you, Mr. Speaker.

In any event both sides have been criticizing this bill. At times I wonder who was the government and who was the opposition. But I suppose that is part of the inevitable process which comes from a transition, one party comes in and the other party comes out. We will live with that.

Now, Mr. Speaker, the honourable gentlemen opposite really made very few points in their speeches. They did repeat the same points over and over possibly for emphasis, possibly because they wish to add their voices to the chorus. Fine! Fair enough! I do not think any of them added anything to the points raised by the hon. Minister of Finance in his introductory speech and by my colleague from White Bay South in his speech.

My colleague made some extremely good points. I repeated them this afternoon. I happen to believe that his speech was one of the best that has ever been made in this House. The Minister of Finance made some good points too and most of them I agreed with. On this bill itself we are going to vote for it in second reading. I think that nobody could really quarrel with the suggestion that the Government of this Province should acquire ownership of this project. Maybe it should have been acquired months ago. Maybe it should not. It was not.

MR. ROBERTS: Looking back I am not so sure it could have been at any point until there was in power a government with a sufficient legislative majority to achieve this. Other members may differ. Other members may feel, we feel that it should have been acquired and it should have been handled differently.

Well as one of the honourable gentlemen opposite said, history will have to judge that.

What happened really was quite simple. It may be a classic case. A group of agreements were negotiated. Whether all of the ministers, who were in the cabinet at that time or not, were intimately familiar with each and every section of the agreements, it makes no difference they are all equally responsible. Similarly any ministers who joined the cabinet subsequent to that are equally responsible. That is fine. It does not take away from the fact that men who were ministers, men who are ministers or men who may be ministers could have honest motives and could believe in what they are doing.

The development of the project is probably a classic. Probably a case in how not to do things in some ways and yet the interesting thing is as of now, as of today the province, to my knowledge, well its liabilities have increased and are increasing further by the bill we will approve tonight, has not in spite of all the dangers and all has not to this point lost any money. It is not true to say there are not many things wrong.

I have stood here and my colleague has stood here and said there are many things wrong. The government's decision to take over the project is really I think the only way it will be finished. The project must be finished. That is why right from the start, indeed even during the election campaign I raised no quarrel with their announced decision to take it over.

MR. ROBERTS: We do quarrel though, Mr. Speaker, with the terms on which they are taking it over. Now I think all the members are familiar with the basic outline of this agreement. Before I go into the terms, the price that is to be paid by the people of Newfoundland for this project, let me just touch on the question, where I think we have touched a very sensitive point on the other side, judging from the amount of abuse that has come across at us on it. The point is whether or not this take-over should be by agreement or whether, I am sorry, whether it had to be by agreement or whether it could be by some other way.

Well, Mr. Speaker, let me first of all say that I had no difficulty at all in accepting the point, the matter should not go through the courts. What matter should not go through the courts? Not the question of compensation. Mr. Speaker, that can be settled by arbitration as is provided in this bill in certain cases it can be settled by negotiation or it can be settled by litigation through the courts. The question that should not go through the courts is possession of the project, its physical possession the ability to get in and finish the job.

Now the government could have acquired that by agreement or it could have acquired it by legislation. We take the position that while the agreement may be preferable, if the price of the agreement is \$5 million, we think the government should have come to this House and asked for legislative authority to take over the project. Honourable members opposite may differ. Indeed, they do differ they have said so at inordinate length. The minister will very shortly say so again.

I am familiar, and I do not pretend to be a constitutional lawyer and I have not had the benefit of the opinions of the law officers, I am not entitled to the views of the law officers at this time, but I know of no reason in constitutional law or in law whereby the assets of this company in this province could not have been acquired

MR. ROBERTS: by legislative process. Assets outside of the province could not have been acquired by legislative process. Our writ runs only to the geographic boundaries of this province.

The British Columbia case, as I understand it, deals with the acquisition of shares. Here we are talking of the acquisition of assets. The compensation does not have to be settled by legislation. I agree that we cannot be a Banana Republic. We just cannot take and say unilaterally that is the price. The question of compensation could have been left and could have been settled by agreement or failing that by arbitration or failing that by legislation.

Again, Sir, not an unusual or a new procedure. It may be any amount. The procedure I have outlined is the procedure that is followed under the Expropriation Act here and in every province in Canada.

However, the government chose not to do this, Sir. So be it! So be it! They are supremely confident that they are right. I never saw a group of men so self-confident on the point. Supremely confident they are right and they are coming to the House, they are going to put the bill through. They will put the bill through if we have to sit all day and all night. It is fine. Thirty-three will out-vote nine everytime. Since we do not really oppose the bill, they will not even have to go to that much trouble.

Mr. Speaker, they have paid too much for this project in their agreement. I do not care how loudly the honourable gentlemen opposite speak. I do not care how many times they speak. In my view and in the view of my colleagues here they have paid too much. They paid \$5 million too much or agreed to pay \$5 million too much.

Let me just look at one or two of the items. The government had considerable weapons in their negotiating and their arsenal for negotiations. Canadian Javelin themselves claim in their corporate loans advances totalling \$5.6 million. The government have agreed to repay them, quite properly, if they are proven.

MR. ROBERTS I quite agree with that. That was the point of the investigation which was authorized on Christmas Eve. Whether these inter-corporate advances were in fact valid. Peat, Marwick and Mitchell or any comparable firm will certify to the government. I for one, I do not think anybody for any reason could quibble or quarrel with the government's decision to pay that. If these were bona fide advances, bona fide loans. If they are shareholder loans that makes them a little dubious. If they were bona fide then the repayment fine.

In addition the government are releasing the Canadian Javelin organization from their obligations under the Wabush Royalties Agreement, which has nothing to do with the railway and has everything to do with the royalties of so much a ton, as the gentleman from St. John's South spoke about today. These are put into a fund and are there, they can be drawn on under certain conditions, under the Guarantee Agreement. It is possibly not that great a protection to the government. It is however a substantial drag upon Canadian Javelin because that royalty fund or the payments under that Royalty Agreement to Canadian Javelin Limited from the Wabush Mines consortium are one of the chief sources of income of that firm, Canadian Javelin.

Is the Royalty Agreement not to be released?

MR. CROSBIE: Their royalties are entirely separate from this. This is -

MR. ROBERTS: Of course there is a Royalty Agreement to be released.

MR. CROSBIE: No, but this is not their royalties. They get royalties that has nothing to do with this, their sale purchase price of the Wabush Railway assets.

MR. ROBERTS: Is this agreement the \$26 million to be released.

MR. CROSBIE: Over twenty years.

MR. ROBERTS: Over twenty years. I agree -

MR. CROSBIE: But it is not the Wabush royalties.

MR. ROBERTS: But it is the price for the sale of the railway.

MR. CROSBIE: Yes.

MR. ROBERTS: Is it to be released?

MR. CROSBIE: You have read the bill.

MR. ROBERTS: I know the answer, I am just asking -

MR. CROSBIE: One is royalties, one is the sale of the railway assets.

MR. ROBERTS: Yes, and this happens to be the railway. It is still a substantial benefit to the company, to the Javelin Enterprises.

MR. CROSBIE: How do you get it?

MR. ROBERTS: You have to get it by waiting. Agreed, if it is a remedy, that only comes when the defaults are established. Further Mr. Speaker, we have heard every honourable member opposite I think speak of his tender regard for the shareholders of Canadian Javelin. I am deeply touched by that. It is one of the most powerful arguments that they have advanced. The Minister Without Portfolio was supremely eloquent. We had widows, orphans, the blind, the deaf, the dumb, the lame, the halt, all destitute. Widows would be walking the streets. Orphans would be doing - I hesitate to say what limits they would be driven to as a result of this. It is tender regard, I am delighted. I am delighted that this government is so concerned about the 20,000 shareholders of Canadian Javelin. I am simply carried away. There are a half million or 520,000 people in

Newfoundland are going to find \$5 million, going to find up to \$5 million for the shareholders. The honourable gentleman from St. John's South said so effectively, it could have been six or it could have been four, with as much reason, because this bears no relation at all, this figure, to the bill of goods, which was dignified by the name "claim" that Javelin submitted to the government, to the Minister of Finance that \$17 million piece of puffery. This is merely the price the government have plucked out of the air, decided that they are going to pay. I do not think any thing we have said on this side has bothered them as much as this.

The Minister of Finance will doubtless condemn me roundly and soundly and at great length again on it in a few minutes. He will not change my mind. He will not change the mind of my colleagues. I do not expect to change his mind, to be quite candid. I do not expect to change anybody's mind. I want to record our objection to this payment. It is an unnecessary payment. It is not warranted. It is too much. It is \$4,999,999 too much. Javelin's equity in this, Javelin's good will is not worth a plugged nickel. I have given up noting the honourable members opposite who have made that point. The member for St. John's South made it. The member for Placentia made it. I do not think it was in the speech that had been written for the member for Hermitage, or he would have made it. A number of the honourable members opposite Mr. Speaker made the point.

This project is bankrupt. It has not been put through the legal state of bankruptcy. The government themselves alleged it was bankrupt in their statement of claim. It is in fact bankrupt, if anybody bothered to take the necessary proceedings under the bankruptcy act, tonight or tomorrow or Monday or whenever the registry opens again.

The government did not have to give them a nickel. John Doyle is overjoyed I am sure. Sure he is overjoyed at this, getting \$5 million. He will be lucky to get out and have the intercorporate loans repaid, have guarantees released, have royalty agreements released. No. The government for reasons known only to them, not known to me, Sir, they

have not been explained in this House. Nobody can tell me that the government do not have concern for the shareholders of Canadian Javelin. John Doyle is the largest shareholder in Canadian Javelin, as the gentleman from St. John's South said, I agree with him. John Doyle runs Canadian Javelin in every sense of the word. I will tell you where that \$5 million will go. It will not go to the shareholders of Canadian Javelin unless the Minister of Finance has twenty thousand separate cheques made out by his officials and sent out. It will go to pay the things that should not be paid, that \$3,000 to flick Tom Burgess around, \$6,000 to fly Mr. Smallwood to Florida, the smoked salmon and all that. I will bet my sessional pay on it, Mr. Speaker, if it were not that wagering is illegal. That is where that money will go when it goes into Canadian Javelin's treasury and honourable gentlemen opposite know it. That is where it will go. That is where it will go. That is where the \$5 million will go.

When all is said and done on this, in the years to come let that be remembered. The government did not have to pay \$5 million. Did not have to pay \$5,000 or nay five dollars. They cannot prove a negative. If they had looked at the negotiators for the Javelin people, which in effect is Mr. Doyle, and said we will let you off the hook on your guarantees, your royalties, your intercorporate loans, we will let you walk away from the project, you would have heard a sigh of relief, Sir, from that plush penthouse in Montreal that the Minister of Finance described yesterday, all the way from there to Javelin House down here on Water Street.

Equity, the Minister of Finance is right when he said there was no equity in this project. I would like the Minister of Finance to do something- I confess I did not get it done - there are men sitting in this House tonight who know why I did not get it done. They may impugn motives on the other side if they want but it did not get done. That original \$6 million slice that came off the first financing, the one that repaid the so-called developmental expenses, I would like to see an audit on that.

I would like to see what was charged against that. When honourable gentlemen opposite say, as one or two of them did, this \$5 million is a repayment for development expenses, sort of a little parting gift to Mr. Doyle. He has been such a good friend to this province. We give him a little and send him on his way.

When they say it is developmental expenses, Canadian Javelin have been paid their developmental expenses on it, the first \$6 million to come out of this project, before a nickel was spent at Stephenville. The money that was raised in the original Hessische Landesbanke Loan. If they have put any money in it they have it out. Even if they have not Mr. Speaker, even if that \$5 million represented 20,000 shareholders what is that, \$250 each, or \$225 each, Even if each shareholder, Canadian Javelin, each of those widows and orphans, the member from St. John's East is so eloquent about, even if each of them, each of those widows took her social assistance cheque, Sir, took twenty-five dollars and mailed it off to Mr. John. Christopher Doyle, Javelin House. "Dear Mr. Doyle: Here is the twenty-five dollars for my share of the money you put into this. Please be good enough to credit it to that account. Sincerely yours, Widow with starving orphans." Even if that were so, Sir, the honourable gentlemen opposite are capitalists. We have heard from the Minister of Fisheries about the private enterprise system. We have heard from the member from St. John's South. The whole point of the capital system is when you put up risk capital, you risk it.

Javelin put up risk capital, if this thing had paid off they would have made money. They would have made money. So it did not pay off. The people of this province are stuck with it. The government have told us so - I agree. So what happens to Javelin's risk capital? Well, the nice government, the kind-hearted, considerate government says, "20,000 widows and orphans, harmless little people," John Doyle and all his little friends. I would like to see the shareholder list of Canadian Javelin. I would love to see them. Love to see all the certificates on it. I am sure there are a lot. I cannot prove it.

I do not know it. I am convinced there are. These are - you know -
Mr. Speaker, it is outrageous. The whole thing is just too much. They
could have come into this House, brought in an agreement, I believe, an
agreement which said; "we take it over lock, stock and barrel. We assume
the assets, we assume the liabilities." The Javelin company will walk away
which is the answer to the agreement we have here today, without the \$5 million
the Minister of Finance will get up and say I am wrong. Neither of us will
ever be able to prove the other wrong. Neither of us will ever be able to
prove himself right. It is a matter of judgement. Time may tell. I
doubt if Mr. Doyle is going to come out and say that fellow Roberts is
right. If Doyle had his way the only thing he would want to read about
me is my obituary. He might help on that too.

Mr. Speaker, this is \$5 million too much. If the Javelin companies
would not have agreed to it - I think if the Minister of Finance had had
his way they would. I have faith in the gentleman, I admire him, I have
faith in him. He will get up and say it is a good deal, he has to. He
is a member of the government that brought it in, he is responsible. In
years to come he will be responsible for every comma in it. He will tell
us now he is proud of it. Fine! Look at the Hansards, He was equally proud
of that Section 10. He now tells us, with all the wisdom of hindsight, I
forget his word but he admits that it was a bad thing. Now fine, I accept
that. All of us make mistakes. I make more than most people, even the
honourable gentleman makes a mistake now and then. Well, we must look
back on this one as the benefit of hindsight -

MR. ROBERTS: So there you are, Mr. Speaker. I do not think the government should pay anything for this. If the Doyle interests would not agree to a settlement without money in it, without a payment to them, then I think the government should have come to this House with legislation and said: 'We will take possession and we will then go into the courts.' Anything they may have in Montreal, a few plans or a few books of account or something - if they can find the books of account. It is more than Peat, Marwick could ever do when we were at it. Peat, Marwick got a run-around like you would never believe.

Maybe now that the government have brought Javelin to heel and Peat, Marwick have gotten the information, I confess I was not able - God knows we tried. I have every sympathy with the hon. gentleman negotiating with Mr. Doyle and his minions, You know, it is quite an experience. Pretty good, a great way to start, a great way to learn, I think we all learned a lot.

This \$5 million, Sir, is too much. It will go to John Doyle, he is the largest single shareholder in Javelin and he will be. He is the control of Javelin, he is the voice of Javelin. I believe I am quoting the gentleman from St. John's South correctly (I hope I am, if not would he be good enough please to correct me) when he says; 'John Doyle knows all the ways to milk a company.' I agree, I agree. Mr. Doyle you know, could be a whole course, studying, Mr. Doyle could be a whole course at law school in corporate law - what not to do.

The man (I just reread my little chapter in 'Rogues and Riches') really, Mr. Speaker, you should sit up tonight and read it. Maybe Your Honour has it there, I do not know, but it is an excellent introduction to Mr. Doyle. The Minister of Finance has given us a great deal more about the gentleman's manoeuvrings.

Anyway, Mr. Speaker, that is the thing we object to in the bill, basically. The Premier has indicated that one of the points my colleague raised will be cleared up at committee on an amendment and for that we thank the government. There are one or two other minor

amendments we will raise, they may or may not be accepted, but I know they will be heard on their merits and I ask for no more. I do not expect that when we move an amendment on the \$5 million it will win any favour on the other side. I would be very surprised if it does, but, you know, we will say what we believe. If we are right or if we are wrong, so be it!

If hon. gentlemen opposite want to impugn our motives, then let them, I cannot stop them, I cannot stop them at all. I will go on saying what I believe, and if it means that I am here the rest of my political life so be it!

AN HON. MEMBER: Or out for that matter.

MR. ROBERTS: Or out. There are worse places to be, far worse places to be. Men as good as myself have been in here before and men as good as I will be here after me. Just as men as good as anyone over there sat over there before, and men as good as they will sit there again, Sir.

MR. MARSHALL: Do you feel yourself going?

MR. ROBERTS: No, I do not feel myself going, Mr. Speaker. I feel myself coming. The hon. gentleman will see, we will just see.

Mr. Speaker, there is no point going over it all again. I could, but we have had some good speeches, we have had some that were not worthy of the men who made them and I am thinking not of the gentleman from Port au Port. I am looking at the gentleman who would be in between us if he had the good grace to be here. I think, you know, he and his Premier may - no he is not there, if he were here he might be under the desk. I agree with the hon. gentleman, but...

I was quite taken by the remarks of the hon. gentleman from St. John's North in the light of what the Premier had to say last night. I think the gentleman (if I must call him that) from St. John's North was the only person in this debate on either side of the House who went beyond the pale. Maybe I should not be the one to say it, because I was the person whom he attacked. It is not the first time the gentleman has chosen to

attack me in this sort of scurrilous fashion. From what he said today, I guess it will not be the last. I mean, you know, that is it, I cannot change the hon. gentleman's mind, can I?

Other than that it has been a good debate. We will vote for the bill at second reading. We will not do it with a great deal of pleasure any more than I think the government brought it in with a great deal of pleasure. The project was entered into I believe from the best of motives. It may or may not have been entered into rationally, one would have to ask the men who were involved in it at that time. I was not. Indeed, Sir, nobody on this side of the House was. Nobody sitting here nor nobody entitled to sit here at this time was.

I voted in the House for that bill, and as my friend from White Bay South says, I accept one thrity-ninth of the blame if there be blame. I think more to the point is the fact that the project did get out of hand. When it ran out of money this summer or began to run out of money this summer, the government took the decision to keep it going. Not to give Mr. Doyle any money, that impression has been spread, whether deliberately or not I do not know. That impression has been spread, but the advances this summer were not to Mr. Doyle. Indeed, only on one or two occasions Mr. Doyle tried to get some money out of the till. That was when the fur, fuss and feathers really began.

The letter to which the minister referred to last night or yesterday afternoon, Mr. Speaker, the letter to me accusing me personally (why not? I supposed I was involved, I did it) of refusing to advance any money to the Union Trust and Finance Company of Panama. Blankety-well right I refused. That is the one - you know, the whole Peat, Marwick - that is that funny money thing down there. It was funny, but no money. I will read it or table it if anybody wants, but the relevant sentence is...

AN HON. MEMBER: Read it out.

MR. ROBERTS: I will read it out, sure. It is addressed to me, it is on

Canadian Javelin letterhead, it is from Mr. William A. MacPherson, director. It reads, 'Re \$2 million due Canadian Javelin from Javelin Paper Corporation Limited. Dear Sir; We have repeatedly brought to your attention'(that is true, they had repeatedly brought it to my attention and every one else's)'the necessity'(not the desirability, not the request)'the necessity to release to Javelin Paper Corporation \$2 million repayment to Union Trust and Finance Company, S.A., or alternatively, to release such funds in repayment to us in the same amount for a similar repayment. You have advised for reasons best known to you'(me) that you did not accept the certificate which you received from Messrs Lee and Martin, Chartered Accountants, who were elected by the shareholders of the company i.e. Javelin, as auditors for the company and its subsidiaries, that at least this amount was advanced by us to Javelin Paper Corporation and was utilized by that company for purposes of completing and equipping the paper project."

You have further advised of your intention of precluding repayment of this \$2 million obligation until Messrs Peat, Marwick, Mitchell and Company have verified that the expenditures were for purpose of the project. Our position "(the company's of course)" is that the refusal of the government to authorize this repayment is without warrant on the facts. At the moment (January 14) excess interest amounting to \$472.22 per day is being paid on monies available to discharge this obligation of Javelin Paper. (Annualized, this is about \$170,000) The refusal of the government to release these funds for payment is a source of grave concern. It impairs the credit of the project and ourselves. Your position on this matter is unacceptable to us. We fear that steps beyond our control" (an intriguing phrase)"steps beyond our control" (either they were going to rub us out in the back room or something) "may be taken to require that these funds be made available to satisfy this obligation.

"We are now advised"(this is the 14th. of January, Mr. Speaker) "that until a new government takes office there will be no disbursements

of any kind from any funds, not even to meet project payroll, tax or Workmen's Compensation costs. You are hereby advised that we have instructed Javelin Paper Corporation to take every step necessary to meet its obligations and to keep the project going and to keep the project going and to use any and all funds available for this purpose.

Further, we hereby advise that in view of defaults of the government (the same ones that the Minister of Finance was served up with. They got the same treatment from us that they got from him) including its failure to accept the tender of \$24 million and cancel or release the interim financial agreements dated June 25, October 1, November 19 and December 16, this

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company does not regard itself as being further obliged thereunder. We demand that the shares of Javelin Paper Corporation held in trust pursuant to these agreements be released from said trust forthwith. Yours very truly, William A. MacPherson, Director."

That was one of the cases where Mr. Doyle and the Javelin Company attempted to get some money out of the project, out of the interim advances. They did not get it. That money has not been repaid. It is part of the \$5.6 million which, if Javelin can prove it, the government will repay under this bill. If they can prove it, so they should. We were told then, Mr. Speaker, that Javelin would go bankrupt if that were not paid. The same Mr. Golomb with whom the Minister of Finance has been negotiating, a lawyer, a fine lawyer as far as I know, for Canadian Javelin, told the hon. member for White Bay South and myself in Montreal on New Year's Eve that the S.E.C. would put Javelin out of business, if we did not give them a few millions. It would have been a Happy New Year for the 20,000 widows, orphans, lame, deaf, dumb, blind and halt. We said, "no, we will not pay it. Prove you put the money in!" Peat-Marwick were in touch with their Montreal office. Their auditors were in there and got no satisfaction. They got no where at all. They reported to us by telephone. We said, "no, you cannot issue a certificate." I forget the gentleman's name. He is either a Scotsman or an Englishman. We had dinner with him in Montreal one night. He is either a Scotsman or an Englishman - a partner in Peat-Marwick, chartered accountant in Montreal. He said, "we cannot give you any certificate on this." We said, "fine, no money instead." It was not paid. Mr. Golomb - what was his partner's name, the other fellow from New York?

MR. ROWE (W.N.): Diamond.

MR. ROBERTS: Mr. Golomb and Mr. Diamond the two New York lawyers were eloquent, heart-rending in their pleas. Canadian Javelin would go bankrupt if they had to file something for the security exchange people the next day.

Mr. Roberts

Lord knows S.E.C. have had enough to do with Javelin! Javelin have had enough trouble with S.E.C. So we just said, "no. If it goes bankrupt it goes bankrupt. So be it!" Anyway we did not pay it. It did not go bankrupt. They are in trouble with the S.E.C. but I do not know if it is because of this or not.

Mr. Speaker, we took the chance of letting all the widows and orphans go hungry. The government are not prepared to. They are prepared to give \$5 million. Well we cannot stop them. We will try but we know and they know we cannot stop them. We can raise our voice and we will. We will go on maintaining our position until we have shown arguments to the contrary that convince it. We have not seen any yet. The government have ample weapons to get an amiable settlement (to club Javelin because that is the only way Javelin will beat anything) without offering them a \$5 million gift of gratuity, a little present, the \$5 million. It would take care a lot of those poor unfortunate gentlemen down in St. John's East. It would do a lot of their houses. It certainly would.

MR. MARSHALL: So would \$160 million.

MR. ROBERTS: Yes, Mr. Speaker, so would \$160 million and the \$160 will be repaid but the \$5 million will not. The \$5 million is gone. It will go into Canadian Javelin and I predict it will be siphoned off. Mr. Doyle's project -

MR. MARSHALL: A noose around our neck.

MR. ROBERTS: No, I am not saying it is a noose around anybody's neck. No! It is just a bad action by a government. It is a good bill other than for the \$5 million. They will put it through. Sure everybody over there will vote for it. Whether they agree with it or not, they will vote for it. I would not expect them to do anything else. They are members of a party and they are committed to it. I will ask them to think about it. I do not expect them to break the party ranks on it. I may be foolish but I am not that foolish but think about it - \$5 million for a so-called amiable settlement. Mr. Speaker, I submit the government could have had that.

Mr. Roberts.

Mr. Doyle would have walked away, smiling I am sure, that great big charming smile of his, with his Irish tenor voice, at \$1 and scot-free. If the government had chosen to take possession of this by legislation and then go after him in the courts, they would have put Javelin out of business. So they would lose their capital. As my friend said last night, when you buy shares you take the good with the bad. The little widows and orphans investing in Canadian Javelin are pretty foolish. It is one of the most risky "spec." stocks in the world. It has a record as long as that of anybody at the penitentiary, any prisoner at the penitentiary. They have been in and out of suits and law suits, in and out of court cases, shenanigans. The honourable gentleman, the minister without portfolio knows that there have been hundreds of them. There may be more. I do not understand this sudden tender regard of the government for the shareholders of Canadian Javelin. They are very tender, very concerned, very interested. Well I am not, I am concerned about the people of Newfoundland and \$160 million is enough and \$165 million is too much. It is \$5 million too much.

MR. MARSHALL: And \$160 million is too much.

MR. ROBERTS: Yes, I said that. I said that.

MR. MARSHALL: Who was the cause of that?

MR. ROBERTS: Does the honourable gentleman think I am or any of us here?

MR. MARSHALL: The administration -

MR. ROBERTS: We take the responsibility but that is different from being the cause.

MR. MARSHALL: Exactly! That is why we are here today.

MR. ROBERTS: We take the responsibility. Of course, I do, I am not going to shirk it. What I did or did not do, I did or did not do. If I am to be blamed, I will be blamed. So be it! Any mistakes I made, if they were mistakes, I will answer for them. I know I acted from good motives. I can be blamed for what I did. So be it! I do not feel that I should cringe and crave because of it. If I made a mistake, I made a mistake. I will look at honourable

Mr. Roberts

gentlemen opposite for the next couple of years and see what they have done. I hope they will learn from this. I hope they will learn. I hope Newfoundland will learn. We will talk about a lot of things. We will learn from them.

MR. ROWE (W.N.): Two wrongs do not make a right anyway.

MR. ROBERTS: As my colleague has just said, "two wrongs do not make a right." This project is going to have enough to do to pay off its capital costs without an unnecessary \$5 million to Doyle. That is the first money Doyle would have gotten out of it. The rest of it, we have managed to block, we over here and the honourable gentlemen over there. But now he will get it. Whether he gets it in Nassau or wherever the places are - where was that hotel the honourable member referred to?

MR. ROWE (W.N.) Panama .

MR. ROBERTS: Panama. This will put another story on the hotel in Panama, all right - 5 million bucks! Mr. Doyle is hard-up you know. My parents were in Nassau or in Spanish Wells a couple of weeks ago - I do not know whether it was a medical convention. It was between my father and the income tax people but they were there staying with some friends. One of the items of gossip in Spanish Wells, which is a fairly small place I gather (I have never been there) is that Mr. Doyle's boat had been sold under a mechanics lien or something approaching a mechanics lien. He had not paid his repair bills. Mr. Doyle is hard-up now. Poor fellow! Well the government are going to bail him out and let there be no doubt that John Doyle and Canadian Javelin - the minister will get up and say it is not the same. Let him talk to his friend in St. John's South who time and time again today made the point and I agree with it that Doyle and Javelin are the same, not legally, no! Ever since Sullivan and Sullivan about 1892, House of Lords, we have accepted in law the clear principle, "Corporate to corporate veil cannot be rent asunder." I am sure Your Honour is more familiar with that than I am. But that does not take away the fact that John Doyle effectively controls Canadian Javelin and runs it his way and will go on running it.

Mr. Roberts

Now if the government could find a way to guarantee that that money gets to the shareholders, I might be much more inclined to vote for it. As it is, I will not. Anyway, Mr. Speaker, there is no point going on. I think I have made our points. The minister will speak and close the debate. I can predict what he is going to say. As a hunch, judging from his temper a little earlier, he will fire scorn and abuse. If he wants to, fine. He is very good at that. He is excellent at that. It will be a shame because yesterday afternoon he spoke strongly and I have no argument. In his shoes, I would have spoken strongly. He spoke well. I hope he will keep the high road. It is a much better road. I do not know if it gets you there any quicker. Maybe it is even slower. It is a much better road. It has been a good debate. We will vote for the bill, not with any pleasure but because we believe that in the circumstances the principle of the bill, the principle of what the government wish to do and ask the House to do is a good one. It is the only one. Whether or not the project should have gotten to this point or who is the blame are other matters. They have been discussed and they doubtless will be again. The principle of this bill, that the government be authorized to step in and take over the assets and liabilities, which is the basic principle, I suppose, if you had to write it down or paraphrase it in a sentence, is a good one. We will support it.

MR. ROBERTS:

Well, against the \$5. million we will try to take it out in committee. I predict now we will not succeed. We will try anyway. It is a gift, it is a needless expense, it is an objectionable and altogether uncalled for expense by the people of this province. The government are determined to do it and so they will do it. They will not do it with our support. he bill itself we will vote, we will vote for it.

So, Mr. Speaker, in closing could I thank all honourable members for the silence in which they have heard me. I appreciate that. I do not mind the ragtag of debate and I win my share of exchanges and I lose my share. That is part of being in the House. I enjoy it. The honourable gentleman for Bonavista South and Green Bay who seem to be setting out - I pay you a compliment now. The honourable gentlemen - You know that is part of a debate and I enjoy it. Sometimes they will nail them. They seem to be setting out to be the cowboys in this one. We will let them.

AN HON. MEMBER: Cornerboys.

MR. ROBERTS: No, well I said cowboys. Cornerboys as well, Mr. Speaker. but cornerboy in St. John's I have always understood was a term of some honour, so I prefer to use the term cowboys. But this is one of the more serious matters ever to come before this House. I think almost all of the honourable members who entered in the debate have contributed to it. There is one who has not but that is his pleasure if it be pleasure, his prerogative. He does not have the gall to be here. I do not know where he is. He is probably trying to remedy or to rescue some of the ruins of his school bus policy but that is another story. Not bad, one statement and he has every school board on the island up against him, not bad.

Mr. Speaker, it has been a good debate. The minister will now make another good speech. He is worked up for it. He has his notes

MR. ROBERTS:

ready and I am sure it will be quite a speech. I am going to nip out for a cup of tea but I will be listening to him with great interest. I expect I will come in for my share of calumny and I shall be scorned from very great heights because I have dared to question and to criticize. I will go on doing it. \$5. million is too much because it does not need to be, Unless the gentleman can find some arguments that neither he nor any of his colleagues has come up with, they are not going to convince me of it.

So, Mr. Speaker, again my thanks to all the honourable members. If we can go on debating like this in the House I think we will be doing well. Debating hard and it has been very hard on occasions and it will get hard again, debating fairly and I look forward to that. I think that is why the people of Newfoundland sent us here and I think that is what they expect of us.

Thank you, very much.

MR. MARSHALL: Mr. Speaker, I do move that the House do not adjourn at eleven o'clock today.

On motion, agreed.

MR. CROSBIE: Mr. Speaker, -

MR. SPEAKER: If the honourable minister speaks now he will close the debate.

MR. CROSBIE: Mr. Speaker, it is a very difficult task the honourable the Leader of the Opposition had in attempting to straddle the fence on this issue. He has had a foot on one chair, a foot on the second chair, in between there is a picket fence and both chairs have been sliding and he has not made much of a fist of it, not much of a fist. He is going to vote, Mr. Speaker, for the principle of the bill or he is not going to vote for one cent or one penny to be paid to John C. Doyle or Canadian Javelin or Javelin Paper or Javelin Forest

MR. CROSBIE:

or NALCO. No Siree! No Siree Boy, he is not! He is all for the principle of this bill but he is not for that terrible reprobate John C. Doyle being paid a cent. How can the honourable the Leader of the Opposition be for the principle of this bill and not be for payment of any money whatsoever to Canadian Javelin and the other companies? How can he? That is the principle of this bill. This bill ask this House to approve the agreement attached to the bill and the agreement is that we pay \$2,500,000 to Canadian Javelin Limited when the House ratifies the bill and \$100,000 to Canadian Javelin Limited for the two buildings at Stephenville which the honourable gentleman's government gave away for \$100,000 valued at \$8.150,000 and that they be paid in six months time another \$2.5 million less what we find to be deductable after auditing their books for the last three years, since November 1969 as not reasonably necessary for the project. That is the principle of this bill. You cannot vote for the principle of this bill and then vote against \$5. million being paid to Canadian Javelin Limited.

That, Mr. Speaker, is just hypocrisy. That, Mr. Speaker, is just chicanery. That, Mr. Speaker, is straddlitis and that is what the honourable Leader of the Opposition has, straddlitis not Stradivarius, straddlitis. Mr. Speaker, the honourable Leader of the Opposition in his specious argument gave the pious hope that I would take the highroad, the highroad would be the road of not answering the honourable Leader of the Opposition and the pious specious arguments he has put forward tonight. It is difficult to take the highroad, Mr. Speaker, when you have just observed the lowroad and that is what we have just observed, the lowroad. The honourable gentleman who was in a government that only surrendered power in this province on January 18 after clinging on to power by their toenails,

MR. CROSBIE:

their hangnails, their fingernails and their teeth from October 28 to January 18 repudiated by fifty-two per-cent of the voters of the province. That gentleman whose government permitted this sad mess to arise. That government which caused this situation. That government which from last May until they left on January 18 did nothing to correct the situation, allowed it to go from bad to worse. That government which left us with this mess. That left us with no chance to proceed through the courts because we did not have enough time.

That gentleman says that Canadian Javelin should not be paid one cent. That gentleman says that he would come into the House with legislation. He would simply legislate and take it all over in a twinkle of an eye. He would do that, no problem, no sweat. He would just legislate, take all the assets. He would have the project. He had the wonderful solution. If there was such a wonderful simple solution, Mr. Speaker, why did the honourable gentleman and his government not propose it in May 1971, June 1971, July 1971, August 1971, September 1971, October 1971, November 1971, December 1971? Never once then did they even admit there was a problem much less suggest a solution. But now they are not in power any longer, now they are out of power and we are dealing with the mess that they left behind them, the honourable gentleman says there was such a simple easy solution, call the House of Assembly together and pass an act and take it.

What utter rot. What utter hypocrisy. Why did the honourable gentleman's government not do that? He said at one point in his remarks that they did not have a majority. They had no majority from October 28 to January 18 and we had no majority from January 18 to March 25 but that did not stop us from dealing with Mr. John C. Doyle. That did not stop us from telling the public about it. That did not stop us from giving them the ultimatum. That did not stop us from getting the \$24. million back that the Leader of the Opposition could

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MR. CROSSIE:

not get back, that the member for White Bay South could not get back,
that Mr. Smallwood could not get back, that none of them could get
back. That did not stop us, that we did not have a majority. We knew
that any moment the House was called we could be defeated. We knew

MR. CROSBIE: because Mr. Burgess had gone to wing again and gone back with the honourable gentleman's party and the former member for St. John's South, Hugh Shea, had crossed the House. We knew we had no majority. Did that stop us from dealing with this? It did not. The honourable gentleman's party had a majority of twenty-nine to ten all during 1971 until they finally called the election yet they did not propose any solution. If he had such an easy solution then, why did he not propose it to this House? I can assure that the Progressive Conservatives Opposition and the Liberal Reform and whatever was on the other side of the House last year would have certainly voted for it. If they presented something that we could have voted for but they did not do that, Mr. Speaker. They did not breathe a word and that honourable gentleman was a member of the government that advanced \$24 million, \$15 million before the election, \$9 million after the election, after they were defeated, after they had lost the confidence of the people of Newfoundland secretly, quietly they let the \$30 million get borrowed in Germany with our guarantee. Not a squeak, not a sound, not a peep, not a word, not a syllable from them. That honourable gentleman has the hypocrisy to get up in this House and criticize us because we are paying \$5 million. He said, "do they think it is a good deal?" He wants me to come out and say, it is a good deal. No, I am not going to say it is a good deal, it is a rotten deal, it is a lousy deal, but it is the best deal that we could have gotten in the circumstances that the honourable gentleman and his colleague from White Bay South and his colleague from Bell Island left us. It is not a good deal.

Do you think, I or anyone on this side of the House wants to pay Canadian Javelin one red copper or one red cent? We do not. He describes Mr. Doyle as having such a great smile. I can tell you, Mr. Speaker, Mr. Doyle has not smiled at me. I have not received a

MR. CROSBIE: smile from him since January 18. He might have done a lot of smiling when the honourable gentlemen opposite were in office but he has not smiled at this government. He has nothing to smile about. If this project had been handled properly by the last administration he would not even be in North America now nor smiling anywhere.

Yet we have to listen, what we have to listen to. I have enjoyed this debate, Mr. Speaker. There have been some very good speeches and the honourable member for White Bay South made a very effective speech. I do not agree with what he was trying to do. He was attempting to do the impossible also but he made a better job of it than the honourable Leader of the Opposition. They were attempting to do the impossible, Mr. Speaker.

They, the honourable Leader of the Opposition and the member for White Bay South have attacked their former leader in this thing. They have tried to ascribe the blame to Mr. Smallwood. They have had to paint in this House this picture of the two heroes, (Roberts and Rowe) struggling to control the worst excesses of the demon, Mr. Smallwood and how they bravely stayed on in the government to do that because that was their patriotic duty. That was the best thing they could do for Newfoundland. That was the picture they tried to paint.

The honourable member for Bonavista North who praised Mr. Smallwood so highly in this House a few days ago has been sitting here (he is not here tonight) for a day and a-half listening to his hero, Mr. Smallwood, being stabbed in the back by his two former colleagues who have attempted to paint Mr. Smallwood as the demon and they as the two heroes. It was Mr. Smallwood's responsibility. I know it was. I know it, I was there two years. I know who was responsible primarily. I know who was buddy-buddy with Mr. Doyle.

MR. CROSBIE: I know who was the ally of Mr. Doyle in the cabinet. I knew who was hand in hand with him. I know that. Every member of the House knows it. We all know it. But how can the honourable gentleman, having stayed with him until January 18, 1972 having stayed with him until the Leadership Convention of February, having stayed with him all of that time, now when he is out of power, having stayed with him when he was in power, not said a word publicly. (I do not know what they said privately) not having said a word publicly about him, now that he is out of power, now he is out of power and there is nothing to fear and they are in power in the Liberal Party, they have control of the Liberal Party, now he is gone, now they are saying that Mr. Smallwood was this and Mr. Smallwood was that and they attempted to stop the worst excesses in this, that and the other. It is not good enough, Mr. Speaker. It does not wash because they could have stopped it. They could have stopped it by resigning. That is how they could have stopped it. They did not want to stop it by resigning for whatever their reasons were. But do not come to this House and pretend, as they have been trying to do, that it was all Mr. Smallwood's fault and they stayed in as heroes to protect this province from the worst excesses of Mr. Smallwood.

When I left the government, when I disagreed with Mr. Smallwood, Mr. Speaker, I told it to him face to face and I met him face to face in this House and in public. I never supported ostensibly, then when he was gone from power- when I opposed him he was at the peak of his power, at the apex of his power. He did everything in his power to destroy me but he was unable to. He could not do it.

AN HON. MEMBER: Inaudible.

MR. CROSBIE: I do not know whether it will or not. But at least I am not slinging around in this House tonight pretending that I was

MR. CROSBIE: in the cabinet and stayed there to stop the worst excesses of Mr. Smallwood. I am not pretending that, Thank God! I do not have to pretend it. I am delighted I do not have to pretend it.

Then Mr. Doyle, listen to the attacks on Mr. Doyle tonight by the honourable Leader of the Opposition. Mr. Doyle is everything he is a scoundrel, he is a reprobate, he is this, he is that, he is everything under the sun. Yet it was the honourable Leader of the Opposition's government that created Mr. Doyle from 1953 onwards, created him. He was a Frankenstein created by the Liberal Party of Newfoundland, by the Smallwood Administration. When the honourable gentleman was in that administration until January 18 and in fact until the last couple of days in this House I never heard publicly a word of criticism offered about Mr. Doyle by the honourable the Leader of the Opposition. Now because we are forced against our will to pay \$5 million to get this project under control in an attempt to save it, now we are forced against our will to this compromise agreement that is now before the House, we hear the honourable Leader of the Opposition attack and criticize Mr. Doyle who is everything under the sun.

Not one word last year about Mr. Doyle. Not one word last October publicly when they discovered \$2 million in the bank in Panama and the rest of the chicanery and trickery that went on not one word about Mr. Doyle when they discovered the accounts with the \$100,000 payment to O.L.Vardy which was a political contribution to the Liberal Party, not one word then about any of those things.

But now the last day or two we discover a new Prometheus arising from the ashes of the Liberal Party in this House, attacking Mr. Doyle with might and main but members of the Progressive Conservative Party on this side of the House have opposed and attacked and defied Mr. Doyle for years. I, as a Liberal Reform member and as a Progressive Conservative have done the same and justly so, bucked

MR. CROSBIE: Mr. Doyle for years. I, as a Liberal Reform member and as a Progressive Conservative member have done the same and justly so. But we can criticize him in this House without being hypocrites.

How can the honourable Leader of the Opposition get up in all good conscience and faith and now in these circumstances pretend to the public that he is against Mr. Doyle and is against him getting a cent, when he and his colleagues left us in this situation where we are forced to pay, not Mr. Doyle, Mr. Boyle, Mr. Speaker, does not get one red cent of this \$5 million. It is to be paid under the agreement to Javelin Paper, Javelin Forest, NALCO and Canadian Javelin. They will have to pay their remaining creditors out of it. That is who gets the money, not Mr. Doyle.

The honourable Leader of the Opposition says Mr. Doyle controls Canadian Javelin. Mr. Doyle controlled Canadian Javelin. He does not control it now. Why does he not control it now? Because the share agreement is gone. The protection the Liberal Administration gave him on May 1, 1967 by having created 5,300,000 preferred voting shares, voted by a committee controlled by Mr. Smallwood and Mr. Doyle, those shares are gone. When the next shareholders' meeting comes, if the shareholders of Canadian Javelin no longer want Mr. Doyle they have a chance to get rid of him. He will not control it any longer. Why not? Because right to the end and just forty-eight hours ago there was a last desperate attempt made by them to get us to agree that those shares would be returned and not cancelled or forfeited. Because right to the end we said, no, cancel and forfeit those shares, there is no deal. That is why this was not before the House before Thursday, up to the last minute they were trying to get things like that and up to the last minute we said, no, this is all we are

MR. CROSBIE: prepared to do. And we are only prepared to do this because the previous administration left it in such a mess. If the honourable Leader wants to know the reason how the \$5 million was arrived at: \$5 million is the best settlement we could get with Mr. Doyle. It is what we told him we would consider at the beginning of February and that is what they are going to end up with less the amounts that we can audit and deduct from it. Because this is a compromise, not because we want to pay Mr. Doyle \$5 million. "What equity," (the honourable Leader of the Opposition asks) "has Mr. Doyle got in the project?" I do not know. It is not Mr. Doyle, it is Canadian Javelin in the project. I do not know. They claim \$17 million. I certainly do not believe that. I do not know what they have. They may have in it \$5 million, \$7 million, \$8 million, \$9 million, you would never get the truth.

The point is that if we did not get control of this project now, it had no chance of opening, starting in October in Stephenville. If it goes through the winter not operating, we are going to lose additional millions of dollars in interest costs and other costs of keeping that operation going. Then if we did not get it this year, logging would stop. It would stop up in Happy Valley, in Goose Bay. The honourable member for Labrador North would not want that to happen. Construction would have stopped in Stephenville. The hon. member for Port au Port or no one else would have wanted that to happen. That is what would have happened if we had not forced Mr. Doyle and Canadian Javelin, forced them to this settlement. They have accepted this settlement because this settlement gives Canadian Javelin a chance to survive, with or without Doyle, with this settlement it has a chance to survive. That is why they have accepted it.

I am not afraid of defending this agreement. But I certainly do not propose to say to this House that I am proud of this agreement. I

MR. CROSBIE: am not. I am proud that we did so well in the circumstances, with our hands tied behind our backs, with our ankles handcuffed, because that is the condition that we were left with the project. We had come up with this and this is a good compromise in the circumstances. Now if the hon. Leader of the Opposition wants to persuade the people of Newfoundland that we, the Progressive Conservative Government, the people who have opposed and fought Doyle, year after year, and the concessions given him by the Liberal Government and the bonanzas given him by the Liberal Government, that this government wants to help Mr. Doyle and give him \$5 million. They never mention Canadian Javelin on the air, the government is paying John C. Doyle \$5 million. A lie, we are not paying him one cent. We are paying Canadian Javelin, Javelin Forest, Javelin Paper and NALCO, that is who we are paying \$5 million to, and it might not even come to \$5 million.

Then the honourable gentleman talks about highroads and lowroads. If he had wanted to take a highroad, he would not have said very much in this debate, except that the government has done the best it can in the circumstances. That would have been the wisest move for the honourable gentleman, not to come out in public and say it was a sellout. Imagine the gall of that, to say this is a sellout, when we were sold out on November 21, 1969 and ever since in this project. That is where the sellout is. This is not a sellout, this is a buy back, and a buy back that is not very expensive compared to this whole project. The whole thing is now going to cost \$150 million - \$160 million and we are paying \$5 million to get it under our management and control and to give us a chance to save it. The rest of that \$150 million to \$160 million is caused by the negligence and maladministration misfeasance of the previous administration.

This is the statesmanlike kind of statement that the honourable Leader of the Opposition pretends he makes, "Mr. Doyle is hard up now, Dad was down on a holiday in the Carribean and saw Mr. Doyle's boat attached

with liens. Mr. Doyle is hard up now, the government will bail him out." That is a nice statesmanlike statement, is it not? That is really high. That is a high plane. That is a tremendous plance that is, that this government is interested in bailing Mr. Doyle out because his yacht is arrested or under sale down in the Carribbean.

It was not this government gave Mr. Doyle two buildings at Harnom for \$100,000, \$250,000 eventually, that were valued at \$8,150,000. That was not this government, that was the government the gentleman across were members of. It was not this government.

If Canadian Javelin, Mr. Speaker, wanted \$650,000, as I said yesterday, to get those two buildings, when asked why, when asked in a telex, when asked how they came to that figure, they said because shares to the value of \$550,000 were issued to a third party as part of the transaction of their getting the buildings. It was not this government. They did not issue shares to us. I do not know who they issued them to and we do not know whether or not a royal commission can find out who they issued them to, because most of the parties are now outside the jurisdiction of this province.

That was the hon. gentleman's government entered into that deal, the \$8,150,000 where the buildings were \$250,000 to be paid over five year, with not one cent paid for a year under the agreement. The first payment made on November 30, 1971, after it looked like we won the election. That was not this government. It is not this government that wants to bail Mr. Doyle out if he is hard up and for the honourable Leader of the Opposition to pretend that he has been statesmanlike is a pretence that I for one will not put up with and I do not care if I am painted tomorrow as not being statesmanlike. I do not care. I have stood ~~that~~ for four years. I heard all that malarky for four years. When I was pointing out the very things that had been disclosed in this House with others, the very things we verified and confirmed

MR. CROSBIE: yesterday and today, I would turn on the radio in the morning and there would be the diatribe of slander against me, and the other gentleman, the slanderer is now gone, Mr. Smallwood, but the other gentlemen, his accomplices, go around saying that Crosbie is destroying the atmosphere of the House. He is a vilifier He is this, he is that. He is no statesman. You know personal attacks and vilification. That is the way I have been painted for four years.

I do not care. They can keep painting me. I am not going to sit here and listen to the honourable Leader of the Opposition's insidious, low approach to this bill and not try to express the way I feel and think about it and whether it was low or high. The honourable gentleman was only thinking of the people of Newfoundland when he was in office, now he would have this House believe that we are only thinking of John Doyle being hard up.

The Leader of the Opposition said, Mr. Speaker, that it was foolish, "anyone would be foolish, any widown, or orphan or person who bought Canadian Javelin Limited stock was foolish. Why buy that stock? It is speculative. It goes up and down!" Well why did the Liberal Government buy this stock? We have got I think it is 80,000 to 90,000 shares of it down in the vault of the Department of Finance, that this government bought years ago. They got shares of Canadian Javelin and they gave NALCO away to Canadian Javelin in exchange for those shares. These are the shares the hon. Leader of the Opposition tonight says anybody would be foolish to buy.

MR. CROSBIE:

He does not care about the twenty thousand shareholders of Canadian Javelin. If they were a bad investment why did his government invest in them? The colossal gall leaves me speechless almost. The honourable Leader said that the government did not have to pay \$5. million, the government did not have to pay \$5.00, the government did not have to pay \$1.00 just bring in an old bill and take her over. Are we taken, Mr. Speaker, to be absolutely stupid? If we could have brought a bill into this House and taken this over for nothing effectively and gotten management and control do you not think we would have done it? Do you think we like having to pay a cent to get the management and control of this? We are paying it for one reason only, because we had to to save the project. We would not have had to had we been in office last spring, Mr. Speaker, last May, we would not have had to pay then as we would have proceeded right on to court and we could have suffered a delay of a few months. Then we had lots of time but we could not suffer a delay of a few months now not when the shipping is not arranged, not when the logging is not arranged, not when the marketing is not arranged, not when the bills are not being paid.

This would have been stopped, this project, since January except for our payments of the bills and the arrangements we have made, Mr. Speaker. Do we look like members of the fans for Doyle Club? No, Mr. Speaker, the fans for Doyle Club are across the House. They were in power, the fans for Doyle, from 1953 to 1972. Now Mr. Doyle is being revealed publicly to be somewhat unfavourable and this deal is being exposed. the Leader of the Opposition is attacking Mr. Doyle publicly and never once did he ever do it before. The fans for Doyle were across the House and now they think it is to their political advantage to abandon their old friend, associate, pal, acquaintance, business partner, that great entrepreneur that I have heard

MR. CROSBIE:

Mr. Smallwood expound on in this House, that great risk-taker, that man that developed Newfoundland, took the risk, got Wabush Mines going, all of that. Now that is all stopped. Now they are the leaders of the hate Doyle, the Hate Doyle Association and we are now a part of the fans for Doyle. There is a good four letter word that describes that but I will not use it here and I will not even spell it.

We have to pay \$5. million, Mr. Sneaker, because of the negligence of the past administration which has been gone into in detail in this House. Societe Transshipping, the honourable Leader of the Opposition says he never heard of this Societe Transshipping and the 10,300 square miles of forest land that was given to Societe Transshipping by Mr. Smallwood or that he attempted to give them. He never looked into this. There were questions ask in the House for three years and he never thought to look into the question of. "Is there anything to these questions they are asking? Can it be true there is a Liechtenstein Company that is given 10,300 square miles of our timber rights in Labrador?" The honourable gentleman was in the Cabinet from July of 1968 to January 18, 1972 and never once thought to look into this Societe Transshipping.

There was an article that I read yesterday in McLean's Magazine where John C. Doyle himself, in 1969, in McLean's Magazine said that

Canadian Javelin were paying \$4. million for these timber rights from Societe Transshipping, a Liechtenstein Company. That was public knowledge. It was spoken about at a speech by Mr. John Murphy in 1969 and reported in the press here in Newfoundland, questions asked in 1969, 1970, 1971 and the honourable gentleman never thought to check into that matter and to see was there any such company and how did it happen or how did they get the timber rights. He never heard of

MR. CROSBIE:

it until I mentioned it here yesterday or during the political campaign.

That is, I would say, Mr. Speaker, negligence of some degree. There was an order-in-council, a copy of which I sent across to the honourable gentleman this afternoon, passed in 1969, having to do with this 10,300 square miles that mentioned Societe Transshipping. The honourable gentlemen were at that Cabinet meeting according to the certified copy of the minutes and those minutes are circulated to all members of the Cabinet afterwards and that order in council mentions Societe Transshipping and NALCO and this 10,300 square miles. Now it may very well have been at that Cabinet meeting and I know how it could have happened that Mr. Smallwood would have mentioned casually at the end of the meeting, "I have a little thing here about timber rights I want to see NALCO to get straightened up," and just did that and got the okay but the minutes that were circulated mentioned Societe Transshipping and this area.

Now, Mr. Speaker, it is quite possible that the honourable gentleman did not want to dig into Societe Transshipping. He did not want to look into that question because he felt that if he did look into that question he would discover a little bit more than he wanted to know about that. That is conceivable too. I know when I was in that administration for two years that there were several matters I decided I did not want to poke into too far either. So I can understand if that is the position he took but still if the honourable gentleman wanted to find out about Societe Transshipping he could have learned something about it.

Now we have said to Canadian Javelin and we have repudiated any chance of their recovering one cent of that from us and we got any alleged rights they had to the 10,300 square miles back, that is part of the principle of this agreement, Mr. Speaker, without paying

MR. CROSBIE:

them a cent. They have paid out \$1,999,500 for that worthless letter, Canadian Javelin has. The shareholders of Canadian Javelin were bilked of \$2. million under that agreement because any lawyer would have said they had no title to it. Canadian Javelin and the people concerned had to willingly give away \$2. million for something they knew was worthless unless they had a friendly government to help them get the 10,300 square miles and they could have had that from the government for nothing. Newfoundland did not receive one cent from Mr. Smallwood's letter giving 10,300 square miles of timber rights to Societe Transshipping and Societe Transshipping turned around and sold it for \$4. million to Javelin. Javelin knew better than that, in this case when I say Javelin I mean Dovie. He knew better than that. He knew he was paying \$4. million for nothing and we do not know who he paid it to. Will we ever know, Mr. Speaker?

What good would a Royal Commission be? A Royal Commission cannot subpoena witnesses from Liechtenstein. A Royal Commission cannot subpoena anyone who is not here in this province. We will certainly make an effort. We have made efforts to find out what we can about Societe Transshipping and who are the real owners behind Societe Transshipping. The honourable member for St. John's South said this all smacks of corruption. Yes, it smacks of corruption, not only smacks of it, it is corruption of the worst sort and these are the things that we are stopping with the bill that is before the House. It is we this government who are getting the 10,300 square miles of timber rights or any alleged rights back for nothing, not the previous government that gave them away or tried to.

AN HON. MEMBER: For the records could the honourable minister say when the letter was sent?

MR. CROSBIE: September 3, 1965 the letter was sent and it was not

MR. CROSBIF:

authorized by the Cabinet and no order-in-council approving it. The honourable gentleman I had to blame for that letter. There is one man to blame for that and that is Mr. Smallwood. The honourable Leader of the Opposition tried to pretend, as he is getting in his sly innuendoes and digs, that he is a statesman and that now he is probably going to hear a terrible old vitriolic, perturbative speech from me and this is the kind of comment he makes. Just listen to this, "The Minister of Fisheries," he said, "Mr. Cheeseman who read a speech written for him." Two or three times today he said that. The honourable Minister of Fisheries gave a speech here this afternoon and he had some notes or he might have had something typed out but the honourable Leader of the Opposition's approach, his sly, sarcastic, little remark thrown off as he goes on his statesmanlike way, two or three times, "Now there is the Minister of Fisheries who read a speech written for him this afternoon."

The Minister of Fisheries read no speech written for him. The Minister of Fisheries of this government is a literate man and also a fine speaker who does his own speeches and does not have anybody doing them for him. That is the statesmanlike approach the honourable Leader of the Opposition has been taking here tonight and he wants to get the best of both worlds. "Yes, we approve the principle of the bill because in future years it might turn out that this government has made this a success but no we are against paying that filthy old \$5. million. We are for taking over the project but taking it over without paying a cent." How do you do that, Mr. Speaker? "Well, we will just bring a bill before the House." That is what they ask the people of Newfoundland and the members of this House to believe, sickening.

MR. CROSBIE: to me it is sickening. Now, Mr. Speaker, there has been a lot of talk about the legislation passed here in 1967, that gave the government power to guarantee more than the \$53 million, to guarantee additional amounts if needed to complete the project, that was voted by this House of Assembly and everybody agrees now that it was the wrong thing to do. It was a bad thing to do? Not necessarily, Mr. Speaker, if you trust a government then you might do that. If you trust the government you trust the people who compose it and you might do that. "Yes, all right government, something might happen during the year and you might have to guarantee quickly another \$2 million, \$3 million or \$4 million. Yes we trust you. We think you are a good government. You will not do anything rash. We might give you that authority." That is not an unsensible approach. That was passed in 1967.

Mr. Speaker, it was not the passage of that section of that act that caused all this trouble, it was what the government did with the power it was given by this House, that is what caused it. Just because there was a section of the act saying you could guarantee more, did not mean to say that the government had to go ahead and guarantee fifty odd million dollars more than the \$53 million. No one put the gun to their heads and made them do that. They abused the powers given them by this House. The hon. gentleman's government abused it. That is what happened. They like to sit there and say how I was in the Liberal Administration in 1967 when the act was passed. You are right, I was. Then sneak in the suggestion that therefore I am really responsible for all this chicanery and everything that has gone on in the last four years. That is the implication. Not a bit of it, Mr. Speaker, I am not responsible for that and no one that voted for the 1967 bill is responsible for what happened. It is the government that abused the power, the trust placed in them by this House, that is responsible and not one other soul.

MR. CROSBIE: That government from July 1968 on contained the member for White Bay South, the Leader of the Opposition, the member for Bell Island and the member for Fogo. When were these agreements signed? November 21, 1969, twenty-one days after the leadership convention and fourteen months after these gentlemen joined the cabinet, that is when these agreements were signed that are now before us and that caused all the trouble. That is when the construction contract was signed with MacAlpine Construction giving them a contract for cost plus ten and one-quarter per cent. That is when the guarantees were given, then and from then on. It is the honourable gentleman opposite who survived the last election that must take the responsibility for that.

I will confirm, Mr. Speaker, that the hon. member for White Bay South and the hon. Leader of the Opposition in the last year when they were there, from the records I have seen, tried to prevent the worst excesses of Mr. Smallwood. But that is not enough. It is not enough. They could have stopped Mr. Smallwood before he almost wrecked the province if they had resigned. It would have stopped it. It could not have stood another series of cabinet resignations and that is where I disagree with them. All right that is a matter for judgement, they decided to take another course, they feel they are right, fine. But do not come to this House, Mr. Speaker, I can agree with that. In fact I was prepared tonight to get up and praise them and everything else and be very conciliatory about this and statesmanlike until I heard the approach of the hon. Leader of the Opposition, who not satisfied with being given some credit for having attempted to do something, now wants to persuade the people of Newfoundland that we are friends of Doyle, that Doyle is having a hard time and we are going to bail him out, that we are giving \$5 million to Doyle that we did not need to pay at all, that we could get control and management of this

MR. CROSBIE: project for nothing, just by passing a bill through this House. Something that he did not do or attempt to do when they were in power. I do not admire that. I do not agree with that. I do not agree with the motives behind it.

The honest thing for the honourable gentleman to do would be to say: "Yes, this is the course we chose. It might be right. It might be wrong. We know it is in a bad state. It is in a bad mess. We tried to do what we could. This looks to us like a decent compromise, the best you could do in the circumstances." Not only agree with this in principle but agree with it period, and let us get on with it and start anew. But that is not the attitude. No, straddlitise-approve the principle and disagree with paying a penny.

The 1967 act has nothing to do with this Mr. Speaker. The government abused the power and trust given them by the majority of this House.

Now I do not know if there are any other points I want to touch on. The member for White Bay South did mention in his remarks yesterday that Mr. Doyle once offered to sell to them at a price almost equal to the cost of the plant. That would have been tens and twenties and perhaps \$100 million.

MR. ROWE (W.N.): I do not remember having said that Mr. Doyle offered to sell the plant.

MR. CROSBIE: Well actually if the hon. gentleman checks Hansard he will see some reference to it.

MR. ROWE: I have made reference, if the hon. minister will allow me, I made a reference to the fact that approaches had been made by Mr. Doyle and his negotiators to sell out the project.

MR. CROSBIE: Right, and he wanted a price almost equal to the cost of the plant.

MR. ROWE: Well we will check Hansard tomorrow. I am almost certain I did not say that.

MR. CROSBIE: Well anyway it is not that important, I will withdraw that you said it if you insist.

The hon. gentleman mentioned (the member for White Bay South) in his speech that they were parachuted into this problem. That they inherited this deal. That is not correct, Mr. Speaker. They were not parachuted into this linerboard. This is their linerboard project. They were not parachuted in after November 21, 1969. They went in in July 1968 and they should stop trying to give the impression to this province that some one else started this whole deal, the MacAlpine, the deal that is before us was signed November 21, 1969 and was negotiated and dealt with during the previous year when they were in the cabinet. They were not parachuted in. They were there in the beginning of this deal. They did not inherit the deal. The deal was there. They originated, they were part of the cabinet that originated it.

It is suggested by one of the hon. members opposite, I think it was the member for White Bay South, that we are going to lash out \$5 million of public money to get peace and quiet. What utter tripe. What a stupid statement. Where is the peace and quiet we are going to get for this \$5 million? What we are going to get, Mr. Speaker are tremendous problems but we think they have a chance to be overcome by our paying this \$5 million.

We could have washed our hands of this and let it collapse and said, "this thing has collapsed because of the actions of the past administration. There is nothing we can do about it." But no we are not doing that we are taking the risks associated with trying to get this going ourselves and start it up. Not throwing up our hands about it. Not paying and lashing out \$5 million. We are accused of lashing out \$5 million, Mr. Speaker. accused of lashing money out, when

MR. CROSBIE: the cupboard is left bare. There is nothing here to lash with. How can you lash with nothing? Mother Hubbard went to the cupboard and the cupboard is bare and the commitments are there and the honourable gentleman lashed it out, lash, lash, lash, all last year they lashed it, the year of the election.

We even heard a remarks here today, or tonight about the road being paved, or promises of road paving during the winter. We never spent one nickel on paving a road during the last election, not one bean.

AN HON.MEMBER: Inaudible.

MR. CROSBIE: No, you said we promised to. Last October the honourable gentleman was going all over the island behind the paver. They had to dig their cabbages up a month early to save them.

Now Mr. Speaker, the honourable gentleman questions repaying the loans and advances. Well if these loans and advances are proved to have been made by Javelin and proved to be represented in the assets of the company, then they should be paid and there is no reason they should not be paid.

The honourable gentlemen now tell us that we could take this over just by passing an act, they are now like veritable tigers there in the opposition. Tigers, they were lambs when they were in the government, Mr. Speaker, none of these things were suggested then.

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and I remember today, Mr. Speaker, in this debate and tonight we have heard the hon. Leader of the Opposition and he is something fierce. He would take this over, legalize it, nationalize it. He is not worried about the effect on the private investors of the world, whether they think we are a "Banana Republic" or what. No, he is not worried about that. Well he should get co-ordinated with the hon. member for Bell Island. All during the last election the hon. member for Bell Island was on the radio. He said, "we as the head of the committee and the government, were going to drive investors away from the province." He said, "Mr. John C. Doyle was a tremendous man who had started Wabush Mines, who had initiated many developments in Newfoundland, a fine man and we were driving him out. We were driving out the investors. Nobody could come here to invest." That is the hon. member for Bell Island who sits quite close to the hon. Leader of the Opposition. But tonight the Leader of the Opposition is a veritable tiger. He goes not care about investors. He does not care about Mr. Doyle. That must be, Mr. Speaker, why the hon. member for Bell Island has not said a word in this debate. He does not like to hear his hero attacked - Mr. Doyle.

Mr. Speaker, can the honourable gentlemen explain this, the hon. Leader of the Opposition and the hon. member for White Bay South? If they were having such difficulties controlling Mr. Smallwood on this project, trying to control his excesses, the mad things he was doing, the things he was agreeing to do with Mr. Doyle and the rest, if they were having this problem with him and they were struggling bravely for the last year or two to control this from within, if as the honourable gentlemen say they thought of resigning a dozen times but then thought to themselves; "No that would be the easy way, We will take the hard way. We will stay in and fight from within." if that were the situation, if they were convinced things were going badly, how is it that they could go to the people of this province last October and ask the people of this province to re-elect Mr. Smallwood for the next five years as Premier of the Province and re-elect them with him? How does that jive? It does not jive. If they had been successful last October, this province would have had five more years of the kind of rule, the kind of mal-administration,

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the kind of negligence, the kind of giving away of our resources, giving away of our assets and our borrowing power, we would have had five more years of that. With five more years of that, Mr. Speaker, this province would not have had a chance. There would have been no chance of saving it at all. Yet the honourable gentlemen now want to present themselves in two aspects: (1) They were trying to restrain Mr. Smallwood's worst excesses; and (2) Being heroes at it. It does not jive. It does not ring true. It is not true. It is not correct.

The hon. member for Labrador North mentioned that he hoped there would be no breakdown in the operation. There will be no breakdown in the operation in Labrador North because we have taken it over and we are taking the right steps to see that there is no breakdown.

The hon. Leader of the Opposition spoke, when he got up this afternoon, about the members over here scoring partisan points. How can he point the finger after the remarks he has made in this debate and after going to the public yesterday and telling that this was a sellout - a sellout! That is not partisan at all. Now the mill, Mr. Speaker - several members on this side have mentioned what is an obvious fact that because we have to borrow \$40 million to \$50 million this year for the linerboard mill project, we are going to be circumscribed in what other monies we can borrow for other purposes. That is a fact. We have to borrow this year, Mr. Speaker, for this project because of their mal-administration, because of their failure to grapple with this thing and get it under control. We had to borrow an additional \$40 million to \$50 million. That is \$40 million to \$50 million we cannot borrow to pave roads or to build hospitals and the rest of it. It is obvious. We can only borrow so much in any one year. If we have to borrow \$40 million to \$50 million this year for the linerboard mill and that obviously has to have a priority, we cannot borrow it for other

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purposes. So the comments made on this side of the House by honourable members are absolutely correct.

AN HON. MEMBER: (Inaudible)

MR. CROSBIE: In addition to everything else that they have borrowed and the fact that we had to borrow \$100 million at the end of March, in early April to pay back monies they had spent last year and had just incurred short-term loans and owed the banks ninety day notes and one hundred and eighty day notes. They were unable to borrow in the bond markets last year because they had let loose Mr. Doyle with a guarantee in his hand to go all over Europe. The same Mr. Doyle that is excoriated here tonight, criticized by the hon. Leader of the Opposition, was permitted by the hon. Leader of the Opposition last year, last summer, last fall to go over all around Europe with a government guarantee attempting to borrow money. Now a few months later the hon. Leader of the Opposition attacks him, criticizes him, he is a scoundrel, his yacht is under lien. This is the statesman. If that is the statesman-like approach, Mr. Speaker, Thank God I am not a statesman! Thank God I am something worst than a statesman! If that is statesmanship, if that is high caliber politics, if that is high-levelled debate, Thank God I am not on that level.

You would think, Mr. Speaker, you have a debate in this House where people would stick to facts, be frank and not try to score these little mean political advantages. It is impossible. When the honourable gentleman says that I am going to get up, this honourable gentleman, and I will be this, that and the other, do not be surprised because it has been almost too much for any one to bear to listen to the spume of hypocrisy that is spouted from the hon. Leader of the Opposition this evening.

Now as far as the mill is concerned, Mr. Speaker, paying for itself. As I said yesterday, it is not going to pay for itself, not in the next three or four years. The cash flow prospects are that it will not

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generate enough cash to meet the interest that it is going to have to pay over the next three or four years because there has had to be so much money borrowed for it. Instead of it costing - the hon. gentlemen wanted to know about costs - instead of it costing, as the feasibility study of November 6, 1967, revised to May 13, 1968, instead of it costing \$81,921,000 which was the figures then, leaving out harbour facilities, effluent treatment and working capital, instead of costing that, their own figures show, their latest estimate of May 1971 was \$123,000,598. It was up \$42 million already by May 19, 1971. One million of that was for harbour facilities. Four million was for effluent treatments. Seven million, eight hundred and fifty thousand was for working capital and the rest was increases in construction costs and so on. The facts are that in 1968, they did not include items that should have been included. The estimates from May, 1968 to May, 1971 showed an increase of \$42 million. That is in the cost of the project. Since then, Mr. Speaker, the latest estimates show the total cost not any longer \$123 million but the cost now as far as we can see is going to be somewhere about \$154 million.

Mill construction Stephenville, \$100.3 million; Goose Bay Harvesting Equipment and related facilities, \$12.6 million; for start up costs including interest, staff, office supplies and so on \$20 million; working capital including wood inventory receivables and finished products inventory, \$21.5 million. The total is about \$154 million. These figures are not exact but it is an estimate. So what started out as an estimate of \$81 million in 1968 is going to cost almost double, at least over \$70 million more in 1972. That is why it is not going to be able to meet the interest costs for the first three or four

years, as now we have to pay interest on \$150 million instead of on, say \$70 or \$80 million, or less. That is why. That is how much the cost went up. The cost actually almost doubled when you include the things that they had forgotten to include in 1968. To this province it is tripled. Our guarantees, our involvement in the project has tripled from \$53 million to now \$154 million. The honourable gentleman wants to pretend that this is not going to have any effect on the people of Newfoundland or on what we can do for them in the next year or two.

It is, it is going to have an affect on the people of Newfoundland every one of the 500,000 people of Newfoundland have a share of this project, Mr. Chairman. Every one of them are going to feel the effects of the fact that we had to borrow \$40 or \$50 million. for this this year. Therefore we cannot borrow the \$40 or \$50 million for the hospitals, university, and the paying of roads all the other things that need to be done.

That does not mean to say Mr. Speaker, by the way, do not rub your hands with glee gentlemen. It does not mean to say that we will not have capital programme or capital works, we will. It is not all going to stop this year, but it could have been a lot better, Mr. Speaker, had we not had to face this, left to us by the last administration.

I think I have covered most of the points that I thought of covering. The honourable gentlemen have never explained why they agreed to these secret advances without telling the public anything before and after the election. A government defeated at an election is supposed to do nothing but routine housekeeping. Yet, all monies were advanced, \$9 million were advanced after the election, secretly in November and December. A guarantee was given for \$30 million, a hundred million deutschemarks, secretly after the election. Mr. Smallwood let it go to Mr. Doyle. He went off to Europe and borrowed the money without any backup agreement all of these things, yet not a word to the public until we took over on January 18. If the solution were so easy, Mr. Speaker, as

the Leader of the Opposition painted it, why was he unable to get the \$24 million back from December 22, until January 18 when we took over Eighteen days plus nine days, twenty-seven days, he was unable to get returned to the government the \$24 million. Yet, tonight in this House he tells us, Mr. Speaker, the simple solution was not to pay Mr. Doyle a cent but just to pass legislation through the House and take over the operation. Not very convincing. It is not going to convince the Newfoundland public. The Newfoundland public, if I judge them rightly, Mr. Speaker, are disgusted by the display that they have heard from the other side of the House in the last two days.

So, as to the future, we have Kates, Peat, Marwick & Co. (Not Peat, Marwick, Mitchell) Kates, Peat, Marwick & Co. management consultants, Donald E. Dick Engineering Ltd., as engineers, both joint managers of the project, both recruiting personnel for Labrador Linerboard Limited, to take this thing over and operate it. We have Foristall Engineering to do the necessary work that has to be done to improve the logging operation at Goose Bay, the shipping of the logs to Stephenville and the rest of it. This work, when the House passes this Bill, will be ongoing.

We can only hope, Mr. Speaker, and pray that the mill has a good start up in October so that it can start producing some revenue for its operations during the winter. So, it can continue to use wood from Labrador. So, it can continue to employ people in Stephenville, Happy Valley, Goose Bay. and that this will be a success, no matter if it has cost more than it should have cost. I am sure all members of the House wish that.

So, Mr. Speaker, I suggest in fact I asked the Leader of the Opposition to drop the silly pretence that they approve the principle of this bill but do not approve the payment of \$5 million. I ask him to drop that. either approve the principle, which is that we pay \$5 million, subject to the other terms and conditions here, to settle and get the project immediately, or be a man and oppose it, say, "we are against the deal. We are against this." He cannot have it both ways. If the Leader of the Opposition is for the

principle of the bill he is for it and for the doing what is in the agreement attached to the bill. That is paying the \$5 million subject to this, that and the other, all the safeguards we have in it. He cannot have it both ways. So I suggest to the Honourable Leader of the Opposition that he vote for the principle of the bill, he vote for the clauses in the agreement or that he be man enough to vote against the bill, so that he cannot say in future years he approved this bill when he did not really approve it.

On motion, Bill read a second time, ordered referred to a committee of the whole House, now, by leave.

COMMITTEE OF THE WHOLE

MR. STAGG (Chairman of Committees):

Committee of the Whole on Bill, "An Act To Ratify And Confirm An Agreement Made Between The Government And Certain Companies Relating To The Linerboard Mill At Stephenville And To Provide For Certain Matters Relating Thereto."

MR. ROBERTS: Clause 3, despite the eloquent concluding appeal of the Minister of Finance. My colleagues and I feel that we should retain our position. We think it is right -

MR. ROBERTS: accordingly I would move an amendment to Clause (3) it is written out I am afraid only in handwriting, but when I read it, if the page would come I will send it over to Your Honour. The amendment would insert immediately after the word 'agreement' in line eleven the words and "except Clause 3.01, 3.02, 3.03, and 3.04." The motion is seconded by the gentleman from White Bay South. The affect of the amendment would be and I realize and I will say right now I do not think it clues up all of the legal points in the Schedule. But the affect of it would be if it were carried that the part of the Agreement that authorizes the government to pay the \$5 million over and - well the \$5 million we have talked about would not be authorized, those clauses would be removed.

AN HON. MEMBER: What about 3.03.

MR. ROBERTS: I named 3.03 did I not? I thought 3.01 to 3.04 inclusive. Did we put that in? I did not draft the amendment but it is 3.01, 3.02, 3.04 there is another consequence to the amendment that should go further down where it comes to the deductions, the set-off clause. But I think -

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Since I do not expect the amendment will carry, indeed, I think it is possible even to raise an argument that it may not even be in order. I hope that argument is not raised. I think the point should be made.

I do not propose to speak again. If the honourable gentleman speaks then I will claim my right to speak on the matter and I will. But I think this is the \$5 million we referred to - we do not think it should be authorized and accordingly we move this amendment which would have the affect of, as we understand it, taking it out.

MR. MARSHALL: Mr. Chairman, obviously this is not in order. There is no sense in regurgitating all of the things that have been said today, except to emphasis again and again and again, repeatedly, all this government are doing is paying the cost of the project. Technically

MR. MARSHALL: speaking, this amendment is out of order. If the honourable Leader of the Opposition wish to properly move it, he should really move. I think, that the section not be approved itself and cut out the whole agreement.

But in any event a part from the niceties and the technicalities of the situation -

MR. ROBERTS: Inaudible.

MR. MARSHALL: I am not raising a point of order. You know, so we will accept the amendment as it is from the point of view of voting on it. But we certainly have absolutely no intention in this whole wide world of changing it, we have struck the best deal that could be struck in the circumstances. As the hon. Minister of Finance has said, we are not all that completely proud of it but we are making the best out of a rotten, rotten mess that we have inherited when we took over the government.

So, therefore, we will vote against it.

MR. W. N. ROWE: Well, Mr. Chairman, very briefly about thirty seconds worth, I just want to reiterate once more the reason why we are moving this amendment. The reason for it is that Canadian Javelin are getting off the hook on \$15 million or so worth of guarantees under the Interim Financing Agreements arranged by my colleague and myself in the previous administration during the summer. Canadian Javelin are getting off the hook for \$5.5 million of advances which they have made in respect to this project concerning which ^{it} is very doubtful that there should be any repayment made, it being made by a non-arm's length company, a shareholding company, the only shareholder in the project. In addition, they are getting out from under with regard to the royalties thing there and they are getting out from under, Mr. Chairman, with respect to the third party liabilities, the debts owing to third parties which certainly

MR. ROWE. W.N. is not incumbent on the government if they wanted to take over the project.

We think that Canadian Javelin is being treated more than reasonably by getting off the hook and getting out from under in respect of those several things I have mentioned. Our position is that there is no need to sweeten it any further by using \$5 million of the public's money to pass it over to Canadian Javelin. We think that is being too reasonable to Canadian Javelin. Therefore, Sir, to maintain the position we have maintained during the past two days, we will have to move that amendment and vote in favour of it.

MR. CROSBIE: Mr. Chairman, just briefly now on those points, which have really been argued before. The government have not agreed to pay Canadian Javelin anything because it wishes to pay Canadian Javelin anything. This is a compromise the best arrived at in the situation we have found ourselves. As I explained yesterday the very trust deed itself was negligently executed by the government, they did not get proper proof from Canadian Javelin Limited that their signing officers were authorized to sign the trust deed, The letter of March 24, 1972 from Mr. MacPherson of Canadian Javelin sets all of that out. They had a letter from Premier Smallwood which told them if they executed the trust deed it would be on condition that they got timber leases from the government. The government did not give them timber leases. Canadian Javelin therefore took the position and certainly it weaken our case that the trust deed had never been properly executed and was not binding on them. The Montreal Trust Company had reported to the government that in their opinion the resolution supplied them in connection with signing an execution by Javelin was not in order. it was two years old.

Despite all of that the Liberal Administration did not do anything

MR. CROSBIE: to correct it. There were many other legal problems that have already been gone into. There is the question of time. We did not have sufficient time to settle all of these matters in court because we need to get control of the project now and I could go on and on. It would only be reiterating all these earlier things. It is a piece of cynicism. The honourable member for White Bay South and the position they are now taking now is a cynical one when they were there they did nothing about this. They took none of the moves that they now suggest should have been taken. It is not acceptable to us to accept this amendment. This is the result of weeks of hard bargaining with the Javelin people, of facing up to them, of informing the people of this province what was happening.

As I have said before we are not proud of this agreement. We are not going to go around shouting this is a wonderful agreement. But it is certainly the best one that could have been obtained under the circumstances.

MR. CHAIRMAN: It is moved and seconded that Clause (3) of the bill be amended to insert after the word "agreement" in line eleven of the said Clause the words "except Clauses 3.01, 3.02, 3.03, and 3.04."

Is it the pleasure of the House to adopt the said amendment?

All those in favour say "Aye". All those against say "Nay".

I declare the motion defeated.

Will all those in favour of the said motion, please rise?

Will all those against the motion, please rise?

I declare the motion defeated.

On motion Clause 3 carried:

MR. CROSBIE: The honourable Minister without Portfolio will move the amendment. The amendment is that we delete the period at the end of clause (6) and substitute therefore, a colon followed by the expression " provided that the project, except any part of it which is not being used or is no long necessary for or in connection with the operation of the linerboard mill, as defined in clause 1.01 (e) of the principle agreement, may not be (d) sold or otherwise irrevocably alienated; or (e) leased or otherwise disposed of for a period of five years, to any perosn other than a crown company without authority of the Legislature additional to that provided by this Act specifically authorizing or ratifying such sale, other irrevocable alienation, lease or disposition.'

The effect of the amendment, Mr.Chairman, is that the project could not be sold or irrevocably alienated or leased for a period in excess of five years, to any person other than a crown company without the authority of the Legislature. It was suggested during the debate by the hon. member from White Bay South, or the principle was and it is agreeable to us.

MR. ROBERTS: As the minister said, this was a point raised by my colleague the member from White Bay South. The Premier on behalf of the administration said that they would accept the amendment. We think it is a good one and we are grateful in a limited way. It is hardly a big concession, but it is a good thing to put in the bill and we are delighted and we acknowledge what the government have done. A very reasonable government.

MR. MARSHALL: If I may, just for a moment state for the record the fact that we accepted this because we approve of this type of principle of consulting the Legislature instead of allowing the cabinet to do it all in secret session. That this amendment is introduced by us and is certainly welcome by us, because it is the method by which we intend to carry on in the new regime. I would point out that such types of

consultation with the Legislative Assembly has been unknown in the past twenty-three years, but will be well known in the future.

On motion, amendment carried.

On motion, clause (6) carried.

MR. MARSHALL: Mr. Chairman, just before clause (7) is passed, I would by way of emphasis of my previous remarks on clause (6) would like again for the record, to draw to the attention of the committee the splendid subsection (3) of clause (7) which says; "that the aggregate of the public money to be expended and the loans to be guaranteed under this section shall not, without further reference to the Legislature exceed the sum of \$50 million." Here again is an instance of this new government doing what it said in its policies over the past four or five years and showing its determination that it will not be borrowing money in secret session in cabinet, but will get the authorization of the Legislature first.

MR. ROBERTS: Mr. Chairman, I had not intended to speak on any of the clauses, but the hon. gentleman invites. Of course it is a good principle. We welcome it, there is no problem at all there. I do not think the hon. gentleman should completely envelop himself in a seamless cloak. I think it is worth pointing out (since he is pointing things out for the record I shall too) that \$50 million is a pretty healthy chunk of money. Even you know, with the so-called grave crimes that we have been accused of it only came to \$24 million over a period of six or eight months.

It is a good principle, I would like to see a lot more of it. I am looking forward to the Revenue and Audit Act amendments. If they are not move from the other side they will be moved from this side, indeed we have a prototype bill.

But \$50 million, Mr. Chairman, is a very healthy amount for the cabinet to take unto itself. It is a very healthy one, necessary in the circumstances and so we do not object. I do not think the hon. gentleman should envelop completely in the seamless garment, there are one or two seams that show.

MR. MARSHALL: Mr. Chairman, of course I do not want to prolong it. I would certainly agree with the honourable Leader of the Opposition that it is a healthy chunk of money and \$160 million is a healthy chunk of money. The shame of it all is that the people of this province have to bear it. I wonder whose fault it is?

MR. ROBERTS: The people who own the mill will have to pay for it.

AN HON. MEMBER: Uriah Heap.

MR. MARSHALL: Uriah Heap.

On motion, clause (7), carried.

On motion clauses (8) through (11), carried.

MR. ROBERTS: Mr. Chairman, is clause (11) the one or is it clause (12) that allows the government to go beyond \$50 million? I am sorry, it is clause (9), I missed it, but it does allow the government to go well beyond \$50 million. You know, it goes well beyond \$50 million, there is no limit on it. I am sorry, I missed my chance. Mr. Chairman.

MR. MARSHALL: I am glad the honourable did.

MR. ROBERTS: I will speak on it when we call the appeal.

On motion, clauses (12) through (14), carried.

MR. CROSBIE: Mr. Chairman, in clause (15), the third line, there should be the word "or" inserted after agreement, so it would read "pursuant to this Act or the principal agreement or to fulfill any guarantee."

On motion, amendment carried.

MR. ROBERTS: Mr. Chairman, before Your Honour calls the schedule, may I move that clause (16) be added to the bill? It is the one that I mentioned to the hon. gentlemen earlier. I do not know what they are going to do with it, but the wording is as follows; (there be added a clause to be known as clause 16), "Every agreement, trust deed, trust indenture, guarantee, contract, undertaking or any other agreements of every nature whatsoever, entered into, executed and delivered pursuant to this Act, shall be laid by the minister before the Legislature within fifteen days after it has been so entered into, executed or delivered if the Legislature

is then in session and if not, within fifteen days after the commencement of the next ensuing session.

The amendment speaks as to its purpose. We are particularly concerned with the construction contracts, management contracts under (6b). I do not think that interferes with the management of the company, presumably the company will file annual reports, certainly they will be asked for. I think that this is an amendment that should be accepted. Whether or not any agreements will come under it remains to be seen, but if there are any agreements I think they should be tabled in the House.

It is not a new idea, it has been in Acts I suppose since the year (1). I move it seconded by the hon. gentleman from White Bay South.

MR. CROSBIE: Mr. Chairman, this is an amendment that we find we do not see any necessity for, there is no necessity for actually, under this legislation. This is an Act to ratify, Mr. Chairman, the agreement attached to the bill. The schedules to the agreement have been tabled in this House. The construction contracts and so on and so forth, in connection with this project have all been entered into. I cannot see what agreements or documents that would be relevant to table under the agreement. The government are quite prepared to report to the House every year on exactly what is happening with the project.

We have amended the clause now so that if the project is sold or leased for five years we have to get the authority and permission of the House first. In the circumstances, Mr. Chairman, we cannot support the amendment.

MR. ROBERTS: Mr. Chairman, I am genuinely sorry to hear that. There are still a considerable range of agreements that the government can enter into under this Act in addition to the agreement that is ratified by the Act. If there were no intention of further agreements, then of course section (6) would not be necessary. Even with the amendment to section (6), the government still have a very great deal of power. They can lease things for four years and three hundred and sixty-four days

with options to renew and all that. I cannot force the government to do it, I can merely say that I think it is a good principle. I cannot see how it could do any harm if there is nothing to hide. Why not put it in? There may well be agreements come within it and there may not well be agreements that fall within the terms of that, Sir. If there are none then there is no harm done in having it in. If there are agreements, then surely the Legislature of the province should have, you know, I could go on but I will not. It would just touch off a debate and I will be in it and we will all be in it, we will all be here all night.

I am disappointed in the government. In view of the pious protestations which we have had the past two or three days, the past two or three months and which we will continue to get I am sure, I am disappointed they do not accept this amendment. However, if they do not do it, that is it, thirty-three will out-vote nine.

MR. CROSBIE: The main reason for this, Mr. Chairman, is that this crown company has to engage in an ordinary, (we trust) ordinary act of commercial business. As to what should become public information and what should not become public information about its business, whether it is in competition with other linerboard mills and companies about the world is a decision we will have to make.

MR. CROSBIE:

We cannot take a chance on having any wording here that would necessitate the filing of agreements that should not be disclosed publicly but there will be no hesitation on our part to give information about the project next year or any other time.

MR. ROBERTS: Mr. Chairman, again I cannot accept the explanation. The act gives the minister power to make agreements. It makes no reference to agreements which were made by the Crown Corporation. I agree with him on the commercial aspect of it. Indeed when the Come by Chance legislation was debated the same point was raised. He was not of quite the same view then. In fact it means this act authorizes the minister or subject to the prior approval of the Lieutenant Governor-in-Council, prior approval of the Cabinet. You know if the minister does not want to accept it that is fine, that is where it will end but I am disappointed I think it is a derogation from the principle that they have annunciated so often and so piously and we happen to think it is a good one and we believe they think it is a good one too.

However, that is it unless the minister wants to go back at it again, I will let the matter drop after a vote, you know just "aye" and nay. The agreements we are after are any agreements the minister makes with the prior approval of the Lieutenant Governor-in-Council

MR. CHAIRMAN: It has been moved and seconded that the bill be amended to add as clause (16) the following: "Every agreement -

MR. ROBERTS: The agreement was read unless the honourable gentleman wants -

MR. CHAIRMAN: You have heard the motion. Is it the pleasure of the House to adopt the said motion? All those in favour "aye," all those against "nay." I declare the motion defeated.

MR. CROSBIE: Mr. Chairman, I would like to move that a new clause (16)- or the honourable Minister without Portfolio, it will be (16). "This act

MR. CROSBIE:

or any provision thereof shall come into force on a day to be proclaimed by the Lieutenant Governor-in-Council." The reason for that is, Mr. Chairman, that we expect if the bill is passed tonight that it is going to be - I think the Administrator is coming, the Lieutenant Governor himself is coming tonight to sign the bill and we do not want the bill signed until we have made sure that we have all the documents that we should have. I am advised by our legal adviser, Mr. Cyril Green, that he thinks that it will take him all day Monday and perhaps part of Tuesday to complete all the preliminaries that are necessary before the act becomes law. For example, the cancelled preferred shares of the project, the preferred shares that Canadian Javelin had issued to the government he has to see, We are told that these have now been cancelled and we have certificates from the company and so on and he has to peruse those. There is a resolution and one shareholders meeting and NALCO and various other documents like that that he has to peruse and certain other documents consequential on the passage of this bill all of which are being held in escrow until the act is passed and ratified. Therefore we need this clause so that we can proclaim it next Monday or Tuesday whenever Mr. Green advises us that we should now proclaim it.

MR. ROBERTS: That sounds fairly reasonable to us, Mr. Chairman. The ministers are in good legal hands when they rely on Mr. Green and having had occasion in the past to rely on him myself, I am very much in favour of whatever he recommends. When Mr. Green peruses these documents they will get a very careful perusal indeed. You know, the amendment makes sense so let us just agree on it and go on.

MR. CHAIRMAN: You have heard the motion. Is it the pleasure of the House to adopt the said motion? All those in favour, "aye," those against, "nay." I declare the motion carried.

MR. CROSBIE: Mr. Chairman, in connection with the schedule there are some corrections, I think, to be made. How are we going to handle them?

Page (24), clause (403) the third last line after the word "incurred" the words "on or" should go in. So it would read, "and subsidiaries or any of them incurred on or before December 31, 1971." Moved by the Minister without Portfolio.

Page (27), line (7) after the word "matter," "in connection with the matter, whichever happens later, and." So it would read, "in connection with the matter, whichever happens later, and provided no appeal is taken."

Mr. Chairman, the last three pages to the agreement, article (XVIII) and on the bill it is pages 40, 41 and 42, Mr. Green suggests that in the act here we do not have the names of the signatories on the pages and this shows the seals of the companies and who signed on behalf of each company and in behalf of the government, the witnesses. It is the usual practice to have those.

MR. ROBERTS: Are we going to put the names in on the printed bill?

MR. CROSBIE: Yes, well I will just move each name, is it? Will I insert them all? So I would move that we add to the pages 41 and 42 the names of the signatories and witnesses in accordance with the list file of the clerk.

AN HON. MEMBER: (Inaudible).

MR. CROSBIE: Yes, do you want them read? John C. Crosbie on behalf of the government: Cyril Green, Barrister.

Canadian Javelin Limited: J.A. Rozzini, Vice-President: R. Balestreri, Assistant Secretary: witnessed by Leslie R. Curtis.

The Common Seal of Canadian Javelin Limited -

AN HON. MEMBER: (Inaudible).

MR. CROSBIE: Leslie R. Curtis, Barrister. Those were the days my boys

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JM - 4

MR. CROSBIE:

when the Minister of Justice was on one side and so on and so forth.

The Common Seal of Javelin Paper Corporation Limited affixed in the presence of: Leslie R. Curtis; signed J.A. Rozzini, vice-president: R. Balestreri, assistant secretary.

The Common Seal of Javelin Forest: Leslie R. Curtis, Barrister: J.A. Rozzini, vice-president: R. Balestreri, assistant secretary.

The Common Seal of Newfoundland and Labrador Corporation Limited: Leslie R. Curtis, witness, J.A. Rozzini and R. Balestreri.

MR. ROBERTS: A busy day the three of them, did they not?

On motion bill passed with some amendment.

On motion, that the committee rise and report having passed the bill with some amendments, Mr. Speaker returned to the Chair:

MR BARRY: The committee of the whole have considered the matters to them referred and have directed me to report having passed Bill No.55 with some amendments, and ask leave to sit again.

On motion report received and adopted:

On motion amendments read a first and second time.

On motion Bill No.55 read a third time, by leave, ordered passed and title be on the Order Paper.

SERGEANT-AT-ARMS: Mr. Speaker, His Honour, the Lieutenant-Governor has arrived:

MR SPEAKER Admit His Honour, the Lieutenant-Governor.

MR SPEAKER: 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:

A bill, "An Act To Ratify And Confirm An Agreement Made Between The Government And Certain Companies Relating To The Linerboard Mill At Stephenville And To Provide For Certain Matters Relating Thereto."

A bill, "An Act To Amend The Social Assistance Act, 1971."

A bill, "An Act Further To Amend The Evidence Act."

A bill, "An Act To Amend, Revise and Consolidate The Law Respecting Children Of Unmarried Parents."

A bill, "An Act To Amend, Revise And Consolidate The Law Respecting The Welfare Of Children."

A bill, "An To Amend The Statute Law."

A bill, "An Act To Repeal The Pensions Premiums Act, 1966-1967."

A bill, "An Act To Repeal The Bowring Park Area (Control) Act."

A bill, "An Act Further To Amend The Provincial Parks Act."

A bill, "An Act Further To Amend The Commissioners For Oaths Act, 1954."

A bill, "An Act To Repeal The Contingencies Act."

A bill, "An Act Further To Amend The Direct Sellers Act, 1966."

A bill, "An Act Further To Amend The Prisons Act, 1969."

A bill, "An Act Respecting The Application And Effect Of Certain Acts Passed In The Present Session Of The Legislature Upon The Revised Statutes Of Newfoundland, 1970."

A bill, "An Act Respecting The Registration Of Partnerships."

A bill, "An Act Respecting The Organization, Operation, Functions, Powers, Duties, Rights and Privileges Of The St. John's Fire Departments."

A bill, "An Act To Amend The Chattels Real Act."

A bill, "An Act To Amend, Revise And Consolidate The Law Respecting The Adoption Of Children."

A bill, "An Act To Amend The Attachment Of Wages Act, 1966-1967."

A bill, "An Act Further To Amend The Summary Jurisdiction Act."

A bill, "An Act To Amend The Pippy Park Commission, Act, 1968."

A bill, "An Act To Amend The Civil Service (Transferred Employees) Act, 1956."

A bill, "An Act Further To Amend The Constabulary Pensions Act, 1970."

A bill, "An Act Respecting The Award Of An Increase Of Pensions To Or In Respect Of Certain Employees Of The Government And Certain Teachers."

A bill, "An Act Further To Amend The St. John's (Metropolitan Area) Act, 1963."

A bill, "An Act Further To Amend The Social Assistance Act, 1971."

A bill, "An Act Further To Amend The Local Government (Receivership) Act."

A bill, "An Act Further To Amend The Agreement Entered Into, Executed And Delivered In Pursuance Of And In The Form Set Forth In The Schedule To The Government-Newfoundland Cement Company Limited And North Star Cement Limited (Authorization Of Agreement) Act, 1959, And To Make Certain Statutory Provisions Relating To That Agreement."

A bill, "An Act To Amend The Agreement Ratified, Confirmed And Adopted By And Set Forth In The Schedule To The Newfoundland Fibre Limited (Agreement) Act, 1963, And To Make Certain Statutory Provisions Relating To That Agreement."

A bill, "An Act Further To Amend The City Of Corner Brook Act, 1968."

A bill, "An Act Further To Amend The Assignment Of Books Debts Act."

A bill, "An Act To Amend, Revise And Consolidate The Law Respecting The Organization And Administration Of Community Councils."

A bill, "An Act To Amend, Revise And Consolidate The Law Relating To The Establishment And Administration Of Local Government."

A bill, "An Act Further To Amend The Registration Of Deeds Act,"

A bill, "An Act Further To Amend The Civil Service Act."

A bill, "An Act Further To Amend The Public Service Pensions Act, 1968."

HIS HONOUR THE LIEUTENANT-GOVERNOR: In Her Majesty's Name I assent to these bills.

MR. MARSHALL: Mr. Speaker, I move that the Standing Orders stand deferred and that this House at its rising do adjourn until tomorrow Monday, May 29, 1972 at 3:00 o'clock in the afternoon and that this House do now adjourn.

On motion this House stands adjourned until Monday, May 29 at 3:00 o'clock in the afternoon.