



Proceedings
of the
House of Assembly

During the Second Session
of the
Thirtieth General Assembly
of Newfoundland

1952

PROCEEDINGS
of the
SECOND SESSION
of the
THIRTIETH GENERAL ASSEMBLY
OF NEWFOUNDLAND

MONDAY, June 30, 1952.

The House met at 3:00 of the clock in the afternoon, pursuant to adjournment.

MR. SPEAKER: The Honourable the Administrator has arrived to open the second session of the thirtieth General Assembly of Newfoundland.

His Honour the Administrator reads the Speech from the Throne:

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

No one thought, when your Honourable House was prorogued a few weeks ago, that need would so soon arise to call it together again. In the course of the recent Session legislation was enacted authorizing my Government to guarantee principal and interest of a bond issue of Ten Million Dollars proposed to be sold by Newfoundland and Labrador Corporation Limited. Negotiations had been conducted for the sale of these bonds in the United States of America, and the language of the Act in question was based upon that fact. My Ministers, and the Corporation, subsequently became convinced of the financial unsoundness of selling the bonds in the United States; and the Corporation consequently decided to

make an effort to sell its bonds in Canada. Negotiations were entered into between the Corporation and certain leading bond houses in Canada, but it became apparent recently that the Corporation would be unable to dispose of the proposed bonds at this time. The reasons for this inability will be explained by my Government.

You will be asked to enact legislation authorizing my Government to sell bonds of the Province to the value of Ten Million Dollars, and to repeal the Act authorizing the guarantee of the Corporation's bonds.

I trust that you will not need to give too much of your time to your work as legislators at this pleasant season of the year, and I pray that Providence will guide you in your deliberations.

Presenting Petitions

None.

**Presenting Reports of Standing and
Select Committees**

None.

**Giving Notice of Motion and
Questions**

None.

Orders of the Day

HON. P. J. LEWIS (Minister without Portfolio): Mr. Speaker, I beg

leave to move first reading now of a Bill, "An Act to Amend the Revenue and Audit Act, 1951."

Bill read a first time. Ordered read a second time on tomorrow.

MR. SPEAKER: I have to inform the Honourable House that at 3:00 o'clock this afternoon His Honour, the Administrator opened this second session of the thirtieth General Assembly of the Province of Newfoundland. His Honour delivered a most gracious Speech from the Throne which for the purpose of accuracy I have obtained a copy in writing which Mr. Clerk will now read to the House.

Speech from the Throne read by Clerk.

MR. MORGAN: Mr. Speaker, I move a committee be appointed to draft an address in reply to the Speech from the Throne with which His Honour graciously opened this session.

MR. JANES: Mr. Speaker, I second that motion.

MR. P. J. CASHIN (Leader of the Opposition): Mr. Speaker, most people thought when this Legislature prorogued roughly a month ago that it had prorogued for at least seven or eight months but some of us had a different opinion. The Speech from the Throne read this afternoon by His Honour the Administrator indicates that a matter of urgency and national importance is to be discussed in this House. We on this side of the House, representing Her Majesty's Loyal Opposition, want to point out that all particulars in connection with this transaction will be necessary during the course of the debate. It is our purpose to table certain questions this afternoon, at the proper time, asking that certain information be tabled.

It would appear that this loan which was guaranteed for the Newfoundland and Labrador Corporation of approximately ten millions of dollars was about to be floated in the United States, as a matter of fact we were told in the House on the introduction of the Bill that the money was already available, everything had been arranged and all we had to do (that was roughly May 6) all we had to do was to pass the legislation and the necessary money would be transferred or handed over to the Government on May 15. This House did not close until shortly after May 15th but the money has not been handed over yet which is something apart from the fact that the Government later thought it would be wiser to have the Bill changed so that something must have taken place and these particulars will have to be told to this House, and we, as representatives not only of the constituents whom we represent in the Legislature but of the people of Newfoundland as a whole, must insist that all particulars relative to this very important matter will have to be forthcoming during the course of the debate which will take place not alone on the Speech from the Throne but also when the Bill for repealing the guarantee Act comes forward and further when the loan Bill for the raising of ten million dollars on the credit of the Province comes forward for discussion. These are matters most urgent, most important for the people to know. It is no use for any members of the Government to come in here and make any effort to hide anything and use the expression we have so frequently heard in the past, that it would not be in the public interest—all these things are in the public interest, these things affect the fin-

ancial standing of the Province of Newfoundland, and true details will have to be told because, Mr. Speaker, if I might revert to four or five weeks ago when we were informed through the delivery of the Budget Speech; to borrow on the credit of the Province was unthinkable.

However, this afternoon it is not my intention to speak at any length. I presume the Honourable the Premier will make a statement here this afternoon and the House will probably be adjourned until a later date. There are certain questions we will table this afternoon and we hope they will receive the consideration they deserve.

HON. J. R. SMALLWOOD (Prime Minister): Mr. Speaker, before saying a word in reply to my honourable friend, I think, I would be voicing the sentiment of the House and indeed of the people of Newfoundland if I were to say how proud we are that a native born Newfoundlander left our shores today on his way to the Olympic Games to take part as one of the small group of representatives from Canada in competition with the greatest athletes of the world. Ferd Hayward is a great son of Newfoundland, a great athlete, and we are all intensely proud that he has been chosen as one of the Canadian team, the only one at present from this Province to take part in that famed athletic event. The hearts of all Newfoundlanders go with him, and whatever happens we know that he will uphold the traditions of Newfoundland in the great athletic world with high honour and credit to all of us.

I should like also to invite the attention of the House to an addition made in the artistic design of the

Chamber in the portraits which have been added since our last session. For several seasons past we have had within the Chamber itself, inside the bar, portraits of former speakers, all of them from the beginning in 1832 down to but not including Your Honour. Since then we have added portraits of all the Premiers of Newfoundland beginning with William Francis Little, whose son I may say is living today as a member of the Irish Free State, and ending with the late Mr. Alderdice and including all premiers of Newfoundland. I am very happy to see one ex-premier has today honoured us by his presence.

Now, Mr. Speaker, as the Speech from the Throne says, it was something of a surprise to all of us that it should become necessary to call the House together so soon after prorogation of the last session. As my honourable friend, the Leader of the Opposition, said, when we left here a few weeks ago it was in the belief that the corporation would indeed float its ten million bond issue in the United States. It was not actually floated.

MR. CASHIN: We were told here arrangements were made to underwrite the loan in the United States.

MR. SMALLWOOD: As the Speech from the Throne says, the Government became convinced as did also the directors of the Newfoundland and Labrador Corporation that it would be financially unsound to take advantage of the Act as passed and to float a bond issue in the United States at this time. The reason is fairly easy to see, quite simple. Years ago when Newfoundland borrowed money the interest was payable as a rule in Canadian, American or British funds, as the principal was so repay-

able also. But that method of bond issues died away and until but a few months ago was not carried out. When Canadian Bonds of the Canadian Provinces or of the Canadian Government were sold in the United States, but a few months ago, the practice was revived. That happened, Sir, when the Canadian dollar went above the American dollar, when it took more than one hundred American cents to buy a Canadian dollar. When that happened bond houses in the United States revived an old practice, namely, of demanding payment of interest on bonds and repayment of principal of bonds in either Canadian or American funds whichever might be the higher from time to time, the option resting entirely with the bond owners. Now, Sir, before that practice was revived, quite recently, when Canadian Bonds were floated in the United States the borrower took some risk, ran something of a gamble. So long as the American dollar was higher than the Canadian we had to pay a premium on it, when we repaid the bond or when interest was paid on it, but as against this there was the fact that if he borrowed a million dollars in U.S. funds and converted it to Canadian funds the actual amount would be something over a million dollars, and the borrower's expenses when he borrowed in the United States would be counterbalanced and perhaps more than counterbalanced by the premium he had to pay when he bought American dollars within Canada. It was a gamble, a risk the borrower took, knowing he was taking it. But Sir, when this old technique was restored it took the gamble out completely, there was no gamble, you knew that the cards were stacked against you, knew that you had to pay a premium

coming and going. In the first place when you sold a million dollar bond issue in the United States you got back less than a million dollars Canadian.

MR. HOLLETT: You knew that already.

MR. SMALLWOOD: And when you went to pay interest semi-annually the bond holder could demand it in Canadian funds. You were therefore obliged to pay a premium on the principal sum which you had floated, when finally the issue matured you were obliged to pay back more than you had gotten in the first place, and in the meanwhile pay a premium on the interest, the cards were completely stacked against you with the result that whereas most of the Provinces of Canada up to a few months ago were floating their bonds in the United States they have now discontinued doing so and are floating them with Canada itself. The last case, I believe, of a Province of Canada floating a bond issue in the United States was that of New Brunswick, and in that case New Brunswick used the new arrangement, namely; the interest is payable to the bond holder in either Canadian or United States funds at the option of the bond holder and the principal is repaid in the same way whichever is higher at the time of redemption. I believe New Brunswick is the only Province of Canada which has floated a bond issue in the United States since this old arrangement has been recently restored.

It was for that reason, and that reason alone, that we decided not to go ahead with the floating of the bond issue in the United States of America. There was no difficulty in floating the bond, arrangements had indeed been made to float it but not signed,

the bond had not in fact been issued but the arrangements were completed, there was no difficulty about floating the loan in the United States. It was a unilateral decision on the part of the Government not to proceed with the floating of the issue in the United States. I say that in answer to any rumour that has circulated within Newfoundland within recent days, rumours to the effect that we have not found it possible to float the bond issue in the United States.

We turned therefore to the Canadian financial markets, to a syndicate headed by two financial houses, two groups, one headed by the firm of Nesbitt and Thompson and the other headed by the firm of Dominion Securities Limited. In the Nesbitt, Thompson concern they have five or six other bond houses together with the Bank of Nova Scotia and in the Dominion Securities they have four or five bond houses together with the Bank of Montreal making in all thirteen bond houses and two banks and the whole syndicate headed by the firm of Nesbitt and Thompson. They said at once, in principle, that they would underwrite the bond issue or at least underwrite part and option the remainder of it and having agreed in principle they set their statisticians, accountants and economists at work to investigate the affairs of the corporation for which it was proposing to float the bond issue, and the affairs of Newfoundland which proposed to guarantee the issue of the corporation in Montreal by representatives of the group who visited our Finance Department and our Auditor General to confirm the statements made by the Government and to examine the accounts of the corporation.

At the same time the group put its own legal counsel at work to study

the Act of the Legislature of Newfoundland authorizing the Government to guarantee the bond and the Act of the Legislature creating the corporation. The first thing the legal counsel for the syndicate reported was the fact that the Act passed here in the last session authorizing the Government to guarantee the bonds of the corporation was inapplicable to a loan to be raised in Canada. That is to say; that Act passed in the last session has, as the Speech from the Throne says today, authorized the placing of a bond issue in the United States in American funds under certain conditions, the chief of which was, of course, the fact that the interest was payable in United States or Canadian Dollars at the option of the bond holders and the principal repayable in either funds at the option of the bond holders—they found that Act would not permit the floating of a bond issue in Canada, indeed would not permit the floating of any bond issue anywhere under those conditions except in the United States. So that for the issue of such bonds in Canada there was no legislation. Even were the corporation to propose to float a bond issue in Canada guaranteed by the Government, no such legislation existed. The Legislature had not passed an Act authorizing the Government to guarantee the bond issue of the corporation floated in Canada, but it was one to be floated in the United States, in U.S. funds. That is the first point. It required, therefore, at the very least new legislation if there were still to be a corporation bond issue, new legislation authorizing the Government to guarantee the corporations bond issue floated in Canada, in Canadian funds, and under certain conditions laid down in black and white.

But Sir, when the legal counsel for the syndicate and the banks came to examine the accounts of the Corporation and the legislation creating the Corporation, that is to say the Newfoundland and Labrador Corporation Act, they found several things which to them at least, and I fear to us, were rather disconcerting. In the first place, Sir, they found that the Newfoundland and Labrador Corporation had virtually no assets, virtually no assets. The Corporation is quite new, it held its first meeting in December last, since when it has held only one other meeting, the Corporation is entirely new, has no record whatsoever of earnings, it has never earned anything to record, a brand new business organization without any record of earnings. In the second place it was seen that the Corporation had as assets only a paid up capital of one million dollars, of which, as the House is aware, of which nine hundred thousand dollars was subscribed and put into the Corporation by the Government, and one hundred thousand by a group of private firms, and this notwithstanding the fact that the authorized capital of the Corporation is three million dollars of which only one million has been sold. There arose therefore a natural question, it was a rather significant fact in the eyes of the financial underwriters that only a portion of its authorized shares or capital of three million dollars had in fact been sold, paid for and entered into the Treasury of the Corporation. The first question they asked was; why does the Corporation not sell the remainder of its authorized shares of two million dollars? Why have they sold only one million dollars of shares? So that what appeared at first sight to be an asset of the Corporation turned out on second sight

to be something rather less than an asset. Then they turned again to the wording of the legislation—the House will remember that when I brought in the Act we were most careful not to give to the Corporation title to anything fee simple or unencumbered clear title to anything. We did give them rights to twenty-one thousand nine hundred square miles of area of Newfoundland and Labrador, areas which we believe to contain minerals, water-power and timber. But what did we give the Corporation in that twenty-two thousand square miles? We gave them no title, we did not give them the ownership of that area, but we gave them merely the sole right to prospect and that only for ten years, and we were very careful here in our debate in the House when that legislation was before us, very careful, in view of the fact that the Corporation was not wholly public but only as to ninety per cent and ten per cent private, we were very careful not to give to the Corporation absolute title to the twenty-two thousand square miles of our public domain, and so were careful to give them only prospecting rights for ten years and then as and when any particular part of the twenty-two thousand square miles became ready for actual development the Corporation was to receive from the Government a long lease over the area in question, and as each part of the area became ready for development, for a period of forty or ninety-nine years depending on the nature whether timber or minerals, whether in Labrador on the one hand or in Newfoundland on the other. But the terms and conditions of such leases whether they were for forty or ninety-nine years were not stated in the Act, the Legislature reserved to the Government the right to negoti-

ate the terms with the Corporation from time to time. So the legal counsel of the bond holders, the bond underwriters, financial houses was bound to report that what appeared to be a spectacular asset of the Corporation was in fact not an asset at all because it consisted only of the sole right to prospect for ten years on twenty-two thousand square miles of public domain and with the right of development not even stated in that Act but left to be determined by the Government from time to time in negotiation with the Corporation. So they had to report to the underwriters that the Corporation had no assets, and it boiled down finally to the fact that the only security the Corporation had that they could offer was the Government guarantee of the bond issue. It was the opinion of the financiers, and I sat in with them at Montreal, they came from Winnipeg, Halifax, Montreal and sat at the conference table in Montreal, and they were quite affable, in fact they said; don't you think you are going too far with your aversion to public borrowing, don't you think frankly this is a case where the Province itself should take the bull by the horns and just borrow the ten million dollars. I argued against it, but frankly I found myself, and the Government found itself confronted by the fact the Corporation could not borrow ten million dollars because they have no assets. The time may come when they have assets, in which case they may be able to borrow, but presently they are not but the Government can. The Government's credit is good, the Government's guarantee is good. If the Government went to the financial houses for a Provincial Government bond issue, I venture to say here and now in my belief, a belief based on in-

formation, the bond issue would be oversubscribed next week and that within a few days after sale will be quoted above par.

Sir, this is the month of July. Not the best month of the year for the Legislature to meet; members, I feel quite sure would prefer infinitely not to open this time of the year. Nevertheless we have our duty to do, time does press, tomorrow we will not meet, we will reassemble on Wednesday. The issue I am informed will be ready next week if we can enact the necessary legislation this week. So that I am going to ask the indulgence of the House, on both sides for a proposal that, we have only two pieces of business to do, (1) the passing of this Act of which notice will be given today and (2) the passing of the Act to which we have given first reading in an amendment to the Audit Act. The House should concentrate its attention on it as the Speech from the Throne only mentions one matter and that is the matter that is dealt with also in the legislation. The House may feel it may want to debate the matter twice, in the debate on the address in reply and again on second reading and in the committee stage of the Bill.

MR. CASHIN: And on the repeal of the other one.

MR. SMALLWOOD: And perhaps on repeal of the piece of legislation we passed last session, the House may decide and we may be able to accomplish it and meet morning, night and evening and accomplish in one week what would normally take three weeks to accomplish. Lest anyone should think the session is called unnecessarily and only that members may get additional sessional pay, may I say to disabuse any such idea that I think

that most of Newfoundland would agree that if we paid members of the House a hundred dollars sessional pay for this short session it won't break Newfoundland and if we pay those members of the House who do not live in St. John's but live in the outports an extra fifty dollars, one hundred and fifty for those outside St. John's and one hundred dollars for those who live in St. John's, then any member who cares to, including my honourable friend the Leader of the Opposition, would join with me we could turn this extra pay of two hundred dollars as a gift to the TB fund. We would be very happy to do it, and anybody who like my honourable friend and myself who would care to contribute to the TB fund I think there would be no law to prevent their so doing.

MR. GASHIN: It is not our fault we are here at all.—It is the Government's fault.

MR. SMALLWOOD: If it is the Government's, we are prepared to accept it. We are prepared to accept the blame for anything the honourable gentleman likes to mention, anything at all, the gentlemen opposite can hammer us, attack us, attack the Newfoundland and Labrador Corporation, they can attack the directors and the Chairman of it and they are welcome to do so and it will do no one any harm by doing so. There is only one way they can harm, and that I know as patriotic Newfoundlanders they will not do, they will not attack Newfoundland and her standing and credit which today is as good as that of any Province in Canada with eleven million dollars cash in the bank ready for a rainy day if it should come. We will not touch that eleven millions, and so far as the surplus on current account in the current year is con-

cerned we will use it for improvement on roads, schools and hospitals but so far as economic development is concerned we will borrow for that purpose.

MR. HOLLETT: You said a month ago you would not.

MR. SMALLWOOD: The honourable gentleman, I fear, has a short memory. I will refresh it as to what I said a month ago. I have it in book form here. Page 22.

MR. HOLLETT: Page 23.

MR. SMALLWOOD: "Before I pass from this subject I say for the benefit of the House that this Government, and I personally, take a most unfriendly view of the idea of Newfoundland borrowing to finance public service extensions and improvements." I repeat that now, we don't propose to borrow to finance public services extension or improvement. Then if you turn to page 28:

"It is a paradox indeed that we should have money that we do not need, and not have money that we do need. Our need is for money to finance capital account expenditures, especially and indeed above all on economic development. Our need is not at all for money to finance deficits, for instead of deficits we have surpluses and shall have larger surpluses.

The solution appears to be this: that we should finance capital account expenditures on public services out of current account surpluses which we earn from year to year and finance economic development by the sale of our bonds, or by the sale of company bonds guaranteed by us. It is not a final and ultimate solution, but is the only immediate one I can see. We shall perhaps have to make it do as a

short-term policy. One thing above all is clear: we have the most powerful aversion in Newfoundland to borrowing for public services, even on capital account public services." And again on page 31:

"Let us however, notwithstanding these vastly improved conditions, resolve as one man to avoid to the last possible hour all public borrowing for anything in Newfoundland apart from sound Economic Development. That way lies wisdom for all of us."

Then if my honourable friend will turn to the same page:

"By way of brief summarization let me state the policy and intention of the Government:

1. We shall continue our policy of surplus budgeting on current account.

2. We shall continue to make expenditures on capital account, to improve on public services, but shall not borrow to do so.

3. We shall continue our policy of economic development, but turn increasingly to the Newfoundland and Labrador Corporation as the means of accomplishing that development.

4. We have completed our programme of building industrial plants out of public funds. No more such plants will be built.

5. Upon the completion of the European branch factories, whose establishment has been under negotiations, we shall assist in the financing of no more such plants, but will channel all such projects through the Newfoundland and Labrador Corporation.

6. In order to secure the business-like management of the investments and assets of the Government in this

Economic Development programme we intend to vest their control in the Newfoundland and Labrador Corporation.

7. Our financing of capital account public services, and economic development, will in future be made out of:

- a. Surpluses on current account;
- b. Revenue received from investments made in our economic development programme;
- c. Borrowings (but only for economic development) based upon conservative practice.

8. We consider that we have given a powerful impetus to the industrialization of the Province, and are of the opinion that we should now progressively withdraw from active partnership in that drive except, in the main, through the Newfoundland and Labrador Corporation under the valued leadership of Sir William Stephenson."

So that all through, the policy of this speech in the last session the note runs—no borrowing for the purpose of the public services, roads, bridges, hospitals, schools and the like, but borrowing, if at all for economic development. That is the theme, the policy of the speech, every word of which was carefully chosen, and as the House will remember written by me and read out so that the whole represented the considered policy of the Government of Newfoundland made in the House by the Leader of the Government, and that is the policy we propose to continue and to carry out. The purpose of the session now is to pass legislation enabling the Government to borrow ten million dollars on the credit of this Province, good credit of this Province for the purpose of continuing to carry out that programme of Economic Development.

Moved and seconded a committee be appointed to draft a reply to the Speech from the Throne. Carried.

MR. SPEAKER: I name the following honourable gentlemen to be members of the committee: The Mover and Seconder of the motion, honourable member for St. John's West.

Notice of Motion

MR. SMALLWOOD: Mr. Speaker, I give notice I will on tomorrow ask leave to introduce a Bill, "An Act to Authorize the Raising of a Sum of Money by the Way of a Loan on the Credit of the Province."

A Bill, "An Act to Repeal the Newfoundland and Labrador Limited Guarantee Act, 1952."

Notice of Questions

MR. CASHIN: I give notice of the following questions on tomorrow:

(1) To ask the Honourable the Minister of Education to inform the House what arrangements have been made by the Government with Dr. Raymond W. Miller regarding the establishment of the Newfoundland University. What fees, retainer or salary is Dr. Miller to receive for his services?

(2) To ask the Honourable the Minister of Fisheries and Co-operatives to table the following information: (1) The total amount of loans made by the various Loan Boards of which Mr. James Baxter is Chairman—to what persons or companies were the loans made and the amount of each loan. This information to include all loans made by these boards since their inception. (2) What has been the total cost of

the administration of these three loan boards since their inception in the way of salaries, etc., giving details of such salaries, travelling expenses, etc. (3) Give a statement of the total amount of loans made by the present Government for fishery purposes and expansion since it assumed office on April 1st, 1949—to what individuals or Corporations such loans were made. Also give a statement showing the total amount of guarantees given by the Government for fishery development purposes since it assumed office together with the amount of each guarantee.

(3) To ask the Honourable the Minister of Justice to inform the House whether or not any steps have been taken to carry out the provision of the "Freight Claims Act" passed in the Legislature at its last session. If such steps as outlined in the Bill have been taken, what firm of lawyers have been retained by the Provincial Government to act on our behalf and have any expenses in the way of retaining fees, etc., been disbursed on this account.

(4) To ask the Honourable the Minister of Finance to table the following information:

(1) The total amount of money on deposit with the Federal Government at Ottawa at the present time.

(2) The total amount of money to the Credit of the Treasury in the Bank of Montreal as at June 30th, 1952.

(3) The total amount of money to the credit of the Board of Liquor Control in the Bank as at June 30th, 1952.

(4) Have the Government arranged a Temporary Loan from the Bank of

Montreal since April 1st, 1952? If so, what is the amount of such Temporary Loan and what is the Government indebtedness to the Bank at the present time. Give full particulars in connection with such Temporary Loan if any.

(5) What amount of money has been collected since April 1st, 1952 on account of pre-union surplus? What is the amount to the credit of this account at the present time, exclusive of the amount to the credit of the Treasury and on deposit with the Federal Government at Ottawa. What obligations have been incurred against this account since April 1st, 1952?

5. To ask the Honourable the Minister of Finance to table the following information :

(1) The total Ordinary Revenue collected by the Province from April 1st, 1952 to June 30th, 1952. This information to be given under the various departmental headings.

(2) The total Ordinary Expenditure from April 1st, 1952 to June 30th, 1952. This information to be given under the various headings.

(3) The total Expenditure incurred by Capital Account from April 1st, 1952 to June 30th, 1952. This information to be given under the various departmental headings.

(4) The total amount of subsidies or other revenues due the Province by the Federal Government at the present. Also a statement showing what amount of subsidies or other revenues have been collected from the Federal Government for the period April 1st, 1952 to June 30th, 1952.

(5) What amount of Surplus is presently remaining to the credit of

the Province of Newfoundland with the Federal Government.

(6) Table a statement showing what amounts of money have been advanced by the Newfoundland Treasury since April 1st, 1952 to date to the following industrial development projects : The Cement Plant—The Gypsum Plant—The Birch Plant—Fur Plant—Tannery—The Machinery Plant—The Textile Plant—The Pressboard Plant—The Optical Plant and the Newfoundland Asbestos Ltd. This information to show the amount advanced to each of the above mentioned plants.

(7) Have any Bank Guarantees been given by the Provincial Government to any Industrial Companies now in operation or coming into operation since April 1st, 1952? If so, state the amount of such guarantees as well as the terms of payment.

(8) Did the Newfoundland Asbestos Ltd. make an effort to raise the sum of \$250,000.00 under its 1951 agreement with the Government in New York or elsewhere and what was the result of such effort if any? When did this Company make such an effort to raise such an amount?

(6) To ask the Honourable the Premier to table all correspondence or telegrams between him and Sir William Stephenson during the past three months relating to the raising of the sum of ten million dollars by the Newfoundland and Labrador Corporation Ltd., as guaranteed by this Legislature during its last session.

(2) Copies of all correspondence between the Premier and any investment houses in Canada relative to the raising of ten million dollars on the credit of the Province.

(3) A statement showing the actual cost to the Newfoundland Treasury of each of the industrial development projects since their inception to date. Also a statement showing what amounts have been advanced to any of these projects for working capital and the dates of such advances.

(4) Table a copy of the amended Bill "An Act to Provide for the Guarantee by the Government of Newfoundland of a Loan to be raised by the Newfoundland and Labrador Corporation Limited."

(5) Give a statement in full showing the names of the various Industrial Projects now being undertaken by various Companies which are being financed by the Government and the amount which each Company is receiving in the way of guarantee or advance in cash. In other words give a statement showing the Contingent Liabilities of the Province of Newfoundland, which liabilities are not to include Fishery advances or Guarantees or the Bowaters Guarantee, but Contingent Liabilities incurred by the present Government since it assumed office on April 1st, 1949.

(7) To ask the Honourable the Minister of Economic Development to lay on the Table of the House the following information :

(1) Give the name of the Government Official who approved items of expenditure exceeding \$1000.00 in connection with the building of the Birch Plant.

(2) Give the name of Clerk or Clerks appointed and paid by the Government to certify the delivery of all materials ordered for the Birch Plant, and the name of the official or clerk appointed to check payrolls. Give salaries of such clerks or officials.

(3) Give an itemized list of all materials used in the building of the Birch Plant, together with costs, and of all machinery installed, with cost of each machine. Give names of all persons or companies supplying materials and machinery.

(4) How much insurance has Mr. Chester Dawe taken out on the Plant, and who pays such insurance?

(5) Has the Operator, Chester Dawe assigned his benefits and burden under the Agreement re Birch Plant to any Joint Stock Company, and has Chester Dawe subscribed and paid for shares in said Company, and if so to what amount?

(6) What amounts if any have been advanced to the Operator as working Capital under the following heads and give dates of such advances :

(a) For purchase of stocks of Hardwoods.

(b) To finance the manufacture of raw materials into marketable products.

(c) To finance payment of wages and overhead.

(d) To finance shipment of finished products.

(7) How much money has been advanced by the Government to supply mill owners with equipment? How many saw mills and small factories have been thus established? Give names of operators, location of mill or factory, and amounts advanced in each case, under terms of agreement re Birch Plant.

(8) What quantities of raw materials are now on hand and give costs of same? What is the approximate value of manufactured goods on hand, and

how many men are presently employed?

MR. HOLLETT: Mr. Speaker, I would like to table a copy of questions asked by me back in March 31, it is now June 30, and I will tomorrow ask leave to ask the Minister to lay on the table the following.

MR. SPEAKER: Members are not entitled to make a statement when giving notice of questions.

MR. SMALLWOOD: As the honourable gentleman has in fact made a comment, the reason was that the firm of Peat, Marwick and Mitchell were auditing and still are auditing the accounts I believe of the Newfoundland Hardwoods and I will give the answer only if the auditors give it to me and if they can't the honourable gentleman won't even get it this session. I don't carry the information in my head and if the audit is not ready it will not be tabled.

MR. HOLLETT: May I point out that explanation was not given to me at the last session of the House.

MR. SMALLWOOD: That was given—again the honourable gentleman's memory is poor.

MR. SPEAKER: End of the business of the day.

MR. SMALLWOOD: I move the House at its rising do adjourn until tomorrow Wednesday at 11:00 a.m.

House adjourned until tomorrow Wednesday at 11:00 a.m.

WEDNESDAY, July 2, 1952

(Morning Session)

The House met at 10.00 of the clock in the morning, pursuant to adjournment.

Presenting Petitions

None.

MR. P. J. CASHIN (Leader of the Opposition): Mr. Speaker, there is no Order Paper being distributed this morning. It is customary that an Order Paper be distributed but we have not an Order Paper here.

HON. J. R. SMALLWOOD (Prime Minister): Mr. Speaker, the Order Paper is in the hands of the printer, at the moment on the press being printed and the van is standing by to have it delivered here the moment it is off the press. That was ten or fifteen minutes ago so that the printed copies ought to be here within a matter of minutes, and I think perhaps we could proceed in its absence. The main portion of the Order Paper would be the questions of which notice was given last sitting, but certainly in the meantime I think we could continue without the Order Paper.

MR. SPEAKER: The Order Paper has nothing to do with the transaction of routine business. We have not yet reached that stage and can decide that point when we come to it.

MR. CASHIN: There are several questions on the Order Paper, Mr. Speaker.

MR. SPEAKER: The Order Paper has nothing to do with the transaction of ordinary routine business. We have not yet reached it and will discuss that point when we come to it. We have not reached the Order Paper stage yet. If the honourable members would refer to Standing Orders they would see there is so much routine business, such as petitions and notice of motions which cannot appear on the Order Paper.

Notice of Questions.—I have not called for Answers to Questions yet.

**Presenting Reports of Standing and
Select Committees**

MR. MORGAN: The Select Committee, Mr. Speaker, to draft an Address in Reply to His Honour the Administrator.

To His Honour the Administrator,
Sir Albert Joseph Walsh,
Knight Bachelor, LL.D.

May it please Your Honour:

We, the Commons of Newfoundland, in Legislative Session assembled, beg to thank Your Honour for the Gracious Speech which Your Honour has addressed to this House.

(Sgd.) A. B. MORGAN,
G. W. Janes,
M. M. Hollett.

Assembly Room,
July 2nd, A.D., 1952.

Motion is this report be adopted.

MR. CASHIN: Mr. Speaker, it is evident you want to go on with the debate.

MR. SPEAKER: That is entirely up to the House.

MR. CASHIN: I would like to point out, particularly in view of the fact that there is no Order Paper, the standing orders say the time for the meeting of the House is three of the clock in the afternoon each sitting day. I just want to point out we are violating a rule of the House by being here, particularly as there is no Order Paper.

MR. SPEAKER: The attitude of the Chair on that is that there must be some normal time set for sitting of the House. That is pretty general all over the British Commonwealth at 3:00 of the clock in the afternoon, and the House does not sit on Saturday or

Sunday. However there is nothing there to prevent the House sitting Saturday nor Sunday in case of emergency nor at any hour in the twenty-four. That is usually done on notice of motion to that effect but Monday was our first sitting day and the motion was offered that the House at its rising adjourn until 11:00 a.m. of the following sitting which is today. Since there was no opportunity to give notice of motion to that effect and since it was then entirely up to the House to decide whether or not it would sit at 11:00 a.m. or not, I put the motion and presumed it was the opinion of the House we might very well sit this morning. That is the position of the Chair. It is not illegal if the House so made it.

MR. CASHIN: I am not saying it is illegal but not according to the rules of the House. Section 7 of the rules reads:

If at the hour of 6 o'clock on Wednesday the business of the House is not concluded, Mr. Speaker shall leave the Chair until 8 o'clock p.m. At the hour of 6 o'clock p.m. on Wednesday Mr. Speaker adjourns the House without questions put. The House then stands adjourned until Thursday. If at the hour of 6 o'clock the business of a Committee of the Whole House be not concluded the Chairman is directed to report progress and ask leave to sit again.

What would happen this evening, under these rules, if we wanted to sit?

MR. SPEAKER: If the House wanted to sit after six o'clock it would have to suspend that rule.

MR. CASHIN: And would have to give notice of the motion.

MR. SPEAKER: Not necessarily.

MR. CASHIN: It would have to be unanimous.

MR. SPEAKER: Two-thirds majority can suspend the rules. As a case in point of that: towards the end of any session it is customary for the Leader of the House to move that the rules for the remainder of the session be suspended, and that is usually done without any dissenting voice because the Chair in such procedure has the deciding voice. Motion is put to the House and carried by a majority, but to change the rules permanently requires a two-thirds majority, that is to change the rules, not to suspend them.

MR. FOGWILL: To suspend the rules for the remainder of the session you have to give notice of motion, is that correct?

MR. SPEAKER: It is the custom. I think the Premier gave notice on Monday to suspend the rules.

MR. FOGWILL: Carried by a majority or would it have to be unanimous.

MR. SPEAKER: Since the Order Paper is now here the members have the questions before them now.

Address in Reply:

MR. FOGWILL: Mr. Speaker, it is not very long ago since we left this Chamber and went about our ordinary business and our several vocations. When we left this House in May it did not appear at that time that we would be back again so soon, although, Sir, we on the Opposition were not entirely surprised when we found that we were again to come to this House at this time.

The whole business of this House, I believe, Mr. Speaker, is just pertaining to one item; that is the borrowing of the amount of ten million dollars on the credit of the Province. It appears, in my opinion at least, and I think in the opinion of several gentlemen on this side, that the Newfoundland and Labrador Corporation was unable to raise the loan even with the Government's guarantee as to interest and principal. The Speech from the Throne set out that negotiations for the sale of the bonds had been conducted in the United States, and points out that the language of the Act was based on that fact. The explanation was given, I believe, that due to certain language in the Act whereby the principal and interest were payable in Canadian or American funds the Government decided in the best interest of the Province to try and raise the loan in Canada. Negotiations then were conducted in Canada with certain bonding houses and it was found again that the corporation was unable to raise a loan even with the guarantee of the Provincial Government. Well, Mr. Speaker, the same thing should apply in the negotiations and efforts which were made to raise the loan in the United States, that the Corporation were unable to raise a loan on the guarantee of this Province. Now, Mr. Speaker, we are faced with the fact that we will attempt to raise a loan as a direct loan on the Province of Newfoundland.

I don't want to make any reference, Mr. Speaker, to what was said in the debate in connection with this legislation which was passed at the last session, but I do know that when it was intimated by members on this side that the loan, the proposed loan to the Crown Corporation would be a direct debt on the Province of New-

foundland we were jeered at and in fact, Mr. Speaker, sneered at for even suggesting such a thing in this House. It is very poor tactics, it seems to me, to tell people, I told you so, but the fact remains now that is the answer.

The Government's creature, the Crown Corporation, was unable to raise a loan on whatever assets they had, which were nil, and even with the Government's guarantee and the magic name of Sir William Stephenson which was supposed to unlock the money bags of Canada and the United States and we in Newfoundland would be able to have the use of some of the large amounts of money which seemed to be floating around in both these two countries in the way of capital investment in various projects which are now going ahead. But the end result, Mr. Speaker, is that the Government could not get the money and now we are here and we are faced with legislation by which an attempt is to be made by the Province to raise ten million dollars on the credit of the Province. Now that is surprising in itself, Mr. Speaker, because in the Budget Speech it was stated emphatically that it was unthinkable that this Government would borrow, utterly unthinkable that this Government would borrow. In fact it stated that it was the policy and intention of the present Government in proceeding with their economic development and the extension of public services that it was going to be done by raising the necessary funds to pay for these things out of surplus revenue on current account. It was unthinkable that the Government would borrow for the purpose of economic development or the extension of the public services. That is the policy which the Government adopted, the policy which formed

the key note of the budget speech of the 30th of April.

Now, Mr. Speaker, I am not going to go back over old sorrows or things that were said long ago but the fact remains that now the Province of Newfoundland is faced with the necessity of raising money on the credit of the Province. The people of this country were told so often and so emphatically over the air waves and from the platform that the golden age had arrived, there would never be need for any necessity for this Province to borrow, it would never be necessary. We were told that the capitalists and moneyed people of Canada were only too ready and willing, in fact they were practically drooling from the mouth for the opportunity to pour millions of dollars into Newfoundland to develop this Province, and from Canada, Mr. Speaker, we have not yet received a cent to aid us in developing our natural resources. We were told that our great wealth and natural resources had become so well known that it should not be necessary for the Government to raise money; we were told that we are Canadians now, that Canadian money would be put in here and that no difficulty would be had in our current and future development. But the record, Mr. Speaker, is entirely different. Outside people have not seen fit to place much confidence in the utterance of the present Administration. The borrowing of money on the credit of the Province, we were told, Mr. Speaker, was going to be used as a last resort, there were other means at the disposal of the Government, even to the extent of imposing a three per cent sales tax on food which this year it was estimated would bring in to the Treasury two million dollars, two million dollars which the people would pay on foodstuffs, giv-

ing the Province this money by bringing about this rather hard measure of imposing this three per cent sales tax on foodstuffs, the very fundamentals of existence of the small wage earners. I think, Mr. Speaker, that is a rather dreadful step for a Government to have to take, to impose taxation on food in order that they may assist industries of a doubtful nature particularly industries which are fostered and brought into this Province by people in Europe whom a great number of the Newfoundland citizens have little faith in.

Now, Mr. Speaker, it is too bad that we have to come here again, particularly in the middle of the summer for the purpose of raising ten million dollars on the credit of the Province, a rather desperate measure. I wonder why so much difficulty was had by the Corporation with the Government guarantee in attempting to raise a loan for the Corporation. Is it because the people who may be interested in lending the Corporation money under the Government guarantee, is it because they have not too much faith in the present Administration? I don't doubt that the credit of this Province is good, we never wretched on our national debt although since 1946, Mr. Speaker, much has been said to ruin the credit of this new Province in a national convention of which there were several members who are new members of this House. Much was said in the National Convention, Mr. Speaker, which did not do the credit of this Province any service. Put it another way: those responsible for helping to ruin the credit of this new Province would be responsible now for any difficulty in raising a loan on the credit of the Province. The same thing happened in the two referendums as in the National Convention,

special papers were issued, one paper called the "Independent" and another called the "Confederate" with wide differences of opinion expressed in both those papers which gave many people cause to wonder which was right. The independent paper did profess faith in Newfoundland as a Dominion of the Commonwealth, and the people behind it writing in that paper had faith in what was said and believed it. On the other hand in the Confederate paper much was said to persuade people that the golden age was approaching and much was said in respect to the credit of Newfoundland. That paper helped to ruin the credit of Newfoundland at that time, and to ruin the faith of many thousands of people in their country, and now Mr. Speaker, after only three years of being a Province we find ourselves in the position where we have to go out into the money markets and borrow—It is not nice. The very fact that we are faced with this borrowing knocks the estimates for this year all out of kilter. The estimates for this year show a surplus on current account, a surplus even on current account of over six million dollars. If Newfoundland is in such a position as to show a surplus of six million dollars on current account then why have we got to go out and borrow? The Government are in financial difficulties now and they are asking this House to pass legislation to get them out of it. They must have foreseen this in May. But it has been the record of the Government, Mr. Speaker, all through its past three years they have just used a number of expedient answers. In the first year, I remember a time when a public statement was made by the Government that they were not going to have any more relief even if it had to build a road

with picks and shovels. Just a matter of expediency, keep the public hoping better times are around the corner. As we went on, Mr. Speaker, the Government outlined several other projects to open up the country for development, they were going to be the means of interesting outside capital in coming in here—The Rockefeller survey was one such which was to bring this Province much money, but the result of the survey nobody knows, this survey which was to be the means of bringing untold millions of dollars into the Province did not bring in a cent, the tourist survey the same thing but cost a smaller amount of money. But here we are, Mr. Speaker, three years as a Province of Canada and we have only now reached the point where a tourist director has been appointed and what can he do with it to entice people to come in here and spend their holidays? Three years and tourism was one of the heaviest items in the Liberal platform and they have only now gotten around to the fact that they have appointed a director of tourism. What can he do about it? Nothing. There is no place to put a visitor coming here, only one hotel in St. John's and a couple of lesser ones on the West Coast and no roads.

Now, Mr. Speaker, I am not going to say much more except to repeat what I said in the beginning that it was the keynote of this Government's policy, the keynote, Mr. Speaker—they said it was unthinkable that this Government should borrow, and now we are here just a few weeks after the House closed seeking legislation so that we can borrow ten million dollars. It is an old story and if the loan does go over—a prediction was made and one opinion expressed that the loan would be sold at par—I don't

think so particularly when so much effort was made to ruin the credit of Newfoundland. I do not see how a ten million dollar loan will sell at par, neither can I see . . .

MR. SMALLWOOD: Mr. Speaker, to a point of order. Now, if the honourable gentleman wants to try and ruin Newfoundland's credit he is welcome and will take the medicine he deserves. The point of order is: As the gentleman knows, the only speeches made in this session were made by the Honourable Leader of the Opposition and I. No one said, I did not say I am sure, the Leader of the Opposition did not say, the loan would be sold at par. I said it would be quoted above par within a week. That is what I said, sold above par within a week at premium.

MR. CASHIN: It was said above par within a week—then was not that tantamount to par—we know it is not going to. The Honourable Premier said we, or the honourable member, are trying to ruin the credit of the Province and can take the responsibility. We are not prepared to take any responsibility with regard to the credit of this country, let us place that responsibility where it belongs.

MR. FOGWILL: Mr. Speaker, I have just about concluded the few remarks I have intended to make and any member in this House who makes such a silly remark that anyone over here, five members in the Opposition, are going to ruin the credit of this Province, it is utter nonsense, ridiculous. I have faith in this Island just as well as any other member here but I have none in the present administration, and the record of the past three years has proven it to me with their extravagance jumping into this project and that project and

jumping all around the place spending money without looking to whether it is going to be spent and whether the result is to be good or bad, spending money on ideas. Any responsibility for injuring the credit of this Province will be upon those people and not on the people on this side of the House. Do you think I am going to ruin my own home? Do you think I am going to ruin my family, to ruin my neighbour or any of the people who live in this Island? When anybody says such a thing particularly a high official of the Government, what nonsense—I quote the budget speech again, Mr. Speaker—"it is unthinkable that we will borrow." So it is stated in the budget speech and I repeat, "It is unthinkable that this Government should borrow." The paragraph does contain that it is unthinkable that they should borrow for the extension of public services and economic development. That is the policy of the present administration. Now, if there is any ruining to be done, Mr. Speaker, it will be done by the present Government and not by the Opposition. I have no faith in the present Government and many other people have no faith in the present administration and as we go along you will find faith in the present administration lessen each week and each day. Thank you, Sir.

MR. CASHIN: Mr. Speaker, we have the Order Paper here now, I wonder if it would be in order to go back for a moment to notice of questions?

MR. SMALLWOOD: I would be agreeable, Mr. Speaker, to interrupt temporarily the debate so that we might revert to the Orders of the Day.

MR. SPEAKER: Question No. 1

addressed to the Honourable Minister of Education:

HON. S. J. HEFFERTON (Minister of Education): Mr. Speaker, I will have the answer tomorrow.

MR. SPEAKER: Question No. 2: Addressed to the Honourable Minister of Fisheries and Co-operatives.

HON. W. J. KEOUGH (Minister of Fisheries and Co-operatives): Mr. Speaker, I just see the question now in written form. It will be transferred to the proper officials of the Department and I will get the answer as soon as possible.

MR. SPEAKER: Question No. 3: Addressed to the Honourable the Attorney General.

HON. L. R. CURTIS (Attorney General): Mr. Speaker, I see this question now for the first time, but I can say that as yet no firm of lawyers has been retained, no expenses have been incurred. I might just say that on a recent visit to Ottawa I did discuss our proposed Act with some Cabinet Ministers of the Federal Government.

MR. SPEAKER: Question No. 4: Addressed to the Honourable the Minister of Finance:

HON. G. J. POWER (Minister of Finance): The information requested in Questions Nos. 4 and 6 is being prepared by the Department of Finance.

MR. CASHIN: May I ask if it will be available today or by the time the House adjourns.

MR. POWER: It should be by tonight.

MR. SPEAKER: Question No. 5: Addressed to the Honourable the Premier.

MR. SMALLWOOD: I decline to table any correspondence between the Newfoundland and Labrador Corporation and anyone, for obvious reasons. 5 (2) That I will table, it is being typed at the moment, in fact it is probably typed and as soon as it arrives here I will certainly table it.

5 (3) That is being prepared and should be here today or tomorrow. That is the Bill passed in the last session—I take it the Clerk will have a copy of that, I certainly have not. I think the Clerk of the House could take note of that question and see that the copy of the Bill is tabled.

That last item is being prepared.

MR. SPEAKER: Question No. 7.

MR. SMALLWOOD: (1) I did so. J. R. Smallwood;

(2) The name is Mr. Harold Maddock, the salary I don't recall but I can certainly get that.

(3) I will gladly table that as soon as I get it. The whole matter is being audited by the firm of Peat, Marwick and Mitchell. As soon as we receive it I will gladly table it, whether in this session or not I frankly don't know. They have been conducting the audit for some weeks and how long it takes to do an audit I am frankly unaware.

(4) I will table that information. I can say Mr. Dawe took it out and the Newfoundland Hardwood Limited pays it.

(5) The answer is yes, and the company is the Newfoundland Hardwoods Limited. Has he paid for his share in the said company? The answer is yes, and \$25,000.

As the Government lent Mr. Dawe the sum of four hundred thousand

dollars at interest, it is all set forth in the agreement. It is all set forth in the Bill, in the agreement, incorporated in the Act passed here a couple of sessions ago. The agreement was tabled here in the House.

MR. CASHIN: Yes, tabled but never legislated for.

MR. SMALLWOOD: So that information requested is already available to the House, and was tabled in answer to a question last year.

MR. HOLLETT: It only gave authority or agreed to give four hundred thousand dollars, the question is how much has been advanced?

MR. SMALLWOOD: Four hundred thousand dollars agreed and that was in fact advanced.

MR. CASHIN: Capital account?

MR. SMALLWOOD: A loan out of our capital account and it became for him his operating account.

How much money has been advanced by the Government to mill owners with equipment . . . ? The amount is included in the one million six hundred thousand of the actual capital investment of the Birch Plant and forms part of that 1.6 million dollars we spent, but it is on our behalf, we own them, the Government owns them but the Government did not want to be dealing with thirty or forty mill operators scattered around the Island, they had no experience and no desire to do it. Mr. Dawe on the other hand has a great deal of experience in dealing with mill operators around the Island and it was he who advanced the orders to the people concerned on terms and conditions laid down. Now, I can get the list of owners and the locations

and will gladly table it. Finally what quantity is now on hand, and the cost of same?

All that will come in the audit, frankly I don't know when.

MR. HOLLETT: Mr. Speaker, may I ask if the Honourable the Premier, will repeat the answer to sub-section (1) of No. 7.

MR. SMALLWOOD: I said that I had done so, since Mr. Russell resigned as Minister of Natural Resources. Up to then he was the official concerned, then I was the official concerned as Acting Minister and as Minister.

Adjourned debate on the Speech from the Throne:

MR. HIGGINS: Mr. Speaker, the Speech from the Throne delivered by His Honour the Administrator on Monday was I think, from what information I have been able to get, the shortest Speech from the Throne ever delivered to this House, and it was short because of necessity very little had to be said. We know now that something that had been predicted in this House less than two months ago has finally come to pass. Your Honour will remember that when the debate on the Newfoundland and Labrador Loan Bill was in progress it was said that the Government was only blindfolding the devil in the dark. In effect that proposed Bill would only have meant that the Government in the final analysis would be called upon to pay. The general terms of the Opposition's criticism was that the Government should come out and face the fact that it had to borrow money. That statement was indignantly refuted; it was not the policy of the present Government to borrow, that fact was an-

nounced time and time again by all the responsible Government spokesmen. Your Honour will remember the budget speech which was delivered in this House on the 30th day of April by the Minister of Finance, and I would refer the House to the statement made at that time. This is a copy. Your Honour, which was furnished to each member of this House, and I presume I may read from that copy. At page 23 of the budget speech, the last paragraph of that page, the Minister of Finance announcing the Government's financial policy said:

"As we of the Government considered the future, as we faced this present year in particular, we were faced by the same two courses of action: to abandon all further improvement of the public services, and to abandon all further economic development, on the one hand; or, on the other hand, to borrow the funds for such purposes. We decided as a Government that it was unthinkable that we should abandon public services and economic development and we decided that it was equally unthinkable that we should borrow.

There was a third course open to us, and that was to earn our own cash surplus, year by year on current account. That is to say, we could adopt the policy of collecting from the people each year, in current account revenue, more than was actually needed for current account expenditure. We could employ the resulting current account surplus each year to finance capital account development.

That is the policy we adopted, and that is the policy which forms the keynote of this budget speech."

Now, Mr. Speaker, that was the considered statement of the Minister

of Finance who spoke as the representative of the Government on the 30th of April, it was unthinkable that this Government should consider borrowing. And at the risk of reiteration I would recall that when I said Government guarantee of the Government Corporation was in effect the same thing it was treated with derision. But that is the fact, Mr. Speaker, and that is the reason that today or on Monday when we heard the words of the Speech from the Throne, that no one thought when the House was prorogued a few weeks ago that the need would so soon arise to call it together again, that we on this side of the House are in the position that, as my colleague from St. John's East said, it is almost impossible to resist the temptation to say, we told you so.

Now, to continue with the Speech from the Throne. We were told that negotiations had been conducted for the sale of these bonds, that is the bonds of the Newfoundland and Labrador Corporation, Limited, in the United States of America, and the language of the Act in question was based upon that fact, I would refer you again, Mr. Speaker, to the budget speech, page 21, where the Minister says: "Nothing was ever more warranted than the Government's decision to build the Cement Mill, the Gypsum Plasterboard Mill and the Birch Veneer Plywood and Flooring Mill; but it is an unfortunate fact that from the moment the decision to build was announced it was twisted and distorted by political opposition and partisan criticism. Any ordinary mechanical or operational mischance in one of these three mills was advertised widely by political opponents of the Government that built them, and exaggerated beyond all semblance

to reality. One could almost believe that a complete failure of these enterprises would be welcomed in certain quarters. So it would be in any enterprises started by the Government, and it was partly for this reason that the decision was taken to set up the Newfoundland and Labrador Corporation, so that economic development might be removed from the realm of politics.

At their last meeting the directors of the Corporation decided to purchase these three mills from the Government at cost, and to request the Government to guarantee a bond issue of ten million dollars that the Corporation would sell for the purpose of acquiring the funds with which to buy the plants. The Government have agreed to give the guarantee, and the House will shortly be asked to authorize the agreement."

This is a particular sentence, Mr. Speaker, "The Corporation have made the necessary arrangements with bond underwriters for the sale of its bonds and the sale of the three plants by the Government should take place in the immediate future." That was on the 30th of April. The legislation referred to in the budget was subsequently introduced and it is unnecessary, Mr. Speaker, to remind honourable members that during the debate on that Bill it was pointed out that it was necessary that the Bill should be passed so that the debentures to be signed could be dated as of May 15, 1952. The impression was created by the phraseology that it was only necessary for this House to pass that legislation and then Sir William Stephenson would trot off to New York and see this bond firm, this second largest bond firm in the United States, sign the necessary documents,

put the money in his valise and come home. That, in effect, I say, Mr. Speaker, was the impression created on any ordinary member of this House. Looking at the record we find that the Bill was passed, we find that Sir William Stephenson did depart, the 15th of May came and passed, the 15th of June came and passed, and no word of Sir William Stephenson has been heard, and quite suddenly this House is called together and we are told that, in the words of the Speech from the Throne, "My Ministers and the Corporation subsequently became convinced of the financial unsoundness of selling the bonds in the United States." Mr. Speaker, it is the first time I knew that unsoundness was a synonym for impossible. But that in cold hard facts is the position: Sir William Stephenson, a gentleman whose reputation has never been questioned, who deservedly was lauded to the skies as being a man of tremendous financial contacts, a man who could rightly control millions, this Sir William Stephenson on the first time he was given the ball and asked to run with it, drops it. That may not be financial lingo, Mr. Speaker, but it is the bold, blunt way of putting it.

MR. SMALLWOOD: Also lively imagination on the honourable gentleman's part.

MR. HIGGINS: The fact remains to be seen, Mr. Speaker, I do say this: Sir William's own performance today has not lived up to advanced belief. Now we find ourselves back in the position that negotiations had to be entered into for reasons, some of which have been given and given at some length by the Honourable the Premier in his speech on opening day; justifying the position that necessitates an approach to Canadian financiers.

Now, Sir, certain questions have been asked here on opening day. The answers are not as yet ready but they will be given. Until, Mr. Speaker, that information is forthcoming it is impossible to adequately discuss the business which is to come before the House. We have the situation today where the Government finds itself in the position where it is asking this House to give its approval to the raising of ten million dollars. It may be that the Government needs that ten million dollars despite the protestations to the contrary which we heard in the last session of this House. But, Mr. Speaker, before any member of this House irrespective of which side of the House he may be sitting, before any member can vote with a clear mind and easy conscience on the issue here, I submit, we want to have a clear and detailed account of just what are our foreign commitments. Is it to be the intention that if this loan is raised, wherever it is raised, that this money is to be passed over to the Newfoundland and Labrador Corporation to acquire these various plants or is some of the money to be paid to these various industries who build plants and when completed and paid for the plants to be turned over to the Newfoundland and Labrador Corporation? Because, Mr. Speaker, when the Newfoundland and Labrador Corporation Bill came up one of the biggest items that they were going to take over was, as the Minister of Finance pointed out, the cement mill. Most members of this House will remember seeing in a column written in the "Evening Telegram" on the 2nd of June an item referring to the tentative approaches made by the firm of Miag with reference to acquiring the cement mill. The information or

rumour, call it what you will was broadcast and that same night—

MR. SMALLWOOD: If the honourable gentleman would like I would be glad to give him information to assist him in his argument. The Government agreed to sell the plant, the cement mill, to the Corporation and the Corporation in turn agreed to sell it, not to Miag, but the Canadian Machinery and Industries Company Limited.

MR. CASHIN: Who are they?

MR. SMALLWOOD: They are the owners of the machinery, Mr. Roethe is the president of the company with offices in the City of Montreal. The Corporation has given the option for the sale of that company of the plant and the Government has agreed with the Corporation to sell the plant to the Corporation. The option by the Corporation to this company to sell the plant is of course conditional upon the Corporation obtaining it. Now, the Government have agreed to sell it to the Corporation but did so at the time when it thought the Corporation would through the sale of its bonds acquire the funds with which to pay the Government for the plant. So that the agreement to sell the plant to the Corporation was conditional upon the Corporation's being able to buy it, and on the other hand the Corporation agreed to sell the plant to Canadian Machinery and Industries Company. The bonds have not been sold and that is how it stands at this moment.

MR. CASHIN: Have they got the money?

MR. SMALLWOOD: That is a matter between the Corporation and them. If the Corporation does not buy the plant it cannot sell it.

MR. HIGGINS: Can you tell me if there is any connection between the Canadian Machinery and Industries and the people who built the cement plant?

MR. SMALLWOOD: The people who built the cement plant under contract with the Government are MIAG. That same company are closely associated, very closely associated with the Canadian Machinery and Industry. MIAG's contractors are building the plant at the Octagon, they are providing the technicians and the management for this company at the Octagon, and it is this company that has the option from the Corporation to buy the cement mill with a view to operating it.

MR. HIGGINS: Well, Mr. Speaker, that is most interesting and opens an entirely new field of speculation because the explanation given by the Premier, which has been most helpful, does now then raise the question of just how close is the connection between the Canadian Machinery and Industries Company, Limited, and MIAG, I don't know if it is possible or will be possible to find out whether these people control all these organizations. It would be most interesting if that were so because, we would find, as I see it Sir, that the position conceivably arises that of this ten million dollars loan which the Government seeks to raise, and which, whatever may be said, will be raised, of this ten million dollars a sizable portion, something in the order of five million, I am speaking subject to correction, is on account of the cement mill. If that be so, Sir, and if MIAG is interlocked closely with the people who hold the option, would it not be much simpler simply to say we will sell you back the mill and cancel our

bill or are we going to find we are raising a ten million dollars loan of which five million dollars goes to finance the builders of this plant who are subsequently to operate it? Why not take back the job at cost and pay something for goodwill built up for them?

MR. SMALLWOOD: Will you allow me? MIAG as the honourable gentleman appreciates are a German Company existing in Germany and as such are under German Law and being under German Law may not without very special permission from the Government of Germany, I speak of Western Germany, accept, except in United States dollars, not in Canadian dollars which are not acceptable but only in United States dollars, payment for goods shipped from Germany to this side of the Atlantic Ocean. MIAG therefore without very special permission from the Government of Germany cannot export capital nor capital goods except for payment in United States dollars, which payment is at once sequestered by the Government of Germany which sequesters all money flowing into Germany from whatever source or by whatever means. The fact that MIAG are paid by the Newfoundland Government in U. S. dollars for the machinery they supplied for this cement mill is not by any means to be taken as meaning they now have or at any time had the U.S. dollars paid them. They were given payment in their own currency in exchange for U.S. dollars which dollars were taken by the German Government. That is the case all over the continent of Europe except in Switzerland and Liechtenstein. Therefore in view of the high improbability of the German Government giving permission for the removal of German In-

dustries from Germany by the export of capital goods except for sale in U.S. dollars, it is highly unlikely to say the least, if not utterly impossible for MIAG to ship any machinery, and have not in fact done so, but the company here, the owners of Canadian Machinery and Industries Company Limited at the Octagon, the owners of that company namely Machinery and Trust Company Limited, living in a country with a free and convertible currency are in a position to buy the cement mill. If my honourable friend does not follow that closely I would be glad to illustrate. They have the legal authority to do what they like, and the ability to do it. I was not discussing only their legal authority as they have a company existing in Switzerland with free currency and convertible, therefore have the authority under existing law to do almost what they like. I was not discussing the dollars.

MR. CASHIN: That is the main thing.

MR. HIGGINS: We are making progress, Mr. Speaker, in any event slowly and I am afraid tortuously. As far as the Premier is concerned he knows this stuff, has been living with it a couple of years and must bear with those of us trying to pick up facts as we go along. We have the position, Sir, at the moment, whilst the Government has set its sights on ten million dollars, I at least, I have no authority to speak for anyone else, I am not able to say at the moment just how much of this ten million dollars is actually required for the payment of these commitments for industrial development. It may be that the Government only needs say, six millions or may be seven millions. The point I am trying to make, Sir,

is this, that whatever amount is the minimum needed for the Government to honour its commitments and to keep the good name of this Province as far as meeting its obligations is concerned unsullied, that should be the full amount voted by the House, and no more. I am saying that simply as one who has no knowledge, a fact already apparent, of finances. I can say this as an ordinary citizen, that any Government which in the space of three years starting off with a jackpot of forty million dollars accumulated by other people, with a revenue which I think, in the words of the Minister of Finance in his budget speech, has been continually increasing, and as a Government which has expended all that money in three years is not, I submit, Sir, financially responsible and should not be given any more money than the bare minimum requirement. In other words we have been living in a dream world for a few years—we are a comparatively poor country despite a lot of the prophecies made, and made probably quite honestly. All that we were told about the influx of capital and industry on this side of the water, when we got down to brass tacks we found it necessary or the Government found it necessary to go across the water and get people who had the scientific technique and know-how, and a huge amount of money, huge for a country such as ours, has been dissipated and we have no solid things to go by. It is true we have these various industries, we have the cement mill, the gypsum plant, we have the birch plant, but Sir, just how far has anyone of these been proven to be a sound and profitable proposition. It is true that we hear, and see occasionally in the paper, reports that produc-

tion of the cement mill can stand up to any Mainland competition.

MR. SMALLWOOD: Fifteen per cent higher.

MR. HIGGINS: It is true we hear the gypsum plant is also guaranteed of success by reason of the location of its source of supply and various other factors, it is true that we hear reports of the birch mill, but it is also sadly true that we hear reports of the birch mill which are not so enthusiastic. That is something which I take it this House will get more information on as we go along. If these reports and these rumours are only malignant, spiteful reports they should be spiked and done so by the people in the best position to do so, men associated with those industries who are or should be in full possession of the facts.

Now, as I say, I do feel that this Bill, this Loan Bill will go through. At the moment on the information that we have at hand I do say that the Government might be well advised to come into this House and put the members in possession of the facts, and the facts showing what are their bare minimum requirements. On their record as financial operators in the past three years, I say, Sir, there is no justification in asking for any more money than they must absolutely obtain to preserve the credit of this Province, and I don't think anyone could regard that as an attack upon the integrity of Newfoundland nor the integrity of the members of this Government, they are just as honest as you would meet anywhere, but I would say they are not big enough to handle the amount of money dished around with such prodigality in the past few years. If we go on with this idea of economic development, take one or two of these

ideas, may be they are all good, but what I do say, Sir, is this reckless plunging into ten or a dozen at one time, take one or two, prove them and you got something you can sell. At the moment we have the Newfoundland and Labrador Corporation, but have we any assurance they have agreed to buy and if so has any price been set? We are talking, Sir, largely in the dark, we are in effect being asked to buy a prospectus because we all know and have been told time and again of the resources of this country which are now being harnessed, but the point is, we have not yet had a coldly impartial analysis of the earning capacity of any of these industries. It is true we do have, I believe when this House met in March we had a survey which was made by an eminent firm, Coverdale and Collpitts, but that report itself said that it was made from three to six months too soon, so that we have not today, Sir, got that information about our whole financial picture that we require when we vote on issues as serious as this. I know, Sir, we are going to have the opportunity to go into this matter more fully when the actual Loan Bill itself comes up, but I do hope, Sir, and I know that the Government will not take this in any unkind spirit, I do hope when this Bill is coming up for discussion we will be put in possession of all the information, because if the situation is bad it is better to know it, not go in a fool's paradise thinking we have lots of money, millions of dollars, never have to borrow, and then wake up six months hence or next year and find something worse, however good or bad the picture let us have it honestly and the House as individuals, and Newfoundlanders can face up to it.

MR. HOLLETT: I believe the address, Mr. Speaker, read by His Honour the Administrator a few days ago did express surprise evidenced by the Government of the fact that we are being asked to meet again now. I now would like to express the shame and surprise which would overwhelm me if I were a member of the Government which includes one Minister, Sir, who a month ago decided and asserted in this House that their spokesman in the United States, Sir William Stephenson had arranged a loan of ten million dollars and all it needed was this House should pass the Bill and the money would be forthcoming. Now, Sir, they have to come here and hold their heads in shame, as I see them on the other side of the House now and admit that this Sir William Stephenson, this man who was raked up by Dr. Valdmanis out of the mass of financiers of Europe and the United States of America and brought here by this Dr. Valdmanis and recommended to the Government as a man who could do all things, a superman financially, he had the money in the United States of America and it would pour down if the House would just pass the Bill. However of the ten million dollars five points two millions were to pay for the German industries and the rest to build hospitals, schools, etc. Mr. Speaker, I put it to you, Sir, any Government which has had in such a short time to make such a confession of inaptitude and inability to run the Government of this Province should hold their heads down in shame and immediately tender their resignation to His Honour the Administrator. But they don't do that, Sir, this Government has not the decency to do that, but come in here and tell us they have suddenly decided at the

moment it is not the thing to do to borrow money in the United States of America, I put it to you, Mr. Speaker, that the Government of this little Province of ours would borrow money anywhere, get it wherever they could get it—not borrow in the United States—the whole world knows, Sir, why they did not get the money in the United States of America, the whole world knows this Government is an inapt crowd, people who do not understand any more about finance than I do, and I admit I know very little about finance, particularly high finance. I put it to you, Sir, individuals on the other side of the House know less than I do. I would have no excuse for myself if I sat on the other side of the House in having to come and admit the shame and humility just one month after passing this Act, Sir, they have to come and say, now we decided we would not have this money in United States, we will wipe that out and pass new legislation and we are going to Canada to grovel, grovel, Sir, at the feet of the Banks of Montreal and Nova Scotia and a few bonding houses and beg them for ten million dollars. We in this Province who three years ago, Sir, were a wealthy Province with practically fifty millions of dry cash in the Treasury and a good revenue coming in, the height of prosperity all over the world, and now, Sir, this Government is broke, I say, and sadly broke, and their credit has been discredited by the very Government members we see on the opposite side of the House. To me, Sir, that is the direst admission of inability that any Government in the British Commonwealth of Nations has ever had to make or admit. Yet, Sir, they sit there and they have not the decency

to resign the Government and allow somebody else to take over.

MR. SMALLWOOD: A foul and filthy thing you just said, suits you perfectly.

MR. SPEAKER: Order.

MR. HOLLETT: Who has the floor, Mr. Speaker, who has the floor? I have said no foul and filthy thing, Mr. Speaker, all foul and filthy things come from the other side and from the mouth of the man who has just spoken, and I will not allow myself to be interrupted by such interjections without throwing them back in his face.

MR. SPEAKER: Order.

MR. HOLLETT: "Newfoundland is on the March." On the march where? Where, I say? Mr. Russell told us that a year and a half ago, we are on the march to ruin and degradation at the hands of a few people who don't know anything more about finance.

MR. SMALLWOOD: You rotten traitor.

MR. HOLLETT: I am a rotten traitor? I am a rotten traitor?

MR. SMALLWOOD: To Newfoundland.

MR. HOLLETT: From anyone on the opposite side I will not take that, and will throw it back in his face—unless he is put in his place. I demand that statement be taken back, Sir, "I am a rotten traitor."

MR. SPEAKER: Order. Honourable members will bow to the rules of the House. No honourable member hurls that accusation against any other honourable member.

MR. HOLLETT: I demand that it be taken back.

MR. SMALLWOOD: If the honourable gentleman—

MR. HOLLETT: No if about it, unconditional.

MR. SPEAKER: The honourable member who is in the act of making a speech has the right to be heard as has every honourable member, it does not matter if his words have interpretations unwelcome to the other member so long as it is not unparliamentary. The honourable member has no right to call another a "rotten traitor" or words to that effect, it is unparliamentary and the Honourable the Premier will retract the statement.

MR. SMALLWOOD: Mr. Speaker, I do retract, and say only this, when any honourable member in this House says that Newfoundland—

MR. HOLLETT: Does he retract or not?

MR. SPEAKER: Order. If the honourable member will insist on refusing to regard any authority from the Chair, there is nothing left for the Chair but to resign, will the honourable member be seated?

The Premier has a right to speak.

MR. SMALLWOOD: And I say only this, Mr. Speaker, when any honourable member of this House at this time declares Newfoundland is headed for bankruptcy and degradation it merits some strong—

MR. SPEAKER: The honourable member will have opportunity to repeat that in his own speech, there are allegations which may or may not be true.

MR. SMALLWOOD: It is a nice thing to be published across Canada.

MR. HOLLETT: If the honourable member got me correctly—I understand we are heading, 'on the march', I said; we are on the march for degradation and ruin at the hands of a few people inapt and inefficient, that is what I said and will repeat and I have figures before the hour and a half are up to show we are on the march. "Was Newfoundland to go ahead or behind" (I am just looking at this book which I shall table) "Newfoundland is on the March" signed by J. R. Smallwood—"Our people as a result of Confederation embarked upon a new course". Then "My colleagues in the Government shared my faith" so it goes on, and refers to the building of the industries.—There is something there about fishing in troubled waters.—May I point out, Sir, there is no further need to ask questions as to what to do with our surplus—"We dislike borrowing." May I quote from the Premier's words a month or so ago? "The people of the nearby Maritime Provinces do not turn a hair when their Government borrows money to finance capital improvement. They know that is the perfectly conventional way to finance new roads, hospitals, schools and all the rest. The people of Newfoundland, however, view the matter altogether differently, their experience with borrowing was a sad one especially in the last ten years or so during which we did it. To them borrowing spells bankruptcy." To me, Sir, now, borrowing by this Government spells bankruptcy. "Indeed," the Premier goes on, "I hardly suppose there is a member of this House who does not wince" (wince mind you) "at the thought of Newfoundland borrowing." "My purpose today is not at all to suggest we ought to borrow but rather to point out there are only two

ways to finance Government expenses" And he goes on to say: "Let us create a goose to lay a golden egg."

A very interesting document. I would point out to all members particularly the back benchers of the Government. On page 28 of this "Newfoundland is on the March": "One thing above all is clear." Clear to whom? One thing above all is clear, a month ago or a little more we had the most powerful aversion in Newfoundland to borrowing for the public services even on capital account, public services. "I doubt whether the people of Newfoundland"—("My public", you know). "Whether the people of Newfoundland yet have the kind of faith in Newfoundland that would enable them to take such borrowing in their stride as do the people of the other Provinces of Canada." So we go on to other ridiculous statements and on page 23 we find: "We shall continue to make expenditures on capital account to improve our public services but shall not borrow to do so." I could go on—that is a little over a month ago.—"We shall not borrow."

When we pointed out, Mr. Speaker, that a guarantee of a loan of ten million dollars to the Newfoundland and Labrador Corporation was in effect Government borrowing we were jeered at, it was ridiculous. Well, the Act is passed and the birds now have it. But Sir William Stephenson and Valdemar and the Honourable the Premier and the Attorney General flew, they could not go quickly enough by train, but they flew to the Mainland to get this ten million dollars. I suppose they even intended to bring it back in a suitcase, as honourable members of the other side brought back some money during Confederations

days in a suitcase. Perhaps they meant to bring it back that way, but unfortunately, Sir, for Newfoundland, I say, they did not get it and we are told now, Sir, in this House that we must be careful what we say, at least that is the insinuation made to my honourable friend for St. John's East a few moments ago, must be careful not to injure the credit of Newfoundland. I say, Sir, it has been torn to ribbons by the Government, by the front benches on the other side of the House. American financiers only have to look at the records, Sir, of this Government, they only have to go back to 1949, and look at our position then with forty-six million dollars, practically fifty millions and twenty millions a year coming in from Ottawa and a very nice revenue being collected. They only have to look at that picture three years ago and then have to glance at that month's budget or of two months ago and they will see that this Government have two-thirds of the surplus gone and they will see that the Government has to bring in a Bill where they have taxed food three per cent. They must ask themselves, Sir, we had better look and see before we lend money to this Government. They spent all that money and what have they got for it?

What have they got for it? I believe there are three boats still down there by Job's, the Icelandic boats, money spent through the Honourable the Premier and another honourable gentleman on the other side of the House who arranged the meeting with the men.—Five hundred thousand dollars, approximately for three or four Icelandic boats still down there. What have we got? A cement mill in Corner Brook, we don't know how much revenue it earned yet. We have the gypsum mill, probably one of the

best prospects we have. We have the cement mill but certainly don't see any earnings from there, that cement mill which was to cost three million dollars and I am informed now it is over five million dollars.

MR. SMALLWOOD: You are wrongly informed.

MR. HOLLETT: But wrongly informed by the other side of the House.

The hardwood plant. That, too, I believe cost considerably more money than it was supposed.

MR. SMALLWOOD: Not one dollar. Not one dollar more.

MR. HOLLETT: Not one dollar more? The hardwood plant, four hundred thousand dollars, according to the agreement given them for operating expenses, I wonder if they want some more now? I wonder did it not cost more than one million six hundred thousand dollars you said it was. Why are not the questions I asked relative to that plant answered? Sir, I submit the reason, and the only reason why these questions have not been answered is the fact that the cost is very, very, much higher than was at first anticipated.

MR. SMALLWOOD: Not a dollar higher.

MR. HOLLETT: That has no effect on me, Sir, such interjections as that. Well, we got Icelandic boats, gypsum plants, cement plants, and incidentally, the cement plant was that built by Mr. Lundrigan, I believe he is an engineer or something. He had something to do with that plant, I wonder if the Attorney General's solicitors informed the new company which was registered on the 21st day of June this year, if he could tell us something. Mr. Curtis and Dawe, Mr.

Speaker, were the solicitors to form this new firm, The Canadian Promoting and Trading Limited.

MR. CURTIS: I don't know of any such company, my firm does, I don't.

MR. HOLLETT: I have no doubt the honourable gentleman is stating what is correct, but as a fact you, Sir and your partner are the solicitors, Curtis and Dawe at any rate, for the Canadian Promoting and Trading Limited which was incorporated on the 21st day of June. And who do you suppose are the three promoters, Ernest J. Leja, Max J. Braun Wogan, you have heard that name, Mr. Speaker, he was sent up to intercept Dr. Sennewald in an airplane, and put the gun to his head and said, "Look you say this or that, or you won't get that guarantee of one hundred and fifty thousand dollars." That is the company incorporated on June 21—but what for?—to procure and lease and operate mills and manufacture establishments. I wonder what mills and establishments are they to procure and to operate, this Mr. Leja, and Mr. Braun Wogan, friends of the Honourable Premier who dispatched him to Gander in that famous case? I wonder what mill they are to take over? I would like to have some particulars on that before we agree to certain things which we will be asked to agree to. Yes we have the cement plant and the gypsum plant and the hardwood plant, and these financiers in the United States, Sir, must have looked up the records and found out the machinery plant and textile plant and fur dyeing plant, if they looked up the records they will say, this Government of Newfoundland they owe them about five point six according to agree-

ments, the surplus is gone and they probably took a look at the Bank of Montreal and wondered just how our Treasury Department—what their relations were between them and the Bank of Montreal.

Mr. Speaker, I could have given you some idea of the facts at the moment but I hesitate to do so. So, Sir, these financiers in the United States of America did not subscribe to this loan, they did not subscribe—nobody can gainsay that, ten million dollars good Government bonds debentures of the Province of Newfoundland, the Government of Newfoundland offering them for sale in the United States.

MR. SMALLWOOD: There were no such bonds. A point of order. The honourable gentleman is, I will not say falsifying, he is now saying the Government of Newfoundland was offering bonds in the United States. He knows that was not so no Newfoundland Government bonds have yet been offered for sale.

MR. HOLLETT: Well, Mr. Speaker, they owned them nine-tenths, the Government owns nine-tenths of the Corporation and they offered their bonds for sale and they were not accepted, and the Government on the other side of which the Honourable the Premier is the Director, they offered them for sale in the United States of America and they were turned down.

MR. SMALLWOOD: Mr. Speaker, to a point of order—I have just said in this House in my official capacity that the Government and the Corporation decided unilaterally not to float the bonds for reasons which I gave. Now, the honourable gentleman says they were turned down and calls me a liar, the Premier a liar.

Is it in order to call the Premier of Newfoundland in effect a liar. We know he is only a cur—I take that back, I retract that, I retract that.

MR. HOLLETT: Mr. Speaker, God forbid I should lose my temper with this Premier of Newfoundland, this Premier of Newfoundland who gets up in his seat and calls another honourable gentleman a contemptible cur, a traitor to my country. Am I supposed to stand here and take that and not lose my temper. I shall do it, Sir, whether I am supposed to or not and any man on the other side of the House who dares say that to me outside the door of this House will get his just desserts which I myself will hand out to him. And I issue that now, Sir, as a threat to anybody who likes to take it up, calling me, Sir, what they have been calling me on the other side, outside this bar and I shall deal with it myself—“a contemptible cur.”

MR. SPEAKER: The honourable gentleman is not supposed to stand and take that—he is not supposed to stand at all. A point of order has been made and I have not had the slightest chance nor opportunity even to think of the point of order, the honourable member is on his feet making the decision for himself. In that case what does he expect the Chair to do. I would advise, however to stop indulging in personal recriminations which have no real bearing on the subject and only riles the tempers and does nothing to redound to the credit of this ancient House.

MR. HOLLETT: Mr. Speaker, if it is in order, I would like to adjourn the debate until this afternoon.

MR. SPEAKER: It is now one o'clock and I move the adjournment of the debate until 3:00 of the clock.

AFTERNOON SESSION

The House resumed at 3:00 of the clock in the afternoon.

MR. SMALLWOOD: Mr. Speaker, before we resume I have a reply to a question I was not able to answer fully this morning. First of all the correspondence requested by the Honourable the Leader of the Opposition between the bond underwriters and the Government with regard to the floating of a Government issue. I may add to that for the honourable gentleman's information, I have only the one copy and if he would like to jot it down I will read it slowly as I don't want to table it:

Nesbitt, Thompson and Co. Ltd.; W. C. Farris & Co. Inc.; James Richardson & Sons; Burns Bros. & Denton Limited; Gardner & Co. Ltd.; Cornell, MacGillivray, Ltd.; B. D. Parsons & Co. Ltd.; Dominion Securities Corp. Ltd.; A. E. Ames & Co. Ltd.; Midland Securities Corp. Ltd.; Cochrane, Murray & Co. Ltd.; Royal Securities Corp. Ltd.; W. C. Pitfield & Co. Ltd.; L. G. Beaubien & Co. Ltd.; Collier, Norris & Quinland, Ltd.; Eastern Securities Co. Ltd.; Dawson, Hannaford, Ltd.; Renet LeClerc Incorp.; Mills, Spence & Co. Ltd.; McLeod, Young, Weir & Co. Ltd.; Bell Gouinlock & Co. Ltd. That makes a total of twenty-three, four banks and nineteen bonding houses. That is the answer to the honourable gentleman's question.

Now, with regard to the question of the honourable the junior member for St. John's West. 7. (2) The salary is \$3,000. With regard to insurance taken out by Mr. Dawe on the birch plant, I just telephoned the Auditor General a few minutes ago and his impression was that it was covered in an amount of two million dollars. His impression however was to be con-

firmed and he would call me back and I have arranged to have the information telephoned here to the clerk and I will gladly table it.

MR. SPEAKER: When the House rose at 1:00 o'clock the House had been presented with something in the semblance of a point of order. I want to say before the debate is resumed, and ask honourable members to try and conduct this debate with some semblance of order and parliamentary decorum. These rules are very simple and very ancient and their age is proof of the great need that exists for such rules. The simplest one of all is that a member may criticize the Government, its acts, whether acts of omission or commission, good or ill depending on the opinion of the member speaking. But no member may impute false motives nor speak disparagingly of other members on either side of the House. Members will sometimes make a mistake or misstatement of facts, whether such mistake be deliberate or unintentional no man can tell. It is impossible to rule on it. All that can be done is that the member may object and say it is a mis-statement of facts. That, however, is not the same as denying the truth of a ministerial statement. These are very simple rules surely within the grasp of any member of the House or of any House. If they are adhered to a debate can go along smoothly, be it as hot as it will. Further I will say that when a member rises to a point of order the speaking member should resume his seat. If he wishes to speak to the point of order let him do so by addressing himself to Mr. Speaker, and finally do allow Mr. Speaker the opportunity to decide if there is a point of order. Otherwise he just has a hot conversation and every member has a right

to jump in if the other has. So I will ask the honourable member now to resume his speech and let us have no reference to the passage taking place this morning.

Honourable member for St. John's West :

MR. HOLLETT : Mr. Speaker, I am quite sure the words you have spoken have been taken to heart by members on this side of the House and I hope they will sink in deeply into the minds of certain members on the opposite side.

MR. SPEAKER : It applies to all members.

MR. HOLLETT : Thank you, Mr. Speaker. When I left off at one o'clock, Mr. Speaker, I was referring to a picture as it must have presented itself to the financiers, these great financiers we heard so much about, the Rockefeller, Harriman-Ripley and others, as they were approached in all probability by this great man who has been brought before us by Dr. Valdmanis with a view to their subscribing to a loan for the Newfoundland and Labrador Corporation who had a Government guarantee as to principal and interest and unconditionally. There it was on the blotter, Mr. Speaker, we are offering, says the Newfoundland and Labrador Corporation, ten million dollars in bonds, debentures, securities guaranteed by no less a Government than the Province of Newfoundland who owe practically nothing. We will pay you your four and three-quarter per cent, guarantee the principal, pledge our rights to twenty-two thousand square miles in the Province of Newfoundland and we believe we will be able to pledge the great new cement plant and a hardwood plant, at any rate we

are able to offer you all that as security and on top of that we offer you the guarantee of the Newfoundland Government.

Now, Mr. Speaker, that must have looked a very, very attractive picture to these great financiers, these men who control the millions. It must have looked very attractive as a bait to Sir William Stephenson, who has been held up to us as a man who could move mountains, could do almost anything, was brought here at the instigation of this man, Dr. Valdmanis. By the way, where is Dr. Valdmanis, I have not seen him for quite a while, I have not seen him for ages. But I do remember this about Dr. Valdmanis, just prior to the last session of the House I was called from my work one day by telephone and on the other end was a sick man who said his name was Dr. Valdmanis. I enquired as to what he wanted me about. There was no privacy about the conversation because at my office there were others and he spoke so loudly anyone within twenty feet would have heard what he said. But he implored me, Mr. Speaker, to say nothing which would offend this great Sir William Stephenson for fear he would not accept the presidency or chairmanship of the Newfoundland and Labrador Corporation. I assured Dr. Valdmanis I would do no such thing. He said, if you do, he said, I will resign, I will leave your country. Well now, Mr. Speaker, he must have left the country as I have not seen him for some time. At any rate the man who produced Sir William Stephenson to the Government and when I say the Government I refer to the men in the front benches, Mr. Speaker, who are holding their heads down today in shame that they have to call this House together at this

moment to repeal one Act and bring in another. I don't blame them for holding their heads down, but only blame them for not handing in their resignation and allowing someone else on that side to form a ministry. In my opinion, Sir, the biggest let-down any Government could have had in this part of the Commonwealth of Nations under the British Flag—back in the old days of Responsible Government in Newfoundland we never had such a let-down and I repeat it. Here we are, as I pointed out this morning, Mr. Speaker, when in 1949 we had practically fifty million dollars dry money, did not owe any money scarcely and had forty-six millions dry cash, and we had a revenue which was soaring but today we have not five cents to carry on our own works, to build our hospitals or to build the Memorial University, it is all gone. Is it any wonder why the financiers of the United States and Canada looked askance at this Provincial Government when they implored them to buy our bonds. I say here and now that in my opinion which I give, it would be to the credit of this country if we did not or could not raise a loan at this time. Because, Sir, I point out to you the first cheque to be paid out of that ten million dollars after the commission has been paid which is about nine million two hundred thousand or something like that, the first cheque to be paid or advances to be made are five million two hundred thousand dollars to some German industries, and nothing has ever been presented to this House to prove to us that there is any soundness whatsoever in these any more than anybody offered to prove to us there is soundness in this cement or hardwoods plant which I understand even now

are having difficulty to carry on. I may be wrong. But on the words of Mr. Dawe, did I hear him saying he had a million dollars worth of birch lying in the woods of this Province? Now, Mr. Speaker, anybody who knows anything about wood, particularly birch, will know what effect one summer even will have on birch lying cut down in our woods, it will be practically valueless. I have not any doubt, Sir, but some of these German industries particularly will have the first cheque to be paid, five million two hundred thousand out of that loan of less than ten million dollars. Another one, this one a little one, will have to be paid out to Dr. Sennewald, and that was the man who was ordered to stand up and deliver by Braun Wogan. And do you remember, he is the German, who, as I said this morning, went out to Gander to lay down the law to that Dr. Sennewald and said to him, you must not say this and say the other thing. And I pointed out also this morning and repeat because it is important, and it is important because I make this statement now, we are getting tangled up with a crowd of Germans in whom I have no faith whatsoever, never had any. This Braun Wogan is the principal now, Sir, in a new company which is being formed, with the man who built the cement plant, and there is some question as to whether he is not one of the directors of New Technique. Who are New Technique, Sir? It is, Mr. Speaker, the company which is doing its best to smuggle certain materials out of European Countries. I put it to you, Mr. Speaker, are we not acting most shamefully if we are stooping to collaborate with people who would defeat the interests of their own countries' welfare. That is being

done by some of these men. I know it and I say our Government, some of these men on the opposite side of this House are in collaboration with some of these Germans, and this man whom we all know put Dr. Sennewald in his place—

MR. SPEAKER: I want to interrupt the honourable gentleman. Is he going to continue his speech or continue with repeating the first half hour as he has done so far. This morning he made an insinuation against the Attorney General. He should drop the subject or be very specific and make the charge or give notice of motion.

MR. HOLLETT: To what statement do you refer, Sir?

MR. SPEAKER: The honourable member, is merely repeating his morning's speech and I say the statement made this morning linking the name of others and Mr. Dawe contained, in the opinion of the Chair, insinuations. I have already said the honourable member will have to drop the subject or be specific and give notice at some other time and make the charge against the Attorney General.

MR. HOLLETT: I don't wish to make any charges.

MR. SPEAKER: Then the honourable member will leave that subject which was already covered very thoroughly this morning.

MR. HOLLETT: I believe surely I can repeat something I have already said?

MR. SPEAKER: Is the honourable member going to question the decision of the Chair? I remind him there is such a thing as tedious repetition, and I give the honourable mem-

ber warning I am not going to put up with any further breaches of the rules of debate.

MR. HOLLETT: I said before I am quite sure the Honourable Speaker will apply that rule to other members.

MR. SPEAKER: That is just what I object to, such insinuations which are unworthy of the honourable member himself.

MR. HOLLETT: I thank Your Honour for the insinuation.

MR. SPEAKER: Now the honourable member knows what an insinuation is.

MR. HOLLETT: I did not expect them from the Chair, Mr. Speaker. I point out now that Mr. Donald Dawe, Braun Wogan and Leja are the heads of this company as directors and he is the solicitor of the firm of Curtis and Dawe. The interruption rather put me off my main thought, Mr. Speaker, and I shall try to pick up some place.

We have had tabled this afternoon some correspondence with reference to this proposed loan, and I note in that, if I am allowed to refer to this or read it, Mr. Speaker, the answer to a question just given.

MR. SPEAKER: I can see no reason why not.

MR. HOLLETT: One of the answers to a question asked by the Honourable Leader of the Opposition is a letter written to Dr. Valdmanis, President of the Newfoundland and Labrador Corporation, Limited,

Dear Dr. Valdmanis,

As the result of recent discussions and negotiations between us, relative to the marketing of \$10,000,000.00 Newfoundland and Labrador Corpor-

ation Limited Debentures, we wish to let you know that we have just been advised by Counsel for the Corporation, that legislation passed by the Government of Newfoundland, covering the guarantee of Principal and Interest of the proposed debenture issue, which it was anticipated would be sold in the United States, would not meet the requirements of a Canadian issue, to which consideration has recently been given.

Further, after carefully checking the Canadian market, we are satisfied that it would be very difficult to market a \$10,000,000.00 issue of the Corporation, guaranteed by the Province. You are familiar with the difficulties which have forced us to this conclusion.

In view of the foregoing, we recommend that legislation recently passed, guaranteeing Principal, Interest and Sinking Fund on the proposed U.S. issue of Debentures of the Corporation, be replaced by legislation authorizing the Province to issue, as a direct obligation—

\$10,000,000.00

Province of Newfoundland 4¾% 12 year Debentures, payable as to Principal and Interest in Canadian funds only.

The Underwriting Group, comprising one Chartered Bank and seven dealer firms, of which we are Managers, would certainly be interested in this proposed new financing, and we have received in writing, from the Managers of a second underwriting group, comprising a Chartered Bank and four dealer firms, assurance that their group, including all its Members, would be willing to join our group in this financing, on terms and conditions equally as favourable to

the borrower as those we have discussed and providing marketing conditions were not less favourable than those at present.

It is the view of the Managers of the two groups mentioned that this public financing could be undertaken within one month of the date of passage of enabling legislation, providing such legislation can be enacted by the end of June.

May we assure you that we wish to be of all possible assistance to the Province.

Very truly yours,

Nesbitt, Thompson and Company,
Limited.

R. H. DEAN,
Vice-President and General
Manager.

I read that, Sir, to draw attention to the state of which the Province has been brought by inapt and inefficient Government on the other side. We have that letter written by the firm of Nesbitt, Thompson and Co., to one Alfred Valdmanis, a Latvian, not even a Canadian citizen, recommending that the Government which he represents, Valdmanis, repeal certain legislation which has just been passed and pass other legislation. What in the name of Heaven, Mr. Speaker, are we come to when a financial firm in Canada, thank God they are in Canada at any rate, have to write to Dr. Valdmanis to tell him to advise the Government to repeal legislation passed, and then they will consider whether or not they will have something to do with this ten million dollar loan. That, Sir, is enough to make any Government hold its head down in shame and enough to make anybody in charge of such a Government hand in his resignation and al-

low some other cabinet minister to take control. I say that with no disparagement to the Honourable the Premier personally but with relationship to the premiership of this country. I was called many things this morning, Mr. Speaker, I am not going to repeat them, I am going to say something else now which will probably excite people to say or suggest certain other charges against me. You will remember, Mr. Speaker, that all down through the years money was not so plentiful in these days and Newfoundland had to go to the bank continuously to raise loans, raise money. Why did the banks loan the money to help out previous Governments? Because we were under the sheltering wing of the Great British Empire, and the banks did not worry, the Bank of Montreal nor any other banking house in Canada nor in the United States did not worry. Why? Because they had the guarantee of the Great British Government in addition to our own Government's guarantee.

Now, Sir, we are again starting on a process of borrowing, borrowing for what? To build up new German industries in this country. I issue this from this side of the House, Sir, a warning to the banks in general and to those mentioned here this morning in particular, that they will have to be careful, and they will have to go very carefully in their backing of such a proposition of any Government in this little Province of ours if they wish to retain the respect with which they are now held and in which they have been held in this country for many generations. We in this country do not want to saddle ourselves with a burdensome debt such as we had prior to 1933. This Provincial Government we have here now,

Sir, have started in although they said, only a short month or so ago; "we decided as a Government"—Mind you they decided as a Government, they decided a month and a half ago, I read from the budget speech, Mr. Speaker, "It is unthinkable that we (that is the Government) will abandon public services and economic development and we decided (I particularly underline this. I expected to have to throw it back at them again) and decided it was equally unthinkable that we (that is the Government) should borrow." That is a month and a half ago. They tried to bluff us and the people of this country by saying we are not going to borrow, but just guarantee the bonds of the Newfoundland and Labrador Corporation. And who are the Newfoundland and Labrador Corporation?

MR. SPEAKER: Will the honourable member say Her Majesty's Government attempted to bluff this House and the people?

MR. HOLLETT: I say that, Mr. Speaker.

MR. SPEAKER: The honourable member will have to retract.

MR. HOLLETT: Mr. Speaker, Her Majesty's Government—I will take it back if you order it.

MR. SPEAKER: I certainly shall—I have to.

MR. HOLLETT: Shall we say, Mr. Speaker, some members of the opposite side attempted to bluff the people of this country, and I maintain bluffed a good many people in this country as to their borrowing.

MR. SPEAKER: All members of the opposite side and the honourable member were selected by the people,

and to accuse them of bluffing the people—surely the honourable member sees that it is a reflection upon the House itself, and that cannot be applied.

MR. HOLLETT: I purposely meant it to reflect upon that side of the House.

MR. SPEAKER: The honourable gentleman will have to apologize to the House, on this side also, he will have to retract. He cannot say elected representatives are bluffing the people and the House.

MR. JACKMAN: To a point of order, Mr. Speaker. I think that my friend here refers to a statement made by the Premier of our country in Toronto in which he said he had to use sculduggery to get Confederation. I think that is what is referred to. That is on record, Sir, I have it in my possession and it cannot be disputed.

MR. HOLLETT: I don't wish to enter into an argument with your authority, Sir, and I have very little time at my disposal and don't wish to have any more wasted if I can help it. At any rate the Minister of Finance or the Honourable Minister of Finance informed the people of this country it was unthinkable for his Government to borrow but they were prepared and we of the House gave them authority to guarantee the bond debentures of the Newfoundland and Labrador Corporation ninety per cent of which is owned by the Government, paid for by the Government as to nine hundred thousand dollars already subscribed, and I understand they are going to contribute a few more out of the ten million for that very purpose to give more money to the Newfoundland and Labrador Corporation Limited. But the people were told, Sir,

that it was unthinkable that the Government should borrow. Now they come here and tell us the Newfoundland and Labrador Corporation has not borrowed any money, has not utilized the opportunity which was given them, and they want to repeal the Act, and they want us to pass more legislation authorizing the Government on the advice of Nesbitt, Thompson and Co. Ltd., and Dr. Valdmanis, the Government are going to take their advice. It has been said here in this House that the Newfoundland and Labrador Corporation have no assets, and, if I may, I would like to read you a certain extract from the Newfoundland and Labrador Corporation Act. Here is one of the assets, or what I call assets anyway.

"The Corporation shall have the power at any time and from time to time, with the approval of the Lieutenant-Governor in Council, to assign, transfer, lease or otherwise in any other way to alienate or dispose of, to any person, firm or corporation (in this Act sometimes referred to as the "assignee" or "transferee" of the Corporation), for such prices or other considerations and upon and subject to such terms and conditions as the Corporation deems proper, all or any property or rights at any time belonging to or held or exercisable by the Corporation, including, without derogation from the generality of the foregoing by this special mention, all or any of its rights in, to or in respect of said timber concession or any part or parts thereof or to or in respect of said exploration rights, mining rights and hydro-electric and hydraulic power rights or any of them." They were given, Sir, the right to explore some twenty-two thousand square miles, to cut all sorts of timber, to export some, and if mines were dis-

covered they were allowed to dispose of them as they deemed fit. I consider, Sir, that is an asset. I point out to you, Sir, as Speaker of this House, they still have the right under this Act to do that. They were also given the right as follows: They were hereby granted and vested with the following concessions and rights: for a term of ten years from the day in which the Act came into force a timber concession in Lake Melville area in Labrador to cover an area of some seven thousand square miles and with that they could do pretty much as they liked. They were allowed to cut certain timber, they were to have exclusive exploration rights for a period of ten years and then they were given some ten thousand square miles, I believe, here in Newfoundland with which they could experiment and which they could dispose of if they found nothing worth disposing of. Yet we are told, Sir, that the Newfoundland and Labrador Corporation have no assets. I will not refer again to the three plants to be handed over to them. There is one other section I want to refer to, Mr. Speaker, and that is their right to borrow. They still have the right to borrow under section 17 of the Act. The Corporation may from time to time, with the approval of the Lieutenant-Governor in Council borrow money upon the credit of the Corporation and limit or increase the amount to be borrowed. Furthermore I want to point out to you, Sir, as Speaker, another very important section, which is important as far as this country is concerned. The Government of Newfoundland is empowered at any time and from time to time upon request of the Corporation. There the Governor of Newfoundland means the Governor in Council as we see them

on the other side of the House, the twelve good men and true, the dozen men, Cabinet Ministers, these men of Newfoundland empowered any time and from time to time upon request of the Corporation and approval of the Lieutenant-Governor in Council to guarantee unconditionally the payment of principal and interest on any money they borrow. So, Sir, if we repeal this present Act which gave also the authority to borrow ten million dollars, and this Act is allowed to stand as it is at the present time, this Corporation still has the right to go out and borrow ten million or up to ten million in that Act as it is, Sir, and the Government on the opposite side of the House will have the right to guarantee it unconditionally as to principal and interest. That is a matter which the House should take into consideration. We realize we can't stop the Government from borrowing ten million dollars in Canada, we are not so anxious about trying but we do want the people to know all the facts, and again, I repeat, if I may, Sir, that it is an indignity to be thrown upon the people of this country the fact that this House was to vote or give authority to the Newfoundland and Labrador Corporation to borrow ten million dollars in the United States of America where all the money of the world is concentrated, and it has not been forthcoming. The Government said: we the Government decided it was not sound finance for us to borrow in the United States, after asking us a month or so ago to give authority, they suddenly decided to tell us that probably it might be dangerous to borrow in the United States, the exchange is against us. Now they tell us we might have to pay back more than we actually ought to, now we

are going to Canada where money is floating around looking for investment. I hope they won't be too long subscribing and over-subscribing this amount of ten million dollars.

Mr. Speaker, to me it is a terrible let-down for the people of this country as well as for the Government themselves, and I repeat again, it is sufficient to demand of the Government that some token be shown to the people that somebody has lost the confidence of the people on the other side of the House. Who it is it is not my duty to say, but somebody should get out, lock, stock and barrel and allow somebody else to have to do with those things, have to do with financing this country.

There is one other point I wish to raise, and that is the question of borrowing ten million dollars. We have eleven million dollars in Ottawa, still we have to go out and borrow ten million more. This will probably cost us six or seven per cent, when we get the commission and all that sort of thing paid, while we have eleven million dollars in Ottawa which is ours, which was squeezed from the blood of our people during Commission of Government days. Whose fault is it that we cannot get it? Whose fault is that? The Honourable Premier and the Cabinet cannot lay hands on that money. I charge, Sir, it is none other than the fault of the Honourable the Premier, he it was who suggested it. He told us that eleven millions should be left there to pay deficits on current account. It is a peculiar way to have money in the bank, can't touch it until you are broke, can't touch it until something happens at any rate. Today, Sir, this country is on the verge of a moral bankruptcy, I say that advisedly, moral

bankruptcy, in view of the fact that we have a large, a very large proportion of our people who are and were and have been in the past depending for their livelihood upon the fishery industry. We remember how the Honourable the Premier and his cohorts and colleagues told our people some years ago that there would be no poverty, no more dole, no trouble to sell your fish and Canada would buy it and throw it over the wharf if necessary and pay good prices for it and for three years now, Sir, our fisheries are starving, our fishermen are leaving their boats simply because of the fact that the Government of this Province have been unable or have neglected to put any new injection into the blood of the fisheries, put some of this surplus left us by the Commission of Government into it instead of spending it all on so-called new industries, German and otherwise, and tie up ten or eleven million dollars in Ottawa which we cannot touch and finally say, not in so many words but we can read it between the lines, the fishery go hanged. I put it to you, Mr. Speaker, this country is at the moment in jeopardy. I maintain the resources of this country are being sacrificed to satisfy the greed of certain individuals who are not Newfoundlanders, not all of them at any rate. I cry now from the bottom of my heart to the Government on the opposite to take heed, take fair warning that the wrath of the people is not aroused against them. I speak to you back-benchers, you men will have to go back to your district, I appeal to you to get after your Government, your Cabinet.

MR. SPEAKER: Please address the Chair.

MR. HOLLETT: Through you,

Sir, I appeal to them, Mr. Speaker, to get after the members of the Cabinet to go slowly in this effort which they are making to build up new industries. Oh yes, we have belief in new industries, we want new industries, we want new fishing industries we hear so much about, but we have to be cautious. The times are very good now, people are prosperous today, Sir, but the Government I grant you is broke, there is no question about that in my mind. In all probability the Government will be overdrawn at their bank. That happens of course in any Government but should not happen here, yet it has happened, it has been admitted from time to time. But let us beware that occasion does not arise at a time when there is no such prosperity in this country, otherwise we will find the wrath of a hungry people being poured down upon the heads of people in the Government who have not taken this thing into consideration. It is important, Sir, that something should be done and must also be set aside for a rainy day particularly in Governments. Here we find ourselves today, Sir, with all that surplus gone which could have rebuilt the fisheries, could have made our fisheries happy, all that surplus is gone which could have been used for economic development. We find ourselves overdrawn at the bank, we find ourselves having to tax the food our people are eating, three per cent on practically everything we put into our mouths so soon after Confederation, so soon after we were going to this wonderful Utopia held out to us by members on the opposite side of the House. I say to you, Sir, and I say to the people of this country that the Government must be warned of the danger into which they have lead us. I have every sympathy for the

position in which they find themselves. I do not say that the Government did these things deliberately, but they are now in a very sorry position for a Province, a new Province of Canada, a new Province which was in such financial favour at the beginning of our career as a Province of the Dominion of Canada. There is a great responsibility, Mr. Speaker, upon the members on the opposite side and upon us on this side, our responsibility chiefly is to criticize, constructively, we hope, we will be harsh at times, I am afraid some of us at any rate, and this is one time, Sir, when we have to be harsh, when we see things going by the Board, the finances of the country being crippled, and what is more five million two hundred thousand dollars of that ten millions is going right out to German industries controlled by men like that man Leja and that man Max Braun Wogan, the man who could say to Sennewald, "this is what you must say," and he said it for which he got a loan of one hundred and fifty thousand dollars. If the destiny of this little Province is to be controlled by such men as these, then I for one would not want to remain long in this Province, if we have not Newfoundlanders to check our own affairs, financially or otherwise, well then I say let us join with something else instead of Canada. We are in dire circumstances when we have to deal with men who are prepared to neglect the chances of their own native countrymen for some of these Germans. Why was this man Sennewald stopped? Why was his mouth shut? Because he could have told the people of this country things, Sir, which would have made us all tremble with fear. When I tell you, Sir, we are involved in something which is not going to be very nice when it is properly dis-

closed, and I doubt not that it will be disclosed at this session of the House. I don't want any industry in this country if we have to get it at the expense and sacrifice of other countries, even though we fought them in two wars. I do not want to be a party to it and I don't think any man on the opposite side of the House wants to be a party to it. I implore you men on the opposite side of the House to get at the bottom of this. Don't let it be said years hence that you and you and you were party to this thing. Machinery came here under certain circumstances and you were a party to it. I ask you, through Mr. Speaker, to go slowly on this matter.

Now I hope you get your ten million dollars in Canada, but the man who stands up in his place on any side of the House and charges me with doing discredit to my country, I warn him to be careful. There are other remarks that could be made about the credit of this country, Sir, since 1949. It has been in the hands of the Government on the other side and what have they done with it?

MR. SPEAKER: Is the honourable member threatening?

MR. HOLLETT: I am not threatening, Mr. Speaker, I am asking the Government what they have done with the credit of this country in three years. They, Mr. Speaker, can better answer that question for I guarantee them now and tell them now they will have to answer that question to the people of this country sooner than they think.

MR. JACKMAN: Mr. Speaker, I should first of all like to pay tribute to my supporters in Harbour Main-Bell Island who elected me to this House on two occasions. Now, I was

elected on a policy that I think belongs to all of us as British subjects—you don't get something for nothing. In making that remark, Sir, it is very easy to see the purpose of this sitting, it is to look for some money from somebody. In that respect, again, I am not going to say much. That will be taken care of by our Leader, but I do remember, Mr. Speaker, in the very beginning when I sat in this Chamber here as a member of the National Convention that the Leader of our Government did tell us, and used better men than we have here today to do so, he had a man in the front of him, he told us once we went into Confederation then our worries would be over. Now, I don't know, I am not going to say too much against the Premier or any member on the opposite side, but it has been a little bit confusing, it has me wondering, for example why we should be here at this particular time looking for money. When we came in, Mr. Speaker, I think we had somewhere around forty-six million dollars, we had a balanced budget, and apparently we seemed to be in very good circumstances. Now, at this time is there not something wrong with the Government's policy, is there not something wrong in this respect that this Parliament has been called together to look for money? I don't understand, I cannot understand that position, why we should now have to come back and vote new legislation. I understand there is something wrong with the discount, the Canadian dollar is a bit higher, etc. But it is my point, Mr. Speaker, that I do not see the reason why we should even have to suggest failure. Now, at the risk of being called anti-confederate and possibly having to go back over old ground, I have to do so, as, Mr.

Speaker, I was elected a member of the National Convention in 1946, I am only just a common working man, I have given my lifetime to the trade labour movement and in the trade labour movement we don't take hand-outs, we bargain. In the days of the National Convention, I am proud to see we have here four members of that National Convention, the dictators. We would not at that time agree to sign these terms because we figured they were not sufficient and the Leader of our party, of our Government and most of them on the opposition today said that the terms were not sufficient. It was proven subsequently that we dictators were right, the terms were far from being sufficient, in fact one of our best businessmen in this country today on the second attempt to get better terms, said, no, even then one of our most energetic businessmen who knows his stuff said, I would not sign these terms, they would mean financial suicide for our country.

Now, Mr. Speaker, in line with my colleague here we ended up by saying it is the intention of the Opposition to oppose, not because we wish to or just because we want to be mean or anything like that, I have to follow the thoughts of the member for St. John's West when he said this is not a question for politics, for opposition of Government, the question is that despite all the promises, the baby bonuses, the old age pensions coming in, "it is going to be wonderful," despite all that we find ourselves at this particular time, only three years after, in a hole.

MR. SMALLWOOD: We are not in any hole.

MR. JACKMAN: All right then if we are not in a hole why call this

special session. As I said before, I don't understand it, I can't figure out as a working man, but I do know this, it costs money to live, you must have money, and I say then to you again that there were a lot of our people who were persuaded that they did not need money to live. A lot of our people were told when you vote for Confederation your babies are going to be looked after, you are going to be looked after in your old age. That was told deliberately, outrightly but it was not followed up with this statement that after your baby bonus and old age pensions and all that even if looked after by a benevolent Government, that source comes from the producer.

Mr. Speaker, I am not going to detain this House any longer. In fact, I was not going to speak at all this afternoon, but there was one thing which came to my attention. Just before I came in here I received a slip from a hard-working housewife who is doing her best to live, and she said to me, can you explain this. I said, you will have to ask the Government. She had a little sales slip, a dollar and some odd cents and there was three cents more put on her bill. I think this would be a most appropriate time to remind the Liberal Government and say that was something they never expected.

In conclusion, Sir, I will say this with regard to the Government and as a member of the Opposition, and someone who respects our Premier, regardless of what anyone says, I am satisfied, and I am sure I am voicing the sentiment of this side of the House, that if there is anything possible that can be done to take us out of the sorry mess that apparently we are in, I for one will do my utmost to help the cause.

MR. SMALLWOOD: Mr. Speaker, I move that the House do not rise at 6:00 o'clock.

MR. CASHIN: Mr. Speaker, the speech from the Throne delivered by His Honour the Administrator before the House for debate involved all the legislation coming before this House. It has been intimated to us that all rules are suspended and that this legislation is to be railroaded through without proper consideration being given. That is the sum and substance of what the Government propose to do. However, Mr. Speaker, when we opened this House on Monday and this address was read in a very embarrassed manner by His Honour the Administrator, the proposer and seconder, as usual, did not make any comment when moving that a committee be appointed to draft an address in reply, which is most unusual for the opening of any legislature.

We know it involves the turn-down the Government received on the guarantee of bonds for ten million dollars for the Newfoundland and Labrador Corporation. It is peculiar that I at one time, just twenty-one years ago, —some members on this side of the House and some on the other side did not have a vote in these days— but I happened to be Finance Minister in Newfoundland, and when we as a Government and as a country were turned down on a loan. Well do I remember in discussing the matter with the General Manager of the Bank of Montreal at that time who is now retired, Jackson Dodd, and Mr. Gardiner one time Manager of the Bank of Montreal and now president of that institution they said when we discovered no bids on our loan, we were looking for two million dollars to meet our interest coming due on

June 30, 1931. We went on our knees to that same outfit—well do I remember as if it were yesterday, their saying to us, if we give you this two million dollars to pay your obligations on June 30 what will the Leader of the Opposition and his party say to us? I wonder, Mr. Speaker, after that twenty-one years have passed, by some quirk of fate I am now placed in the position when I am the Leader of the Opposition—I wonder if the General Manager of that Bank might say the same thing to the Premier and his colleagues, or if he said the same thing a short while ago.

Now, Mr. Speaker, it has been intimated by the Premier on opening day that, that he believed those on the opposite side of the House would do nothing to injure the credit of Newfoundland. He never spoke truer words in his life. We do not want to do anything, and least of all I who was at one time placed in that unfortunate position as Minister of Finance, do anything to injure the credit of Newfoundland but the Government of the day has done a lot to injure the credit of Newfoundland during the last three years, and in order that the books may be straightened I am going to go back to 1919 and review the history of every Government from then to now. I am doing that in justice to those now lying in the graveyards in Newfoundland today, those people who, remember, were accused of borrowing money in 1919. Shortly after the first world war Newfoundland, I think, if my memory serves me right, Sir, had a national debt of forty odd million dollars. They had been borrowing for war purposes some sixteen million dollars, which was a lot of money in those days, and when the Government went out of office in 1919 there were three and a half or

four million dollars surplus left. The Squires' Government came into office after the first war and a recession or depression set in, fish, the main product of Newfoundland then as now and as it will be in my opinion for many years to come, took a big slump. Fish was selling in 1919 somewhere around \$17 and \$18 a quintal, regulations were put on because of dumping in the European markets and fish took a slump, fishermen took an awful licking, merchants took an awful licking and on the south west coast it cleaned out the Holletts, Grand Bank and many fish merchants lost everything. That three or four million dollars was spent during a period when people could get no work. Then in 1923 another election took place on the Humber issue, an issue which saved Newfoundland at that time from total collapse. Both parties went to the country, and it was my first entrance into political life in Newfoundland, both parties went to the country pledged to support the financing of the Humber project, at that time called the Newfoundland Pulp and Paper Co., Limited. We opened the Legislature that spring, passed legislation in here guaranteeing ten million dollars to that Corporation, the British Government guaranteed another twenty million. That guarantee given at that time by that Government and by this House has never been called upon for payment. It has been a wonderful investment for Newfoundland, thousands and thousands of people earned a living. So in 1924 through unfortunate circumstances another election took place in Newfoundland, another Government was elected, the Monroe Government. I happened to be a back-bencher at that time and left that Government. I had been accused

of doing these things—I left that Government because of certain things I did not agree with, the imposition of certain taxation and protection to local industry. At that time another election was held in 1928 but in the interim the Buchans Mining Company came into existence, the Gander Bill passed in 1927 and the International Power and Paper Company took over the Corner Brook Organization which got into financial difficulties. This legislation was passed in this Assembly between 1926 and 1928 and in 1928 another Government came into office of which I became Minister of Finance. When the last loan was floated under Responsible Government I was Minister of Finance and that loan received the highest price ever received for any loan in the history of Newfoundland Government, something like 99.5. That was a year prior to 1931 when we again had to go to the money markets to look for more money. It was shortly after the crash on Wall Street, the whole world was upside down, Great Britain had to forfeit an obligation to the United States, Provinces of Canada had defaulted on their obligations, we received two million dollars on June 30 to pay our interest in either American funds or British funds or Canadian dollars as the case may be. I might say that American funds at that time were selling around eighteen to twenty per cent premium. At that time our loan was floated on the market, advertised for bids and we had no quotations for that loan, the previous one we had advertised and received the bids headed by the Bank of Montreal, Wood-Gundy, Dominion Securities and some other outfit, I forget what it was. Then in 1932 another election took place in which I had no part whatsoever and in 1933 the

legislation was passed in this House to give away Newfoundland, the beginning of the end, Commission of Government took over in February, 1934, our deficits were huge and paid by the British Government. Then the war started in 1939 and in 1940 Newfoundland was given back, lock, stock and barrel and not a man in Newfoundland raised his voice to stop it, not one man on either side of this House or outside raised his voice to stop the giving away of this country which landed us in this position today.

Why I refer back to 1931 is because certain members in this House and some outside of it have criticized Ministers of the past for raising loans, have criticized me personally, but that was like water on a duck's back, because my budget in 1931 was wrong—but it was not misleading, Mr. Speaker, like the April one. And I am able to come back now after twenty-two years have gone by and justify my actions of that time. They can say what they like—so in 1940 the Americans came in and took Newfoundland over and got it for nothing. Prosperity started up in Newfoundland, lots of work was given, as a matter of fact the Commission of Government of the day issued regulations that Americans were not to pay the Newfoundland people as much money as they were paying their own people for doing similar work. We did not hear any supporters for Confederation then kicking up their heels. However, we piled up forty-five million dollars in surplus and in the National Convention, that farce which was instituted here in 1946, nothing but a rigged up affair by the Canadian Government and the British Government to bring this small, little

island and dependency of Newfoundland into Union with Canada.

Terms of Union were brought in here, known then as the grey book and a couple of black books and today we have a black day in the reckoning of Newfoundland. And this grey book gave certain terms to go into Union with Canada. Finally a referendum took place as to whether the people wanted to go in or not. The first one said—keep your own Government—which had the majority but did not have an overall majority, the second one, and I hate to mention it again—the leading communist in Newfoundland now the Secretary of State with the Dominion Government, issued or was the author of a letter which went to certain sections of this Island that set class against class and creed against creed and resulted in Union with Canada getting a slight majority over our own Government, something like 48% to 52%. And, Mr. Speaker, if I may be a prophet in my own country, and I am not, the individual responsible for that frightful episode in the public history of Newfoundland, I predict that he will pay for that, not here, because Sir, there is someone higher than you or I going to make him account for that treachery to Newfoundland. So that we were passed in on April 1st, a lovely day, April 1st, 1949 we came into Union with Canada officially. The present administration as it was at that time took over and they took over some forty odd million dollars in cash, and a lot of other liquid assets.

Now, in order to review this thing properly we have to take this Government year by year since it came into office.

In the first year, if my memory serves me right, they had a deficit of

three and three-quarter million dollars which they took out of that forty, but that forty millions was augmented by other moneys which came in from liquid assets. Then in 1950-51 the real stuff began. The Premier visited Ottawa or some part of the Mainland and we got this Valdmanis, and it is he who has gotten Newfoundland in trouble even though the Government has to take the responsibility. He came here with a cock-and-bull story, building cement plants, building gypsum plants and selling German machinery to these plants. These things should be investigated by a Royal Commission, Mr. Speaker, machinery bought out of Newfoundland dollars, estimates given to build them for three million dollars and now upwards of five millions it is going to cost.

MR. SMALLWOOD: That is not so.

MR. CASHIN: Well, you don't answer questions—this morning I placed questions on the Order Paper, and yesterday afternoon, here is an opposition and a very small one at that, and we want to know the truth. I asked a question here on opening day. Why not answer it? Why not answer it? Why not table the correspondence between yourself as Premier of this Province and Sir William Stephenson since April 1, 1952? Why?

MR. SMALLWOOD: There was not any.

MR. CASHIN: There were telegrams, negotiations, some correspondence? Did he telegraph you to go to New York?

MR. SMALLWOOD: Yes, but not to me as Premier, as an individual and he discussed things with me. If the honourable gentleman will allow

me: I happen to be a director of the Corporation and any correspondence between Sir William Stephenson and me was correspondence between two directors of the Corporation.

MR. CASHIN: Table it.

MR. SMALLWOOD: No, certainly not.

MR. CASHIN: We were told that the ten million dollars would not be a liability on the Province, by the present Premier, and now it is. Can you deny that they were turned down in New York?

MR. SMALLWOOD: I do deny it.

MR. CASHIN: I want to see it definitely proven. Sir William Stephenson is not in this country and we cannot bring him to the Bar of this House to ask him, is it not a fact that the underwriters of New York as you told us had subscribed the money the day you brought in the guarantee Bill, had subscribed this ten million dollars. All you had to do was pass the legislation and on May 15, the money was passed over.

MR. SMALLWOOD: That is correct.

MR. CASHIN: The House closed on May 20th, and you knew then that the money was not passed over, why not inform the House then the money was not passed over, why not tell us you had changed your mind as a Government? I say now, you were taking chances on the credit of Newfoundland, the place I was not prepared to sell out like so many others, but now I say to the brokers going to negotiate this loan with the Government—for God's saks, in the interest of Newfoundland don't subscribe to

it. I mean it from the bottom of my heart. Why do I say that? Because you have done away with forty million dollars since 1949.

MR. SMALLWOOD: That is not true. Prove it now.

MR. CASHIN: I will right now.

MR. SMALLWOOD: You got a job on your hands.

MR. CASHIN: A beautiful job and I am able to do it.

MR. SMALLWOOD: No you are not.

MR. CASHIN: Here are your own figures. Certainly if they are not correct then we cannot rely on any figures.

MR. SMALLWOOD: The trouble is you don't know how to figure.

MR. CASHIN: I know it is going to be flung up at me about my budgets but I say I brought in my own budget, I brought it in and debated it myself and your Minister of Finance today had not the guts enough to get up and talk on his own budget.

MR. POWER: As Minister of Finance, Mr. Speaker, is the honourable gentleman allowed to refer to me in those terms?

MR. SPEAKER: No member is allowed to refer in that way.

MR. CASHIN: I am very sorry indeed, the Honourable Minister of Finance, as Minister of Finance is looked up to as the individual who will bring in a Loan Bill or repeal a Loan Bill but in this instance it is the Premier, I would like an explanation of that. Why does not the Minister of Finance bring it in himself? He should be capable of doing

it and if he is not capable he should resign.

MR. POWER: I am just as capable as you ever were. Put Newfoundland on her back—you did it.

MR. CASHIN: I did not go to the Mainland of Canada and bring back fifty or sixty thousand dollars in a suitcase to sell her out.

MR. POWER: I don't know what you are talking about—I never know what you are talking about, it is all a lot of junk and baloney.

MR. CASHIN: Now, Sir, the Premier says they have not spent forty million dollars out of the surplus. I am going to show you that when you came into office on April 1, 1949.

MR. SMALLWOOD: The honourable gentleman is saying again he will show how I made away with forty million dollars. Made away were your words.

MR. CASHIN: Well it is gone, yes.

MR. SMALLWOOD: It is not gone.

MR. CASHIN: Well, Mr. Speaker, where is it? I am going to tell you where it is. Some of it is in the woods as suggested by my colleague from St. John's West, some in the birch plant, five million dollars.

MR. SMALLWOOD: That is good value.

MR. CASHIN: Good value indeed. Here is a birch plant owned at the present moment by the Government to the tune of a couple of million dollars, and they have not a dollar to pay their bills, they owe a million. Here is what happened to it; the Government built a birch plant and in

addition lent Mr. Dawe four hundred thousand dollars working capital. As the honourable gentleman knows the first charge on the operating income was operating expenses, the next charge was depreciation and what was left would be profits and that would be split fifty fifty between Mr. Dawe and the Government. Now, the honourable gentlemen are aware that working capital is not the plant and he comes to the Government and asks them for a half million dollars additional working capital which they agreed to do only after laying down certain conditions and these conditions are in the written agreement with Mr. Dawe, along these lines. It is agreed the honourable gentleman is going to hang on, that will be written, it is agreed to orally and verbally and will be in writing. Let us not harp on that the agreement—

MR. POWER: You are wasting your time, you will never understand it.

MR. SMALLWOOD: The honourable gentleman will understand me, I will speak very simply, the first charge is the operating expense, the second charge is interest on the whole Government outlay, the third charge is amortization of the Government outlay, the fourth charge is depreciation and then profits and that will be split with Mr. Dawe on net profits as defined in the new agreement, which is a much smaller amount obviously after interest, after amortization, after depreciation, after interest, what is left is profit, obviously a much smaller amount that 60% or 40% in favour of Mr. Dawe, rather than fifty-fifty as now defined as an amount of profit arrived at after the deduction only of operating expenses and depreciation. Now that is good business.

MR. CASHIN: Mr. Speaker, the position is now, as I see it, this birch plant which cost the Government 1.6 millions to build (I am stupid you know, Mr. Speaker, and I like to be corrected), they have loaned or given Mr. Dawe a loan of four hundred thousand dollars in cash for capital account, that is two million dollars. In addition to that I take it some half million dollars for working capital, that is nine hundred thousand dollars working capital. The four hundred thousand is used up and they want another five hundred thousand.

MR. SMALLWOOD: The honourable gentleman is anxious to have the facts. May I add one other? The birch plant as the honourable gentleman is probably aware was built by the Government. Now, what was intended to be built at the outset was a flooring plant just to make flooring so the cost of that was computed and an amount of working capital computed, namely four hundred thousand dollars working capital. Finally it was decided it would be criminal to saw up into flooring birch logs suitable for veneer, and we decided to increase the size of the plant by including a veneer mill. Having done so we then decided if we have veneer we might as well have plywood which means gluing sheets of veneer together under great pressure. For the plywood then we decided to add a plywood mill to the enterprise, but at no point did we increase Mr. Dawe's working capital, the working capital of four hundred thousand dollars, an amount figured upon the basis of a flooring plant, only now we had to buy large quantities of birch logs over and above what he would need for a flooring plant, so had to have more working capital. That is what he asked for and we suggested a complete re-

vision of the agreement, and to that he has agreed.

MR. CASHIN: We want to see that agreement. Should not an agreement of that nature be legislated for.

MR. SMALLWOOD: It is not ready for this session and certainly will be tabled in the next.

MR. CASHIN: Here is the point I am making: There are one point six millions plus four hundred thousand, two million dollars gone out for the birch plant and now there is to be another five hundred thousand for working capital, and the plant owes a million dollars around the country, and I understand the Government has given a bank guarantee on account of that five hundred thousand dollars in the meantime. A bank guarantee to be repaid when this loan is raised. The loan is not raised and in case it is not it has to be repaid out of current account.

In 1949-50 the deficits came to three million seven hundred and thirty-five thousand dollars. We spent that year five millions on capital account roughly estimated. That was spent on the Mental Hospital and other hospitals around the country, on highroads, starting the road across Newfoundland which will never be finished in my time at any rate, because in my view today that three or four millions of dollars, about that amount, spent on the Trans-Canada Highway across Newfoundland is money down the drain unless there is more to follow it up and the Minister of Public Works in the last session of the House estimated somewhere in the vicinity of fifteen millions to complete the job.

1950-51: That is the year this great Dr. Valdmanis arrived on the scene and subsequently started a cement

and gypsum plant and a birch plant. The birch plant in my opinion is a flop up to the present time, a flop.

MR. SMALLWOOD: That is not patriotic.

MR. CASHIN: Do you hear who is talking patriotism. You have contributed largely —

MR. SMALLWOOD: I am most proud of what I did for Newfoundland, I am so proud I am almost ready to blow up.

MR. CASHIN: Why don't you blow up, it would be the best thing ever happened.

MR. SMALLWOOD: I am not ashamed of what I did for Confederation, I am very proud.

MR. CASHIN: You ought to be proud of the mess we are in now, and the three per cent you had to shove on food.

MR. SMALLWOOD: And the people of Newfoundland are proud, too.

MR. SPEAKER: Private conversation is not always interesting. Will the honourable member please continue his speech.

MR. CASHIN: The year 1951-52. That year you spent approximately sixteen million dollars on capital account. In all therefore on capital account for public expenditure for extension of public services and capital account for these projects you have spent thirty-five million dollars. Now I said forty million dollars were gone.

MR. SMALLWOOD: I thought you said made away with. That is not made away with and not gone.

MR. CASHIN: A lot of it is gone.

MR. SMALLWOOD: We lent quite a bit, and invested quite a bit, that is not gone.

MR. CASHIN: Here is the position. It shows poor financing on the part of the Government.

MR. SMALLWOOD: Time will tell.

MR. CASHIN: And there is your estimates brought down here a couple of months ago, six million dollars committed, and I will enumerate them: Cement Mill—revote; Gypsum Plant—revote; Fur—there will be fur flying in Newfoundland before very long. I see it coming, Tanning; Machinery Construction, Cotton Textiles, two millions. Any businessman in this city knows the textile industry, knows it better than any member here, will tell you that is a joke.

MR. SMALLWOOD: Our businessmen say lots of things.

MR. CASHIN: You have not a businessman with you.

MR. SMALLWOOD: They say lots of things besides their prayers.

MR. CASHIN: I predicted long ago, and I knew we would arrive at the time in Newfoundland when the Government was broke financially, probably not bankrupt, and right now people have plenty of money, big earning power in the country. We have it now, but it has not been created by this Government or any other, it is being created by a man called Joe Stalin and not a man called Joe Smallwood, you might be an associate of Mr. Stalin's, I don't know. Were it not for the bases down here—you gave them away. Yes, you did.

MR. SMALLWOOD: I had nothing to do with it.

MR. CASHIN: You did when you put us into Union with Canada.

MR. SMALLWOOD: It was before my time.

MR. CASHIN: Go down and see fifteen hundred men working at Red Cliff with Frazer Brace, several more thousands working out at Harmon Field, Greenland, Goose Bay etc., the biggest industry in Newfoundland today, created by Joe Stalin, not Joe Smallwood.

MR. SMALLWOOD: Not the biggest. The newsprint business is. There was twenty million dollars this year in defence work, thirty millions in newsprint.

MR. CASHIN: It is the second industry. The biggest one should be the fishery and it is the lowest.

MR. SMALLWOOD: That has been happening for years.

MR. CASHIN: However, there are forty million dollars gone now in three years plus any revenue we received, in all upwards of one hundred and twenty million dollars which were spent by the present Government in three years.

MR. SMALLWOOD: Just about the same exactly as the Commission.

MR. CASHIN: Their expenditures were different. They were running the post office, customs, railroad and Newfoundland, even then accumulated forty million dollars.

MR. SMALLWOOD: Well, it came out of the public, did it not?

MR. CASHIN: Mr. Speaker, hear that, this dozen men who put three per cent on food, taken right out of the bellies.

MR. SMALLWOOD: Add it all up. What is this Government taking out of the people.

MR. CASHIN: Mr. Duplessis says we are the second highest Province in Canada in taxation, per capita taxation, British Columbia is higher. Go up and talk to your counterpart in the Province of Quebec.

MR. SPEAKER: May I again remind the honourable member to address the Chair.

MR. CASHIN: Yes, Mr. Speaker, I am very sorry.

Mr. Speaker, we should have a new budget speech now because that other budget speech was false.

MR. POWER: What was false about it?

MR. CASHIN: In that budget speech you took into consideration one million you were to get from the Newfoundland and Labrador Corporation and added it to the surplus and you are not getting ninety cents from the Newfoundland and Labrador Corporation and consequently that should be deducted and instead you have to add on another liability of ten million dollars, if you raise this money, and I hope truly tonight you don't, and I am just as good a Newfoundlander as anyone in here.

MR. SMALLWOOD: Only a little more muddled.

MR. CASHIN: You are more muddle-headed at the present time than anyone in here. Come and ask us to let you destroy the credit of the country.

MR. SMALLWOOD: I must admit you show poor judgment there.

MR. CASHIN: The Honourable

Minister of Finance is not Minister of Finance now, there is only one Minister of everything over there on the opposite side of the House, no Minister over there has his own word, there is the one dictator and what he says goes. It is a frightful situation for any country to be in.

MR. SPEAKER: No honourable member may make a statement like that.

MR. CASHIN: I am sorry I am wrong in calling the Premier a dictator.

MR. SPEAKER: It does not matter whether you are right or wrong. The point is such a statement cannot be made. Similarly the Government might say every member of the Opposition is a rubber stamp of the Leader and that would be a ridiculous situation.

MR. CASHIN: Over here, Sir, we are free men.

MR. SPEAKER: Therefore, it cannot be said, after all is said and done the honourable member must not say that.

MR. CASHIN: Now, Mr. Speaker, this House was opened as I said, on Monday and we are told it has to be closed on Saturday, so look at this signed correspondence that is now tabled here. Dr. Valdmanis now is the individual who is Minister of Finance, not the Honourable the present Minister, because this outfit here, Nesbitt and Thompson and Company write him about it and not the Minister of Finance. It is the view of the management of the two groups mentioned that this public financing could be undertaken within one month of the date of the passing of enabling legislation providing such legislation

can be enacted by the end of June. Today is the second day of July and in all that correspondence there is no undertaking whatsoever by any of these banking institutions to underwrite this loan, not one. Here is what happens here, twenty-three outfits, call them nineteen (and that is a rather dirty number) anyhow four banks are going throughout the length and breadth of Canada peddling Newfoundland Bonds, ten million dollars worth of them. There are no quotations to say how much you are going to get. Now what should happen and what used to happen was that bids were called for and the highest bidder got the loan but now there are nineteen outfits, the Premier mentioned them this afternoon, here in two syndicates with four banks and they undertake to take this loan and sell it for what they can get. That is the position. There is no figure at all. You don't say to this House now you are going to get ninety-five or one hundred. The Premier went so far as to state that after a while they would go over par. There should be bids on them right now. But there are no bids and there won't be any bids because you are in the clutches of the bankers at the present time. I will go further and state that you are in the clutches of Ottawa who if they say you can get this loan you will get it and if they say you won't, you won't. If you are of any political value to the party in Ottawa, that is the position and you know it.

MR. SMALLWOOD: I do not know it.

MR. CASHIN: Why the most ordinary man on the street can tell you that is what Ottawa is going to do. Remember they were never going to borrow, and now in two months they

are back to borrow ten million dollars. I would like to hear that explained. Here is the explanation. We have heard the explanation given that after we passed this legislation they suddenly found that the rate in the United States would make it poor business. It was pointed out in this House, by us dumb heads over here that they were losing two per cent on it, why not raise it in Canada, and after the House closed they suddenly discovered that it was better to raise it in Canada.

MR. SMALLWOOD: We took your financial advice.

MR. CASHIN: When you brought in the first Bill we had to amend it for you.

MR. SMALLWOOD: That is what the Opposition is for, to help out.

MR. CASHIN: I am saying now it was turned down in New York.

MR. SMALLWOOD: No, that is not so.

MR. CASHIN: I would not expect you to say it is, but I am expected to read this and swallow it. In the Financial Post of June 1. The Newfoundland and Labrador Corporation I think, are paying for these articles in the Financial Post.

MR. SMALLWOOD: That is not so. The Financial Post does not publish articles which are paid for.

MR. CASHIN: That is coming from Stephenson who has fallen down on the job, was turned down, he is not prepared to come in and tell us what happened. Why should he not—he is chairman of the ninety per cent owned Government Corporation and as such should come to the Bar of this House and give us particulars.

MR. SMALLWOOD: That day is gone. Why not order his arrest?

MR. CASHIN: He had better not poke his nose in here. Both Stephenson and Valdmans could not raise the ten million dollars. Why? Because the bankers in the United States and Canada, are critical of the extravagance of this Government in handling the finances of Newfoundland. Squandering money on Germans here for plants and factories and Icelandic boats and eyeglasses. With a Bruno Richard Haupman, this Braun Wogan, who was employed in a kidnapping racket, before he came here we find he was involved in a smuggling racket in Europe, went to Gander and practically put a gun to a man's head, Gestapo methods such as he was brought up on, and has now founded a Corporation. Do you think the bankers in Canada and the United States relish the idea of German Corporations coming to Newfoundland and getting money from our Government under certain conditions and having the Attorney General's law firm incorporating these companies, they certainly do not. These are some of the things that destroyed Governments in the past and some of the things that will destroy them in the future, and not too far. Now it comes back to this ten million dollars, the Loan Bill to be brought in and railroaded through, on which we are not to get proper information. We have not had proper information since this Government came into office. That brings me back to 1950-51. Last year when this House was opened in the Fall, in October, it was suddenly dissolved for a General Election. The Government knew then this mess was on their hands then and tried to wipe out any opposition of any kind, made strenuous efforts. We were told we

were traitors to the country, and are told that now across this Assembly today, and before and over the radio, we were reprobates some of us here on this Opposition, drunken reprobates. Any member that is associated with a Government whose Ministers of the Crown utter statements like that should hang their heads in shame, and quit it and walk out. That has been uttered in St. John's West particularly and I know what I am talking about—because I got drunk—I wonder did any one on that side of the House ever get drunk? The "I fed this fellow Cashin," "Poor Peter." Now he is on his knees, not to Peter, but to the bankers and to Ottawa where they have ten and three quarter millions of dollars tied up and can't get it, money belonging to the people of Newfoundland and the Premier has to share the responsibility for leaving there under the control of the Federal Government and receiving two and five-eight per cent interest, and going out and borrowing ten million dollars which in the first year is costing us nine per cent—good business—figure it out. Then we are supposed to come in here and soft peddle this legislation, don't open your trap—disloyal to Newfoundland. We would be disloyal to Newfoundland, Mr. Speaker, if we kept it shut. As far as sessional pay is concerned that is something that concerns one or two of the newspapers here. That is all they worry about. They knew this story and had not the courage to publish it. One came out, and the only thing they considered was the sessional pay members on either side of the House were to receive for this session. That is all the interest they have in Newfoundland. How much sessional pay I am to get or my friend, the Minister of Labour is going to get.

They don't give two hoots in hell for the country only what can they grab out of it themselves. Just ask us, particularly me who went through this crucifixion in 1931 through no fault of mine but through force of circumstance over which I had no control, with the British Government defaulting, the Canadian Government defaulting, because they converted their loan to three per cent and they were paying five, and we had to carry on at the five until the Commission of Government came in and converted it to three and the British Government took it all up to that time in American funds, British funds and Canadian funds. Mr. Speaker, there is only one way to keep my mouth shut on this, no one on the Government side or outside the House is able to keep it shut. I am going to say whatever I think and believe to be true, and as long as I say what I think and believe to be true I defy anyone on the Government, because we here are free men, not beaten down and lashed with a whip and told to line up and vote this way or that way.

Now, what is to happen? What is to happen to this ten million dollars, if and when you get it? You are in a corner, but here is how you should do it, if you have the interest of Newfoundland at heart, you told us you are patriots, but say that we are not, we are the dirt of the earth, we are the drunken reprobates, the reptiles, skunks. You have budgeted for six million surplus. Pay it out of surplus and forget the loan, don't go living beyond your budget. Live within your means. That is what you should do.

MR. POWER: Did you do that?

MR. CASHIN: In my time you did not have a vote, were still on the bottle. I don't say the whiskey bottle.

MR. POWER: Perhaps you are on it now.

MR. CASHIN: I was, yes, Mr. Speaker, I am glad he said it. I am glad that you gave me the opportunity. You are going to get it right now.

MR. SMALLWOOD: Remember that is a buzz-saw, I am harmless compared to that gentleman. Watch yourself.

MR. CASHIN: I am still allowed to go on the American Bases.

MR. SPEAKER: Order. That is not the point of discussion. I should ask the honourable member to disregard the interruptions, at the same time.

MR. CASHIN: I am glad he gave me that opportunity. I contributed a little to the revenue on whiskey in those days but now am contributing nothing, thank God.

MR. SMALLWOOD: And you are to be admired and respected for it.

MR. CASHIN: I am still a drunken reprobate according to you.

MR. SMALLWOOD: I never said it and the honourable gentleman knows I never said it.

MR. SPEAKER: Order.

MR. CASHIN: I am afraid of nothing in this House.

MR. SPEAKER: That is nothing to be brought up in the House. If that matter must be thrashed out let it be done in the civil courts. It has no place in the parliament of the people.

MR. CASHIN: Who brought it up, Sir, who? When they bring it up they have to take their medicine, gin,

whiskey or rum or whatever you like. This place has been turned into a milk bar in the last few years.

MR. SMALLWOOD: That is a good thing.

MR. CASHIN: However of this ten million dollars you owe five million two hundred thousand to German industries or some of it, two hundred and fifty thousand goes to the Asbestos Company which is a nigger in the woodpile trying to raise that money in New York and could not do it in New York on your guarantee.

MR. SMALLWOOD: Did not try.

MR. CASHIN: Did try and were turned down.

MR. SMALLWOOD: Those wild and crazy statements—say them louder and we may believe it, say it louder and that proves it.

MR. CASHIN: I will say it again. They were turned down in New York, and the Government's guarantee was turned down.

MR. SMALLWOOD: Put us in jail too?

MR. CASHIN: I don't know but that is a good idea—might not try to come to this House and raise ten million if we had to put the whole—

MR. SPEAKER: I find it in my heart to wish that you were put in jail, at the moment.

MR. CASHIN: I would take it, Mr. Speaker, you take it that is what should happen. Now our guarantee to that Corporation was turned down. You should live within your means. You budget for a surplus of six millions. That is just sufficient money to pay these obligations you have to pay, I believe they can take legal

action as you have made contracts and have to live up to your contracts—the birch plant wants five hundred thousand to carry on, that is five and three-quarter millions. What other industries are you committed to? Take the six million dollars you have in your surplus. Why borrow particularly when you said it was unthinkable that you should borrow.

MR. POWER: You told us a few minutes ago we were broke and now we can do without a loan.

MR. CASHIN: You can do without the loan but are broke as far as the surplus is concerned, you are broke but have ten million nine hundred thousand dollars in Ottawa which you are not allowed to touch.

MR. SMALLWOOD: That is sound reasoning. We have the money in Ottawa we can't touch.

MR. POWER: If we were broke we could use it.

MR. CASHIN: You can on deficits but not against capital account, capital expenditures. When you have a deficit you are not broke. The United States is not broke.

MR. SMALLWOOD: Yet we have a surplus but are still broke.

MR. CASHIN: If you have a surplus why do you want to borrow money?

MR. SMALLWOOD: If we have a deficit we are not broke but with a surplus we are broke.

MR. CASHIN: Because you owe it on capital account not current. Why not use the surplus you are supposed to be going to have on current account towards paying off obligations instead of borrowing ten million dollars to do it probably at eight per

cent the first year, seven hundred thousand dollars a year interest and sinking fund.

MR. SMALLWOOD: The honourable gentleman should never talk finance—anything else but not finance. He does not understand it.

MR. CASHIN: I don't mind the honourable gentleman jibing at me. He came in here a couple of days ago and if I ever saw anyone crawl on his belly he crawled into this Chamber begging us for God's sake not to criticize him.

MR. SMALLWOOD: I said hammer the Government, hammer the Corporation, hammer Stephenson, hammer me, but don't hammer Newfoundland.

MR. CASHIN: I never hammer Newfoundland. I leave that to you, that is your job and you did a good job. Told the people they were going to have cheaper living and no taxation, that was hammering Newfoundland.

MR. SMALLWOOD: I never said no taxation.

MR. CASHIN: In the days of Responsible Government, Mr. Speaker, I doubt if taxation was any higher than it is today. Mr. Speaker, if I am not able to run my own business I give it to somebody else, it is a pity we did not give the Government to somebody else.

MR. POWER: You gave it to someone else.

MR. CASHIN: I helped to keep you out of the Federal Government in Ottawa.

MR. SMALLWOOD: Perhaps the honourable gentleman is sorry for it now.

MR. CASHIN: I don't care who is in Ottawa. It does not interest me, it does not interest us at the present time.

MR. SMALLWOOD: The rumour is going around you are going to run for Ottawa.

MR. CASHIN: And also that your friend Bradley and you are on the outs at the present time. Also that you are going to the Senate.

MR. SMALLWOOD: When you see me go to the Senate, you will see long white whiskers down to there.

MR. CASHIN: I don't believe that they would allow you in the place.

MR. SMALLWOOD: It would liven it up somewhat.

MR. SPEAKER: Honourable members will address the Chair, and take no cognisance of interruptions. When two honourable gentlemen engage in private conversation—

MR. CASHIN: I would say again, Mr. Speaker, on this loan which is going to come up here and on which the Premier refuses to give us full particulars and refuses to table any correspondence.

MR. SMALLWOOD: That is hardly fair—to a point of privilege—when the Bill is brought in I will give all information on first reading. We are only debating the Speech from the Throne now. I will give the House all the information I have.

MR. CASHIN: As far as I am concerned, Mr. Speaker, anything I say in the Address in Reply to the Speech from the Throne concerns the Bill. It is my intention to say what I have to say here. I may not come

back to the House. The House is no longer the people's House, you can have it and pass your Bill, because I am saying what I have to say on this Bill now, it is a scandal and it is immoral.

MR. SMALLWOOD: Like family allowances.

MR. CASHIN: Yes, family allowances are immoral too. I said that and repeat it now. They were brought about for the purpose of bribing the voters of Canada particularly the Province of Quebec, and this legislation is immoral because here is a Government with forty-five million dollars three years ago in addition to their revenue, gambling with the people's money right and left, when you could have taken this and put it into the fishery. The cement plant cost as much as they invested in the fisheries out of that forty millions. I know that the Government has been turned down because of that wild spending, that is why that loan was not floated. That loan would have been subscribed long ago but for the wild spending of the Government. I would not mind having heard the conversations between the General Manager of the Bank of Montreal and the Premier and the Attorney General and Sir William Stephenson as to the wild spending of this Government, new Government industry, investing the public money for birch plants. Incidentally, I hope that they turn out okay. But here is the way I look at it. This birch plant business was tried some years ago by a very fine corporation the Anglo-Newfoundland Company, and their investigation of the birch business was not so hot and today they are not putting any money into it. But Mr. Dawe takes no chances, it is all Government money, there is very little

of his own in it, \$25,000 or something like that in the hardwoods plant and the rest is all Government money, practically two and a half million dollars in construction cost and working capital. And I am sorry to say, and hope I am wrong, that two and a half million dollars is down the drain. I hope it is not but I am afraid it is, when we find an industry completed and it has not got any working capital and coming to the Government for four hundred thousand and then five hundred thousand more and owing a million dollars around the country. Then there is the cement plant. We don't know what is happening there, and the gypsum which is supposed to be the best of them, then another cock-and-bull story about the sale of the cement plant to the Canadian Machinery or some other outfit of that nature, and interlocking company headed by big shots in Germany with not a dollar in dollars to his name. They are going to buy the plant and have not a dollar to pay for it. I would presume they are going to assume some of the obligations of the loan which would be undoubtedly good security to the bankers who would put up the money.

Well then how can you expect us as the Opposition, as Newfoundlanders, traitors we have been called, let us be traitors.—I remember in 1931 some of the traitors and in 1933 some of the traitors, but particularly in 1931 when this place was invaded one afternoon. You don't see them around today, but if the prosperity of the Province were like it was in those days you would see them here this afternoon. They are working now, working on the bases, working in the paper mills, on Bell Island and on other projects around the country.

But I fear the day when it does come when all those projects will stop.

MR. SMALLWOOD: So do I.

MR. CASHIN: That is what we should be looking forward to instead of going wild, we should be preparing, saving.

MR. SMALLWOOD: Save the money for dole—don't start new industries.

MR. CASHIN: For the fisheries—for new industries yes, but sound ones. As I said before if you in the Government had to take that money for the fisheries, or if you had taken that lock, stock and barrel and developed a paper mill, you would be criticized for doing that but even so you would have something that would be of value to the economic position of Newfoundland. That would be producing something for which there is a market at the present time and a big market, paper at the present time, I understand is around \$125 a ton. Instead of that when you already knew that the water-power was on the South West Coast you spend a quarter of a million dollars paying the Power Corporation of Canada. Incidentally the Power Corporation of Canada is controlled by Nesbitt Thompson and Company who are leading these bonding houses to underwrite our loan, a big corporation. But there is one thing I don't like about it, there are no figures to show us what we are going to get for that loan, although you said you anticipated it shortly would be sold at par. I am afraid the country's credit has been hurt by the way the Government administered our affairs. I don't anticipate answers to my questions, and when I leave here today I am not likely to come back. I may and I may not,

and leave it all to the people here to do what they like. They have a majority in this House, and the members in this House, and the members on the opposite side come in this House and never open their trap, sit around like a bunch of dummies. We were here for two months and all of them did not speak, they did not speak on the financial situation.

MR. SMALLWOOD: They are not all financial experts like my honourable friend. We are the experts, the two of us.

MR. CASHIN: What gets me is this Valdmanis—

MR. SMALLWOOD: Let us have ten minutes on Valdmanis.

MR. SPEAKER: Order.

MR. CASHIN: The Honourable the Premier wants to make a farce.

MR. SMALLWOOD: When you are talking on a Loan Bill and come back to Valdmanis—

MR. CASHIN: Your Finance Minister at the present time. Nesbitt and Thompson wrote to him telling him what we should do to get the loan. Not to the Minister of Finance nor the Premier but Valdmanis. They got turned down and then they gave him a letter to go back and get this Legislature to pass the Bill. I met a very distinguished man the other day who served with me in the first war. I met him after thirty-six years and he is not out here on politics but out here on a tour. When I mentioned Dr. Valdmanis he said that is Dr. Schact's friend. That is enough for Valdmanis. However when you talk about not squandering money, take the three Loan Boards lending money out in small amounts, some for the

Guardian Press, printing presses and other silly items, somewhere in the vicinity of three hundred thousand dollars and the gentleman in charge of these Loan Boards receiving ten thousand dollars a year for doing that. His office costs sixteen to twenty thousand dollars a year—is that squandering money? A retired bank manager on a pension now receiving more money from the Newfoundland Government for doing that than for a full time job in the Royal Bank of Canada. The Government should be ashamed, and he should be ashamed to be taking it. I know the banks do not pay big salaries until away up. The General Manager of the Royal Bank of Canada gets about twenty-five thousand a year—ask him how much he was getting. I bet my shirt that the banks don't pay any manager in Newfoundland today more than ten thousand dollars a year. It is a scandal. Then you import another fellow for Deputy Minister of Fisheries at fifteen thousand dollars a year, doing nothing while he was here not a darn thing. Now, I understand there is an education man coming down at ten thousand a year, and we have not a dollar to start the University unless we take it out of surplus and get this loan. There are many more such appointments, and the bankers look at this thing like a business. If I am operating a business and go to the bank for a loan they want to know what I am doing with the money. That is their business and they are pretty tight when they see a fellow running his business loosely and they see this Government going wild with other people's money they hold out on this Government as they did with us in 1931 though we had no money to run away with, no surplus, revenue eight million dollars

a year in those days and I am being accused by the Premier of bad budgeting. The budget is a Government policy and not of one individual at all but of the entire Government. There were just as good men in that Government as there are today. Now I will read some of this budget.

MR. POWER: I must bring up some of yours and read them.

MR. CASHIN: You can read them all you like. All that was thrown at me by the Premier and his colleagues during the election in St. John's West, and he got a kick in the face. And incidentally one of the candidates who ran against me was not defeated but was elected and did not come into the House. I saw a vote in these estimates for a Tourist Director for ten thousand dollars. Two or three days before the House closed there was no one in mind to take the job. But we knew Mr. Vardy was going to get it. The Government had it in mind at that time. The Cabinet knew it, and deliberately came in and told us they knew nothing about it. Another ten thousand gone with nothing to do, going, going, gone.

Where is your Trans-Canada Highway? Where are your hotels to accommodate tourists and so forth? You want money to establish these things. It is a political plum, a buy-off so to speak. Keep your trap shut and we will pay you ten thousand dollars a year to do it.

MR. SMALLWOOD: Nobody works in the Government—all lie around doing nothing.

MR. CASHIN: There are quite a few doing nothing—Baxter does nothing, not a thing.

On the 31st of March you had no

money to your credit here in Newfoundland, as a matter of fact you owed the Bank of Montreal money. You did not tell us but you did. You had eight hundred thousand dollars in Ottawa and you were committed for eleven million dollars on capital account.

MR. SMALLWOOD: I understand now why you had all those deficits, if that is your financial thinking.

MR. CASHIN: If you want to know probably the Honourable the Attorney General might tell you something about false Minutes of Council, where he received twenty-five thousand dollars under false Minutes of Council.

MR. CURTIS: The honourable gentleman must realize I know nothing about the Minutes of Council of that Government.

MR. SMALLWOOD: Any time the honourable gentleman wants to debate falsification of Minutes of Council I can engage him any time. I know the story.

MR. CASHIN: And, Mr. Speaker, the Honourable the Premier might tell us why the Newfoundland and Labrador Corporation failed to raise its ten million dollar loan. I have already said that they turned down the Corporation.

MR. SMALLWOOD: Here is the letter—just read it,

Dr. Alfred Valdmanis,
President,
Newfoundland and Labrador
Corporation Ltd.,
St. John's, Nfld.

Dear Dr. Valdmanis,

As the result of recent discussions and negotiations between us, relative

to the marketing of \$10,000,000.00, Newfoundland and Labrador Corporation Limited Debentures, we wish to let you know that we have just been advised by Counsel for the Corporation, that legislation passed by the Government of Newfoundland, covering the guarantee of Principal and Interest of the proposed debenture issue, which it was anticipated would be sold in the United States, would not meet the requirements of a Canadian issue, to which consideration has recently been given.

Further, after carefully checking the Canadian market, we are satisfied that it would be very difficult to market a \$10,000,000.00 issue of the Corporation, guaranteed by the Province. You are familiar with the difficulties which have faced us to this conclusion.

In view of the foregoing, we recommend that legislation recently passed, guaranteeing Principal, Interest and Sinking Fund on the proposed U.S. issue of Debentures of the Corporation be replaced by legislation authorizing the Province to issue, as a direct obligation—

\$10,000,000.00

Province of Newfoundland 4¾% 12 year Debentures, payable as to Principal and Interest in Canadian funds only.

The Underwriting Group, comprising one Chartered Bank and seven dealer firms, of which we are Managers, would certainly be interested in this proposed new financing, and we have received in writing, from the Managers of a second underwriting group, comprising a Chartered Bank and four dealer firms, assurance that their group, including all its Members, would be willing to join our

group in this financing, on terms and conditions, equally as favourable to the borrower as those we have discussed, and providing marketing conditions were not less favourable than those at present.

It is the view of the Managers of the two groups mentioned, that this public financing could be undertaken within one month of the date of passage of enabling legislation, providing such legislation can be enacted by the end of June.

May we assure you that we wish to be of all possible assistance to the Province.

Very truly yours,

Nesbitt, Thompson and Company,
Limited.

R. H. DEAN,
Vice-President and General
Manager.

MR. CASHIN: Now, we are told the corporations had no assets. Under legislation passed here a year or so ago the Corporation were given certain concessions in Newfoundland for forty years and ninety-nine years, now on top of it they are to have the cement plant, the gypsum plant and the birch plant which cost nine million two hundred thousand dollars, add that to the other and they still can't get any money.

MR. POWER: They were to buy them with the money.

MR. CASHIN: And they had as security the Government guarantee and the Government turned down itself. Suppose for argument's sake they had put this thing through and paid the Newfoundland Government nine million two hundred thousand dollars for these things, the bond holders would have had a line on

these assets paid for by the Corporations' money they borrowed amounting to nine million two hundred thousand dollars for assets and forty years concessions. They had no title I grant you but exploration rights, but they had the cement plant, the gypsum and the birch plants.

MR. POWER: Exploration rights are not security.

MR. CASHIN: Suppose, for argument's sake, the Government gives me some exploration rights over a piece of land, there is no reason in the world why I should not sell it to someone else.

MR. POWER: Maybe there is nothing in it.

MR. CASHIN: All right that is the position, but there was nine million two hundred thousand dollars in the other things, at least the Government put nine million two hundred thousand in it. Is not this the situation; this report made by Coverdale and Collpitts of these projects is not so hot. And we are told this cement plant is going to make a million and a half dollars a year. If it is going to make all that money, why sell it?

MR. SMALLWOOD: Will the honourable gentleman allow me? If the honourable gentleman came to me, for instance, and said; lend me ten thousand dollars to buy a house, and I said to him; give me security—what security do you have? And he said; the house. I would say you are not giving me security I am providing the house, what security do you provide? If the Corporation goes to borrow ten million dollars and the bond underwriters say, what security do you offer apart from the Government guarantee and they said, well the three plants. They would say;

but our money is buying the three plants.

MR. HOLLETT: What did Senne-wald do?

MR. SMALLWOOD: That is complete nonsense—the security of the plants themselves would be provided by the bond holders, they would be providing the plants and not the Corporation. So that the plants could not be offered as security, any more than the house the honourable gentleman would be building out of the loan. The Honourable the Attorney General has financed housing.

MR. HOLLETT: Or the honourable member for St. John's East.

MR. HIGGINS: I don't lay claim to knowledge of that difficult branch of the profession.

MR. SMALLWOOD: All right here is a case where the Corporation asks for a loan of ten million dollars and don't propose to pay anything down, and ask the bond holders to give them the complete purchase price of the three plants. They can't offer these three plants as security. That would not be offering security.

MR. CASHIN: In addition they have the Government guarantee.

MR. SMALLWOOD: That is all they had, the Government guarantee, so the bond holders say, all right let the Government raise it.

MR. HOLLETT: Did you know that in May?

MR. SMALLWOOD: We suspected it.

MR. CASHIN: Why make such cuds of yourselves.

MR. SMALLWOOD: We were extremely hopeful that the Corporation would despite this consideration be able to float the bond issue. They were unable to do it.

MR. CASHIN: Mr. Speaker, now we are getting places. When this legislation was before the House the Premier told us this money was ready—they have not a Hansard yet for four years.

MR. SMALLWOOD: The statement I just made applies to a loan proposedly floated in Canada. So far as the American Loan was concerned it was all arranged but was not proceeded with because the Government and the Corporation decided together not to float it in the United States.

MR. CASHIN: The position is this, as the Premier told us in this House on May 15, that money would be passed over to the Government. They are the approximate words. The House did not close until around the 20th of May. What happened between the 15th and the 20th we do not know and the Government got together and decided it was better to raise it in Canada than in the United States. Is it not a fact that Sir William Stephenson flew off to New York, and the Premier and the Attorney General went to New York after the House closed. I think I read it in the paper. The House closed in a hurry because it was urgent and they immediately rushed to New York, I don't know on what other business besides the loan. It appears to me on the face of it that the loan was turned down in New York and certainly in Canada. As a matter of fact in Canada, apart from the Bill itself, this letter here says, they did not think that even with the Provincial Government backing that Corpor-

ation they could raise the loan in Canada.

MR. SMALLWOOD: That is so.

MR. CASHIN: Mr. Speaker,—

MR. SPEAKER: I would remind the honourable member it is six o'clock.

NIGHT SESSION

The House resumed at 8:00 of the clock in the evening.

MR. CASHIN: Mr. Speaker, this afternoon when I was about to make a review of the Government since 1949, a cross-fire took place which put us all out of kilter. For the purpose of trying to straighten the records I propose now, with the permission of the House, to go back to the negotiations of the terms of union in 1948, which I claim, and have always claimed, were inadequate financially and contributed undoubtedly to the present financial mess which we have on our hands, and which have indirectly been the cause of creating this second session this year. I have repeatedly stated, and I repeat again that in 1948 when the terms of union were signed or were being negotiated by individuals who had no authority whatever from the people, especially selected for the purpose because of their feelings towards union with Canada, that the financial terms were inadequate. I repeat it again tonight and it has been printed in the press and elsewhere that these terms were inadequate for the simple reason we did not go into union with Canada on an equal basis because of the financial debts at that time which amounted to some three hundred million dollars in our favour. As I repeatedly stated before and repeat again to-

night I realized then and realize now that to ask the Canadian Government to hand over three hundred million dollars in cash in order that we might join and become partners in Government or in the business of Government would probably be unreasonable but the least we might have had, and the records show that no effort was made to get it, was the interest on that difference for an indefinite period in perpetuity. That would give us an annual earning of ten million dollars roughly. Now, instead of that we received what was called a transitional grant starting at six and a half million dollars which was proposed at first. Many people on that delegation, I understand, were in favour of going into union with Canada on a transitional grant of three and a half million dollars a year. But something happened that I know nothing about and that transitional grant was increased to six and a half million which would be reduced annually over the years by eight hundred thousand and fifty thousand dollars each year until it absolutely died out. Three years have now passed and that six and a half million dollars has now become six and a half million less eight hundred and fifty thousand for the year 1952-53. Very well, we went into union with Canada. The present administration took over as a temporary Government on April 1, 1949, and when the General Election was held they were returned to office by a large majority with four or five in Opposition and one Independent. The first year 1949-50 did not show much change even though we had three and three-quarter million dollars indebtedness but the real stuff began in 1950-51 when Dr. Valdmanis was brought in to the picture as economic

advisor or Deputy Minister of Economic Development, or Director of Economic Development, call it what you will. Then the Government went into business on its own and started building a cement plant, a gypsum plant with funds which came right directly out of the Treasury, entirely owned by the Government. They financed this birch plant in at Donovans which up to the present time in capital cost plus working capital stands at roughly two million dollars plus any bank guarantee which might be outstanding and which they are supposed to get if this ten million dollars loan is raised. In other words the birch plant cost the Government two and a half million dollars to be repaid in the form of profits in the future. We hope, we hope, Sir, that that will come true, but we have our doubts. Whilst my name is not Thomas, I am doubtful unfortunately as to the ultimate success of that birch plant.

Now, the other two, the gypsum and the cement plants—in the year 1951-52 a firm of probably the most outstanding industrial engineers in the world particularly the United States came to Newfoundland and made a complete survey of these two outfits over in Corner Brook, as well as of the birch plant. Their report, to me, has been anything but good. They found for instance that the cement plant cost over a million dollars more than estimated.

MR. SMALLWOOD: No, they did not.

MR. CASHIN: No, Mr. Speaker?

MR. SMALLWOOD: Quote it—read it out—not more than a million dollars more than was estimated—

MR. CASHIN: Mr. Speaker, be-

fore we go any further these tactics employed by the Premier—the Premier is going to wind up this debate—I realize these tactics are for a purpose—they are the kind of tactics employed in other countries. I am going to prove my statement in a moment, but I would point out the tactics being employed, interrupting and belittling and trying to discredit, these have been the Premier's tactics since this House opened on Monday, discrediting, interrupting, communistic tactics, that is the way the Communists came into power in certain sections of Europe—thank God they are not going to get ahead with it here in Newfoundland. If I make a misstatement that is my business.

"During our recent visit, in conjunction with Mr. Leja we developed a figure of \$4,312,485 for the completed capital cost of the cement plant, and believe this figure to be ample and to cover all known commitments and contingencies.

The original contract with MIAG covered the design, engineering and building of the cement plant itself, including the structural steel and all items of processing equipment, and was signed on August 7, 1950. This contract called for the payment to MIAG of \$1,763,000, United States dollars. At this time it was estimated that the complete plant would cost approximately \$3,000,000, the difference representing items to be provided by the Government, including land, site preparation, roads, foundations and masonry work, pier, railroad sidings, office, laboratory and other supporting facilities, plus import duties and sales tax on materials and equipment supplied by MIAG, and the costs of developing the quarries and the transportation equipment for

the quarrying operation." It says the estimate was three million dollars.

MR. SMALLWOOD: If you will allow me?

MR. CASHIN: Mr. Speaker, I object to this continuous interruption—Communist tactics.

MR. SMALLWOOD: If the honourable gentleman says once more I use Communist tactics he will take the consequences.

MR. SPEAKER: A member, it is true, has a right to be heard in silence. The Honourable Leader of the Opposition has had many such interruptions in his long political career as this evening. If he chooses to take notice well and good. I dare say the Honourable Leader of the Opposition did not hear the Honourable Premier when the Honourable Premier asked permission to make an interruption.

MR. CASHIN: "As the job developed certain changes and extras were added to the MIAG contract aggregating approximately \$84,000. Included in the contract was an allowance of \$73,500 for transportation of materials and equipment supplied by MIAG, but transportation costs in excess of this amount were borne by the Government and amount to approximately \$111,423.

There was no escalator clause in the MIAG contract, but MIAG has filed claims for \$528,000 to cover increases in prices and costs of steel, wages, etc., in Germany since the date of the contract. This claim has not been paid and is a matter of negotiation, but we have included this claim in full in our estimate of total capital cost.

As of March 1st, \$3,240,000 had been paid or approved for payment, and commitments and known items required to place the mill in operating condition are estimated to aggregate \$1,072,000, making a total of \$4,312,000 as the total cost. The MIAG claim is included in this "remaining-to-be-paid" figure and we have provided \$100,000 as starting-up expense for the plant." That is a million and odd dollars more than the estimated cost.

MR. SMALLWOOD: Yes, if it had been paid.

MR. CASHIN: It has to be paid, as far as we know.

MR. SMALLWOOD: It has not.

MR. CASHIN: I don't know—here is a document which cost the Government fifteen thousand dollars for three weeks' work, a document placed before the financial world when raising a loan, Coverdale and Collpitts are outstanding, and anyone, financial banks, inclusive of myself, the Premier and the Minister of Finance who read this document in connection with the cement plant, the birch plant and the other one would not give five cents as a loan towards their operation because it does not recommend any such thing. And it says definitely that it cost one million and odd thousand dollars more than estimated by Dr. Valdmanis.

MR. SMALLWOOD: They estimate the cost if the MIAG claim were paid.

MR. CASHIN: I don't know whether they were paid or not. It is immaterial to me.

MR. SMALLWOOD: The honourable gentleman does know—I have just informed him.

MR. CASHIN: I am going on this statement in this document which is supposed to be the last word. When we looked forward to it here last March it was going to be the thing to show the financial world the value of these three industrial developments.

Now, in 1951-52 capital expenditures of the country went up to over fifteen million, as I said for a gypsum plant, a cement plant, a birch plant, hospitals, roads, building of new schools and so on.

Now, Mr. Speaker, that brings us to the year 1950-51 when the Government, if I recollect correctly, showed a surplus of six hundred thousand dollars. Very well, start off the year 1952, according to the Auditor General's Report, and speaking now from memory, we had thirteen millions of dollars to play with on capital account, roughly, according to the report which showed the operations of the Government for the year 1950-51. They had approximately thirteen million dollars left to play with on capital account, for industrial development and extension of public services and another ten million dollars up in Ottawa bearing interest at two and five-eighths per cent. So they started off with thirteen million dollars and spent over fifteen million dollars and they showed a surplus at the end of the year on current account of one million three hundred thousand. So the Budget Speech was brought down then on April 30th, and instead of making a balance sheet as on March 31, 1952 the balance sheet was drawn for 1953—why? Why was the balance sheet drawn for 1953 and not drawn for 1952? If you check their own figures you will find for 1952 they had little or no money left out of

their portion of the surplus which they had to spend when they came into office in 1949 when they had over forty million dollars which had been worked up to forty-six millions by that time. Therefore thirty-four million nine hundred thousand had been spent out of surplus and the balance was in Ottawa, which had been agreed to be left there by the people who negotiated the terms of union in 1948, money belonging to the people of Newfoundland left on deposit at 2½%.

Now, in 1950-51 a Bill was brought in here incorporating what was known as the Newfoundland and Labrador Corporation Limited. That company was granted a lot of concessions, timber concessions and God knows what other concessions. A directorate of Government and private capital was established, Harriman-Ripley of New York, Wood Gundy of Toronto and Montreal who subscribed a hundred thousand dollars or ten per cent of the paid capital at that time, and the Government nine hundred thousand dollars. Therefore the Government controlled the company. Then to dress up this company, Sir William Stephenson who has retired from business, I understand and had been living in some part of the Southern States was influenced to become chairman of this Corporation. We were told at the time what a wonderful man Sir William Stephenson was, that now everything would be rosy. No, I am a little ahead of my story because in the year 1950 the Rockefeller people, bigger even than Stephenson, were interested. I was a member of this House, an Independent member at the time when the Premier rose in his seat in this historic building and told us, now our troubles were over, the Rockefellers had become in-

terested—they not only had millions but IBEC was coming here to make an economic survey of the country, to see what could or could not be done here. The following year when we asked a question about the IBEC Report we were told it was not in the public interest to table it. But we did find it cost somewhere in the vicinity of a quarter of a million dollars.

MR. SMALLWOOD: Eighty thousand dollars.

MR. CASHIN: Whatever it cost—first when we were told about it what we were told did not materialize—they were coming to invest capital. They actually did make a survey of certain timber areas on the Labrador then they made another rush survey taking three months altogether in certain sections of Newfoundland. Then they made a report to the Government of Newfoundland which the Government did not table. If it had been favourable the Government would have taken advantage of it. I have not seen the report officially but happen to know considerable of what is in it, and at this stage of the game, traitor and all as I may be painted, there is a part of that report which I don't agree with anyhow and which I think is wrong, and if I told what is in that report it would not be in the best interest of Newfoundland, because, I believe what they knocked in the head is something that is of great interest to Newfoundland and should have materialized if the Government had gotten right down to business. However, that is the Rockefeller Report—we also had a Power Corporation come in and make a survey in two years on the South West Coast, although everyone knows the water-

power was there but it had to be surveyed. The International Paper Company had that done many years ago by a reputable Montreal engineer. They know they were capable of developing sufficient power for a five hundred ton mill in Bay D'Espoir. That is why I say, Mr. Speaker, tonight, that if the Government had taken that thirty-four or thirty-five million dollars and spent it in a project such as the erection of a pulp and paper mill on the South West Coast, in Bay D'Espoir to be fed from the Labrador I, as the Leader of the Opposition or as an Independent Member of the House, would fight for it. I would be ready to sacrifice thirty-five million dollars, because after it was sacrificed and went into liquidation some organization would take over and operate it and make money because it would come back directly or indirectly in the form of labour in the future. It would be a sound economic project particularly at the present time and as we visualize the near future the paper industry is in for big things. But that did not happen. What happened was that this man Valdmanis influenced the Government to erect this cement mill and gypsum and influenced the Government on the other German industries. They had some queer methods to bring them around, questionable methods which no Government of the British Crown should be mixed up with. It is not good for our credit. And then, Mr. Speaker, the members of the Opposition and I as an Independent member as I was at that time, warned the Government as best I knew how of the mess they might be into ultimately. I predicted even two years ago that we would have to borrow money. Now, we are in that mess. When you

brought down your Budget Speech, that Budget Speech delivered on April 30th did not show the correct statement of the Province as at March 31, 1952. Certainly an ordinary person reading it who does not understand Government statements and finance would think that there was fifteen million dollars left in the Treasury, and there was not a dollar odd. Why? Because it is shown there as surplus. Even if you never borrowed any money, even if the Corporation had been successful in borrowing, that in actuality would not be a surplus.

Now, Mr. Speaker, I think I said at the time the budget was misleading and I was called to order for making that statement. Time has shown that it was correct. Why? Because the Government had introduced a Bill authorizing its own creature to borrow ten millions of dollars and that creature was to take over these three plants at a cost of nine million two hundred thousand dollars. They were to raise ten millions of dollars on which the Government would give a guarantee, and pay over to the Newfoundland Treasury nine million two hundred thousand dollars. But the Government still owns the plants ninety per cent because they control that company by ninety per cent. Now, the Government were unable to raise that money and came back here. The Corporation even with the Government's guarantee could not make that loan in Canada. It is distinctly stated in this letter here from Nesbitt, Thompson, Montreal to Dr. Valdmanis, Director of Economic Development. Therefore that budget should be revised and instead of that surplus being at fifteen million odd dollars it should show five million and odd

dollars? Now, where is that five million and odd dollars? There are ten millions in Ottawa and another five committed. Committed how? In the estimates it is shown for the machinery plant and textile mill etc., five million two hundred thousand dollars roughly committed which the Government legally, I am told, has to pay out whether they like it or not. These people have an action in court against the Government tomorrow if it is not paid out, so legal men tell me if the Government fails to hand over that money to them. Therefore we are confronted with the position the Government now has to come in here whether they like it or not, whatever twist or turn they may put on it, they have to come in here and whether they do it or not in their very hearts they have to admit their budget was wrong, their calculations were wrong, and however bad the Opposition may or may not be they were correct at any rate when they criticized the budget in the first part of May this year, particularly were we correct when you brought in the Guarantee Loan Bill for the Newfoundland and Labrador Corporation. You emphasized the fact in the budget and on the Bill itself that the country abhorred borrowing; under any circumstances we would not borrow money. Governments of the past have been dragged in the gutter indoors and out who had to borrow money in the past for one purpose—they borrowed for deficits. Now this Government is in the happy position it has to make an Act of constriction so to speak for coming in here and defaming other people of the past who had to borrow whether they liked it or not. At that time we were told by the Premier himself that (I think the Bill was introduced on the 6th of

May) all we had to do was pass this legislation because the money was all gathered together and as soon as this legislation was enacted and the necessary authority given to someone to go to New York and sign the debentures the money would be passed over. That was not so—the money was not there and evidently the Government knew it was not there between May 15th and May 20th, and if they were honest with themselves and the country and the House they would have told us so before the House adjourned around the 20th of May. But they flew to New York, Montreal and Toronto and Ottawa, and ultimately were told that under any circumstances even if they passed this Bill properly guaranteeing in Canada this Corporation's ten million dollar request for a loan that they did not, they could raise it in Canada and the reason given was because of the exchange. The two per cent was pointed out at the time in this House. Several members pointed it out, the difference in the rate of exchange which was at that time a little over two per cent and we were prepared to take that and we are now asked, and told by the Premier in so many words, that any criticism thereof would be an attempt to discredit the credit of the Province. The credit of the Province was destroyed long ago by the present Administration, not by the Opposition. There were very few of them here. However, the Government knew this long before they brought down the Budget Speech this April, they knew it last October. They knew then what they were up against. Yes, and what happened? A snap election was brought about to annihilate the Opposition in this House so that they would have no debate whatsoever. Mr. Speaker; you can't expect an aw-

ful lot from four or five people but they wanted those obliterated also. That was the purpose of the Fall election not for a confirmation of the Economic Development programme enunciated by the Premier. They received that in 1949. As a matter of fact most of this Economic Development Programme was completed before the election of 1951, the machinery plant, fur plant and the whole lot of them, practically all except the Sennewald, and the Sennewald thing is too disgraceful to talk about. We have all heard of the kidnapper of the Lindberg baby away back in the 30's. The name of the fellow who did that was Bruno Hauptmann, well this fellow Braun Hauptbraun Wogan of Newfoundland is the king kidnapper and now we find him the Director of another company here which evidently does business with the Government. He formed a company a few years ago capitalizing a few hundred thousand dollars with not a dollar to his name, and his partner, I understand, is Mr. Leja, who had considerable to do with the erection of the cement plant at Corner Brook. Those are the kind of people we are expected to come in here and cover up, that is tantamount to what we are being asked to do.

So, Mr. Speaker, figuring the whole thing out, as I look at the picture tonight, I said this afternoon, and I repeat now, that I hope and trust that the bankers do not advance this ten million dollars to the Government, and I am as good a Newfoundlander as the Premier or anyone in the Government on the other side of the House.

MR. SMALLWOOD: The honourable gentleman is welcome to think so.

MR. CASHIN: I do think so and know it.

MR. SMALLWOOD: Say it louder and that will prove it.

MR. CASHIN: So that there will be no doubt I will repeat it again—I hope and trust that the Canadian Bankers will refuse this loan of ten million dollars to this Provincial Government for the simple reason that in my opinion they are incapable of handling large amounts of money and displayed their incapacity for handling the Administration of this country in no uncertain manner by their actions during the past three years. I say now that give this Government another ten million dollars and in the next year they will be looking for another ten. It will be a repetition of what the Premier told us used to happen in the olden days when the Government came in every year looking for a loan, came in practically every year looking for five million dollars until it got to the breaking point and we ran into the greatest recession in the history of the world. Now, everything is starting over and I say in a way because the terms of union were inadequate but having started off with forty million dollars to the credit of the Treasury in actual money there should not be any necessity for borrowing at this time provided that the affairs of the Province had been managed properly. It is unfortunate for Newfoundland—over-enthusiasm, going into everything blindly, cement plants, gypsum plants, textile plants, fur plants, optical plants and God knows what else, birch plants, and they find themselves in a mess at the present time owing money on current account to the Bank of Montreal in St. John's—I don't know how much but I do know they owe them considerable—

MR. POWER: They do not.

MR. CASHIN: It must be from the end of June and revenue that came in today or yesterday when it came from the Federal Government to pay off that deficit and now you are in the same position you have to run up another deficit during the coming months. However I asked a question to which I don't expect an answer—these questions are very important to this debate but it is quite evident, Mr. Speaker, the Government wants to railroad this thing through without supplying any particulars at all in the way of facts of what actually happened in connection with this thing.

MR. SMALLWOOD: If the honourable gentleman would allow me?—if he is handicapped in debating this Speech from the Throne for lack of replies to those questions, the Honourable Minister of Finance has just told me he has received the answers and if the House is agreeable he would be able to give the answers now before the honourable member resumes.

MR. SPEAKER: It would be highly out of order to interrupt the debate to answer questions, most unheard of—if the honourable member wishes—it is my duty however to say that it is highly out of order.

MR. CASHIN: I quite understand, Mr. Speaker—

MR. SPEAKER: Once the Orders of the Day have been entered upon it is not to be interrupted to answer questions—however if the House wishes unanimately it would be entirely up to the Leader of the Opposition and the Government—

MR. SMALLWOOD: It is highly irregular I agree but the Honourable

Leader of the Opposition said he is handicapped by not having the answers and I reminded him at once that the Honourable Minister of Finance has the answers.

MR. SPEAKER: The Chair is not objecting. I will ask the question now—does the House give leave?

Leave given by the House.

MR. SPEAKER: Question No. 4—Total amount of money on deposit with the Federal Government in Ottawa at the present time.

MR. POWER: Ten million eight hundred and fifty thousand dollars.

MR. SPEAKER: Section No. 2: Total amount of money of the Treasury in the Bank of Montreal on June 30, 1952.

MR. POWER: The answer is negative.

MR. SPEAKER: Total amount of

money to the credit of the Board of Liquor Control in 1952?

MR. POWER: The answer is two hundred and eighty-four thousand five hundred and sixty-six dollars and thirteen cents.

MR. SPEAKER: Has the Government arranged a temporary loan with the Bank of Montreal and if so what is the amount of such a temporary loan and what is the Government's indebtedness to the bank at the present time?

MR. POWER: The answer is the Government has had arranged a temporary loan with the Bank of Montreal on the 1st of April, 1952 amount to cover the day to day overdraft which did not exceed one million six hundred thousand dollars. The present indebtedness to the bank is nil at the close of business July 2, 1952. The overdraft bearing interest at three per cent per annum.

MR. SPEAKER: Question No. 5:

MR. POWER: (1) The total Ordinary revenue collected by the Province from April 1, 1952 to June 30, 1952. This information to be given under the various departmental headings:

	<i>Current</i>	<i>Capital</i>
Consolidated Fund Service	\$ 171,862	\$ 425,000
Legislature	46,425	.....
Executive Council	13,539	.....
Finance	221,895	.....
Provincial Affairs	13,276	.....
Education	1,386,916	.....
Attorney General	369,234	.....
Mines and Resources	243,088	1,025
Public Works	729,492	178,807
Health	1,294,824	13,301
Public Welfare	1,468,800	.....
Board of Liquor Control	54,908	.....
Municipal Affairs and Supply	252,311	140
Fisheries and Co-operatives	72,278	.....
Economic Development	58,794	862,629
Labour	14,247	.....
These figures are subject to audit.	\$6,411,889	\$1,480,902

Current Account revenue: This information is now being compiled.

MR. SPEAKER: Section No. 4: The total amount of subsidies or other revenue due to the Province by the Federal Government at the present. Also a statement showing what amount or other revenues have been collected from the Federal Government for the period April 1st, 1952 to June 30th, 1952.

MR. POWER: Total amount of revenue due from Government of Canada at present:

If by the words "at present" is meant a specific current date e.g. 2nd July, 1952, this information cannot be provided immediately as it will be necessary to circulate Departments in order to ascertain the aggregate of outstanding claims payable by the Canadian Government. A clarification of the question is requested before further action is taken.

Revenue received from Government of Canada to 30th June, 1952: \$1,644,727.

MR. SPEAKER: Section No. 6: Table a statement showing what amounts of money have been advanced by the Newfoundland Treasury since April 1st, 1952 to date to the following industrial development projects: The Cement Plant—Gypsum Plant—The Textile Plant—The Pressboard Plant—The Optical Plant and the Newfoundland Asbestos Limited. This information to show the amount advanced to each of the above mentioned plants.

MR. POWER: Expenditure on Industrial Development Projects as of 30 June, 1952:

Cement	\$222,487
Gypsum	25,198
Birch	20,750
Fur	
Tannery	103,200
Machinery	300,000
Textiles	128,994
Pressboard	
Optical Plant	
Newfoundland Asbestos Ltd.	50,000

MR. SPEAKER: No. 5 (7) Have any Bank Guarantee been given by the Provincial Government to any Industrial Companies now in operation or coming into operation since April 1st, 1952? If so, state the amount of such guarantee as well as the terms of payment.

MR. POWER: This information is now being compiled.

MR. SPEAKER: Section No. 8 of the question has been referred to the Minister of Economic Development.

MR. SMALLWOOD: With regard to that I can answer at once. The Newfoundland Asbestos Company did not make an effort to raise the sum of \$250,000.00 in New York, they did make an effort to raise it elsewhere, namely in Montreal. The terms were onerous and the Government agreed to give the cash instead of only the guarantee.

MR. CASHIN: With respect to the answer to the last question with regard to the indebtedness of the Government to the Newfoundland Asbestos Organization it was originally \$250,000 and they gave \$50,000 on account.

MR. SMALLWOOD: Gives fifty thousand a month.

MR. CASHIN: That is one of our unfortunate necessities at the present time.

MR. SMALLWOOD: They only needed that much.

MR. CASHIN: I hope they make a better job than the one in St. Lawrence so they won't go giving any bum cheques. According to information disclosed here tonight by the Honourable Minister of Finance there is not one dollar to their credit in the Bank of Montreal at the present time. I have not seen the figures—have just listened to them.

MR. POWER: June 30th.

MR. CASHIN: That is not many days ago.

MR. SMALLWOOD: It is up in the millions at this moment.

MR. CASHIN: The point is that at the 30th of June there was not one dollar and a million six hundred dollars derived from the Federal Government of Canada went to pay off the overdraft at the Bank of Montreal.

MR. SMALLWOOD: That is the amount but about six millions were received from Ottawa.

MR. CASHIN: Now five or six million dollars—hail fellow well met for a while now I suppose.

MR. SPEAKER: Attention has already been called to noise in the gallery. I don't want to be bothered to keep order outside the House as well as inside it, and I hate to cause any hardship to any person outside the bar. Unfortunately I am not in a position to know who made the noise and the only thing I can do is order the gallery cleared. Visitors are welcome but are not to make any sound and no comment whatsoever. If this is being regarded as a sort of show why then the quicker the galleries are cleared the better. Let

officers please see that any person making any disturbance be it ever so little be removed, otherwise the House will have to clear the galleries entirely. Is that clear?

MR. CASHIN: I don't think with all due respect that strangers—

MR. SPEAKER: That has nothing whatever to do with it—any person who has a right to laugh at the honourable member has an equal right to sneer.

MR. CASHIN: That is done here quite frequently.

MR. SPEAKER: Not as long as this Speaker occupies the Chair.

MR. CASHIN: The point is this: At the 30th of June there was not a nickle and you have since received six million dollars so that now you can carry on. When I was referring to this question a few moments ago I said that I did not anticipate the answers, and there are some that I don't anticipate because this House will not be open long enough to give these answers. However, the point I was discussing is the fact that the Government are here today asking this House to repeal the Guarantee Loan Act to the Newfoundland and Labrador Corporation which at the time it was being debated in here was pointed out by members of the Opposition, and the Government knew, it was a liability on the credit of Newfoundland. If that Corporation had been successful in raising that loan, I still maintain that it was a liability because the Government had guaranteed it as to interest and principal. It was not like the Bowater Guarantee or the Newfoundland Pulp and Paper guarantee, an earning outfit going into business producing newsprint to sell in the markets of the

world. This Organization, the Newfoundland and Labrador Corporation, is not an operating company. They had anticipated if they got the loan to take over the cement mill, gypsum plant and whether they would operate them or not is another matter. Their idea was to try and sell to someone else and I presume they are still in the market. The Government was prepared to sell themselves, to that Corporation, and to raise the money interest would have to be paid, sinking fund would have to be paid, and it would be a charge, in my opinion at any rate, on the Treasury of Newfoundland because that Newfoundland and Labrador Corporation has no earning power whereby they could earn that interest and sinking fund on the ten million dollars and it would amount to roughly five or six hundred thousand dollars a year and they had nothing in sight whereby they could earn a half million dollars a year. We have received reports submitted to the Government last year by Dr. Valdmanis saying that the cement mill and gypsum plant, I think, will make a profit of a million and a half dollars a year. I put it to you, Mr. Speaker, if the Government is confident of the success of these two plants, if they are confident that they can earn a profit of a million and a half dollars a year why sell them at all? Why sell them? In the first place to the Newfoundland and Labrador Corporation? And to the people who built that Organization? The Government knows now the two plants cannot make a million and a half dollars a year because if it was sure of it—it would be a net profit on their investment of somewhere in the vicinity of fifteen per cent and any one making fifteen per cent today on an investment is mak-

ing good money. Now, they want to get rid of them and are loaded up to the teeth with the cement plant, the gypsum plant and the birch plant. There is a lot of talk in the press and elsewhere with respect to the Machinery Company that is going up out there at the Octagon—a lot of people seem to think here is a proposition that is going to go to town, clean her up. I hope so—far be it from me to hope this thing would be a failure, I only hope so but I do object in principle to any transfer of the cement plant or the gypsum plant to any other European Organization unless they are able to find the dollars to pay for them—I object strongly to it because in my opinion these German Corporations that are coming here, there is something shady about the whole thing, there is a nigger in the woodpile somewhere, and they are not here for any good purpose as far as Newfoundland is concerned—they are here to make money if they can and they are supposed to be expert businessmen who know their business with interlocking companies and directors here and in Europe and in Switzerland. The Government today does not know who is who as far as German Organizations are concerned.

Now, Sir, this afternoon I said, and I again repeat tonight that under the circumstances I feel that the Government can carry on without any loan. There is a surplus estimated of six million dollars which will probably be more if conditions that exist at the present time continue—they will collect a surplus of six or seven million dollars or more probably and their obligations over and above their ordinary expenditure today exclusive of any capital expenditure will be somewhere in the vicinity of five million dollars. I noticed in the state-

ment here tonight that there is some money spent on capital account but that money is being taken out of current account because you have no credit of capital account exclusive of what is held at Ottawa but the hope is Mr. Speaker, the moment we get that money an entry will be made crediting current account with the amount spent from current account. I can see quite well how that is being done—take the surplus on ordinary revenue over ordinary expenditure and use that on capital account and carry on in that manner, arrange to pay the Asbestos Company fifty thousand dollars a month and do the same with the other outfits, do the same with the machinery plant. You gave them a million two hundred and seventy-five thousand, I think, last year, a million two hundred and something anyhow, you are giving them, I heard, another three hundred thousand dollars so you don't owe them much more unless you have to furnish working capital for that also. The same applies to the other projects. The fur plant is not started, and I hope really it does not start because then you won't have to find any money for it—the optical plant has not started, another farce this optical plant, one hundred and fifty thousand dollars going to employ ninety people up in a building purchased by the Government a couple of years ago for two hundred and odd thousand dollars and at the time it was to be used for storage of rum, now I understand there is not enough rum to store there and you are using it for an optical plant—in other words we bought that building a couple of years ago and did not need it at all and two hundred and fifty thousand dollars was flitted away for a building which they did not require.

Mr. Speaker, I have gone through the questions I have received the answers to here and for the purpose of greater emphasis I would like to check them, \$10,800,000 on deposit in Ottawa—we have nothing to our credit in the Bank of Montreal, one million six hundred thousand dollars paid off since June 30th and present indebtedness to the bank nothing. The overdraft bears interest at three per cent. What amount has been credited since April 1st on pre-union surplus? The answer is \$67,000. That is undoubtedly for some interest on loans or probably housing corporation or something of that nature. What is the amount to the credit of this account at the present time, exclusive of the amount to the credit of the Treasury and on deposit with the Federal Government at Ottawa. That was impossible to answer. What obligations have been incurred against this account since April 1st, 1952?—not since the 31st of March 1949. Now, I know that answer is not correct not since March 31, 1949—because in the estimates of expenditure for this year there is over five million dollars incurred on capital account as a liability and there is an error in that respect. Then I have not your revenue for the period but have your expenditure and your expenditure on current account for three months are six million three hundred thousand dollars and for capital account even though there is not a dollar to the credit on your books on capital account, one million four hundred thousand dollars. In other words roughly eight million dollars for three months from April 1st to June 30th, 1952, that is roughly and approximately. Now, what did happen? Revenue from the Government of Canada to June 30, 1952 one million six hundred

and forty-four thousand dollars. Then of the current revenue of six million, one million six hundred and forty-four thousand of that came from the Dominion of Canada, therefore apart from that you had some five million dollars. You had no money on your books to the credit of your capital account, that is the position, you had no money in the bank on the 30th of June, and I think later in the debate when the Loan Bill is brought up it should be told to the House what actual money is on hand and what obligations have been incurred against it because under the present system you are able to tell from day to day how much money is available and what revenue has been collected.

Now, Sir, I was speaking on these three industries that the Newfoundland and Labrador Corporation were going to take over if they had been successful in negotiating the nine million two hundred thousand or ten million dollar loan. Now, we come to the position, what is going to happen to these three things now? Are they going to be passed over now to the Newfoundland and Labrador Corporation or did the Newfoundland and Labrador Corporation cherish the idea, particularly the businessmen there of taking over these three outfits, and feel they were taking an obligation on themselves, they are supposed to be outstanding businessmen, and Sir William Stephenson a genius, Mr. Lewin of Corner Brook, another outstanding businessman, Mr. Eric Bowring and Mr. Pippy and Mr. Thomas; did these men, I wonder, think that these companies were a paying proposition? Did Harriman Ripley and Wood Gundy who contributed one hundred thousand dollars to it put a couple of spokes in that, did they think that they were a pay-

ing proposition? Did they think that they would make money out of them if they took them over? When the company attempted to raise this ten million dollars did they say we have these as security also in addition to the Government guarantee? I do not know. It was Sir William Stephenson. I understand who did the negotiating with the people for the raising of that ten million dollars which was not subscribed, he was the man, he and Dr. Valdmanis, the Government had very little to do about it.—It was the company that was supposed to raise that money and it was the Government guarantee that was turned down and Nesbitt Thompson told them in no uncertain terms that practically under no circumstances could the Newfoundland and Labrador Corporation with a Government guarantee raise that money in the Dominion of Canada. Whilst I had been mixed up with loans in a former Government and whilst the Government previous to that had negotiated many loans, I think, from 1919 to 1931 some fifty millions of dollars were raised on the credit of this country, fifty odd millions, and anytime that any of these loans were negotiated they were done on tender and they were generally subscribed to by one or two groups. Wood Gundy, Royal Bank of Canada and the Bank of Montreal and Dominion Securities. But never in the history of Newfoundland's financial transactions have nineteen underwriters been brought in to raise a loan of ten million dollars. What does this mean? What does it tell me? It tells me that one or two outfits cannot raise it and they have to have everything on the calendar from coast to coast, because as I read the names of the people there, these people are from as far west as Calgary, and I do

not know but Vancouver, but I do know Winnipeg—that these underwriting concerns have been employed by the banks and Nesbitt and Thompson, Consolidated Securities leading the group. Why? Because the group finds that with only three or four interested in a group it would be difficult to place the ten million dollars and have got to spread all over the Dominion of Canada right down into Newfoundland itself.

MR. SMALLWOOD: Will the honourable gentleman allow me? That is the case in every Province, the richest and the poorest, whenever they float bonds, twenty to twenty-five houses do the underwriting and sign their names on the bottom.

MR. CASHIN: I will say it is entirely different from what it was.

MR. SMALLWOOD: Yes, years ago.

MR. CASHIN: And in those days you got a definite bid on your loan but there are no bids today and when this House votes that loan through as it will, and I hope, as I said it will not be subscribed, in the interest of Newfoundland, when it does put it through the Government do not know nor will not know what it is going to get for it. We know that the people who are selling them will make, I don't know how much, but one or one-half per cent commission. There was a time I can remember, Mr. Speaker, when Dominion Securities and the Royal Bank of Canada underwrote a loan and took about half a point as their commission. I don't know if there is any undertaking with these Corporations, the leading groups like Dominion Securities and Nesbitt and Thompson that they should get any definite commis-

sion on the raising of the loan. There is nothing there to tell us there is any verbal or written guarantee that they are to get so much commission. Probably the Premier will be able to tell us that later on but he cannot tell us according to this letter that he has any definite offer. He has stated that he anticipates it will be over-subscribed and will be selling above par within a very short period. If that is so and the Government is so hopeful then, I say, Mr. Speaker, when we hand this loan over to these people to sell we should hand it over on the distinct understanding that they sell at par and take their commission and not to sell under par and take their commission also. That is on the Premier's own statement, Mr. Speaker. Then we have to come back to this Corporation and the cement plant and the gypsum plant and the birch plant—what is going to happen to these? Are these still to be a liability on the credit of this country? They said they were to make a million and a half dollars on two of them but no one believed it. Certainly Coverdale and Collpitts did not swallow it. What is going to happen to them? Is this new outfit which came in here the other day incorporated by Leja and Braun Wogan or Max Brown or whatever his name is. Are they going to take over these plants or is some other Corporation going to take them over without paying any dollars?

MR. SMALLWOOD: Will the honourable gentleman allow me? It is highly amusing to hear all the talk about this company. I know nothing about them, have nothing to do with them, am not interested, they are certainly not getting any of the business the Government do. Who cares about them? Only the Opposition.

MR. CASHIN: I agree, Mr. Speaker. If the Government does not seem to care it has ten million dollars invested in it and now admit —

MR. SMALLWOOD: Did I say that? I am talking about this new company.

MR. CASHIN: What I am asking is are they doing something with the Government, it looks to me as if they are.

MR. SMALLWOOD: The answer is no.

MR. CURTIS: I don't know them.

MR. CASHIN: He does not know now and his private firm is acting for them. They were incorporated a few days ago at a hundred thousand dollars.

MR. CURTIS: My honourable friend is dragging personal affairs of mine before the public, I don't think it is fair. These people go to my office and get incorporated and have every right to do so, and my partner, I think, has every right. I say now, Mr. Speaker, I don't know them and don't know the company and don't seek to know them. I don't keep track of firms incorporated by my firm since 1949. I have not been near my office since I attended to these affairs, and it is not fair because my partner incorporates a firm to have their names dragged before the House. I am sorry my honourable friend from St. John's East is not here as he would understand what I say, when I say one of the objects of this firm read by the honourable member for St. John's West was just one of a long series of three pages of objects. When a company is incorporated, as my honourable friend across knows, they have three or four pages of objects. I took

the trouble to phone and find out what it was all about.

MR. SPEAKER: The private business of any legal firm is not the business of this House.

MR. CASHIN: Mr. Speaker, I am sorry if I offended the Attorney General but is it not singular—

MR. SPEAKER: Careful there—I just warned him about making insinuations.

MR. CASHIN: I am not saying anything about the Attorney General but is it not significant that Leja played a prominent part in the construction of the cement plant out at Corner Brook and that Braun Wogan, or whatever his name is translated into English, played an important part, a most important part in the Sennewald incident and a very important part on that other instance in Labrador in connection with \$5 a cord on wood—The Seigheim Deal. Was he not the individual who came to Newfoundland and brought money with him in dollars to pay off creditors here, is not that significant? Can't we read between the lines?

MR. SMALLWOOD: Now the man forms a company.

MR. CASHIN: Yes and time will tell, Mr. Speaker whether the situation I refer to tonight will not see that same outfit dealing with the Government very shortly. That brings me back to the Seigheim deal we heard so much about in 1950-51. Seigheim came to Newfoundland and undertook to cut two hundred thousand cords of wood a year and was given a concession which he still has on the statute books of Newfoundland. Why not bring it in now and cut it out while you are at it?

MR. SMALLWOOD: We don't break our contracts.

MR. CASHIN: That is broken.

MR. SMALLWOOD: Not yet. He has not broken it yet.

MR. CASHIN: He has not carried out any of it. He made such a foolish contract everyone laughed at it, a man in the pulp wood business to say to the Government, I will pay you five dollars a cord on every cord of wood up to two hundred thousand cords I ship each year—ridiculous and the Government took it seriously and he went to the big paper companies in Germany and they laughed at him—five dollars a cord stumpage on pulp wood; in the Province of Quebec stumpage is about \$1.75. Everyone knew that when he made that contract it could not or would not be carried out. He incurred certain liabilities and beat it out of the country and left the country owing money and then Braun Wogan or whatever his name is came back with part of that money later on and paid off the liability. When he came back Mr. Dawe was his solicitor at the time he paid off that money and now we find him incorporating a company in Newfoundland. Is it not significant? What does it smell of to me? A hundred thousand dollars capital with not a dollar paid up nor won't be. It would not surprise me any day after this House closes there is not another guarantee for this company to be taken out of this loan, if they sell it, which I hope they won't—and I have been called a traitor to Newfoundland.

Now, Mr. Speaker, it appears to me that Sir William Stephenson who had been in the cement business, one of the biggest cement businesses in the United States which he promoted, I

forget the name. He knew his business or should have, and when he had a look at this cement plant proposition here he did not like the look of it. He knew more about it than myself or the Premier or any member of the Government or of this House. And he had identified with him the General Manager of Bowaters who is another good businessman who is operating the biggest paper mill in the world today and is bound to know his business better than any member of the Government or any member of this House. Did they look at this proposition and say; if we take them over in this corporation will it be a reflection on our integrity before the money markets of the world if we take them over and they flop? And that ten per cent outfit Harriman-Ripley and Wood Gundy both who are interested in large industrial development in Canada and the United States. As a matter of fact I think that Wood Gundy is buying into the Canadian Cement Company. If you look at the issues of the Canadian Cement Company and look at the underwriters of the loans for these or the debentures you will find Wood, Gundy the leading investing banking house underwriting these loans. If I am not mistaken one of—those people know their business. What do they think of these things here? Certainly the industrial engineers who came here did not like the look of it, and for the purpose of accuracy I will see what they said about it—now what do they say of the cement plant—then it goes on to say about the markets which it has to compete with. That report is not so hot. These people know their business and if this Corporation were a good financial risk they would be prepared to take a chance on it. However, they have

not done it and there is nothing in the Speech from the Throne to indicate what is to happen to these three plants. I presume therefore that when the Loan Bill does come in for discussion that the Premier or the Minister of Finance, which ever takes it upon himself, will explain to this House and to the country the intentions of the Government with respect to these propositions. It is understood that the birch plant is to be operated by the Newfoundland Hardwoods jointly with the Newfoundland Government and Mr. Dawe.

MR. SMALLWOOD: No, we don't join in the management.

MR. CASHIN: No, but you find the money without which Dawe cannot operate it, and you partake of the profits if any, and the losses, you partake of all of them. We do not know, and there has been nothing brought into this House since the birch plant started to show to the House or to the country whether or not this birch plant is a paying proposition. We have the Premier's word for it, who knows no more about the birch plant than I do, and Mr. Dawe's word for it who is sold on the idea but has not flung any of his own money into it and does not have to as the Government put up all the money. Consequently when someone else puts up the money a businessman is going to take advantage of that opportunity. When he does not have to find any of his own money to operate then he does not mind where the loss falls. He has twenty-five thousand dollars subscribed, I understand in the Newfoundland Hardwoods and has made undoubtedly one hundred and fifty thousand out of the construction of the thing and he would be a fool from a business standpoint if he did not make it. As to the gyp-

sum plant we know very little. We are told it is to be a wonderful thing. We hope it is, but at the present time it is on the Government's hands, they own it and own the cement, plant and the other plant and they have approximately ten million dollars tied up in the whole lot of it and need ten millions in order to off-set what is invested there in order to pay obligations undertaken elsewhere. That is the sum and substance of it. The obligations they have undertaken elsewhere, the machinery plant at the Octagon and there is another one—the textile plant—well anyone in this country, any businessman will tell us today how the textile industry in Canada and the United States of America is today and in the face of that for a Government to put up a couple of million dollars to go into a textile business about which they know nothing whatsoever no more than I do.—But what we read in the financial papers shows the textile business in the United Kingdom and in the United States of America is in a deplorable condition. The biggest company of Canada, the Dominion Textile Company is in difficulties trying to sell its products and the Americans themselves have moved a lot of their plants from the area around the Boston section in Maine and Massachusetts down South to where the cotton actually is grown to avoid the cost of transportation of cotton to supply the mills in Massachusetts and Maine and elsewhere. But now we are going to bring it right up from down there, land it in on Mundy Pond Road right up in St. John's West next to a cemetery where it will be buried then, unfortunately, I am afraid, to operate in competition with the Dominion Textile Company and these other large com-

panies in Canada and with the large companies in the United States of America. Now, if a small textile mill could be erected here and could just supply the local requirements and the company make a small profit it would be a good idea, but this one is going to export, to go into competition with these other big industries. To me, certainly I am a fool and a traitor, but to me it looks like a ridiculous idea and not good business at this time.

Now, Sir, what we should be planning for at the present time is the future. The Government has in mind that these industries are to be a great thing for the future, but do they realize tonight the number of people that are leaving the fishing boats and are going to work on defence projects in Goose Bay, Greenland and down here at Fort Pepperrell, Argentia and elsewhere, who have left their punts and dories and trawls and traps lying up to rot. What is going to happen to them when they leave these jobs, when Joe Stalin decides to cry halt, when defence projects will be stopped because they can't go on forever, Mr. Speaker. It is a wonderful thing whilst it lasts but it all has to come to a halt sooner or later. I understand from what the Premier said that twenty millions of dollars have been spent on defense projects here this year, and probably more than twenty million dollars. Take that twenty million dollars out of circulation tomorrow, take that twenty million dollars worth of employment given at the present time and where are those people, laid off at Fort Pepperrell, Greenland, Goose Bay, Harmon Field and elsewhere? What are you going to do with them? Are you going to put them in textile mills, Mr. Speaker?

HON. C. H. BALLAM (Minister of Labour): We will get industries.

MR. CASHIN: What about the fishing industry they left. When that slump comes God help those industries, there is nothing definite in any of these things. Why you have seen one of them boosted in this House two years ago, supposed to make a million and a half dollars a year. If that were a good proposition would not a good financial outfit pick them up at four or five million dollars, assume it was ten million dollars and make a million and a half dollars a year, fifteen per cent on the investment. If it were good, and I hope it will be, I doubt it but if it were what would stop some good financial outfit taking it up and making a deal with the Government to take them over. Has that been done? It has not. The same applies to the gypsum plant and the textile plant. You and I, Mr. Speaker, know nothing about it, what do you and I understand about making pound cotton or newsprint? Nothing. I question whether there are many members in the House who can recall the amount of the sale of properties a year ago. That is the kind of stuff—

MR. BALLAM: There are two hundred men working in the cement and gypsum plants today.

MR. CASHIN: I take it they are turning out cement?

MR. BALLAM: And making an excellent product.

MR. CASHIN: And selling it and making an excellent profit? Can you tell me what your cost is at the present time to produce a bag of cement and what it is being sold for, can you?

MR. BALLAM: Not at the moment—if you direct a question to me.

MR. CASHIN: They don't know themselves. They are turning out a good product we are told, are they making money? Or have they to call on the Government for more money to pay its deficits later on? The gypsum plant is supposed to turn out an excellent product—have they been making money? The birch plant? None of them made a dollar since they were put into operation, not one of them unfortunately, and you know it to your grief, you know it—there are two hundred men working there but how long can they continue to work if the plant is losing money? If it is making money, yes, and if we accept these figures they are to make one and a half million dollars a year you should be able to budget today for an additional revenue of a million and a half dollars. Have you done that? Because the Government is operating them at the moment as far as I understand. Can you tell us if the birch plant operating out there is making money or losing and with saw mills operating around the country and no money to pay them. Can you tell us that? You cannot. That is why I said we should not raise any more money to go into such ventures, wild-cat schemes that is all they are. I hope to God one or two will turn out all right.

MR. SMALLWOOD: But you have your doubts?

MR. CASHIN: I certainly have. You have not been able to prove anything to me yet, Valdmanis has not been able to prove it to me nor to Coverdale and Collpitts. They are to make a million and a half dollars profit a year, net profits, and he is the genius that advised you. We are told

now they are turning out a wonderful product, but how much profit are you making and how much are you losing in that connection? You can't tell me if they are making a profit. Mr. Speaker, if the Minister of Labour could announce that you could not hold him you would have to put a six hundred ton anchor on him and would not hold him.

MR. BALLAM: I don't have to tell you.

MR. CASHIN: Yes and you have to tell me and the country, you are merely a public servant the same as anyone else. You don't own them, they are operated by the Government and if they are making a profit or loss it is the Government's job to tell the people whether or not they are making money or losing it—that is your job, that is what you are there for.

MR. SMALLWOOD: The sooner we sell it so that the honourable gentleman won't be allowed to talk about it in this House the better, the sooner it becomes privately owned and not being ballaragged around and dragged through the dirt the better.

MR. CASHIN: No one is dragging it through the dirt.

MR. SMALLWOOD: No, I notice that.

MR. SPEAKER: Order.

MR. CASHIN: Mr. Speaker, the Premier thinks I am trying to drag them through the dirt.

MR. SMALLWOOD: No—the honourable gentleman would be delighted if these three plants—

MR. CASHIN: I would be delighted if they made money.

MR. SMALLWOOD: Wildcat schemes.

MR. CASHIN: That is all they are—you had no right to go into them and gamble public money on them—the Government is dragging the whole country in the dirt—the financial standing of it is down in the gutter—this present Government is ruining Newfoundland. Yes, ruining it, we will go back in their history again, they sold it to begin with—they say they are Newfoundlanders—we are no longer Newfoundlanders in this place today, we are Canadians today.

MR. SMALLWOOD: And proud of it.

MR. CASHIN: You may be, I am not.

MR. SMALLWOOD: I am, and I made you a Canadian whether you like it or not. You are a Canadian and I made you one. Not especially proud of it, but I made you a Canadian and you have to like it.

MR. SPEAKER: Order.

MR. CASHIN: We got to joke some.

MR. SMALLWOOD: I got the honourable gentleman's goat long ago.

MR. CASHIN: With horns on it.

MR. SPEAKER: I could name another animal with horns on it.

MR. CASHIN: Yes—I can understand that too, Mr. Speaker, I am a Canadian, the Premier made me a Canadian. I believe I was a Canadian before the Premier was out of short skirts. He gives me the opportunity every time to talk for another half hour. As far as Canadian citizenship, I have lived in British Columbia in

1910-11 and whether the Premier likes it or not I was returning officer in British Columbia in 1910-11 and voted in 1910-11 when I was 21 or 22 years of age. I got no Government money for it either. I worked in Canada, railroaded in Canada away back in 1911 and 1912, and I railroaded in Canada for three years before I joined the army. But I was railroaded into Canada by the Premier.

MR. SMALLWOOD: I believe you would make a better farmer than politician.

MR. CASHIN: Maybe so. The Premier did his best to get me out of public life in Newfoundland and failed ignominiously, there was nothing he left undone.

MR. SMALLWOOD: I would not have a House without the honourable gentleman in it.

MR. CASHIN: Let us go back to that vote in 1951—and I hear the Premier on the air saying how he was going to miss me in this House and the next minute behind the door saying the rosary that I would not get in. Poor Peter. Then he was going to turn up a file—and I was a drunken reprobate.

MR. SMALLWOOD: I never said that.

MR. CASHIN: And one of his colleagues went to St. John's West prating, a low contemptible skunk, he was not fit to be a member of this Legislature, the colleague that polled over my colleague here beside me.

MR. SPEAKER: Getting down to personalities.

MR. CASHIN: And I was a better farmer than politician? But I licked his two Cabinet Ministers in St. John's

West. One time I thought the Premier was coming to St. John's West, and I prayed to God he would come, and I would have licked him too.

MR. SMALLWOOD: The honourable gentleman must not flatter himself.

MR. CASHIN: You say I was a better farmer than a politician, you are the Premier and hide yourself in the North side of Bonavista Bay. Went to your native district and took one of the liquor controllers with you to run the campaign.

MR. SPEAKER: I would be glad if the House would let me know when it needs a Speaker again—the honourable member insists on private conversation. Shall we come to order?

MR. CASHIN: I always respected Canada but I never thought, and I think now that we did not get a square deal when we went into Union with Canada. Whom do you have to blame for it, Mr. Speaker? Certainly not the people of Newfoundland who voted 52% to go into Union with Canada, and another 48% voted not to go into Union. Your Secretary of State for the Dominion of Canada, I hate to come back to that Communistic creature.

MR. SPEAKER: That would be tedious repetition.

MR. CASHIN: Please God, Mr. Speaker, before I do he and I may have the pleasure of meeting each other somewhere and I want to be able to show him at that time a copy of the letter he was the author of and I hold he would be proud of.

MR. SMALLWOOD: He is now absent, I would like to see you face to face.

MR. CASHIN: All right, any time he wishes—there is a big armoury up there.

MR. SMALLWOOD: He would eat you alive.

MR. CASHIN: He would not have the guts. As I stated here in this House, he is too lazy and too cowardly to steal.

So this is not the first time I have been a Canadian citizen and I made a vote in Canada before the Premier had a vote at all. I voted two or three times in Canada, and I might mention that I voted Liberal if that is any gratification to the Honourable the Premier, before he ever voted Liberal.

MR. SMALLWOOD: How the mighty have fallen.

MR. CASHIN: The mighty have not fallen very much.

MR. SMALLWOOD: To become a Tory.

MR. CASHIN: Now, Mr. Speaker, the Premier called me a Tory. I am just as much entitled to come in here and call the Premier a Communist as he has to call me a Tory.

MR. SMALLWOOD: You are the Leader of the Tory Party.

MR. CASHIN: In the House of Assembly I am Leader of the Opposition. Call me Tory or anything else but I am just as much entitled to call you Communist.

MR. SPEAKER: There is no debate on that point. The word Tory is an ancient and an honourable word in the British parties but the word Communist is not. It is better the honourable gentleman does not mention that.

MR. CASHIN: They hold meetings in Hyde Park.

MR. SPEAKER: Still anti-British.

MR. CASHIN: I was a Liberal one time and got disgusted and left it, and Mr. Churchill is a Tory. I am travelling in pretty good company. Disreputable characters, according to the Premier, all Tories are.

I heard this morning there was an extra three per cent put on food and we come into this House to raise ten million dollars and the tax is needed to pay the extra couple of million dollars interest on that loan, that is the position. Go to the people, today, the people that you said helped get family allowances and old age pensions and ask them what they think of the three per cent taxation on food slapped on this morning. Go into any store and ask those people what they think of the Liberal Government now right here in St. John's or anywhere else, will they say that is the proper thing to do, Mr. Speaker, slap on three per cent, we need that money to pay more family allowances because, according to the Social Security Act, these moneys are to be collected for social security purposes and that makes it this year instead of three millions over five millions in social security.

MR. SMALLWOOD: We are paying out that much.

MR. CASHIN: And who are paying for it? The people are paying and you are squandering the money which they already have in the Treasury. Talk about Commission of Government. I was no advocate of Commission of Government at any time, never favoured that system but there is this much about it, the Newfoundland merchant was able to buy where

he liked and he is not able to do that today, they are not able to buy in the United States and in Great Britain as they did when we had our own Government, there are certain protective tariffs put on just the same as we had here in the form of protective tariffs for our local industries. They have them on textiles and they are looking for more at the present time, because the textile plants cannot pay with the competition they are getting from the United States of America. But when we had our own Government we Newfoundlanders poor and all as we were—were able to go into the open markets. I question whether we can do that today, we have to go to Canada in many cases. The wholesalers in Canada dictated the prices down here. You sell a pair of shoes at so much or else we won't sell to you any more, now on top of that you put three per cent. They never had to do that under our old system of Government.

MR. SMALLWOOD: They put on thirty or forty per cent duty.

MR. CASHIN: You had to be able to come in here and compete with other goods from Canada, shoes and dress goods and all that sort of material which go to make up the biggest part of imports into Newfoundland. I was opposed to Union with Canada, certainly, and I am not ashamed of it. Time will tell, time has told now.

MR. SMALLWOOD: It has already told.

MR. CASHIN: Yes, tonight. In this Speech from the Throne when after three years you have gone through forty million dollars.

MR. SMALLWOOD: It has been the best thing that ever happened in Newfoundland's history.

MR. CASHIN: That we could throw away, use up forty million dollars in three years in addition to the amount of revenue collected, and spend it all and go into the markets today and ask for a loan of ten million dollars, and then be told your guarantee is no good, not worth the paper it is written on. No one says that Newfoundland is bankrupt but here is the position: A wealthy man tomorrow, say, worth a million dollars goes and backs a note for me down in the Royal Bank of Canada or any other bank for ten thousand dollars and I go in but the bank is required to dishonour it. Who does that reflect on? Not on me, it is on the other fellow because he had plenty of money.

MR. SMALLWOOD: No, on you.

MR. CASHIN: You backed a note the other day for the Newfoundland and Labrador Corporation and the banking interests have turned your signature down, turned down your guarantee to float it in Canada as well as in the United States of America. Assuming they did not turn it down in the United States, that you decided in your wisdom to raise this loan in Canada on account of the exchange, why was this not told before the House closed. We were told Sir William Stephenson had that money and all we had to do was pass the Loan Bill and the 15th of May arrived and there was no money and the 20th of May arrived and the House was closed. Today is the 2nd of July, five weeks later and still no money. How long does it take you to decide that the best way to raise this money was in Canada? You were forced to that decision—forced to it because the bankers in Canada, in the United States of America, turned down that loan to the Newfoundland

and Labrador Corporation. Why did they turn it down? I say tonight that they turned it down because we as a small Province of Canada which came into being April 1, 1949, having forty-five million dollars in the till, have spent practically all of it in addition to the revenue we collected locally and from the Federal Government at Ottawa, in all roughly one hundred and twenty million dollars, forty million dollars a year roughly a hundred and twenty million dollars. And these bankers said: these fellows are gone mad, we can't loan money to a Government like that. It is no reflection on Newfoundland itself, it is a reflection on the integrity of the present Administration and not on us as an Opposition or members of this House who come in here to criticize and are told we are trying to destroy the credit of the country. We could not do that if we tried.

MR. SMALLWOOD: If the honourable gentleman is right, if these are the reasons why the Corporation did not sell its bonds, what will be the honourable gentleman's explanation when the Government's own bonds are picked up and sold in Canada.

MR. CASHIN: My explanation is this: I would refer to your budget which you introduced here on April 30th and said it was unthinkable that you should borrow—trying to blindfold us so to speak, you had no intention of borrowing.

MR. SMALLWOOD: If the bankers have no respect for this Government what will be the honourable gentleman's explanation when the same bankers buy the Newfoundland Government bonds?

MR. CASHIN: They have not un-

dertaken in any way. If and when my explanation is going to be this, and I am going to end now, it is because the Federal Government in Ottawa used its influence to get them to do it.

MR. SMALLWOOD: It could not be any credit to this Government.

MR. CASHIN: It will be the Federal Government in Ottawa, a Liberal Government who are going to figure out, how are this crowd to help us politically next year when the General elections come off.

MR. SMALLWOOD: How could we help them politically when we are so unpopular.

MR. CASHIN: They are going to find that out, if they think you are going to help them they will give you the money, if you can't help them then you won't get it.

MR. SMALLWOOD: Very simple—very sound. But then he is always sound.

MR. CASHIN: Mr. Speaker, the point is this—It has not been explained nor won't be explained that in the Budget Speech the Government says, because the budget is a Government document, not an individual but a Government document prepared and agreed upon by the Government, that it was unthinkable to borrow, now they come in here and on the debate on this guarantee loan argued right and left that this loan was not a direct loan on the Province of Newfoundland. Why? Because they felt they did not want to come in here and tell the House and tell the country, after three years, we are going to borrow money, after going through forty million dollars of capital. Therefore we will sell these plants to the Corpora-

tion, our own creature, we will back them to get the loan and they will give us back the money in order that we may complete our financial arrangements with these German industries to which we are indebted.

MR. SMALLWOOD: That is right and it did not work.

MR. CASHIN: Consequently they now come in here and eat crow so to speak and say to the House, I could visualize, I could make the Premier's speech for you now, Mr. Speaker.

MR. SMALLWOOD: This should be good.

MR. CASHIN: Just watch the Premier say tomorrow—I am sorry, Mr. Speaker, when we introduced this Bill, this guarantee Loan Bill of the Newfoundland Labrador Corporation in May we felt certain that the Corporation would raise that loan on our guarantee plus the value of these three plants, but they fell down on it and consequently they were not able to give us back the money we spent on these industries.

Now, Mr. Speaker, that alters the whole set-up of the Budget Speech delivered here on April 30th 1952. We will take the Budget Speech now and we will look at it.

MR. SMALLWOOD: Here you are.

MR. CASHIN: They were going to buy three industrial plants for nine million two hundred thousand dollars.

MR. POWER: Could we not sell them still.

MR. CASHIN: You have not been able to sell them yet, the outfit you sold them to could not pay for them and you had to come in and borrow the money to carry on with.

Now you have not sold the plants, they are stock on hand, consequently you got to take the ten million off there and you have five millions. Very well, assuming now you don't raise that ten million dollars, just assuming—Where are you then?

MR. POWER: You said we can get along without it.

MR. CASHIN: I will tell you where. You have a surplus of six million and some odd thousand dollars, well you will have to cut the garment according to the cloth the same as we had to do in 1931-32 and down through the depression years of the 30's, got to live on your income, but you are not allowed to do that or don't know how to do it, one or the other. You have those plants you may sell for half price.

MR. SMALLWOOD: No, we won't.

MR. CASHIN: Then they might rot, we don't know, the Corporation could not get the money to buy them.

MR. SMALLWOOD: Two months ago it was falling apart—right on this floor of the House—the cement mill.

MR. CASHIN: I know—you spent some two hundred odd thousand dollars on it since the House adjourned. In April or May you had a token vote in the estimates for ten thousand dollars for the cement plant.

MR. SMALLWOOD: That is working capital.

MR. CASHIN: Well I don't know what it is.

MR. SMALLWOOD: That is working capital—but this plant was falling apart according to the Opposition just two months ago.

MR. CASHIN: It was in the

papers and everywhere. The Sunday Herald had it and that is the one gives you publicity. The one that took a copy out of your book and was going to write a book on my file.

That is not working capital—that is a bill paid for something. I am not going to ask for details of what that amount covers but I would like to see it. In that budget you came in here and told the public you were going to have a surplus of fifteen million five hundred and twenty-three thousand dollars next year, 1953. You can't come and tell them that today, you have to tell the public that you were wrong, we have to borrow money now, instead of that fifteen million dollars we are going to have five millions. So this budget is three times worse than mine, and at the peak of prosperity. Now, you have ten million dollars in Ottawa, and you are going to have a surplus this year of some six million odd dollars, six million three hundred and forty-four thousand dollars, and you are committed for five million two hundred thousand dollars to certain industries. Very well, you have to keep that ten million in Ottawa until such time as you have a deficit on current account. Your estimates are all wrong here now. There is nothing in these estimates today to cover sinking fund and interest for this new loan you are trying to raise which is going to be somewhere in the vicinity of five or six hundred thousand dollars. I have not made it up but it will be six hundred dollars—your expenditure has gone up and your surplus comes down.

MR. POWER: Is there any estimate for these plants or money gotten by their sale?

MR. CASHIN: If you get any

money for the sale of these plants it goes back to capital and not to redeem this loan.

MR. SMALLWOOD: But the money lent by the Government to other people out of this ten million dollars will be returned and entered, will come back to the Government.

MR. CASHIN: Supposing for argument's sake you sell these plants six months hence—if after raising the loan you sold these plants—if you sold the plants today you would not bring in this loan. I will support you on this condition that if in six months or twelve months from now the Government succeeds in selling these three plants and in getting eight or ten million dollars for them, if they did vote that ten million dollars exclusively for that ten million dollars loan. Are they prepared to do that, or will they take that money?

MR. SMALLWOOD: What the honourable gentleman has been saying, if the three plants were sold at cost plus perhaps some profit and the payment to consist of exactly the same terms as those under which the ten million dollar bond issue is floated so that servicing of the bond issues is taken care of by the purchase. They would depend on who the people were.

MR. CASHIN: I think I can smell a rat there. That is where I can smell my friend Mr. Leja.

MR. SMALLWOOD: The best rat smeller we have ever had—he has been smelling all day.

MR. CASHIN: Here is the position—the Premier has practically told me now they are to sell these plants.

MR. SMALLWOOD: No, I have not.

MR. CASHIN: If he says we can sell them and after selling them assume the obligation of redeeming that loan, of redeeming this ten million dollars, I would support it then depending on who the people were who were behind them. If it is any of these German outfits here now, definitely no—I would not have anything to do with them, particularly in this respect because my honourable friend the member for St. John's East dragged out today that there is a parent company somewhere in Europe in control and all the little fellows out here, the interlocking of these companies is too much red tape for either myself or the Premier to discuss. They have it all over us when it comes to that sort of thing. No, Sir, but if the Government is prepared to sell now and can sell them for cash money next month or the month after, well then I say give them the loan tonight provided they repay that loan with the ten million dollars they get for the plants. If they can't do that, and I know they cannot agree to it here is what would happen—I can see a Cabinet meeting gathered. There was a story or song made up during the days of the National Convention about the crowd gathering in the lobby of the Newfoundland Hotel, I forget the words of it, "This is the place where the delegates gather." Well I can visualize the Cabinet, twelve men of them around the big table in the Cabinet Room—boys we have another ten million to go to town on now—we can really go to wing now with another ten million and next year a big surplus, ten millions cash—then making an agreement to pay that back on that loan—no, Sir. But if they are prepared to do that and make that undertaking I think my colleagues and myself would

agree providing they get rid of the plants, there is no visible revenue there at the present time and consequently the Government has to get rid of them somehow. During the course of the next couple of days I hope to hear the opinion of the Finance Minister and the Premier and some concrete plans to come across with a sound business proposition to sell these plants, because I am of the opinion that at the present time they are a white elephant on the hands of the Government.

But speaking of this budget here before us and going back to my own—what a ridiculous position the Government is in tonight to have to come in here, they can call me and my colleagues what they like but they can't get away from the fact whether they like it or not, that they have to tell the people of Newfoundland tonight that this budget they presented on April 30th was wrong—it is screwy, to use a phrase of my colleagues. I held at the time it was screwy because that loan was a direct charge in any case upon the Government, a contingent liability and should not be put to the surplus.

MR. SMALLWOOD: A contingent liability is never a direct loan.

MR. CASHIN: I know that—it depends on whom you give it to. In the estimate of expenditures the Government has got to add in the vicinity of seven hundred thousand dollars to its expenditures for interest and sinking fund on this new loan consequently the surplus of six million and odd thousand dollars is reduced down to six hundred thousand dollars—now they cannot finance these other six hundred thousand dollars out of the surplus left them of roughly five and three-quarter million dollars—they owe

practically that amount for these other industries and that leaves the ten million on account at Ottawa. Why use any of this surplus at all—why borrow ten million dollars and incur seven hundred thousand dollars extra liability on the expenditure side of the books? Your current accounts show you a surplus, why not pay your liabilities of five million two hundred thousand dollars out of that and go without—unfortunately you will have to if you do not float the loan, and go without it later. Mr. Speaker, look at the capital expenditure side of eleven million dollars, five millions go to these things and another six million is to be spent in various ways, five hundred thousand on the University, five or six hundred thousand to be used to build schools, something for the Trans-Canada Highway—well you can't afford it now. I think, I pointed out in this House as an Independent member that we could not afford to pay our proportionate cost of the highway across this country, we did not have the money. The Federal Government has entered into an agreement with you and you have obligations there and that is another obligation not talked of at all, somewhere in the vicinity of ten or fifteen million dollars which is not taken into account in the budget for a contract, so to speak, the Provincial Government of Newfoundland made with the Federal Government at Ottawa in 1949-50 to build a Trans-Canada Highway across Newfoundlandland which will cost somewhere in the vicinity of thirty million dollars, and get credit for the roads we have built already as the case may be. Now, that is just as much a liability as the financing of any German industry from a legal standpoint. The Federal Government can hold you to

the contract to put up the extra money to build that highway across the Island of Newfoundland—you have to get a loan of fifteen million dollars to do it. I take it that this year the Government has not made any plans for cutting out its programme for the Trans-Canada Highway across the Island of Newfoundland although they have allotted the money for it, they cannot do it unless they get this loan. I say forget the Trans-Canada Highway at the present time, fight it out with the Federal Government—be honest with ourselves. To build this road and pave it across the Island is a joke. For a little Province to attempt to spend fifteen to twenty million dollars more on a road across the Island is impossible unless some fairy god-mother is coming along and is handing out some more money. Maybe, Sir, the Government has in mind the selling of these plants after they raise the loan, and get that ten million dollars and spend it. The more we look at this financial picture from a business standpoint the worse it develops. I had not thought of that contract with the Dominion Government to put up dollar for dollar with the Federal Government, the money to build that highway and we have a contract and we have undertaken to do the job. Now, we have not the money to do it. What is the Federal Government to say about that—some of it has been completed but the chances are we will never be able to find the balance of that money, unless, as I say, we are successful in raising another fifty million dollars next year, and the next year look for another loan and go in debt for what? The Premier talked about the days when we borrowed every year—borrowed for what? Twenty-six million for the first world war, a war which

cost the Island of Newfoundland somewhere in the vicinity of fifty million dollars and approximately four thousand of the best youth at that time. That is what that fifty millions went for and fifty millions more for the railway. The railway is now taken over by Canada. When we look back to those days—surely we must have had giants in Newfoundland in those days on a revenue that at one time was a million and a half dollars a year, to undertake to build a railway on a revenue of a million and a half dollars a year—they were giants—we are only pygmies today in comparison to these people—yet these were the bad old days when we borrowed—a little place of two hundred and fifty thousand people contributing more in men and money than any other Dominion of the time, per capita, a great burden to undertake. On top of that we had a depression right away after the war, foreign markets slumped, merchants on the North East Coast and the South West Coast went broke, we survived somehow and when we wound up our affairs in 1949 and handed over the country lock, stock and barrel, what did we have? What did we have to show for that hundred million dollars that we borrowed? Let us have a look at it: We had the keys to the North Atlantic, as I said on many occasions, the bastion of liberty of the North Atlantic Continent of America which came to our doors to defend itself, not to defend the little island of three hundred thousand people, which is only a small area in all about six thousand miles of coast line. Ninety years previously the British Government was advised that they should create a fortress in Newfoundland to guard the Commonwealth. They did not heed it, they went to Singapore

and spent a billion dollars and the Japs walked in and took it. That is what Newfoundland had—the greatest strategic airport in the world, the Gander, and another one in Goose Bay, given away—these were the men that built Newfoundland, and Liberals and Tories and all as they were, ninety-eight per cent of them died without a copper—they created in Newfoundland through the starting of that old railway, the Turnerville Trolley if you like, they helped to open up Newfoundland. When the Newfoundland Government borrowed money to rerail that railway with seventy tons of steel it cost the Treasury somewhere in the vicinity of forty or fifty million dollars and for the dock. What would we have done without the dock here during the war? Now, what is the position of the dock? It is not for me to say the position of the dock, but whilst I was home at supper tonight I received a telegram, I almost forgot it here listening to the prosperity here in Newfoundland, no one hungry, everyone working, no lack of money. True in eighty or ninety per cent of cases but we have people in Newfoundland tonight who are hungry and here is a message from the District of Placentia. I don't know why it should be sent to me "Cannot find employment. Family of six in bad condition. Wife ordered hospital by doctor. Have no money. Please reply in God's name and help family and get wife to hospital." Now, I don't know whether we have many more cases like that.

MR. SPEAKER: It would not be right to read the name.

MR. CASHIN: It belongs to your district, and I will deal with it as it deserves. Now, I don't know whether there are many more but I have received other telegrams of that nature

recently. I represent the district of St. John's West at the present time but am in here as Leader of the Opposition and as such I represent not alone the constituency to which I have been elected but all the people of Newfoundland as a whole. My job in here is to get the facts to give those people. I was speaking about those bad old days, borrowing money and we heard in the National Convention and in the election campaigns and everywhere else about the Cashins any everyone else, how they borrowed money. They have all borrowed money and I think I have enumerated how they spent it—when you take into consideration that up to 1930 we had a revenue up to ten million dollars, never in the history of Newfoundland did we have a revenue of over eleven million dollars in Responsible Government and that was in the year 1929-30. When you take those thing into consideration and the small revenue on which these men did so much, we who come in here and desecrate the names of these men whose pictures have been painted and put on the walls here—we have come in here and I have heard them dragged in the gutter because they borrowed money to try and build Newfoundland, and tonight I speak on their behalf as the oldest member in this House and as the senior member of the House because I was elected to it nearly thirty years ago, and when we were turned down on a loan I was Minister of Finance, and now today I am Leader of the Opposition when my political opponents have to go down on their hands and knees also and have to beg today for the necessary money to carry out their obligations, and when you get this ten million dollars it will not be sufficient to carry out your obligations. My

colleague asks me if I resigned? I did not resign from public life, I retired in 1932 and, as my colleague says, that is what the present Government should do. No, Sir, the credit of Newfoundland is not at stake, but the integrity and qualifications of the present Government is at stake. In Newfoundland's case we have hardly any debt as a Province of Canada and that ten million dollars in ordinary circumstances would not be long being gobbled up, but now there is a nigger in the wood-pile somewhere. I would like to have heard some of the conversations between the Premier and Mr. Gardiner, the present Manager of the Bank of Montreal, and some of the conversations between the Premier and the President of the Royal Bank of Canada.

Mr. Speaker, I propose to conclude this address of mine tomorrow afternoon in a very short time, or if there is to be a house sitting in the morning. I know this legislation is going through whether we like it or not. I know I am going to take all the necessary steps to inform the public of all the details in connection with the administration of the Government from 1949 to date, I know the press will not do it, I know the press won't have time to do it, but I am going to make the necessary arrangements personally with my colleagues to inform the people of Newfoundland of the whole story behind the story in connection with the raising of this loan for the Newfoundland and Labrador Corporation. We will have no interruptions when that is being told and it is going to be the truth and nothing but the truth.

Sir, it is now eleven o'clock and I move the adjournment of the debate until tomorrow at any time you like.

MR. SMALLWOOD: Mr. Speaker, I second that motion.

Mr. Speaker, before moving the adjournment I have another reply to a question. The insurance on the birch plant is one million eight hundred and two thousand dollars.

Now, Mr. Speaker, again before moving the adjournment—in giving notice yesterday of my intention to ask leave to introduce a Loan Bill I fear I made an error in asking leave to introduce the Bill as it should obviously be by resolution and I can either ask now to have this order stricken from the Order Paper or else to substitute for it notice of motions to ask leave to introduce resolutions, the Bill of course has to be introduced by resolutions. If it is agreeable I move to have that changed to—ask leave to move the House into Committee of the Whole to consider certain resolutions in relation to the raising of a loan for certain purposes. That is to take the place of the notice I gave, which is now on the Order Paper, and which I think in fact I was not in order in giving because the Bill must follow the adoption of the resolution. It must begin, I believe, in Committee of the Whole on resolutions.

MR. SPEAKER: It is only a matter of changing the item.

MR. CASHIN: I should also like to draw the attention of the Premier to No. 4, repeal of the Newfoundland and Labrador Corporation Limited Guarantee Act, 1952. I wonder if that should not be enacted first before we put the resolutions.

MR. CURTIS: No—they will be assented to simultaneously.

MR. CASHIN: The point I am

making is this—suppose for argument's sake that we don't repeal it at all.

MR. CURTIS: Well notice of it is there.

MR. CASHIN: There have been notices of lots of Bills on the Order Paper.

MR. SMALLWOOD: I say now it is the intention to introduce legislation at this session to repeal that Act—it is the intention.

MR. SMALLWOOD: I move the House at its rising do adjourn until tomorrow, Thursday, at 11 of the clock.

House adjourned until tomorrow Thursday, July 3, 1952, at 11:00 of the clock.

THURSDAY, July 3, 1952.

MORNING SESSION

The House met at ten of the clock in the morning, pursuant to adjournment.

Presenting Petitions

None.

Presenting Reports of Standing and Select Committees

None.

Giving Notice of Motions and Questions

None.

HON. J. R. SMALLWOOD (Prime Minister): Mr. Speaker, in connection with the question tabled here by the honourable member for St. John's West, there were some parts of the questions that I was not able to answer in the absence of the audit now being conducted and has been for some time past. Mr. Allen has in-

formed my secretary, I was not talking to him personally, the audit is not completed, and will not be ready this week. They have been at it for some weeks past, and it is supposed to take some further length of time.

Answers to Questions:

None.

Orders of the Day

Adjourned debate on the Address in Reply:

MR. P. J. CASHIN (Leader of the Opposition): Mr. Speaker, as I said in this House last night, when it adjourned at 11:00 o'clock I intended to conclude my remarks which in general too, covered the repeal of the Bill passed here this last session to guarantee a loan of ten million dollars to the Newfoundland and Labrador Corporation, which they were unable to raise on any assets they had together with the Government's guarantee. Now, Sir, during the course of my five hours, or approximately five hours talk, I have covered everything of importance regarding the actions of the present administration since they assumed office in April 1949, and have pointed out in detail how over forty million dollars of the surplus handed to them by the Commission of Government, when union with Canada became effective, has in my opinion, and in the opinion of my colleagues on this side of the House, been invested in wildcat schemes. We in the Opposition in our remarks on the debate on the Speech from the Throne have covered in full the reason why this special session has had to be called at this particular time, just a little over a month since the House adjourned when we were assured by the Premier that the Government guaranteed loan of the New-

foundland and Labrador of ten million dollars had been subscribed, and that Sir William Stephenson, the Chairman of that company had assured the Government that these funds were available when we passed the legislation giving that guarantee to that corporation. We repeat now that we oppose the raising on the credit of this Province of Canada, this newest Province of Canada, a direct loan of ten million dollars to take the place of the ten millions refused to that corporation by the bankers, on the guarantee of this Government. Our reasons for opposing this legislation are in my mind sound. We feel that the present administration under the leadership and domination of Premier Smallwood has definitely proven itself to be incapable and incompetent and definitely unfit to continue in office; we feel that the Smallwood Government has injured the good name of Newfoundland, and has done irreparable harm to the credit of this new Province of Canada. We in the Opposition, intend to convey to the underwriters, and the four Canadian Chartered Banks, our definite opposition to the subscribing of this new first loan by our Government since we became united with Canada, particularly do we object to the raising of this loan at this particular time to incur a further burden of taxation upon our people as is evidenced by the iniquitous tax of three per cent upon all food commodities. Further, in view of the fact that it does not appear to us to be good business to pay an annual rate of five per cent approximately on ten million dollars, when the Newfoundland Government has on deposit with the Federal Government at Ottawa approximately eleven million dollars bearing interest at just 2½%.

Now, Mr. Speaker, some of us in these thin ranks of this Opposition have been accused of being traitors to our country, and have been called names which at this moment I consider unparliamentary to mention. Therefore, in view of the fact that we have given our views and will continue to give those views, that we are opposed and strongly opposed to the granting of this proposed loan to the present administration, which, again I say, in our opinion, is incapable, inefficient and untrustworthy to handle public funds. We, therefore, in this debate unequivocally register protest. We feel that we would be wasting not our time, but the time of this House, if we continued in repetition. We have decided, therefore, to leave any further comment on this particular legislation to the members of the Government, to the bankers and underwriters whom we have warned to be careful of investing in what we consider an irresponsible Government any further money belonging to the people of Newfoundland.

MR. SMALLWOOD: Mr. Speaker, in all the history of this House, commencing in 1832, there never has been the like of the debate we have so far heard; no Opposition in Newfoundland's history ever sank quite so low as this Opposition has sunk in this debate. The Opposition are a crying disgrace to Newfoundland. They have, I hold, set out deliberately, purposefully, to damage Newfoundland's credit and Newfoundland's good name; purposefully, deliberately and consciously, by plan made in advance, to damage Newfoundland's name, Newfoundland's reputation and Newfoundland's credit. True, they say; their attack is upon the Government—but do they expect that the people of

Canada and of the world will draw a distinction of that kind? Do they really believe that an attack upon the Government on the matter of a bond issue is not an attack upon Newfoundland? If they do, they are indeed very stupid. I deliberately except the honourable the senior member for St. John's East, the honourable the junior member for St. John's East and the honourable member for Bell Island from what I have said. I will say that they, as good Newfoundlanders with a sense of responsibility as public men, have criticized the Government, but have not denounced this bond issue. The remaining members of the Opposition, namely the Honourable Leader of the Opposition and the honourable the junior member for St. John's West, have, I suggest, deliberately, consciously, purposefully attacked the credit of Newfoundland, have said openly to the bond-holders, the bonding houses and to the banks, that they ought not to underwrite this bond issue; have expressed deliberately, not once, but repeatedly, the hope, the strong hope, that the issue would not be underwritten, that it would fail. That, Sir, in the light of the facts, is, I hold, a foul and entirely contemptible attack upon the credit of this Province—the facts being that His Honour the Administrator read here in a Speech from the Throne at the opening session the announcement of the intentions of the Government with the consent of the Legislature to float a bond issue. I, as first minister of the Crown in this Province reiterated that statement; I stated formally and officially the names of the four banks and the nineteen bonding houses associated in the floating of this proposed issue; I stated the Government's strong hope that the legislation would be enacted

in this present week so that the formal steps of underwriting the issue could commence next week. In the light of these facts for members of the Opposition to express openly their strong hope that the banks and bonding houses would not underwrite the loan, or that the loan would not be forthcoming is, I suggest, a foul and dirty attack upon the credit of this Province. I can only say that he is a dirty bird indeed who fouled his own nest. I have never heard such reckless exaggerations, such grossness, such jaundiced and bigoted distortions. The more they talked the further they removed themselves from the reality until one had to rub his eyes and pinch himself to see if one were hearing rightly. The honourable gentleman is going to hear something whether he is here or not, I am going to say it; he is beyond being hurt, no reputation to lose any more than my honourable friend, no reputation to lose in Newfoundland.

MR. HOLLETT: A point of order, Sir. The honourable gentleman has stated I have no reputation to lose, I would ask a retraction.

MR. SMALLWOOD: I will stress it instead of retract.

MR. SPEAKER: The honourable gentleman will be guided by the rules of the House. He has made certain references, yes. The honourable member made a point of order, made a complaint of that. I have taken notes that during the presentation of the Honourable Premier's speech he has been interrupted ten times and as far as the Chair is concerned, the honourable gentleman has brought it on himself by cross-fire, therefore, I take no cognizance of what has been said.

MR. SMALLWOOD: The honour-

able gentleman did shout a remark across the floor.

MR. SPEAKER: The honourable the Premier did make a remark which was unparliamentary, and I am not calling on one to apologize without the other, therefore, deem them to cancel out—these interruptions are purely nonsense.

MR. SMALLWOOD: The honourable member for St. John's West stated in his speech that if he met me outside the House and I said outside the House what I said inside, he would know how to deal with me. I hope, Sir, he is not packing a gun for me, for I have a very vivid recollection of the day in the National Convention when that same honourable member telephoned the chairman of the National Convention, that he, Malcolm Hollett, was coming to the National Convention with a gun to shoot Joe Smallwood. I wonder if he still packs a gun? That, Sir, was just a few days before that same honourable gentleman was removed to the hospital under guard, and where he was under constant police guard for about a week. Does the honourable gentleman suppose that he can frighten Smallwood? Does he suppose so? When I was broadcasting for Confederation two truck loads of the honourable gentleman's political supporters went to that radio station equipped with rope to hang me, and I may or may not have been hanged if the police had not turned up to drive them away. The honourable gentleman's political friends and supporters on another occasion, to the number of fifteen hundred besieged my home. I was not present, but my wife and children were, on Duckworth Street East, with the intention of mobbing me. The honourable the

present Leader of the Opposition attacked me physically in this building, sprang at me—I went down on the floor, we rolled over and over. Mr. McEvoy and Mr. Job, Mr. Ashbourne and one or two others hauled him off me, but he attacked, and I went down again and for the second time we rolled over and over on the floor. He was hauled off me for the second time and the honourable his present colleague was hit by him and fainted and had to be carried over and laid on the davenport in this same building.

MR. HOLLETT: Point of order, Mr. Speaker, I make a correction. That is a confounded lie.

MR. SMALLWOOD: That is true—I can produce witnesses—Mr. McEvoy Butt, Job, Fudge as witnesses. They were there, and Peter Cashin on that occasion shivered in his shoes for fear I would sue him in the Supreme Court.

MR. SPEAKER: Order.

MR. SMALLWOOD: Afraid of physical violence. If the honourable gentleman from St. John's West were multiplied a thousand times over and making one man he could not scare this gentleman. He could not do it. He is not to be scared by any physical threats. I went through this town of St. John's with an armed body-guard whom my friends insisted should accompany me. That was after I was attacked at the C.L.B. Armoury when my friends got together and insisted, and one friend, the honourable the present Minister of Finance and another the honourable the Attorney General insisted on my having a guard. These attacks upon me physically, Mr. Speaker, are of a piece and in the same spirit as the attacks upon me orally

and verbally here in this Chamber in the present session, both attacks arose from bitterness and undying hatred of me and of this Government and of the Liberal Party by the same two honourable gentleman, a bitter, vindictive and undying hatred, so great that to get me they would smash Newfoundland as they tried to get Squires and smashed Newfoundland in the doing of it. They are wreckers and smashers every chance they got, they were wreckers and smashers because we flounced and defeated them on the question of Confederation. They will have to get up early in the morning and that is something they don't do, and stay up late at night and work a lot harder than they do, before they can scare me or defeat me, because I have support of the people of Newfoundland for whom I work, and I say, "work." No, I expect, as I said, three honourable gentlemen on the other side of the House, the honourable members for St. John's East and the honourable member for Bell Island, who have acted as gentlemen, decent Newfoundlanders, public men with a sense of responsibility, not as gangsters and thugs. They have not acted as gangsters and political thugs, they have not attempted to undermine Newfoundland's credit even for the sake of attacking the Government. The honourable member for St. John's took the statesman-like stand of saying: "We will vote for as much of this loan as the Government can show it really needs." What else could a decent, civilized Newfoundlander say? The honourable the junior member for St. John's East, though I have no doubt that politically, he has no use for this administration, I have no doubt of that whatsoever, nevertheless, he took the stand of a decent and honest New-

foundland gentleman, and the honourable gentleman for Bell Island, a decent, civilized Newfoundlander took the same stand. But, Sir, they have spoken and spoken like true Newfoundlanders, the House then and Newfoundland then, were subject to the squirting of black poison, thinking only of smashing this Government and smashing me, having failed in their mob violence against me, having failed in their physical attacks upon me, and thinking stupidly that the Government was in a position of embarrassment, stupidly imagining that they set out to blacken Newfoundland's name by blackening the Government's name, in the same way that the Honourable Leader of the Opposition throughout the whole life of the Commission of Government made one vicious attack after another on His Excellency the Governor of Newfoundland by referring always to him as the Chairman of the Commission of Government, as though there were any distinction to be drawn between His Majesty's representative in Newfoundland and the Chairman of the Commission of Government, one vicious attack after another. That same honourable gentleman, the Leader of the Opposition, never hesitated to attack and blemish and blacken the character of any Newfoundlander from the Chief Justice down. It would, Sir, be quite impossible for me to blacken the character any more than it has already been blackened of the honourable gentleman who just interrupted and his colleague, the Leader of the Party. I am not capable of doing it. That is what Newfoundland has suffered from these last twenty-five years.

MR. HOLLETT: Yes, men can sit there on that side of the House and listen to that.

MR. SMALLWOOD: Every man on this side of the House will echo that sentiment, not only they, but tens of thousands of Newfoundlanders who on the radio during the National Convention heard the Newfoundland gentleman say, "Newfoundlanders are too lazy to work."

MR. HOLLETT: That is a lie. I rise to a point of order.

MR. SMALLWOOD: "Too lazy to work."

MR. HOLLETT: Mr. Speaker, I charge that is a falsehood against me. The proof of the words I said on that occasion are available, the records are available and I want to know from you, Sir, if it is not possible to have that proven right here in this House by the playing of the record of the words I said. I have been charged with that, Sir, for the last two years, and I demand either that it be taken back or ordered taken back or proven here to my satisfaction and the satisfaction of Newfoundlanders.

MR. SMALLWOOD: So far from taking it back, Mr. Speaker, I now repeat it and make it thoroughly clear. He was sitting about where now sits the Honourable Minister of Education. That same honourable gentleman, the same present honourable junior member for St. John's West standing in his place and speaking to the National Convention, and it was recorded and broadcast that same night over Newfoundland, declared that Newfoundlanders are too lazy to work. I heard him and a hundred thousand Newfoundlanders heard him say it, and I shouted "shame" about five times. Now, the honourable gentleman can crawl out of that, but he did say that Newfoundlanders were too lazy to work.

MR. HOLLETT: That is a contemptible lie and you are a liar.

MR. SPEAKER: Order. I am sick and tired of honourable members—how am I to make a point of order if the honourable gentleman who rises to speak shouts "it is a lie"? How can there be a point of order decided? The Chair would have to be omniscient. What is complained of? The honourable member is quoting something which is alleged to have been said four or five years ago and the other honourable member denies it. In the name of common sense, how can it be proven what was said or not said?

MR. HOLLETT: The record, Mr. Speaker.

MR. SPEAKER: This House has no knowledge of any record. I would only be too glad if it were parliamentary to attempt to prove it one way or the other, not that it is any interest to the House. All I can do at the moment is to ask the Honourable the Premier not to pursue that subject any further as mere allegations of facts cannot be proven one way or the other.

MR. FOGWILL: May I say a word, Sir?

MR. SPEAKER: That is a point of order, and the honourable gentleman may speak to it.

MR. FOGWILL: The whole question is whether the words were alleged to have been said. We have been told in the House by the Premier a few moments ago—but I was present in the Chamber at that time, and I want to say this, Sir, the words were not said in that manner, and I want to point out to the Premier that he is in error somewhat.

MR. SMALLWOOD: I am able to quote the exact words.

MR. SPEAKER: The Honourable Premier must realize that though he is absolutely certain perhaps, it does not constitute proof that he is able to quote the exact words.

MR. HOLLETT: That is another charge.

MR. SMALLWOOD: That is another statement.

MR. SPEAKER: I am going to put it to the House. The only sensible, sane attitude to take is that what is said is an allegation of fact. Are we now to take a recess of six months to unearth something that perhaps does not exist, to attempt to prove something that may or may not have been said, and if said in what tone of voice. It would be open to all sorts of interpretations. The sensible thing to do is to drop the discussion and give the honourable member for St. John's West the benefit of the doubt.

MR. SMALLWOOD: I accept that suggestion.

MR. SPEAKER: I said the honourable member for St. John's West be given the benefit of the doubt in that respect—words may be quoted and have an entirely different meaning than intended.

MR. HOLLETT: I agree with you, Mr. Speaker.

MR. SMALLWOOD: Now, Sir, what is this matter? Is it possible to bring it back from the fantastic atmosphere it has been carried to by those honourable gentlemen, is it possible to bring it back to reality, is that possible? When the House last met, we passed a budget, and in that budget we provided for a capital ex-

penditure in this current year. We provided that in this current year beginning April 1, 1952 last, that the Government would spend eleven million dollars on capital account, in round figures, five millions for economic development, and round figures, six millions for improvements of roads, hospitals, schools, extension of public services, a total of eleven million dollars. Where was it to come from? That was the expenditure. Now there was to be revenue to meet it and where was it to come from? Nine millions of it was to come from the Newfoundland and Labrador Corporation which the corporation would get by the sale of its bonds guaranteed by the Government, and six millions of it was to come out of the surplus that we would earn on current account this year, fifteen millions. I speak in round figures. A total expenditure on capital account of eleven million dollars; five millions on economic development and six millions on public services, eleven millions expenditure this year. We are to get that in two amounts, nine millions from the Newfoundland and Labrador Corporation which they would get by selling their bonds and six millions that we get out of an earned surplus of revenue over expenditures on current account this year, fifteen million dollars, which is the estimated capital account for this current year to be spent in the way I have said. So that obviously, Sir, to be able to spend eleven millions it was necessary that at least eleven millions should be received on capital account revenue.

That is what is necessary. If it were not received and if only one of these two amounts were received the nine millions from the corporation or the six millions surplus this year on current account then obviously we

could not spend eleven million dollars. Either the five millions for economic development would have to be cancelled or the six millions for improvements to public services. We could not spend both unless we took in enough to do so.

Now, what happened? The corporation could not sell its bonds in Canada. It could not sell its bonds where it was desirable to sell them, it could sell them where it was undesirable to sell them, but where it was decided not to sell them. In short, it could not sell its bonds in Canada and that meant clearly that nine million dollars source of revenue on capital account this year was not forthcoming. Now, Sir, what was the Government to do, the practical thing for the Government to do, what was it? We were committed to these industries and about these I shall have more to say, we were committed to them. We could break our commitment and not spend that five million on economic development, break our word, we could break our agreements, we could default on these obligations. No one in this House has suggested that—no one, not even the two honourable gentlemen—they sneered at the industries, they jered at them, they expressed doubts about them, but they did not suggest that is what we should do, that we should default deliberately on our written undertakings to these new industries.

We have today no German industries in Newfoundland—not one. We have Newfoundland industries in Newfoundland. The other way was to cancel the expenditures this year on hospitals, on schools and on roads for which purpose we have appropriated six million dollars. Now, no one in this House has suggested, no one, that

we should not go ahead with the building of these hospitals, schools, and roads, no one. I listened most carefully for a suggestion from the Opposition that the Government should this year default on its obligations to these industries and there was no such suggestion; that the government should cancel this year its programme of hospitals, schools and roads, and there was no such suggestion. That has not been suggested from any one in this House. Yes, the two account for eleven million dollars, five millions for economic development and six millions for these hospitals, schools and roads including the university. Yet no suggestion was made that we should not spend those amounts and in that same breath that failed to make that suggestion we have two honourable gentlemen expressing the hope that the money would be refused, that the loan will be a failure. Why did they not come out, I ask, and tell the Government not to go ahead in this year with its programme of hospitals, schools and roads? Why did they not suggest that? Why did they not demand it? Why did they not ask us not to build roads, schools and hospitals? Six million dollars have been appropriated by this House for those very purposes, why did they not suggest that we cut it out and not spend it?

Now, the amount of the surplus to be earned in the current year is six million dollars, exactly enough to pay for the roads, hospitals and schools, exactly enough. We have budgeted this year to earn by taxation on the people this year six million dollars surplus, and we have earmarked it to be spent on hospitals, schools and roads, and we will spend it on those purposes, we will build hospitals, we will build schools, we will

build roads, and we will build them out of the six million dollars surplus that we are earning this year by taxation on food, clothing, on gasoline, or on a number of things, we will spend that six millions of the people's money to build hospitals, build schools for the people, and build roads for the people.

That is our policy. That is the policy we laid before this House last session, that is the policy adopted by this House last session, and the Opposition does not say no to that. I charge them to tell us not to build hospitals, schools and roads this year, I challenge them to do it. Yet they tell us you shall not get that loan, you shall deal only with your six million dollars surplus you are earning this year. That is all you should spend this year on capital account. Yet you dare not, you dare not default on your obligations to these industries, that five million dollars, you dare not. I don't suppose they could be so utterly lost to reason and decency as public men as to suggest that the Government default on its written obligations to these concerns no matter what their dislike may be for these industries. Surely they are not so lost to the deficiencies and reason and common sense, and a sense of public responsibility as to suggest that the Government should default on its written obligations to these industries.

MR. HOLLETT: You defaulted on the hospital in Ferryland.

MR. SMALLWOOD: That is a cheap and shoddy political interjection, that is as high as the honourable gentleman is capable of rising in his contribution to the discussion of Newfoundland's public affairs. That is as high as the great Rhodes Scholar rises.

Now, Sir, the Government has decided to float a bond issue on its own credit. What for? I noticed particularly that no newspaper, no radio broadcasting station quoted a word of what I said on opening day. I am only the Premier of Newfoundland. The honourable gentleman does not like it, he never liked me, but so long as the people of Newfoundland like me, I will continue to be the Premier of Newfoundland. And the people of Newfoundland have not yet forgotten, not yet forgotten the slight contribution I have made to the happiness of Newfoundland. Before I go on, let me deal with that. Newfoundland now is four hundred and thirty-five years old, and I believe no men in our history have ever done so much for the general good of all our Newfoundland people. Now, I am well aware, out of my own knowledge of our Newfoundland history, I am well aware of the great benefactors Newfoundland has produced in her history. I am well aware and very conscious of the great men in our history that Newfoundland has produced and the great benefactors we have had the great Governments. The paintings of some of them are on these very walls, especially of Dr. William Carson, I think especially of Patrick Morris, especially of John Kent, of John Valentine Nugent, of the great Bishop O'Donnell, the great Bishop Spencer, I think of a whole crowd of witnesses to what I say, that Newfoundland has produced some great men who were great benefactors to this country. But I say, Sir, that in all the history of Newfoundland there never has been such benefactors to the people as a whole, regardless of class or creed or geographical breakdown, never such benefactors to Newfoundland as that gallant band of

Newfoundlanders who brought Confederation to those shores, in all this Island's long history, with some contemptible curs and some brave honest and patriotic men opposing us, there never was such a band of noble, idealistic, clean-handed men, Newfoundlanders, who fought such a fight, and truly what a fight it was, what a fight it was! History tells of nothing like it. There is a man present in this Chamber today who when he walked for the first time into the Confederate office, and being a man with a very great sense of humour, and a great Confederate at the same time, stopped and pretended to look around to see if anyone could see him and said that outside the door he stopped and looked to see if anyone had seen him come in. The stories I could tell of the devotion, the idealism, the sacrifices these men made to make Newfoundland a Province of Canada. Never—never in all our history was such a surging of patriotism and patriotic ideas. I was told in this very Chamber that I was "Judas Iscariot" by the Honourable Leader of the Opposition, I was told also by him that I was a Quisling. We are all Judas Iscariots, all quislings, all traitors selling out Newfoundland. That was the charge made against us. They were not content to call us names, they attacked us physically, they set mobs on us. But we won—we licked them—we trimmed them. A certain honourable gentleman who is Leader of the Opposition in this House, has ever since, even in this session, told the lie, a political lie, that it was Bradley and the Orange Letter that did it. It is untrue—no man was so sorry as I that there ever was such a letter if there was. It was unnecessary and unneeded. The people of Newfoundland whose common

sense and good heart can be trusted, the people of Newfoundland in the majority, of all denominations saw that Confederation was good and they voted for it—they voted for it—I am very proud indeed—if never on this earth as long as I may live, I contribute anything again to the welfare of Newfoundland people I have done my good, full share in the upbuilding of the happiness of Newfoundlanders and the size of my contribution to that upbuilding is measured only by the size of my contribution to Confederation. People have been kind enough to say that single handed I brought Newfoundland into the Canadian Family of Provinces. That is untrue, amongst the band, small but brilliant and clever, and close to the very top of them, my closest associate, I place the present Minister of Finance, the most brilliant political commentator ever produced besides whom the next most brilliant is just a clod-hopper. A small patriotic, idealistic band of Newfoundlanders who made Newfoundland a Province and did so only because they offered the Newfoundland people a type of leadership they have not been used to before. The Newfoundland people today are Confederates. They are Confederates in St. John's West and in St. John's East and Confederate in Ferryland, Placentia and St. Mary's is Confederate, all Conception Bay is Confederate, Trinity Bay, Bonavista Bay, right clear around the Island until we come back to St. John's again, 99.99% are Confederates. I say now if tomorrow there were a second referendum, a secret ballot with this question on it: "Do you favour Newfoundland remaining a Province of Canada"?—Yes or No—and a space put there for the word "no" on that ballot 99.99% would vote yes stay a Province, and

some of those who fought so hard, some honestly, some dishonestly against Confederation would be amongst the first in such a secret ballot to mark in favour of Confederation—the very leaders against Confederation would, in a secret ballot, mark in favour of Confederation today. If I needed a body-guard in the city of St. John's it was the only place I did need it, and I was not scared. I was never scared—if I needed a body-guard in the city of St. John's to protect me from mob violence because I led the cause for Confederation, if there were a secret ballot now they would need much stronger protection than I did then, because they would be mobbed, wiped out. The people of Newfoundland, Sir, with their sound heart, and their sound minds, the people of Newfoundland are Confederates. I say that boldly: They are Confederates today, they favour Confederation, they are glad that Newfoundland is a Province of Canada, they are happy that it is so. But there are a few, just a few political diehards, just a bare handful, with no other issue on which to campaign, with no intellectual content, no manifesto nor platform, in the absence of everything else a few diehards, politicians, will continue to sneer at Confederation, but they will never have the guts to come out and advocate breaking away from Confederation because they know what would happen to them when the people cast their secret ballot. I am very proud, very proud indeed, that God permitted me, if He did not ordain it at least He permitted that I should play a part in making this native land of mine a Province of Canada, not for the sake of Canada (that greater patriotism some day perhaps we will all acquire, I don't know, but for the sake of Newfound-

land, for the sake of the toiling masses, who never had a break, never knew what it was to have a break, never knew what it was to have a decent standard of living, to have enough to eat, nor a comfortable home. I thank God that I was able to play a part in winning Confederation for them.

Now, on opening day here I quoted from my own speech of a few weeks ago, now that is not regarded in good debating circles as good procedure, for a man to quote himself as to what he had said on an earlier occasion. It is permitted in debate to quote what others have said, but on opening day here I quoted what I myself said a few weeks ago. Not a word appeared in print in the local press, not a word of it was quoted on the radio, not a reference was made to it. But yes, Sir, excuse me, there was a reference to it; one radio station said I quoted from a book, the book which happened to be my own speech I delivered in this House, I referred to it here on opening day, I quoted from it on opening day. I stated then that it was a speech I had delivered on March 31st. past, I stated that I had written out this speech and read it from this desk, and the House will remember the occasion. But I was quoted on the air as having read from a pamphlet. Now, this is the pamphlet. My own speech and in it, as Leader of the Government, speaking as Leader of the Government and as Premier, because I am Premier as it so happens though some may not like it, Premier of Newfoundland and head of the administration, my administration of Her Majesty's Government, it is not my Government but Her Majesty's Government, but my administration of Her Majesty's Government, call that a dictatorship if

you like, but before I was born that was the case, the Leader of Her Majesty's Government had an administration of his own, it is his administration of Her Majesty's Government, and my colleagues are the Government along with me, but it is my administration, and in that capacity, as Premier, speaking officially for the Government, and I hope for our supporters in the House without whom we are nothing, who keep us in office, who can put us out any time they like. I hope that it was with their support that I made an official pronouncement of the Government's policy. What did I say in it? I discussed the economic development programme, I made statements about borrowing. I made this statement on discussing the question of borrowing in which I said we dislike it, which I now repeat, we dislike it. Before I pass from this section I say for the benefit of the House, this Government and I personally, take a most unfriendly view of the idea of Newfoundland borrowing to finance public services expansion and improvements. Our philosophy runs altogether contrary to the idea of borrowing for public services, roads, bridges, hospitals, schools and the like, and I want no one to say referring to the eleven million dollars we have on deposit in Ottawa, to the fact that we can only spend that if we have a deficit, which we don't propose to have. I said: "It is a paradox indeed that we should have money that we do not need and not have money that we do need. Our need is for money to finance capital account expenditures especially and indeed above all economic development. Our need is not at all for money to finance deficits for instead of deficits we have surpluses and shall have larger sur-

pluses. The solution appears to be this, that we should finance capital expenditures on public services out of current account surpluses which we earn from year to year and finance economic development by the sale of our bonds or by the sale of the corporation's bonds guaranteed by us. It is not a final and ultimate solution but it is the only immediate one I can see and we shall perhaps have to make it do as a short-term policy. One thing above all is clear, we have the most powerful aversion in Newfoundland to borrowing for public services on capital account public services." Then I went on to say: "Let us, however, notwithstanding this vastly improved condition resolve as one man to avoid to the last possible hour all public borrowing for anything in Newfoundland apart from sound economic development as in that way lies wisdom for all of us." Then I summarized the position.

(1) We should continue our policy of a surplus budgeting on current account, etc., etc.

(2) We shall continue to make expenditures on capital account to improve on public services, but shall not borrow to do so.

(3) We shall continue our policy of economic development, but turn increasingly to the Newfoundland and Labrador Corporation as the means of accomplishing that development.

(4) We have completed our program of building industrial plants out of public funds. No more such plants will be built.

(5) Upon the completion of the European branch factories whose establishment has been under negotiation we shall assist in the financing of no more such plants, but will

channel all such projects through the Newfoundland and Labrador Corporation.

(6) In order to secure the business-like management of the investments and assets of the Government in this Economic Development program we intend to vest their control in the Newfoundland and Labrador Corporation.

(7) Our financing of capital account public services, and economic development, will in future be made out of:

(a) Surpluses on current account;

(b) Revenue received from investments made in our economic development program;

(c) Borrowings (but only for economic development) based upon conservative practice.

(8) We consider that we have given a powerful impetus to the industrialization of the Province, and are of the opinion that we should now progressively withdraw from active participation in that drive except, in the main, through the Newfoundland and Labrador Corporation under the valued leadership of Sir William Stephenson.

That is our policy to borrow for economic development, to finance improvements, in the public services by earning our surplus on current account by taxing the people. In other words, I say now, quite frankly, it is our policy as a Government, the policy of the Smallwood Government (I hope I can make this very clear) the policy of the Smallwood Government is to tax the people and in prosperous times more heavily than otherwise, to provide the money to build hospitals, schools, roads and other public ser-

vices for the Newfoundland people, to be paid for in taxes and the taxation will be rather heavy in times of prosperity such as they are today. Now, that is as clear as words can make it and I don't know how to make it any clearer.

Of course it is the duty of the Opposition, and if I were Leader of the Opposition I would attack the Government for the Government's taxation, that is their duty and we don't complain of that. What else would the Opposition do but attack us and fight us and be sarcastic about our three per cent on most foods, what else would they do? Does the Opposition suppose that the Government thinks that three per cent taxation is popular? I never knew taxation to be popular, never heard of a popular taxation. But taxation and death are two sure things quite inevitable. The whole amount of taxation this Government takes from the Newfoundland people today is relatively trifling. Remember, Sir, the great principle of taxation is not so much the amount you take from the people in taxation that matters, it is what you leave them with afterwards, after you have taken the taxation. Now, under Responsible Government which, though it produced great men, devoted men, though it was never the graft ridden thing some of its enemies at least accused it of being, but it turned out to be a damnable system for Newfoundland, notwithstanding the great men and devoted men who served under the system, a damnable and abominable burden on Newfoundland. I say under that system there was a time when fifty per cent, one half of all that they earned the Government had to take, one half, fifty per cent of all they earned was taken from them in tariffs, customs duties,

at least one half, Today the Newfoundland Government are not taking ten per cent of their earnings away from them, and that is a vast improvement.

That is our policy, Sir: Not to borrow for public services but to earn our own money for that purpose, taking it from the people, and for economic development borrowing. Now, that is quite different from Nova Scotia, New Brunswick, Prince Edward Island, Quebec, Ontario, Manitoba, Saskatchewan and British Columbia; that is quite different from all the States of the United States of America, that policy is quite different than most lands of this world, because in most lands they borrow money to build roads, to build hospitals, to build schools—we borrow money for economic development. There is nothing wrong with it, it is a sound policy, sound, and the honourable members of the Opposition can talk until they are black in the face and it remains a fact that to borrow money for economic development is sound. Therefore, there can be no sounder policy unless you have such prosperity in a given country or province or state that out of taxation you can collect enough from the people over and above what you need to finance such economic development and finance improvement in the public services. To do both, you have to be very prosperous.

We have been attacked and ridiculed because we tax the people to get enough surplus each year to build hospitals, schools and roads. Now, if we were to tax enough to get enough for economic development as well as that, what would they say about us? No we borrow for that purpose, we borrow for economic development.

That is thoroughly sound, thoroughly and absolutely sound and there is not one living man in all Newfoundland today, not one in or out of this House, and I include bankers, I include bonding houses, financiers, merchants, shopkeepers, lawyers, I include the whole population of Newfoundland and of all Canada, there is not a man on the face of this earth today, who can argue that it is not sound, not a man on the face of this earth, who can argue for the unsoundness of borrowing for economic development. That is what every business firm does, Bowaters does it, companies along Water Street, the manufacturing concerns do it all over the world, you borrow for economic development, sell shares or sell bonds, else why would there be bond houses? Why would there be banks, why would there be people to lend money if there was not any need of it? What shall we do in Newfoundland? Shall we forever turn our backs on progress and say we will not have hospitals, we can't afford them? I say we can afford them, I say the people of Newfoundland today can afford them. Even the Leader of the Opposition, rather to my surprise, made a statement here yesterday, one part of which was obviously true and the other part being quite untrue, I don't mean that he lied, but that he was quite wrong when he said: "This day we have a prosperous people and a bankrupt Government." That latter part is a sort of wild, irrational, irresponsible statement of a type the honourable gentleman has been responsible for, for the last twenty-five years, but the first part of it, Sir, is undoubtedly true. We have in Newfoundland this year such prosperity in the people as we have never dreamed of in days gone by. And I say that the people of Newfoundland are pros-

perous enough today to pay enough to the Government in taxes to build roads, schools and hospitals. They want the roads. There is not a member of the House on either side but will confirm that. You have the papers coming out demanding that we go ahead with the Trans-Canada Highway between Gander and St. John's, we have the people on the West Coast demanding that the highway be completed between Port aux Basques and Grand Falls, you have the people of Gander petitioning that the road be completed between Gander and St. John's. Today we get telegrams and letters and petitions from all over Newfoundland demanding roads, and every request is a reasonable one, God knows we need roads in Newfoundland. There is not one member in this House who would deny it, nor one, we need roads in Newfoundland, we need hospitals, we need schools. My honourable friend the Minister of Education has pointed out to us that since Confederation, the number of school children going to school has risen from seventy-five thousand to eighty thousand in the last three and a half years, and by 1955, it is expected there will be one hundred thousand school children. Now, will the Opposition say, don't build schools? Will they say don't build hospitals, roads? No, they won't say that, that would be unpopular, that would be bad politics, bad party politics to say don't build roads, schools and hospitals. Smart politics appears to be to demand these roads and agree with them, say to the people, you should have them, what kind of a Government have you who would not build schools and roads and hospitals in one breath, and in the other breath, attack us for spending the money on them. The Hon-

ourable Leader of the Opposition said here that if they had taken the thirty-five million dollars three and a half years ago and had put a paper mill in Bay D'Espoir he would have been all for it. I don't think. If we had taken the thirty-five million dollars with the eleven in Ottawa for a rainy day, and build roads in the last three and a half years, no schools, no hospitals, nothing, just one paper mill. I say with all due respect to his judgment and to the honourable gentleman himself, that is a crazy and lunatic statement, a crazy and lunatic policy, nothing less.

Now, Mr. Speaker, I move that we adjourn the debate and resume again at three of the clock.

MR. SPEAKER: We now call it 1:00 o'clock and the House is recessed until 3:00 o'clock.

AFTERNOON SESSION

THURSDAY, July 3rd, 1952.

The House resumed at three of the clock in the afternoon.

MR. SMALLWOOD: Mr. Speaker, on the radio stations at lunch time, or at least one of the radio stations, the Terra Nova News, VOCM and Doyle's Bulletin on CBN, there was quoted verbatim the statement made in the House this morning by the Honourable Leader of the Opposition. The Honourable Leader of the Opposition read very briefly a prepared statement and quite evidently he furnished copies of that prepared statement to these two stations and perhaps to other stations as well and perhaps to newspapers also. It became very evident that the Honourable Leader of the Opposition was anxious

to choose his words very carefully, he took the trouble of committing them to paper so that this morning he could read them aloud to the House, and having done so, and having done nothing else he sat down, that being the end of his speech. We must, therefore, assume that the words he read and, which I assume he handed to the radio station representatives here and to representatives of the newspapers, were words quite deliberately chosen by him and committed to paper. Sir, we who heard those words spoken in this Chamber and then subsequently on the radio stations, two of them, and presumably later will see them in print in the newspapers, can see at once what motive the Honourable Leader of the Opposition has in making that statement. I say that the Opposition as represented by the Leader of that party in this House have made a conscious, deliberate, planned attempt to destroy Newfoundland's credit, a most dastardly action, the most obviously dastardly action ever committed in Newfoundland by any public man. I find it difficult to believe that the honourable gentleman in that action represented all of his colleagues on that side of the House. The entire speech of the Honourable Leader of the Opposition for some five hours, leaving out the usual stuff that he has been getting off now, ad nauseam, for twenty-five years, the whole tenor of his speech and that of his colleague's from St. John's West for an hour and a half was to blast Newfoundland, to blast the industries that have been created in Newfoundland. I ask Newfoundland, the members of this House on both sides and through the radio and the newspaper representatives who are present, ask the people of Newfoundland. Sir, let us assume that the

that these two honourable gentlemen have used every ounce of their strength and all the words they could command to blast and destroy the new industries created out of public funds that belonged to the people of Newfoundland, industries that have been brought into existence by the spending of public money belonging to the public, and further to blast and destroy other industries brought and being brought into existence in Newfoundland in partnership with public funds. Sir, let us assume that these effort on their part to blast and destroy these industries is successful, if it is not successful it will be no fault of theirs, what will they have accomplished? They will have accomplished the destruction of public funds invested in or lent to the industries in question. Sir, they have not one good word, these two honourable gentlemen, for any of these industries, not one, they have described them as wildcat schemes. With regard to the birch plant, which in recent months has given part of a living to twelve hundred Newfoundlanders around this Province, the Honourable Leader of the Opposition said, and I quote: "I am afraid the money spent on the birch plant is down the drain—gone." With regard to the cotton textile mill, to which we have committed the spending as a loan of two million dollars of public money he reports gleefully that it is being built next to a cemetery where it will be buried. Again and again, I ask the people of Newfoundland to note, in this session and in the last session, before this, they have sneered at them without exception, they have had no good word whatever to say about them.

In this very session in this Chamber, a few weeks ago, one honourable member in the Opposition described

the cement plant as falling apart. Sir, if any Canadian citizen in Montreal, Toronto, Winnipeg, or in any Canadian City takes up his morning paper and reads that, the Leader of the Opposition in Newfoundland described these industries as just wildcat schemes, the money spent on the birch plant is down the drain, the money spent on the textile mill is buried and all of the industries are wildcat schemes, if that same Canadian citizen reads in his newspaper that the Leader of the Opposition in Newfoundland says that Newfoundland is broke, what, Sir, is likely to be the impression on the mind of that citizen, of the fourteen million citizens in Canada? Surely, Sir, the impression which that honourable gentleman desired to create and why? Now, Sir, the average Canadian citizen across Canada would normally attribute to the Leader of the Opposition in Newfoundland all of the public spirit, sense of public responsibility, careful choice of words that he has learned to expect from public men in all the Provinces of Canada. These attributes the average Canadian citizen would, I say, normally attribute to the honourable gentleman. The average Canadian citizen would never even guess he was reading the words of an irresponsible, wild man, the old man of the sea in Newfoundland politics, Sinbad the Sailor, who will do anything for the Newfoundland people except get off their backs, the evil genius of Newfoundland politics, the wrecker in Newfoundland politics, irresponsible, reckless, and politically unscrupulous. He would not except that, would not know that the honourable gentleman on more than one occasion in this very Chamber had stood to his feet to take a certain stand and after he was half way through his speech, because he

did not like the look in someone's face over there, began for the remaining part of his speech to take completely the opposite stand with complete and utter irresponsibility; he would not know that. Nor would he know that that same honourable gentleman, the Leader of the Opposition in Newfoundland on more than one occasion in this same Chamber had gotten to his feet to make a speech without knowing what he intended to say, and telling the House so, and ending up by lashing himself into a rage to slash down on one side or other of the issue under discussion with complete and utter irresponsibility and lacking in any public sense of responsibility. Outside of Newfoundland the Canadian public would not be aware of the fact that that same honourable gentleman has attacked and vilified every Government in Newfoundland without exception, without exception, since the end of World War I, that he has attacked, calumniated, slandered, and vilified every Government and every Premier in Newfoundland since the end of World War I, that he has described every Government in Newfoundland without exception since the end of the first world war as corrupt, rotten, and incompetent, every Government even those he was a member of, that is two of them, he described as rotten traitors. I think I have given a very good description, let the facts speak for themselves, I speak the facts, I don't pack a gun and telephone the Chairman of the National Convention announcing I am coming down to the Convention with a gun to shoot Smallwood, don't have to have policemen to keep me out for fear I will come in with a gun, I don't have to be carried off to the hospital by the police and guarded night and day by the police.

MR. SPEAKER: As the honourable member pointed out that repetition.

MR. SMALLWOOD: Sir, when a man makes a speech he has ordinarily something to say, some people whom I know make speeches when they have nothing to say, just hash and rehash what he has said for a quarter of a century ad nauseam until it turns your stomach, cheap trash, nonsense, childish baby talk, but ordinarily when a man stands to make a speech he has something to say, a point is made, but sometimes it is only to be inferred from what the man says. I noticed on the part of two honourable gentlemen, the members for St. John's West repeatedly expressed their hope that this bond issue would be refused, repeatedly said by both of them, and as I have pointed out this afternoon, committed finally to paper to be very definitely and formally read out here this forenoon by the Honourable Leader of the Opposition and by him presumably a copy furnished to the radio and newspaper representatives making it official so that they know it is not the accidental statement of men carried away, besides themselves with rage or anger, but they were the deliberately chosen words expressing their hope that this bond issue would not be raised. Now, Sir, that is the theme, that is the motive, that is the point of their Opposition, that is the point they set out to accomplish to bring about, the failure of this bond issue to have Newfoundland's credit go plunging down. Now even a stupid jackass can understand that, that if Newfoundland floats a bond issue and it is refused Newfoundland's credit goes plunging down, a jackass knows that. What is it they are hoping for, Sir? If it were parliamentary, I would say that it was criminal treachery to

Newfoundland, if it were not parliamentary that is what I would say, a criminal treachery.

MR. HOLLETT: But you are allowed to say it that way?

MR. SMALLWOOD: Now, Sir, I think it is clear to all of us that that was the point they were trying to accomplish, the failure of the loan—if there was any point in their speeches. I suggest to this House and to the people of Newfoundland that all else they said was deliberate propaganda aimed at accomplishing that same point. In short not only do they hope that the bond issue will fail, but they set out to make it fail, a dastardly piece of treachery to Newfoundland, the most dastardly thing I have ever known a public man to do in this Island. I never thought I would live to see the day when Newfoundland public men would do such a thing, never thought—with all I know of the wretched character of some public men we have had in the past, almost bestial character of some public men, I never thought that I would live to see the day when men would stab Newfoundland in the back deliberately, consciously and purposefully.

MR. HOLLETT: I rise to a point of order, Mr. Speaker. I ask the Chair if a member of the House, merely expressing his opinion on certain matters can be described as dastardly, traitor?

MR. SMALLWOOD: To that point of order, Mr. Speaker (I am speaking to that point of order) I have not called the honourable member a dastardly traitor, I said their arguments and actions in this House are dastardly, base, bestial and treacherous to Newfoundland and a stab in the back. This is my interpretation of it and I

ask the House to follow my argument and the people of Newfoundland to follow it, I state the facts, I draw my inferences, and perhaps others will draw theirs.

MR. SPEAKER: The point at issue is taken on reading of a paper over the public news bulletins. The Speaker has no way of knowing if copies of the speech were delivered to the radio and the news reporters or not. All that I am in a position to say is, if such is the case, when an honourable member commits to paper and publishes on his own accord any part or whole of his speech then it is no further privileged. I would be powerless to rule on any comment regarding such action. However, I already ruled yesterday that the word "traitor" cannot be applied to any member of this House, neither can the word "dastardly." If the honourable member intends to apply these words to the persons themselves, they must be retracted if it describes the action of the reading of the paper. I do not know if such a paper was made public. Now, does the Premier accuse the honourable gentleman?

MR. SMALLWOOD: Mr. Speaker, I have not, at least since yesterday, called anyone on any side a traitor. Yesterday I called the junior member for St. John's West a traitor, I retracted that.

MR. HOLLETT: You used the word "treachery", what is the difference?

MR. SMALLWOOD: Mr. Speaker, the average man in Newfoundland cannot in all common sense, in all reason, be expected to follow the ins and outs of public finance. That is too much to expect, so, therefore, there does exist amongst our people

a certain lack of intimate grasp of our public finances. That is not to say anything against our people, because the same may be said of the people of the United Kingdom, of Canada as a whole, the United States of America, and most lands of the world, the general mass of the population do not possess an intimate grasp of public finances so when a member of the House of Assembly is quoted in the press and on the air as saying that Newfoundland is broke, that we are in a mess, a financial mess, that we are headed towards bankruptcy and degradation, when I say a member can be correctly quoted to that effect we are not surprised if the public wonders if there might be something in it. Now, Sir, let me say, and I ought to know, I happen to be head of the Government, which kills some people, it kills them, it just kills them, burns them up, they could slay me for it, but it is a fact, I am leader of the Government, the head of the Government, I do know what goes on in the Government, do know Newfoundland's public finances, and I say, and I choose my words carefully. This is not something thrown on as a bit of mad and silly propaganda, it is a statement carefully said, the words carefully chosen, I say that there is no Province of Canada, amongst the ten, whose public finances are so sound as those of Newfoundland, no province.

MR. HOLLETT: That is the way we want to keep them.

MR. SMALLWOOD: Now, let us look at it. The second year of confederation we had a surplus, we spent six hundred thousand dollars less than we took in, we had a surplus of six hundred thousand dollars our second year in power. The third year we

were in power we had another surplus of one million three hundred thousand. That is we spent a million three hundred thousand dollars less than we took in. This year, the fourth year, we have budgeted for another surplus. This time thanks to increased taxation, for six million three hundred thousand, that is five million dollars of a surplus more than last year, and we will reach it. At the same time, that is all on current account, that is the ordinary business of the Government running the hospitals, running the schools, keeping up the roads, all the hundred and one things that a Government carries on, that is the housekeeping of the Government, what we call current or ordinary expenditure. No province in Canada has bettered that record, no province. Now besides that we have eleven million dollars in the Bank of Canada, in the Royal Bank of Canada in Ottawa, to be exact ten million eight hundred and fifty thousand dollars, call it eleven millions, lying there drawing interest for us that we receive every year, lying there, I say, for a rainy day if one should ever come. I happened to be the one who suggested the creation of that very sum of money, I happened to be the one who suggested it when we negotiated the terms of confederation that one-third of our surplus should be placed on deposit in Ottawa to be spent only to meet current deficits from year to year. I am the one who arranged that, it was my idea. Now, we have that eleven million dollars there, we are not touching it, it is there safer than in the Bank of England, eleven million dollars just there paying us interest to be used only if we should have that rainy day. Now, that is a comforting thought for the people of Newfoundland, it is a reassuring fact

for bankers and bond houses that we have that eleven million dollars lying to our credit in the Bank of Canada paying interest each year.

Now, what is this statement that we have made away, I like the term made away, that could mean anything—that you robbed it, some people might mean the Government had robbed it. That statement was made in the people's house and then printed in the newspapers and broadcast on the radio—why, the average citizen will say, they robbed all the surplus, I heard it on the radio and read it in the papers. They made away, a beautiful choice of words with an exactness, a preciseness of a man who has a beautiful feeling for English “they made away with the surplus,” words used by an honourable gentleman, famous in Newfoundland for delicacy of language, his choice of English, every word which he utters means exactly what he intends it to mean, a master, one of the lords of the language for twenty-five years. “They made away with the surplus.” Now, how have we made away with the surplus? I think that the people of Newfoundland have a right through the press and the radio to know we made away with it, I would believe that the press and the radio has a clear-cut duty to the people of Newfoundland to tell them what the Premier said, and they fulfilled their duty in telling the people what the Leader of the Opposition said, they did that, amply and generously, and I assume they owe an equal duty to tell the people what the Leader of the majority party, the people put in power said on the same question. Here is what it is: That out of our total surplus of forty-five million dollars, some of which we earned ourselves, Sir, don't forget six hundred

thousand of which we earned and put in that surplus, the second year of Confederation; and one million three hundred thousand of which we earned and put in the surplus ourselves in the third year of Confederation, that is roughly two millions we put into it to begin with which brought it up to forty-five million. Now, how have we made away with it? We have invested eleven millions of it, not spent, invested, in three plants, cement mill, the gypsum plaster board mill, and the birch plant, and also in the shares we have bought in the Newfoundland and Labrador Corporation and one or two other things, eleven millions invested, not spent, but invested. Now, in Heaven's name do I have to explain, is there anyone so dumb, so stupid—Sir, it has been said that God can forgive any sin, but the sin of stupidity—eleven millions invested, six millions loaned. We have lent six million on interest, bearing interest, six millions to these new industries that we have been so successful in establishing, so successful, Sir, that across this great nation we are known as the most energetic and most progressive Government in the whole nation because of our phenomenal success. That turns the bowels of some people with jealousy and hate. Six millions we have loaned, bearing interest. We have eleven millions on deposit in Ottawa—that is twenty-eight millions. We still have twenty-eight millions of our forty-five. We still have that. What about the rest that we have made away with?

MS. HOLLETT: If you have it still, why borrow ten millions more?

MR. SMALLWOOD: Because it is tied up, even the honourable gentleman knows it, even he knows it, even he can grasp that; six millions loaned

to these various industries is loaned for a period of ten years, paying interest to us. We cannot grab it back, we have established these industries by lending money, half their needs, we supplied half, and we have got to stand by that. He knows also that nine millions of the eleven millions we have invested in the three plants. He knows also we tried to get it back by selling the plants to the Newfoundland and Labrador Corporation, and that is why we are here in this session today, because the Newfoundland and Labrador Corporation was unable to, failed to sell its bond, failed to completely and absolutely to sell its bonds, that is why we are here in this session. He knows we have eleven millions on deposit in Ottawa which we cannot touch unless we choose deliberately to create a deficit, and that we shall not do.

We can take that eleven millions from Ottawa any time we care to do it simply by spending more money on current account, put up the civil servants' salaries more than they are, put additional increases into effect in teachers' salaries, and God knows they need it, pay more than we are paying on road work, maintenance work. Oh, we could easily get that money back from Ottawa, very easily by spending more than we take in and have a deficit each year. We could just send a requisition to Ottawa and back it would come. That we are not doing, we are balancing our budget and instead of deficits we are having surpluses. Is not that sound? Is that not sound financing? Now, between the two wars, the end of world war one and up to a year or so before world war two, the Governments never did that, they were never able to do it, they did not have one solitary year, not one, they had a deficit every year,

they went out and borrowed the money every year without fail, for fourteen years they went out and borrowed money to pay the deficits. That was deficit financing, borrowing year by year to pay off their deficits year by year. That was their policy. That was unsound financing. Our policy is to have no deficits but to have surpluses instead and to tax the people to earn the surpluses and then spend the surpluses on hospitals, roads and schools. And I say, Sir, that with the exception of a few Tories in Newfoundland, a few bitter and implacable opponents of this administration of Her Majesty's Government, with the exception of a very few people in Newfoundland, the people of this Province regard it as right in this present prosperous times, so prosperous as to outrank anything we have ever known in all our history, in those prosperous times we should impose taxation on the people to earn surpluses to spend on hospitals, schools and roads for the people. That is exactly what the people would expect us to do in prosperous times. Now, if the times should cease to be prosperous, down would have to come the taxation, and the first that would be removed, is the taxation on food, that is the last to be imposed and it will be the first to go. The people, Sir, if I know them, understand them and I believe I do, I starved with them, I know what it is like, Sir. It is not something I have read in a book, but something I experienced in my own stomach, I know what it is like to be hungry. I have known what it was like for my children to be hungry in the town of Bonavista when I was organizing a fishermen's union in the depths of the dole days, when those fishermen of Bonavista and many other settlements whom I had

organized into a fishermen's union; with all the goodwill in the world towards me just did not have the wherewithal to pay me enough to live. What they had they gave and gave gladly. Every fall they would come down in their hundreds with their collection of potatoes, turnips and fire wood so that I had enough to give it to my neighbours even worse off than myself. That they did and gladly and generously, but money they had none, they starved, they rotted, it was unfashionable to speak of it, we got to pretend we Newfoundlanders were always prosperous, that the baby bonus and old age pensions were unwanted. Baby bonus! you got to have hate in your heart to say "baby bonus" as the honourable gentleman across can say it. You have to have a burning hatred against Confederation and the Government, to say "baby bonus" the way it comes out on the other side of the House. I say in this age of prosperity, family allowance, old age pensions, increased veterans' allowances, increased pay-rolls, unemployment insurance and all the other social security benefits that Canada has brought here, and thank God that she has, in this age of prosperity we tend to forget that Newfoundland has suffered, that people have suffered and have starved, and I starved with them. So, I believe, I do know our people, I believe I do. I travelled in eleven hundred of the thirteen hundred places there are in Newfoundland. If I know our people, Sir, their sentiment is this: Give us work, give us a chance to toil. Their ambitions don't rise very high, just a chance of a job of work, a chance to earn a half decent living for their children, themselves and their wives—just give us a chance of a job of work, and if we can have work, if we can

earn our living, tax us to get the money to build roads for us and hospitals for us and schools—that is their sentiment, the sentiment of our people and no cheap political talk can change it.

Now, Sir, just to summarize that one point: We have been told by the honourable Leader of the Opposition, as I say in his chosen English, his precise exactness of the Queen's English, that we have made away with the surplus. And I pointed out that we had forty-five million dollars of which we have eleven millions yet in Ottawa for a rainy day, we have lent six millions of it to industries and we have invested eleven millions, that is twenty-eight millions. That leaves seventeen millions, and that, Sir, we have spent on hospitals, no objections?—on schools—any objections? Is there anything wrong with that? Or are our people to be kept in ignorance, kept in the fishing boats in ignorance? To build roads, not all on the Avalon Peninsula, not all in the city of St. John's, but roads, Sir, where there were never roads built before, where never a road was built before. We have spent millions of dollars to build roads for people who never knew anything better than to stumble over rocks, roots and boulders, and their children to their knees in mud and bog to get to the little one-room school. Sir, we have spent millions of dollars to build roads. Seventeen millions altogether we have spent on hospitals, schools and roads. It, Sir, was well spent, it was well spent. It was well that we did it, we must do more of it. Newfoundland still has not enough hospitals, not enough schools, still has not enough roads. We will do more of it. Newfoundland still has not enough hospitals, still has not enough schools, still has

not enough roads. We will spend more on those things and earn it by taxing the people and earning a surplus each year and spending that surplus each year on current account as capital account expenditure on things that our people need. We will stand or fall by it and as long as the prosperity continues we will continue to tax the people more than we need to get from them for the ordinary purposes of Government and the difference, the surplus, we will spend on extraordinary needs of the people, hospitals, schools and roads. Now, if there is anything unconstitutional in that, why has not somebody told us. Not one word has been said in last session nor in this, not a word to advise us not to spend any more money on schools, roads and hospitals, not one word, not one syllable.

Now, Sir, my honourable friend the honourable member for St. John's East made one point to which I think I ought to reply. I don't know whether he is junior or senior, but he has a profession and sits in the front row.

MR. HIGGINS: I will settle for junior, Sir.

MR. SMALLWOOD: In reference to age, not in anything else.

The honourable junior member for St. John's East commented on Sir Wililam Stephenson. Now, like everything else he has said in this House this session and last session, this was said gentlemanly, politely, kindly, without vindictiveness, but he did say; we find that Sir William Stephenson has not lived up to his advance billing. Now, the English there is clear. When a circus is going around any place or a dramatic group they usually send an advance agent ahead in

each town to advertize the coming of these groups of performers and usually build up the group in very glowing terms to try and bring in a good attendance and draw attention to when they are to arrive. That is advance billing, advance advertising. So he said; we find that Sir William Stephenson did not live up to his advance billing and has been proved now not to be so good as we said he was. Now, Sir, I frankly feel unable to follow the honourable gentleman there. How does he go about testing that? What was his criterion? How does he judge Sir William Stephenson? Is he dealing with only one fact, namely, that the Newfoundland and Labrador Corporation failed to sell its bonds, that is the only thing

MR. HIGGINS : Yes.

MR. SMALLWOOD : Surely, if that is all, Sir William Stephenson's ability and value to Newfoundland are not to be judged from the mere fact that the Newfoundland and Labrador Corporation failed to sell its bonds. To begin with the Corporation was in existence, the Act creating it had passed this House, the directors had been appointed, they had met in the first meeting before Sir William Stephenson became chairman of the board, so he cannot be blamed obviously for the Corporation being such as it is, that is not his doing. Secondly, he could not be blamed for the failure of the Corporation to sell its bonds. The Corporation has failed and failed completely to sell its bonds. Of that, there is no doubt, else we would not be here in this session now. It is their failure to sell their bonds that brought this House together so that the Government could sell its bonds in place of the Corporation. The Corporation

failed to sell its bonds because it had no assets, it was not able to offer adequate or satisfactory security to the bondholders, to the bond buyers, it had no security to offer. I was just as much amused as many other members have been when yesterday the honourable junior member for St. John's West told the House something of the assets of the Corporation. I know his colleague sitting at his immediate left will enjoy this, my honourable and learned friend, the Leader of the Opposition and my honourable friend the member for Harbour Main-Bell Island, and my honourable friend, the member for Port de Grave and the two legal gentlemen here will enjoy it, and so will every other person, the rest of us just ordinary fellows. I could read from the copy right now.

MR. HOLLETT : I read it.

MR. SMALLWOOD : But there is no need, the honourable gentleman has saved us trouble and he says they can give us security for the ten million bond issue, the fact they have the right for ten years to go in and prospect and survey certain crown lands to find out if there is any minerals on them; pledge that, deliver that as security for a ten million dollar bond issue. That is so funny, that is so humorous, comical that it is of a part and piece with what the same honourable gentleman has done frequently in this House, having been an outpost magistrate without the benefit of legal training, but an outpost magistrate, outpost J.P. seems to wish to have the House accept him as a great constitutional authority, no that was in the National Convention they wanted to accept him as a great constitutional authority, but in this House we have legal authority. So he is able to read off sections of Bills

and has done it here hundreds of times already in the last session and once this time already, he rattles off a section and finds sometimes it is in the wrong Act, or other times it is the wrong section, other times the wrong clause, but he is a lawyer, an outpost magistrate. He has quoted for us the rights of the Corporation to prospect and survey and offers these rights of survey as security for a ten million dollar loan. Well, I don't think that will enlighten the people of Newfoundland much, it may add to the gaiety of the nation, but not to its enlightenment. He is really angry with me. Why should he be angry with me? I made him a Canadian, he should be proud of me, and should not be angry with me. He will get his old age pension when he is old.

Sir, don't blame Sir William Stephenson because the Corporation he did not create, failed to sell its bonds.

Now, here is a piece of news, we have had so many pieces of news in Newfoundland in late years, in late months, one on top of the other, but here is a piece of real news in Newfoundland. We have here in Newfoundland this year a number of great and famous companies brought here by Sir William Stephenson, that sounds like a catalogue of the mining great, the greatest concerns in mining in the world, brought here by Sir William Stephenson. Newport Sulpha, Reynolds Metals, Newport Sulpha, that is Whitney, Jock Whitney of the Whitney Family, who a few years ago gave Harvard forty millions to build a library, that is the kind of firms. Reynolds Metals, who is this year spending on an extension to one of their plants, to one of their many plants, five hundred million dollars, Ameri-

can Zinc, Lead and Smelting, one of the really great mining companies of United States, American Metals generally known as one of America's really great mining concerns, National Lead, New Jersey Zinc. Now, my honourable friend the junior member for St. John's East won't smile at that name, these names are familiar to him. Select Trust the greatest of all British Mining Combines of one hundred and fifty mining companies, they own around the world, the United States, Mexico, Central America, South America, the Continent of Europe, Asia and the African Continent, one hundred and fifty mining companies operating around the world by Select Trust, Aluminum Company of Canada, and finally Newmont Mining Corporation. Now, let us tell you a word or two about Newmont. Their man is due here with a geological engineer. There you have these really very great mining companies brought into Newfoundland by Sir William Stephenson through the Newfoundland and Labrador Corporation, of which he is the chairman of the board, to prospect in Newfoundland. Now, Sir, capable as this Government are, we are not able to guarantee that these ten great mining companies who have mining parties already scouring around in parts of this Island, and in Labrador, will in fact find minerals, that we cannot guarantee. But this we have done through Sir William Stephenson, we have brought here to Newfoundland this year these great concerns to search for minerals and if they don't find them, it may be for one of several reasons, that the minerals are not there, or they have no luck in finding them, they are the best kind of men to find them. Don't blame the Government, don't blame Sir William Stephenson, if these mining companies

whom he has interested in us from the United States, Belgium and England, to come to Newfoundland this year and search, if they fail to find minerals, don't blame him for that, nor this Government, put the blame somewhere else, where, I don't know now what could be the fault, but that, Sir, is a very great accomplishment. In addition we have American Smelting and Refining, Frobishers and Falconbridge, John Fox, who is spending this year five hundred thousand dollars in a search for oil. If he does not find it, it is too bad, but don't blame the Government or John Fox who is spending five hundred thousand dollars to find it, don't blame him if he does not, maybe it is not there. We hope and pray to the Good God it is there, and already a dozen oil companies have come flocking to Newfoundland asking for the right to drill and prospect for oil, but we are not giving them, we are waiting to see if Fox gets oil, and if he does, up goes the price, and not a dozen, but at least two hundred oil companies will come flocking into Newfoundland looking for concessions and the right to develop.

Now, Sir, we are proud of these things, we don't at all apologize for them, don't think there is any need to apologize, we are very proud of being the means of bringing these great concerns into this province. Sir, is not that the sort of thing that our people have yearned and ached for, for four and a half centuries, is it not exactly what we have all wanted. And who did it? Who did it? Who did it all? Of all the Governments of the past who did it? This one. This incompetent Government, we did it, and we will bring more, we will bring many more, we will have every square mile of Newfoundland and Labrador

scoured for minerals because we believe in Newfoundland, we proved it by our actions not just talk and propaganda, we proved it.

We proved that we have faith in Newfoundland, proved it in action, not talk, propaganda, and when this House closes whenever it closes, we go back again into harness, not talk, not propaganda but work, hard work, we know how to work and like it, revel in it if it is for Newfoundland, and we will work even harder than we have done to bring Confederation upon the people of this Island and our great neighbouring area of Labrador, we are working just as hard now and harder for economic development as we worked for Confederation. But are we helped by the Opposition, no we are not, all they have done is try to cast doubt on the cement mill, it is falling apart, the money spent on the birch plant is down the drain, the cotton textile mill is next to a cemetery where it will be buried, these wildcat schemes. That is the help we have had from the Opposition, Sir. I wonder if it would be attributing a too worthy a motive to them, to say they hope all these industries will fail? Could a Newfoundlander sink that low to hope for the failure, a Newfoundlander who does everything he can to blacken and destroy the success for these industries would not have to go very much further to hope for them to fail and then hoping for their failure would not need to go very much further to go actively about producing their failure.

Mr. Speaker, once in this House I gave something in the nature of a homily on the power of enthusiasm. Several people have been kind enough to say that it was a creditable effort on my part. I cited examples in our

own Newfoundland history of great things accomplished by the power of human enthusiasm, and I described it as, under God, the greatest of all forces in this world. Sir, there is another great force without which a country or any land is poor indeed, and that is the power of faith and confidence, optimism. Someone here yesterday referred just in passing to the building of the railway across the Island of Newfoundland. That railway was begun from St. John's to Harbour Grace I think in either 1889 or 1894, and it was followed shortly after by the building of the railway across this Island from St. John's to Port aux Basques. The population of Newfoundland at that time was something under two hundred thousand souls, the revenue of the Government each year was something under two million dollars, the economy of Newfoundland was as weak as water; we had no Bell Island, we had no Grand Falls, no Buchans, no Bishop's Falls, no Millertown, no Deer Lake, no Corner Brook, we had no great military bases at St. John's, Argentia, Stephenville, or Gander, we had no vast defense works going on anywhere in Newfoundland or on Labrador, we had no industries, apart from the fishery, except a bare handful of local factories in the city of St. John's all of them nearly without exception started under the sheltering protection of subsidies given by the Government of these days, and very special concessions, for example: tariff protection and certain other concessions. Newfoundland then with a handful of people, with no industries, with only the old salt codfishery, nevertheless was extremely fortunate in having a liberal government under the Right Honourable Sir William Whiteway whose painting is the second from the left on the bottom row,

who had great faith in Newfoundland, great faith in the possibilities of winning a better living for the people of Newfoundland, and with as daring a policy, and boldness unsurpassed before or since, set out on a policy, and what a policy, a maniacal policy of building a railway across this Island which had not one solitary settlement of white men out of sight and sound of the Atlantic Ocean, and otherwise an uninhabited Island and across it they built that double line of iron tracks. Now these men had confidence, almost incredible faith in Newfoundland and they went in debt fifty million dollars to do it. And we are told today by the honourable Leader of the Opposition that in Newfoundland today 1952, where there is almost incredible prosperity, with its richness of economy compared with then, it is bad to borrow ten million dollars for economic development, in the light of the fact that we have ten million dollars in Ottawa for a rainy day, that we have surplus budgeting, that it is madness to borrow ten million dollars cash for economic development.

In 1908 Newfoundland was so fortunate as to have a Liberal Government under the great, Right Honourable Sir Robert Bond, the second in that top row of paintings. How they criticized him, how they crucified him, they even kicked him over the wharf in Western Bay, kicked him over the stage head, Sir Robert Bond the greatest Newfoundland patriot, statesman. How they criticized him, how the Tories of Newfoundland lacerated him. If you take the newspapers of that year 1908 you could scarcely believe your eyes at what was said and printed about Sir Robert Bond and his policy of starting the great paper mill at Gand Falls. Nothing that the

present Opposition are capable of saying, and they have said all they are capable of saying, I give them full credit for that, but nothing they are capable of saying is even a patch on what they said about Bond. They said he was a madman, said Whiteway was a maniac and so is Smallwood, in the same way exactly, he has the same maniacal faith in Newfoundland as Whiteway had, Bond had, Squires had, the same maniacal devotion to the advancement of our people. Go down, any gentleman and study the files in the public library and read the file of the daily papers of that day, the reports of public meetings called to eject Bond from office, he was not fit to be Premier, was selling out Newfoundland, giving it away, and I am sure they said he was giving it away to a foreign corporation, this Northcliffe, giving it away and he should be shot, hanged, hanging was too good for him, the great Sir Robert Bond, so the Tories said of his programme to build that paper mill at Grand Falls, maniacal madness, so the Tories said. But he built it, he carried out his faith in the possibility of giving the Newfoundland people a better living, carried it out and put it into operation.

Now, we come down to 1923, and again Newfoundland is fortunate enough to have a Liberal Government, under the great Sir Richard Squires, whose portrait in yonder gallery is at the corner. How he would love to be alive today, with his faith in Newfoundland, with the opportunities there are now that there were not then, for a man of action and courage, and a man of faith and enthusiasm such as he was. I knew him well, very closely, very intimately. I was with him when they mobbed him here in this building, and I know who

lead the mob, and who incited and instigated it, and would like to do it today, but have not the guts, up against something even tougher than then. I have seen them crucify him, they crucified him, they broke him, yes, they broke him, his heart and his spirit and finally his mind. They broke him because he was mistaken in one regard. He sat in this House and let them ballyrag him, the men that try now to ballyrag me, the present Leader of the Opposition who stuck that dagger into the hilt, he did, the Honourable Leader of the Opposition knifed Squires and brought about his downfall, but he can't bring about mine, he can't bring about mine. I have too much on him, too much. Let him try it, and that will be the fight that will be remembered in Newfoundland, that is the one the poets will tell about a hundred years from now, any time the honourable gentleman likes to take it on.

MR. SPEAKER: The Honourable Premier must not make that charge across the floor.

MR. SMALLWOOD: No, I know it is useless—and unparliamentary anyhow.

MR. SPEAKER: The honourable member is unparliamentary now.

MR. SMALLWOOD: Squires who built that great Humber Industry, and in a little Island of two hundred and forty-two thousand souls guaranteed principal and interest on a second mortgage bond issue of ten million dollars to get that mill started. They said he was a madman, a maniac. Read the paper of that day! There was no radio in those days but read the papers of 1923 and what they said about Squires and the Humber deal.

Now, these are facts in our Newfoundland Story. Always it has been Liberals who believed in and brought economic development, always it has been the blood and guts of Liberals, the heart and soul and the mind of it was Liberal, economic development is liberalism, and toryism has always opposed it. The Opposition varies from time to time, their tactics vary from time to time but they have always opposed it, and their tactics now are to damage, blast and condemn and throw doubt on these industries, that is their present tactics. At other times they call meetings. I charge the Opposition now to call a public meeting and try to get a representative public meeting to condemn our economic development policy—I dare them to do it, but they won't do it, they won't do it. That used to be one of their tactics, but our people today are more informed, better informed than they were then, and they are not so quickly nor so easily deceived as they used to be. Always toryism has stood against the progress of Newfoundland, they have been against education, they have been against hospitals, they have been against economic development, right down through our history since 1832, and they still are, still are. But, Sir, we have a philosophy in this party, we will not readily alter our philosophy we have, and though idealists we are also realists, we have to be practical, we must win elections and having won, we must prevent the Opposition from smashing us up. That was always their game, as soon as an election was over, they set out to smash the Government that had trimmed them, not wait for another election, oh not try to do it in the House. Now, the old method was to invite members to cross the floor. That was a

very crude way, and alas there were members on the Government side, because they were malcontent, could be bought and it was not always cash that bought them, it was not always hard cash that bought them. There is one honourable gentleman in this House today who has been in public life for twenty-five years, as I called him this morning, "Sinbad the Sailor," "The Old Man of the Sea," who will do anything for the people of Newfoundland save get off their backs, the only remnant left of the bad old politicians, of the days gone by, the only remnant, the stormy petrel, the wrecker, who still is trying to wreck Governments. That honourable gentleman was in two Governments and left both and crossed the floor, of course he was right and the Governments were wrong, there is always justice on his side, always his own conduct was clean, always his own actions were pure, it was the others who were wrong and rascals, he always was lily white, always guiltless, and he always accused others of graft, of being stupid and incompetent and he a magnificent judge, on his own record, of Governments, but he was only in two Governments each of which he smashed. But he won't smash this one, because I have a weapon and it is not a gun. I don't ring the chairman of the National Convention and tell him I am coming with a gun to shoot Smallwood, nor am I scared by such threats, but I have a weapon, and my weapon is this: Any time it happens that there is a break-up—it won't happen, but if it should happen, I go immediately back to the people. That is my weapon, if the Government were to fall now, I would go immediately back to His Honour the Lieutenant-Governor, the Queen's Representative and would say; "Your

Honour, I advise an immediate dissolution" and I would appeal to the people in a new election, and then see what would happen, and we would find out whom the people trust, the wrecker, the scavenger, who have battered and fattened when they could on the body of Newfoundland, or the men who fought and still fight for the welfare of the common man in Newfoundland. Oh! the newspapers may not help me, even the radio stations may not help me much. I know they did not when we won Confederation. As Leader of the Confederate Party, I had very little help from the radio or the newspapers, and very little in the last general election and may have very little in the next. But we won, we have the habit of winning because the people although they may still find it a little difficult to understand some of the things we do, particularly when those things are twisted and distorted by unscrupulous opponents, nevertheless, they know in their hearts who is ready to fight for the common man, not the professional politicians, but the ordinary people of Newfoundland, they know in their very blood, in their hearts, in their minds what party and what men are spending to build Newfoundland, they know it. They know, and they may catch us in mistakes, and they will undoubtedly, we make mistakes, have made them and will make more but they will be well intentioned mistakes, they will be mistakes made in the interest of building Newfoundland.

Now, the plot has failed—let me inform the House now of a plot. I am not the person who usually talks plots, that is usually the honourable Leader of the Opposition, the plot gentleman, the plot merchant, the surveyor of plots all through the days of the National Convention when there were

dozens of them—a plot to railroad us into Confederation, right in the midst of the last world war when the world had its back to the wall, Roosevelt, Churchill and McKenzie King in 1941, I think, met in the city of Quebec and there plotted, in the midst of that war, to make Newfoundland a Province of Canada. I know that to be so. We have heard it from the Honourable Leader of the Opposition, he told us so, therefore, we know it, the merchant of plots. So it is not I who usually tells about plots, but now I am going to tell you about a plot: Recently it became known here in St. John's that the Newfoundland and Labrador Corporation had failed completely to float the bond issue, and at once, at once, certain people in this city, who are not amongst my admirers or supporters to say the least, are not my most ardent admirers, said: "We got them now—we got them—out he goes." What did they mean by that? Out where? Out of what? Out of the premiership. Now how to do that? Well the way became known at once, they imagined, they thought that when it became known that the House of Assembly was to be called together, now I except certain gentlemen present today from it, and I do exclude people who are not in this Chamber today, they talked about smashing the Government. Now that is old stuff, very very old, new nowadays, but old in the old days, it was commonplace to smash the Government. "Get Smallwood out." Not an easy man to get out. I suppose that sort of dawned on them after a while, and if it had not before it has now, and the principal means was the document read here this morning by the honourable Leader of the Opposition. I would not be surprised if the honourable

gentleman has sent that to newspapers across Canada, I doubt if he would depend on merely handing it to the local press, I imagine he has taken steps to see that damaging statement of his, who wrote it I don't know, all I know is that he read it, I imagine he did not content himself merely passing it to them, I imagine the plot is to be rounded out to make a complete and effective plot, that they would not content themselves, that they would take steps to see it was put on the CBC and appear in the newspapers across Canada today. Well, it will fail, because the four banks who are going to handle this bond issue, and some of the nineteen bond houses in Canada are, it just so happens, are aware of the background of the honourable gentleman who read that statement in the House today, not the average Canadian citizen, he would not be so well advised but these four banks who have representatives here locally, and the story has become fairly well known of twenty-five years of wrecking, of twenty-five years of the stormy petrel's life and existence in this Government and out of it—today Liberal, tomorrow Independent, then Tory, Liberal, and Tory again, well known now by most people in Newfoundland—a lot of people like him, the kind of man who comes to the House here expecting a sort of entertainment which does not come out of his own immediate pocket, the minute he hears the stormy petrel is to make a speech, down he flocks to hear. The fun that honourable gentleman had in the old days when he never dreamed of making a speech except on Wednesday afternoon when the galleries were filled—the plot that failed.

I forecast now (1) this Bill will pass, (2) that it will get the Royal Assent, (3) that these four banks and nineteen

bond houses will float this issue, (4) that within a week or so after they have done so it will be quoted over par, and (5) that thereby Newfoundland's credit will be given a fair start, the first time in our lives we have been on the market for a good many years, outside Newfoundland itself, that our great drive for economic development will take on new life and spirit and that Newfoundland will go ahead uninterrupted, Sir, Newfoundland will go ahead because of Liberalism instead of Toryism—Newfoundland is on the march.

HON. G. J. POWER (Minister of Finance): Mr. Speaker, I would like to move the adjournment of the debate.

Motion carried.

Second reading of Bill, "An Act to Amend the Revenue and Audit Act, 1951."

HON. L. R. CURTIS (Attorney General): Mr. Speaker, I beg to move the second reading of this Bill. Honourable gentlemen may not be aware, and it would be quite excusable if they were not, that the raising of a loan comes under the Revenue and Audit Act. There was such an Act in the Consolidated Statutes, and that Act continued in force until 1951, when with the introduction of new methods of bookkeeping, and the keeping of accounts, it was deemed advisable to revise the Audit Act then existing. A new Audit Act was passed in 1951 and it forms No. 96 of the Acts of that year. Part 4 deals entirely with the making of debts themselves, management and raising of loans. Section 20 of that Act which is the first section in paragraph 4 provides that the Lieutenant-Governor in Council may make regulations as to

debt management and payments of interest, and provides at the end of the section that the interest and the sums necessary to provide the sinking fund referred to shall be payable out of the consolidated revenue fund. The effect of that is, Mr. Speaker, that every year the money to pay interest and to pay the sinking fund does not have to be voted, it is payable under the revenue, there is no quarrel with that.

Now, section 2 of the Revenue and Audit Act provides for the methods of raising loans, and it is this section that it is thought desirable to amend, not only, Mr. Speaker, for the sake of the loan Bill which is about to be introduced, but in order to set the record straight before we proceed with such loans in the future, not that we are contemplating any such loans, but now if we are issuing a loan it is just as well at the outset to have the pattern set. The effect of this amendment of section 2 of the Bill provides that section 2 (1) is amended by striking out the full stop and substituting therefor, a comma and adding to the said sub-section the following: "and the annual contributions to the sinking fund shall be charged on and paid out of the Consolidated Revenue Fund." That, Mr. Speaker, is a simple amendment which can be explained easily and understood easily, when I quote the section to which the amendment is being made. The sub-section is further amended by inserting therein immediately after sub-section (4) the following as sub-section (4A):

"Subject to the approval of the Lieutenant-Governor in Council, any securities issued in respect of a loan may contain provisions for the redemption at the option of the province be-

fore maturity of all or any of the said securities either with or without premium and any such premium shall be charged on and paid out of the Consolidated Revenue Fund." The amendment goes on to annual contributions to the sinking fund charged on and paid out of Consolidated Revenue.

The next amendment, Mr. Speaker, is the same as the first amendment. By inserting therein immediately after Section 24, the following as section 24A; "In the event of loss or destruction of any bond or debenture or interest coupon pertaining thereto, the Minister may, with the approval of the Lieutenant-Governor in Council, pay the amount thereof out of the Consolidated Revenue Fund and may take a bond in such amount and in such form as he may deem advisable to indemnify the province against loss in respect of such payment." Section 4 amends Section 33 of this said Act and repeals the section and substitutes the following therefor: "33—when any bond, debenture, stock, exchequer Bill, treasury Bill or treasury note or any other security whatsoever, is issued or guaranteed by the province, the Lieutenant-Governor in Council may by Order direct (a) That the security or guarantee be executed in the manner by the person designated in the Order; and (b) that one of the signatures on the securities and the signature on the coupons, if any, attached to the securities be lithographed or otherwise mechanically reproduced."

The whole section 21 deals with methods of raising loans and section No. 2 deals with the sale price of bonds, sub-section 3, the provision of a sinking fund, sub-section 4 investment of sinking fund, sub-section 5 currency, but between Section 4 and

Section 5 we propose that sub-section 4A be written in, which will provide, subject to the approval of the Lieutenant-Governor in Council any certificate in respect of loans may contain provisions for redemption at the option of the province before maturity of all or any part of the said securities with or without premium and any such premium shall be charged on and paid out of the Consolidated Revenue Fund. The object of this section, Mr. Speaker, is to enable the Government when issuing bonds to insert in the Bond a provision which will authorize the Government to call the bond some time before maturity perhaps two, three or four years before maturity and pay a premium. As the honourable members will realize, there are times when the money market gets slippery and at such times those corporations and Governments who have bonds which are callable, call in the bonds and issue new ones at a lower rate of interest and thereby save money. We are hoping that in any issue of bonds we may make we will succeed in having such a clause which will enable the province at its option to redeem the bonds before maturity if such a move is considered an advantage.

Now the next amendment is the new subsection to be added to the same section No. 21 consisting at the present time of ten sub-sections. I have read the first five sub-sections. Section 7 deals with an annual report to this House of the Minister of Finance. Sub-sections 8 and 9 deals with repayment of securities by new issues and sub-section 10 deals with application of repaying issues. Now it is proposed, Mr. Speaker, to write another sub-section No. 11 and this sub-section is drafted and reads as follows:

"(11) If any statute of Newfoundland giving authority to raise money by way of loan prescribes the rate of interest or maximum rate of interest on the loan such rate of interest or maximum of interest shall be deemed to be the rate of interest to be stated or the maximum rate of interest which may be stated in the securities to be issued notwithstanding that the securities issued are sold for less or more than the par value thereof."

In other words, Mr. Speaker, put in legal terms the positions are, that if a bond issue carries, let us say for argument's sake, 3% or a maximum rate of interest of three per cent, that three per cent means three per cent on one hundred dollars, but technical lawyers in Montreal inform us that if an issue of that kind should be sold for ninety-nine that rate of interest, three per cent, mentioned in the Act, means the interest rate on ninety-nine which will mean the proceeds of the bonds will be a little over three per cent and might be a technical breach of the Act.

In selling a bond issue at any amount at all under par that if the maximum rate of interest fixed by the legislation is say three per cent, and if the bond is sold say at ninety-nine and a half, technically the rate of interest is more than three per cent. So for that reason this amendment is brought in only to provide that the interest rate shall be the stated rate and not the fixed rate which will vary of course according to the actual price paid on the sale of the bond.

Then there is a new section 24A which is a nominal section which, I am surprised was not already in the Revenue Act. It provides merely for replacing of a lost bond. At the present time I don't know what would

happen if you, Mr. Speaker, had some money invested in Government bonds and lost the certificate. Perhaps because you are in a unique position you might be able to be helped out, but there is no legislation in the matter. Of course, in that case, the matter would have to be dealt with by the Lieutenant-Governor in Council. This section now proposes that in the event of the loss or destruction of any bond or debenture or interest coupon pertaining thereto, the Minister may, with the approval of the Lieutenant-Governor in Council pay the amount thereof out of the Consolidated Revenue Fund, and may take a bond in such amount and in such form as he may deem advisable to indemnify the province against loss in respect of such payment. I don't think, Mr. Speaker, there will be any objection on the part of the House in respect of this provision which is simply a provision to protect any person who should have a bond and who can prove that the bond was burned or destroyed or in any event could not be presented for payment.

Now, the next amendment is to section 33 of the Act, and that amendment too is most desirable, Mr. Speaker. Now, it is difficult to interpret just what the position would be in the event mentioned in sub-section (a) as to the absence of either the Minister or Deputy-Minister of Finance. If any bonds are issued they will be signed presumably in Ottawa or Montreal, that section is difficult to interpret—does the section mean "absent from Newfoundland"? Does it mean "Absent from Montreal?" Now that may lead to the interpretation that the Deputy Minister of Finance has not only to manually, physically sign every bond, but might be obligated to sign every coupon, which is a

labour which no Deputy Minister would want. So that this amendment is proposed. In other words, every bond will have to be manually signed on its face by some official named by the Governor in Council, it may be the Minister, it may be the Deputy Minister, but one or the other must manually sign every bond, every bond must be signed by two people, but every other signature on the bond and on the coupons may be lithographed or otherwise mechanically reproduced, and the last clause of the Bill states that the Bill shall be deemed to have come into force on the 22nd day of June, 1951, which is the date of the original Act, which has never been used in the meantime.

I think I have made the situation quite clear. Practically all the amendments bring the Act in line with other provincial Acts and dominions Acts respecting loans. I have pleasure, Mr. Speaker, in moving second reading.

MR. HOLLETT: There is just one point, Mr. Speaker, I would like to refer to sub-section 2 of section 2 where it said, subject to the approval of the Lieutenant-Governor in Council. I am just wondering what effect that might have upon the purchasing of these bonds on Government bonds purchased by people who want to make some provision for their old age or want to invest some surplus cash, if that bond may be called any time by the Government.

MR. SPEAKER: That could be explained in the committee stage.

MR. CURTIS: If the House is ready for the question, Mr. Speaker, and there are no other speakers, I could close the debate by answering my honourable friend.

I might say in the first place that this is a clause which emerged after some discussion I had last week in Montreal with counsel for the underwriters, and I don't think I am giving away any secrets when I say it is the proposal this time to put through a bond issue for twelve years, payable at the end of ten years at par. In other words, though a twelve year loan, it could be redeemable at the option of the province at the end of ten years.

MR. HIGGINS: Irrespective of what it might be at that time, in other words the position may arrive where it may be worth more or less at the end of ten years.

MR. CURTIS: Of course at the end of ten years, it may be redeemable at par, but it is actually due at the end of twelve years. In other words, if at the end of ten years, we see the market is good, we can take out a new bond issue and save the additional rate, but it is not contemplated, as the honourable the junior member for St. John's East is aware, nobody would invest money and have it callable at the end of five years, they would want a certain length of time, and the underwriters feel that by having it callable at the end of ten years, it will not effect the price or the attractiveness of the bonds. However, as my honourable friend the junior member for St. John's East says, if the bond is salable in the market at less than par the Government would not redeem it at par, but would only redeem it if it were an advantage to the country to do so.

Bill read a second time.

MR. CURTIS: Mr. Speaker, I wonder if the House would be willing to go into Committee of the Whole on

Bill now with no intention of rushing it, I don't want to be accused of rushing it, but if there is no objection, if we had the unanimous consent of the House, only on that condition.

Leave granted.

Committee of the Whole on Bill, "An Act to Amend the Revenue and Audit Act, 1951."

Bill read by clerk, passed without amendments.

MR. CURTIS: I think instead of rising and reporting having passed the Bill, we should report progress and ask leave to sit again, so that we may go through the formal stage of reporting it tomorrow.

MR. COURAGE: Mr. Speaker, the Committee of the Whole have considered the matter to them referred, have made progress and asks leave to sit again tomorrow.

MR. SMALLWOOD: Mr. Speaker, I ask leave to introduce a Bill, "An Act to Repeal the Newfoundland and Labrador Corporation, Limited Guarantee Act, 1952." Bill read a first time, ordered read a second time.

MR. SMALLWOOD: Mr. Speaker, there is not much contentions in this Bill, and the House might be agreeable to give it second reading now. I move second reading of this Bill.

Bill read a second time, ordered referred to a Committee of the Whole now.

Committee of the Whole on Bill, "An Act to Repeal the Newfoundland and Labrador Corporation, Limited, Guarantee Act, 1952."

MR. HOLLETT: One thing before going on: Has this Bill any re-

lationship whatsoever, with the Newfoundland and Labrador Corporation Act, one section of which gives the Corporation the authority to borrow money and states emphatically that the Lieutenant-Governor in Council has the power to guarantee such loans?

Does the Newfoundland and Labrador Corporation still have the power to go out and borrow ten million dollars under that Act and has the Government the right to guarantee it? I can see you are doing absolutely nothing by repealing this Act when that section is left in the original Act giving the authority which is given here.

MR. SMALLWOOD: I don't think so.

MR. HOLLETT: It gives it authority in that Act to borrow ten million dollars and the Lieutenant-Governor in Council is given authority under that Act to guarantee it up to ten million dollars as to principal and interest. I do not think for a minute the Newfoundland and Labrador Corporation are going out to do that, but I thought I would draw it to the attention of the Attorney General.

MR. CURTIS: I would like to say that in section 37 of the Act, it says the Government of Newfoundland is empowered from time to time, and at any time upon request of the Corporation and with the approval of the Legislature, therefore, I would suggest to my honourable friend that the Governor in Council could not guarantee any such issue of ten million dollars when this Act is once repealed without the approval of the Legislature.

The Committee sat and reports having passed the Bill without amendments. Ordered read a third time tomorrow.

MR. SPEAKER: It being now six o'clock the House will recess until 8:00 of the clock.

THURSDAY, July 3, 1952.

NIGHT SESSION

The House resumed at 8:00 of the clock.

MR. SMALLWOOD: Mr. Speaker, I move the House into Committee of the Whole, to consider certain resolutions in relation to the raising of a loan for certain purposes.

Mr. Chairman, I have a message from His Honour, the Administrator, which I shall read:

"I, the Administrator of the Government of the Province of Newfoundland having been made acquainted with the subject matter of these resolutions relating to the raising of a loan on the credit of the Province in a sum not exceeding \$10,000,000 recommend them to the consideration of the House of Assembly."

(Sgd.) A. J. WALSH.

Dated July 2, 1952.

Administrator of the Government
of the Province of Newfoundland.

Mr. Chairman, about the resolutions themselves, I need not perhaps have much to say, but there are one or two things I should say, I think, by way of information and explanation to the House, and through the House to the people. The resolutions read very briefly and as follows: (1) That the Lieutenant-Governor in Council be authorized to raise a loan upon the credit of the Province in a sum not exceeding ten million (\$10,000,000) dollars. (2) That a Bill be introduced to give effect to these resolutions.

Now the Bill is equally short and reads as follows:

(1) This Act may be cited as the Loan Act, 1952.

(2) For the purpose of reimbursing the Consolidated Revenue Fund for expenditures made for the economic development of the Province the Lieutenant-Governor in Council is hereby authorized to raise by way of loan upon the Credit of the Province a sum not exceeding ten million (\$10,000,000) dollars bearing interest at a rate not exceeding four and three-quarters per centum ($4\frac{3}{4}\%$) per annum.

Now about the loan, the terms of the loan I have this to say; first, that is a twelve year sinking debenture; the rate of interest is $4\frac{3}{4}\%$. The rate is rather high and there are two reasons for that: one is that interest rates have been rising steadily in recent months, and I fear will continue to rise. The latest intelligence is that even the bank rate is likely to be raised, and secondly, because Newfoundland has not been on the bond market for many years, outside Newfoundland, and indeed not having floated a bond for quite some years, 1931 or 1932, except bonds floated here within Newfoundland during the war by the Commission of Government and the War Saving Certificates, I say, Newfoundland not having been on the financial market for so many years, it possesses no credit standing whatever, or credit rating which is accomplished only by being on the market and if one does not, in fact, go on the market, one does not and one cannot establish a credit rating. So, because of these two things, one that interest rates have been rising steadily and two, because Newfoundland has no credit rating—I am not

now referring to Newfoundland's credit, Newfoundland's reputation, Newfoundland's name, but only to the technical credit rating, the rate in this Bill for this particular loan is somewhat high.

The issue is to sell at ninety-eight and a half, which is one and a half per cent discount, the commission is I think, one and a quarter per cent, that is to say the underwriters commission will cost us \$125,000 on the ten million, that is to say the four banks and the nineteen bond houses will share the sum of one hundred and twenty-five thousand dollars for their labour and their services in floating the issue. The bond issue, as I say, is a sinking fund bond. That is to say it will be secured by a sinking fund to be accumulated by the Government from year to year. That is a practice introduced, I believe, for the first time in Newfoundland's history by the late Commission of Government. Before that, I think, there were no sinking funds attached to any borrowing by Newfoundland. But the Commission of Government, I think, very wisely introduced that feature which has become quite commonplace throughout the world. The exact rate of the sinking fund has not been determined, perhaps two per cent per year or perhaps three, it would certainly not be sufficient to retire the issue automatically twelve years later, but then no sinking fund is ever large enough to retire the principal amount in so short a period of time.

The whole of the ten million dollars may or may not be sold at once. We are inclined at this moment to sell actually only approximately five million dollars of the issue and to sell part if not all of the remaining five millions over a period of time in the

remaining months of this financial year, as and when the actual amounts are required, that of course, being for the purpose of saving interest on the money that we might not need in the immediate future.

Now, the purposes that we have in mind for this total amount of ten million dollars are as follows, and perhaps honourable members would be interested enough to write it down—the figures and purpose for which reason I will read the items and the amounts quite slowly: These are the purposes we have in mind, all of them I may say at the outset, economic in character. None of this money will be used for any purpose other than purely economic purposes, none of it will be used for roads, schools, hospitals, that is coming, as I have stated today, out of the surplus that we earn on current account in the current year. (1) Economic Development Loan Boards and this is a re-vote, this was voted last year, but not spent by the Industrial Development Loan Boards, \$75,000—Farmers' Loans \$40,000. Now, as to Farmers' Loans, I might explain in passing these are made to farmers whose applications are approved by the Deputy Minister of Mines and Resources, for land clearance and development of the land, that is to say, removing all the rocks and stumps from the land, liming and fertilizing the land and seeding and possibly livestock as well. It is a small amount of \$40,000 and I think it is all that will be needed in the current year and will cover adequately the number of farmers likely to apply. Airborne Magnometer Mineral Surveys \$20,000. Fur Farm Development \$27,000, Cement Mill and Gypsum Mill \$255,000. That is the remainder of the working capital of these two enterprises broken down

as follows: Cement Mill \$64,000 due to be paid them as the balance of the working capital agreed to be advanced to them. Gypsum Plaster Plant \$192,000 due them on their amount. \$255,000 for additional capital over and above what has been paid them to complete the amount we undertook to advance them. The Birch Plant \$500,000 additional working capital in pursuance of the revised agreement which was outlined I think, yesterday, between the Government and Mr. Chester Dawe under which an agreement more advantageous to the Province had been agreed upon between the two. Then follows several items which will be found in the estimates which have been passed by the House of Assembly in the last session some weeks ago. Fur Dressing and Dying Plant \$750,000. That is a loan to be made to them. The Tannery at Carbonear \$130,000 that is also the balance of the original loan we agreed to make to the Tannery. The Machinery Plant \$1,250,000 that is the balance of the two and a half million dollars which we undertook to supply being half the total investment in that five million dollar plant. I think from this \$1,250,000 mentioned here, there will be two or three hundred thousand dollars, mentioned here today or yesterday by the honourable Minister of Finance in reply to a question. Now, the cotton textile mill \$2,000,000—The Chip-Board Mill \$500,000. Now, in respect to that amount I have something very interesting to say to the House. The Committee will remember that when we brought this Bill before the House last session to advance or guarantee this amount to this new industry for the manufacture of chip-board, the amount was \$575,000 not \$500,000. The Committee will recall that at that

time I pointed out that the promoters and owners of this chip-board industry, the Atlantic Hardwoods or Hardboards Limited were quite perturbed and not a little angry at the tenders they had gotten for the erection of their factory building here in Newfoundland, the two lowest tenders were \$200,000 and \$175,000 and they said the lower of these two was outrageously high and they were quite adamant in their statement they did not want to pay \$175,000 for the building of the factory, and they suggested that they could get that factory building constructed in Switzerland, prefabricated and shipped out here at much less than that. They said they could get it done and the whole building erected and ready for use for not more than one hundred thousand dollars and save \$75,000, no, Mr. Chairman, excuse me, it was not \$175,000 and they held they could save \$70,000 by having it constructed in Switzerland, shipped over here and assembled, do the whole thing for one hundred thousand dollars, and we undertook, the Bill was passed here in the last session, if they could do it, to allow them to save \$70,000 to ship to Switzerland the dollars, the actual cost of the building in Switzerland. Now, there was some discussion of the matter here in the House and the feeling was expressed that it was crazy, could not be done, impossible, could not construct a factory building on the Continent of Europe, ship it all the way over here and save money. Well, the Committee will be most interested, I am sure, to hear what in fact happened. They have had the factory built, constructed in Switzerland and it is due to arrive in Newfoundland shortly and here is what it will have cost, constructing it in Switzerland, moving it by railway from

Switzerland to Rotterdam in Holland, the scaport of Rotterdam in Holland well known to us in Newfoundland because many millions of tons of iron ore have gone there from Bell Island; their ocean freight from Rotterdam to St. John's, the freight and insurance on it, the Government of Canada's customs, import duty of 25%, and then trucking it in from the wharf in St. John's to the site in at the place where the factory is to be built or assembled, just bringing the factory building to the site itself, all that cost sixty thousand dollars, all of that sixty thousand dollars, now that left forty thousand with which to excavate the site to pour concrete walls and to pour concrete slabs and for them to assemble the building and have it ready for use, that left them forty thousand, and they have in fact agreed to get it done for a sum that will make the whole thing cost eighty-five thousand dollars, ready for use, compared with \$175,000 which is a saving of eighty-five thousand dollars, or half the cost. That is why, as I have said, this pressboard mill amount has been reduced from five hundred and seventy-five thousand dollars to five hundred thousand dollars—The Optical Plant \$150,000, Asbestos Mine and Mill \$250,000—now a word on that: The Committee is aware that the Government invested \$75,000 some time back in the shares of this Asbestos Company in Port au Port Bay at Bluff Head. The Government bought \$75,000 of that Company's shares, preferred, convertible, redeemable shares. That was to provide money to that Company to have engineers go in there and prove the belief that it was a sizable and profitable deposit of asbestos. That was done and thoroughly satisfactory proof was brought to the Government.

At that point the Government agreed to lend two hundred and fifty thousand dollars to that Company or to guarantee the loan to that Company from some banker or bond house or something of that order. The Company, I may say, made an effort in Montreal to raise that two hundred and fifty thousand dollars and were able to do it and the matter was closed with the Industrial Government Bank in Montreal, but when the terms of the loan were made known to me, I objected strenuously to the terms, and said the Government would instead lend the money under a much better condition. Then there is the Trepassey Fish Plant, the new plant at Trepassey \$287,000. We have asked Mr. Monroe not to wait, but to order the equipment and proceed with all possible speed with the construction of the new fish plant at Trepassey, and told him quite frankly that we would advance that cash, that two hundred and eighty-seven thousand dollars to carry it through. Then there is the new fish plant at Placentia, that is the Warehams with whom the Government sometime back had entered into an agreement to provide three hundred and fifty thousand dollars capital to enable that new fish plant to be erected and brought into production at the ancient town of Placentia, a fish plant and fish meal plant, then the sum of a million dollars for fishery development. I regret, Mr. Chairman, that I cannot break down that million dollars into headings and sub-divisions for a very good reason, the reason being that the Government are awaiting anxiously and I may say with some confidence the report of the Fishery Development Committee under Sir Albert Walsh as Chairman, which has been at work now something more

than a year and has made a very searching investigation of the whole fishery problem of Newfoundland, the most thorough-going, the most exhaustive ever made in all Newfoundland's history of our great fishery industry. For more than a year the Government has deliberately refrained from formulating a fishery policy or spending very much if any public funds on the carrying out of a fishery policy; we have quite deliberately refrained from so doing with the firm belief that it would be unwise to fumble around, to launch any sizable programme of fishery development until we had first received the final report diagnosing and making recommendations for the fishery from the fishery development committee. Now, that report we hope to have within some few weeks from now, and it will go at the same moment to the Government of Canada and the Government of Newfoundland, and the two Governments will then meet and in the closest possible collaboration, will decide how much of that programme, recommended by the Committee, the two Governments can share in implementing. There has been, as the Committee is no doubt aware, recently some very close conferences and long discussions between the Government of Canada as represented by the Minister of Fisheries, Mr. Mayhew, and the Secretary of State, the Newfoundland Minister to that Government and the Government of Newfoundland as represented by the Minister of Fisheries and Co-operatives of Newfoundland, and the Attorney General and myself, and a very close, warm and friendly understanding has been reached between the two Governments and we now wait, both of us, with anxiety and confidence and some little impatience the report

of the fishery development committee, the final report. So we have decided as a beginning, and it can only be a beginning to spend a million dollars on fishery development, that is over and above the three hundred and fifty thousand dollars for the Placentia Fish Plant and the two hundred and eighty-seven thousand for the Trepassey Fish Plant, and all the ordinary expenditures that the Department carries on in the normal course of its business.

Then we have the case of the Newfoundland and Labrador Corporation. I have already said in this House, that one of the reasons, one of the important reasons why the Newfoundland and Labrador Corporation was not able to sell its bonds in the Canadian markets where it desired to sell them was the fact that it was under-capitalized, with an authorized capital of three million dollars they had in fact sold only one million dollars of their shares and had left two million dollars of their shares unsold and outstanding. Certain very important industrial interests have expressed strong interest in buying shares in the Newfoundland and Labrador Corporation. I don't think they would mind if I were to cite as an example of that fact the name of John Fox, one of the fastest rising financiers and industrialists in the United States today. Mr. Fox expressed his strong interest in buying some of the privately owned shares of the Newfoundland and Labrador Corporation. But the Committee will know, of course, that Corporation must be preserved as a Crown Corporation and to be so preserved the Government must continue to own not less than ninety per cent of the share capital of the Corporation, just as we do with the subscribed and paid up capital of which the Government

owns ninety per cent and private interest ten per cent or one hundred thousand dollars, so if two million dollars more of the Corporation's shares are sold the Government must be not less than one million eight hundred thousand dollars in shares. Now, that would bring the grand total to nine million three hundred and twenty-eight thousand dollars. Now, Mr. Chairman, I would point out, that of this amount \$6,535,000 roughly six million dollars are to be lent by the Government to industrial concerns. That is to say the Government will borrow that money and then lend it to a number of corporations, the Cement Mill, the Gypsum Plant, Fur Dressing and Dying Plant, the Tannery, Machinery Plant, Cotton Textile, Pressboard, Optical Plant and the Asbestos Mine and Mill, Trepassey and Placentia Fish Plants, and one million eight hundred thousand of it will be invested by the Government in shares of the Newfoundland and Labrador Corporation, making a total of \$8,335,000 roughly eight and a quarter million. So that although the Government on the one hand borrows ten million dollars on the Credit of the Province to be spent, or to be used all of it on economic development, and while I would not attempt to say or guess what portion of that million dollars for fishery development will be actually spent and what proportion will be lent, I think it is fair to assume that a sizable portion of it will be lent out on long term arrangements to fishermen and others engaged in the fishing industry.

I don't know that I have left out anything, Mr. Chairman, but if I have, I have no doubt some honourable member will raise the matter and remind me of it, and give me

the opportunity to provide the information.

MR. HIGGINS: Mr. Chairman, I have just one question—perhaps the Premier will tell us—this loan I understand will cost us something between three and four and three-quarter per cent, and the loans made to these other firms listed here, what rate will they bear to us?

MR. SMALLWOOD: The rates vary depending on the earliness and lateness of the agreement made, the later ones went four and five per cent and the earlier ones around four. I don't think there is anything running lower than four. One is three and a half and four, but we will make an effort to revise that rate, and I don't anticipate any difficulty in getting a revision of it.

MR. HIGGINS: It seems common sense that if we are paying that amount those who borrow from us should pay the same.

MR. HOLLETT: May I ask the Premier, that million eight hundred thousand dollars which it to be passed over to the Newfoundland and Labrador Corporation to play around with, could he tell us exactly what they are to use that for?

MR. SMALLWOOD: Yes, I would be glad to do that if the Committee would bear with me. I would say that the principal purpose of the Corporation is to procure the development of Newfoundland, the economic arm of the Government in the carrying out of the Government's policy of economic development.

Now, Sir, is it enough for Newfoundland to follow the old pattern of inviting large timber, waterpower and mining concerns to come into

Newfoundland and Labrador and prospect for minerals, find it and pay a small royalty to the Government? Is that enough? That is all the Government might prudently and justly demand, that is all perhaps that departments of the Government might safely demand, namely the payment of taxes and they run, I think, for the most part around five per cent royalty on the net profit as defined, that is the taxation on any development that may take place in Newfoundland whether it be brought in by the Corporation or by the Government that taxation will still come to the Government, to the Treasury, direct to the Department of Finance and/or Mines and Resources. But that is not enough though that is all indeed the Government could safely do, but it is not all the Corporation could do. I will give the Committee an example of what I mean: The Government of Newfoundland in 1905-06 under the administration of Sir Robert Bond conceded to the Anglo-Newfoundland Development Company a large tract of public domain on this Island and whatever mineral rights might be in or on these lands. Now, that was modern thinking in those days. It was much later than that we realized that our public domain should yield more than that to the people who own it in the first place. Though there was nothing wrong with what the Government of that day did, yet in modern times and with modern politics and ideas, we now see what happened. Ore was discovered at Buchans, and who owned the ore? The A.N.D. Company, it was originally the people, a gift of God to the people of Newfoundland and the Government of the day, following good practice, good principles, without a doubt ceded these great areas including the min-

erals to the A.N.D. Company, a private corporation which has since become the owners of the mine. What did they do? They got the American Smelting and Refining Company to come into Newfoundland and develop the mine and it became a good thing and they have ever since, been taking one half the profits out of the Buchans Mine. It will interest the Committee to know that one hundred and eighty million dollars worth of mineral has been taken out of that mine since 1937, an area not much bigger than this building, and very important profits have been made out of the sale of these minerals, and half these profits have gone, quite right, to the A.N.D. Company. Now, we don't complain about that, there is nothing wrong in that, it is perfectly lawful, nothing wrong about it, but what we do say is this: When the legislature passed over to the Corporation nineteen hundred square miles of timber land it did so for a particular purpose, first to procure the development of these areas, the Corporation to act as organizers to bring about production on these twenty-two thousand square miles, and secondly, to see to it that the people of Newfoundland would get more than just the five per cent royalty. Remember these are Crown Lands, these belong to Her Majesty the Queen, which is another way of saying they belong to you and me and all of us Newfoundlanders, a gift of God to all of us, and whilst it is true we want companies to come in and develop we think the public should get more than just five per cent. But a Government could not ask for more than just taxes and the taxes must be of general application otherwise there is discrimination. Why should the people of Newfoundland hand over to any of

these rich and famous Corporations, whose names I read here this afternoon, our rich resources, for five per cent of the profits? It was Almighty God who gave us the minerals, even this good Government did not put them there, nobody did, but God put them there for all of us, so why let the Corporations get ninety-five per cent of the profits and the people get five. We hold that is wrong—it might have been a good thing forty years ago, but not today. Today we say, let the people get more out of them than five per cent. So we say to the Corporation, bring in these big companies, get them going on their prospecting and as they find minerals let them come back to you and make their deal with you the same as American Smelting and Refining had to make their deal with the official owners of Buchans who were the A.N.D. Company.

In this case, it is the Newfoundland and Labrador Corporation. Now, that means this: that the Newfoundland and Labrador Corporation must have some capital of its own.

MR. HOLLETT: They have five hundred thousand now.

MR. SMALLWOOD: Yes, that is true, but it is not a great deal of money.

MR. HOLETT: Enough to go along with surely?

MR. HOLLETT: Enough to go go along with that is all. They are bringing concerns in now in such large numbers, these very large concerns I have mentioned here, this year we have not fewer than five hundred men scouring Newfoundland for minerals, oil. That is not costing us anything nor the Corporation anything. We

now have such a large number scouring for minerals something is likely to be found, and as soon as they do, they will be back to the Corporation to make their deal, their individual deals, the more the better. We all hope they will find many deposits of mineral and oil in Newfoundland, and the Corporation must be put in a position where it can make these deals and go in on them jointly, the Government can't. I confess here tonight very candidly, very candidly, that quite a dim view has been taken in banking and financial circles of the Government's policy of itself out of public funds building and holding industrial plants—not lending money to other corporations to start, fish concerns, tanneries, machine plants, but the Government itself out of public funds building plants and operating them—Orthodox financial people take a dim view of that, which is why we must divest ourselves of these plants. But there is nothing wrong nor objectionable about the Newfoundland and Labrador Corporation doing it, nothing whatsoever, there has been no objection taken to that and they must have the capital to do it.

MR. HOLLETT: In other words, Mr. Chairman, I take it that five hundred thousand dollars they now have and this one million eight hundred thousand is for working capital. In other words, the Newfoundland and Labrador Corporation which is 90% Government is going to go in business with these concerns.

MR. FOGWILL: Mr. Chairman, in the items of expenditure numerated by the Premier a few moments ago, some of these are contained in the estimates?

MR. SMALLWOOD: Nearly all, all but the million dollars for fishery de-

velopment and the one million eight hundred thousand for the Newfoundland and Labrador Corporation, and the Trepassey fish plant.

MR. CASHIN: Mr. Speaker, I don't intend to make contradiction to this legislation, but I gather from the Premier when he discussed this legislation or resolutions that they have arrangements made with some group or groups to underwrite this loan of ten million dollars at ninety-eight and a half. That would give the province nine million eight hundred and fifty thousand dollars from which one and a quarter would be taken for expenses by the syndicates. That is how I interpreted the Premier, and if I am wrong, correct me, one quarter per cent plus one and a half per cent which would be the discount on the selling of the bonds, that would be two and a quarter per cent.

MR. SMALLWOOD: That is in the first year.

MR. CASHIN: And in addition, in the first year, you pay four and three quarter per cent interest on the ten million dollars, consequently, in the first year, you pay seven and a half per cent and/or seven hundred and fifty thousand dollars interest apart from the sinking fund in connection with this ten million dollar loan.

MR. SMALLWOOD: That would be the cost of the loan.

MR. CASHIN: With interest. There is no sinking fund and I have not got a copy here of the Newfoundland and Labrador Guarantee Act. I think in that Act or amended Act, there was provision made there for a sinking fund, and that sinking fund had to be established which would be paid annually into a fund which would

contribute in ten or twelve years as the case may be to the redemption of the loan. Now, in these resolutions here, there are no provisions outlined in that Bill for any sinking fund whatsoever. Now, I would like to point out in my antiquated way that this Bill does not outline the purpose of this loan. I do know that if we go back to the old loan days that the purposes for such loans were outlined in the Act creating the loan or giving the authority to the Government to borrow that money. In this Bill there is no such outline except what the Premier has given here this evening, what the money is supposed to be devoted to, but the legislation is not framed in that way. For instance, we know there has been legislation passed for the purpose of a Cement and Gypsum Plant, a token vote of ten thousand dollars each and there is one hundred and fifty thousand dollars in here for the Birch Plant, that is not outlined in the Bill. The Fur Plant was included in the estimates of expenditure brought down here about six weeks ago, and the Tannery was also included, and incidentally, I think that amount has been paid the Tannery already. The Machinery Plant was included in the estimates and the cotton textile plant was included, and the Pressboard Plant was, I think, included because we passed an Act covering that, and if my memory serves me right, in the debate, the Premier referred to it here tonight and mentioned a sum of five hundred and seventy-five thousand dollars, I am not quite sure—the Optical Plant \$150,000 and the Asbestos Mine and Mill two hundred and fifty thousand which were legislated for and fifty thousand dollars was paid, consequently we would not require two hundred and fifty thousand now, but that may

be to reimburse your current account, I take it, because your capital account did not have any money and you took it from current account to carry on with. There is nothing in the estimates to cover the Trepassey Fish Plant for two hundred and eighty seven thousand dollars, and nothing in this Bill to say that this portion of money is for the Trepassey Fish Plant, nor the one for Placentia, three hundred and fifty thousand dollars. The point I am trying to make is that when a loan Bill was introduced that the purpose of the loan was outlined in the Bill and the resolutions, and here is the loan just to reimburse the Consolidated Revenue Fund. We are not legislating here this evening for this money to be applied to the purposes outlined by the Bill here at all, we are told it is to be spent in this particular way. For instance, there is nothing here in the Loan Bill for the Industrial Loan Board, and nothing in the estimates.

MR. SMALLWOOD: The first four items are in the estimates.

MR. CASHIN: Probably so, the Cement and Gypsum Mill, Birch Plant, Fur Plant, Tannery was in the estimates, the Machine Plant was in, the Textile Mill, the Pressboard Plant was legislated for and an agreement with the Optical Plant was legislated for, the Asbestos Mill was legislated for, the Trepassey Fish Plant was not legislated for, Placentia Plant not legislated for. The Fishery Development \$1,000,000 is not included in the Loan Bill or estimates. These are points I would just like some explanation on because I feel when we raise a loan the bankers will ask you what you are going to use this money for. Another point is this, some of these agreements were made nearly a year ago,

and we are paying four and three-quarter and one and a half in the first year roughly for money, they are not under their agreement paying that, their agreement is not four and three-quarters, I have not checked up, I just have the Acts for 1951 here and I have not noticed in them any of these companies borrowing money from the Government are paying the rate of interest which the Government has to pay to get that money. That is a point which should be explained to the House.

MR. SMALLWOOD: Mr. Speaker, the honourable gentleman is quite right when he says that years ago when a bond issue was authorized by the House, the Bills and resolutions perhaps also itemized the purposes for which the money was to be raised. But that was because the money being raised was not for the purpose of reimbursing the Treasury for expenditures already made. In this case the Bill says, for the purpose of reimbursing the Consolidated Revenue Fund for expenditures made for the economic development of the Province—that is the purpose for which the money is being raised, the bonds are being sold, to reimburse the Treasury. Remember the original idea was for the Corporation to seal its bond and pass the money over to the Government, and then the Government would be reimbursed for the expenditures on these plants, cement, gypsum and birch. But that failed completely, the corporation could not sell its bonds and now the Government is to sell its bonds for exactly the same purpose, reimbursing the Consolidated Revenue Fund for the expenditures made.

MR. CASHIN: All these expenditures have not been made.

MR. SMALLWOOD: The wording

is there quite clear, for the purpose of reimbursing CRF for expenditures made, that is the purpose of the bond issue. Now, when that money is in the Treasury and the Treasury is reimbursed for the expenditure made on these three plants, the question arises, what will be done, what will the Government do with the money? Well, as to that, most of it here is already voted in the estimates. Now, perhaps the Government should now bring forward a Bill to the House for supplementary supply so as to get authority from the House to spend these amounts which were not contained in the estimates and not voted at the last session of the House. But there is a little difficulty about that, and the difficulty is that this fishery development amount of one million dollars may not be spent at all in 1952, and I doubt very much that it will be proven possible after the Committee's report is received to make any expenditure in the remainder of 1952, until next Spring or Summer sometime, nevertheless, we might indeed bring the Bill in asking the House to vote that money, we certainly cannot spend it without authority and the same thing applies to the \$350,000 for the Placentia Fish Plant, and the \$287,000 for the Trepassey Fish Plant and the five hundred thousand for additional working capital for the birch plant and the two hundred and fifty thousand, additional supply, we might do that.

MR. CASHIN: Mr. Chairman, the position is this, and I am not going to get angry about it or anything, the Government sunk that money in these three plants and now they want to get it back for certain purposes to which they have committed themselves. Now, how much have they committed themselves for? That is the point and if

we take the estimates brought down here in the House a couple of months ago, we will find five and a quarter million dollars, in round figures, that is the amount of the money on capital account that the Government has involved where a legal action probably might take place if they did not find the necessary money to advance these various projects like the Canadian Machinery Company, the Cotton Textile Plant, etc., the amounts of money that are required over and above ordinary expenditure. I would suggest to the Government now that a clause of some kind or an amendment to this Bill be put in, pointing out that this loan is for twelve years or ten years as the case may be. According to the Resolutions here the loan is in perpetuity, it has no due date, when does it come due? What is your sinking fund? If you are going to create a sinking fund, should it not be incorporated in the Loan Act? Let us assume for argument's sake, we vote for this, and I am not going to right now, you take it to the bankers and say, here is a ten million dollar piece of legislation, you are going to sell bonds for ten million dollars and the banker is going to say: when do I get my money back, when do these come due? There is nothing in this legislation before the House at the present time to tell us when the bond or loan will mature or what the sinking fund is going to be each year, which will have to come out of the Revenue of the Treasury—there is nothing in here whatsoever to tell us that. I am just asking the Premier if it is the intention to borrow this ten million dollars, and according to the loan Bill, never pay it back?

MR. CURTIS: Mr. Chairman, I would like to say first of all, that the

wording of the Bill before the House has been the subject of discussions between business representatives of the Government and a Montreal firm for the past week or ten days and this is the result of our agreement. If my honourable friend will refer to the Revenue and Audit Act, he will see that there is no need, and indeed counsel for the investigating bankers endeavoured to have this Bill so drafted that it would not even state a rate of interest, if my honourable friend will refer to the Revenue and Audit Act, he will notice that paragraph, or section 21 reads as follows: "Wherein any statute of Newfoundland authority is given to the Lieutenant-Governor in Council to raise by way of loan any sum of money, unless there is some provision to the contrary in the statutes, the Lieutenant-Governor in Council may raise the sum of money in one of the following ways or partly in one and partly in another of the ways (1) By issue and sale of bonds or debentures of the Province, which shall be in such form, for such separate sums, and at such rate of interest and of which the principal and interest shall be made payable at such periods and places, as the Lieutenant-Governor in Council deems expedient, and which shall be subject to such conditions, including conditions as to inscription, registration and transfer, as he may impose, and the principal and interest shall be charged on and paid out of the Consolidated Revenue Fund.

(b) By the issue and sale of stock of the province bearing such rate of interest as the Lieutenant-Governor in Council deems expedient, payable half-yearly, of which the principal and interest shall be charged on and paid out of the Consolidated Revenue Fund.

(c) By the issue and sale of exchequer Bills, exchequer bonds, or treasury bills in sums of not less than five hundred dollars each, in such form and payable at such periods and places as the Lieutenant-Governor in Council deems expedient and subject to such conditions as he may impose, or by temporary loans by means of treasury notes or bank overdrafts, and the interest thereon and the principal of such bills, bonds, or temporary loans shall be charged on and paid out of the Consolidated Revenue Fund.

(d) By the issue and hypothecation of any of the securities authorities to be issued and sold under this subsection."

I may say for the sake of my honourable friend that the proposal of the Government at the moment is to ask for a twelve years loan at four and three quarter per cent. The sinking fund is not provided for in amount but in principal in the same Act, and it will be a matter of negotiation between the Government, Council and the bond houses as to what this amount will really be. I think we are reasonable in asking the House to trust the Government in the matter of these negotiations with the bond houses. That was the trouble with the bond issue we were proposing to guarantee for the corporation, it provided for payment in American not Canadian funds, and when we could not get the money in Canada, we were handicapped by reason of the fact that the Bill provided for payment in American funds and we had to stick to these terms or none.

For that reason it is proposed, and we ask this House to have the Legislation drafted in the present form

which allows a certain elasticity for us in our negotiations.

MR. CASHIN: Does the Honourable Minister tell me now that one of the difficulties you had in Canada as to the raising of this loan on the guarantee of the Government was because it was in American funds, could it not be in American funds?

MR. CURTIS: I did not exactly say that. There is a clause, if you read on, that says the principal and interest is payable at the option of the holder in Canadian or American funds. That is embarrassing in the case of a Canadian loan because in the case of a Canadian loan you do not want any reference to United States funds at all, and is particularly embarrassing if the rate of exchange has gone up instead of down.

MR. CASHIN: From an investor's standpoint—the Canadian dollar at the present time is three per cent roughly, or say two per cent for argument's sake, and you could have gotten that loan at ninety-eight if you wanted to buy it at par. It can be bought today in American funds for ninety-eight or ninety-seven as the case may be, it would be speculating, yes, on the American exchange going down or going up as the case may be. I know that and many, many loans have been raised not alone here in Newfoundland but in Canada, also, as to principal and interest in American funds, in British funds, and Canadians funds, but evidently, and I believe it is a good thing, the Canadian Government is trying now to get away from raising of money across the border and wants to try and raise all their loans internally. But the point I am trying to make is, as I listened to the Honourable Minister reading that Audit Act, when he read that section that

the Lieutenant-Governor in Council has the power to determine the length of this loan, the place where the interest is payable, etc. But does it give the Lieutenant-Governor in Council power to say this shall be a ten or twelve year loan, for argument's sake? I am not a legal mind.

MR. CURTIS: Well, it says, Mr. Chairman, by the issuance and sale of such bonds or debentures of the Province which shall be in such form for such separate sums and at such rate of interest, and of which the principal and interest shall be made payable at such period and place—I think that should cover it.

MR. CASHIN: I bring it to the attention of the House because I think that when that bond issue is made, they will have to put a maturing date on it and, I take it from what the Premier said here this evening in introducing these resolutions and also also in the Bill, that it is the intention of the Government at the present time, not to take the full amount of the loan, but just take it as required. That is if the underwriters whoever they are, these nineteen firms throughout the length and breadth of Canada will undertake to hand over a certain amount of money rather quickly, say next week, and then later on some more, and still later some more, and there is nothing definite now as to the price of this loan, there is no firm offer. I think I heard the Premier state ninety-eight and a half, but have you any undertaking by any of these syndicates or these two syndicates in writing by the Dominion Securities or any of the four banks to assure you ninety-eight and a half?

MR. SMALLWOOD: The Attorney General might have added that when

he negotiated in Montreal for the last six or eight days, he was negotiating with the four banks and nineteen bonding houses, Montgomery MacMillan and fifteen other of the biggest loan firms in Canada, in the British Commonwealth, he was conferring with the counsel for all of these underwriters and the wording here is the agreed wording. Now, they were eight days at this short paragraph, eight days' work because naturally the counsel, legal men conferred back and forth with the various bond houses and the draft had to be submitted to the Government and the bond houses to get this thing worded exactly right. They had this Newfoundland Revenue and Audit Act and they had to make very sure the whole thing was legal, there is no doubt about that. In addition there is the formal letter which the heads of the syndicate wrote and which I tabled.

MR. CASHIN: There is no mention about that here.

MR. SMALLWOOD: There is a certain amount of information, and a certain amount of undertaking on their part, but since then the negotiations have been carried on, and yesterday morning I was talking with them on the telephone and I asked the head of the syndicate, Neshitt and Thompson was it all right, and they said, Oh yes! I asked if the issue would go over quickly and they said, oh yes! Yes, everything is settled. All that is verbal. We don't have to—because we have authority to raise all this, we don't have to do so. The thought we have in the back of our mind is this: if we raise five millions of it now, and that goes over fast and is over-subscribed and sells shortly afterwards above par, at a premium, then in going back for the remainder of it

we might perhaps be able to make a better term on the remainder. So that we would prefer not to be tied, it is a matter for negotiation, getting the best terms we can get for which purpose we might content ourselves at the outset with part of the loan, leaving the remainder until later on to see what happens to the first part. If the first part goes over with a bang, the committee knows what I mean, if it is not sluggish, not slow, subscribed and over-subscribed in hours or days, then a week later quoted on the market above par, at premium, then there might be a very good chance to get the remainder on better terms. We have to feel our way because it is so brand new. Newfoundland has not been on the financial market for twenty-two years, and the last time we were on, we did not do very well, we could not raise a single dollar, and surely after that Newfoundland went through a pretty unpleasant time and received pretty unpleasant publicity, and this is the first time since that we have tested our credit rating, and we have to feel our way, we have to do so in the public interest, and if we must float a loan we must try to float it well.

MR. CASHIN: I quite appreciate the Premier's explanation, but I am still dubious with respect to the potential offer put verbally, I am still convinced in my own mind that we are paying too much for this money, and furthermore, that it is disrupting the revenue and expenditure side of your estimates and budget to the tune of at least seven hundred and fifty thousand dollars this year and next years plus four and three quarter per cent on it, plus the sinking fund. I think the Minister of Finance and every member of the House are going to admit now that the raising of this

loan at this time after your budget has been brought down, and I have already made reference to all of it, and don't intend to bring it up any more, is still an extra charge on your estimates of expenditure for this year 1952-53, and the loan itself is being kicked around now by nineteen bonding houses in Canada and they have not given the Government any firm offer, only the leading bond house of Nesbitt and Thompson in a telephone conversation from Montreal to the Premier intimated that we would get ninety-eight and a half out of which we have to pay them \$125,000.

Now, here is what may happen. I have heard the Premier enthusiastically state that in a week or two, they will be quoted at par. I make another suggestion: if you have that confidence sell them now, the five million dollars you are talking about at ninety-eight and a half, see how it goes over and hold the other five million for a period when you think you are going to get par, then let it loose at par, you have the authority of this House, and save some money on it.

MR. SMALLWOOD: I am very glad indeed the honourable gentleman agrees with me. That is exactly what I explained a few moments ago.

Now this will be of some interest, we are paying one and a quarter commission to the banks and bond houses and New Brunswick is paying three and a quarter per cent. But there is a very good reason for that. In New Brunswick with a population of five hundred and fifteen thousand people they have a financial debt of three hundred and nineteen dollars a head, a fabulous debt for a province, against Newfoundland's eleven dollars a head, and their credit rating, I

would not say this purposely to hurt anyone's feelings in New Brunswick, but it is quite evident with a public debt in that province of three hundred and nineteen dollars a head that their credit rating is not especially good and the last issue they floated paid three and a quarter per cent commission, as against one and a quarter commission—

MR. CASHIN: What price did they get for it?

MR. SMALLWOOD: They sold at about ninety-seven, in other words they got ninety-four for it. Three and a quarter commission and four and a half per cent interest, a pretty expensive loan, the most expensive raised in Canada by any Government for a long, long time. Then don't overlook the fact that a great many bonds of the provinces of Canada and of the Government of Canada are selling today as low as ninety dollars for a hundred dollar bond, and the whole bond rate has gone up and bonds of low interest bearing rates have gone away down in Canada even Canadian Government Bonds which are the gilt edged security of all Canadian Bonds bear quite low rates of interest. That is why I believe that this issue of ours should go rapidly and should go above par pretty quickly, it is an attractive bond issue. It is too high, I agree completely, too high a rate for this Province to be paying. It has no public debt, our national debt today is less than four million dollars, a little more than the city of St. John's owes, practically no public debt in Newfoundland. That being the case, you would think that our credit rating would be excellent and so it would if we had been on the market and established our credit rating, but because we have not we

just don't know what our rating is, the market has never been tested and we still don't know that the investing public of Canada think of us, we don't know how they will react to us. We know on the other hand we have had a lot of very favourable propoganda, Newspaper and magazine articles contained very flattering things about us, but on the other hand we do know that our policy of building these three plants that we have ourselves built out of public funds has not been looked on with favour by banks and financial people. I am very candid about that, that is the reason why we have adopted the policy of disposing of them and having our economic development affairs carried on by this new corporation and having the Government's economic development programme taken out of politics for as long as they are in politics it will be impossible for the Opposition to resist the temptation to take a crack at them.

MR. CASHIN: What will you do with them now?

MR. SMALLWOOD: Dispose of them, but we are not going to rush into any sort of sale, they are perfectly good plants, they are excellent plants, magnificently and superbly built and equipped and the machinery is as good as money can buy on this earth, and they are excellent plants with superb material. They require streamlined and efficient management and of course a Government can never and will never supply efficient, streamlined, capable management for industrial plants, never, but private enterprise will and that is all these plants need. We are very proud of the plants, everyone who has examined them are full of admiration for them. But no matter how good the plants

arc, how well built, or how good the machinery is, or how well laid out, or what fine raw materials there are, that alone won't operate them efficiently, so that the quicker the Government gets out of them, they are there now and no talk on earth will undo that, they are there, we have spent nine millions of public money to put them there, they are there, giving work now, let us get rid of them, take the nine million and start others, not build others but help to finance them, that is our policy.

MR. CASHIN: Mr. Chairman, I am glad to hear the Premier tell us that here in the House, some people in the world agree with us, the bankers agree with us that the Government should not have gone into these wholly owned industrial development plants at all. So we are travelling in very good company when we criticized the Government for establishing these plants. Now, they are trying to dispose of them. The fact that the Government was giving them to the Newfoundland and Labrador Corporation still would not mean that they had disposed of them because the Government would own ninety per cent of them still. The Newfoundland and Labrador Corporation was unable to get the necessary money to pay back to the Government. However, that is that. We have them, as the Premier said, and we have to make the best we can out of them, and the establishment of these three plants by Government funds, wholly owned by the Government is the real cause of our having to borrow the money tonight. If it is invested in some other propositions, some of which we agree with and others we certainly do not. When I was out for a few moments I think my colleague here was talking with the Premier about this Newfoundland

and Labrador Corporation who were to get two million dollars to purchase two million dollars worth of stock. That gives us a total holding in that Corporation of two million seven hundred thousand dollars and the private interest have three hundred thousand dollars and there is no explanation to this House as to how this Corporation is going to handle this two million seven hundred thousand dollars, they are no longer responsible to this House and we can be told next year when we ask for a statement of how this money was spent, that it was the business of the Corporation. This House will know nothing about it, how this money is to be invested or handled, that is absolutely in the hands of the board of directors of the Newfoundland and Labrador Corporation and not in the hands of the representatives of the people in this House, it is in the hands of Sir William Stephenson and his associates on that board, and once we pass that one million eight hundred thousand dollars, as we have already passed nine hundred thousand dollars this House has nothing further to say as to how it is to be spent. We can come in here and criticize the Newfoundland and Labrador Corporation but the House neither on the Government side, nor on this side have anything to say whatsoever. We are told that the idea of this corporation is to take business out of politics and hand it over to this man Stephenson and his associates and though the Government who owns ninety per cent of the stocks of that Corporation would be represented on the Board the actual management and administration of that company will not be in the hands of the Government representatives and this House has nothing whatsoever to say with

respect to the two million eight hundred thousand dollars which will be invested by the Government in that Corporation. Personally and I believe my colleagues agree with me, we would be opposed to putting any further money in to that Newfoundland and Labrador Corporation unless we know what they are to do with that money, what is in view for the future, I would just like a little further information on that matter.

MR. SMALLWOOD: Mr. Chairman, I can only say God forbid the business of the Corporation should have to be passed on by this House or its programme or activities should be passed on in this House and brought into the realm of debate in this House, God forbid that. That is why we set it up and that is why we got able and outstanding men as directors. I think this is a fair statement, the Corporation of which Sir William Stephenson is Chairman of the Board with Mr. Lewis, Mr. Bowring, Mr. Pippy, Col. Griffen, Mr. Gold, Mr. Claude Richardson and others to be added—if Mr. John Fox for example should come in to the Corporation, if, as I hope to invite him, Mr. Elliot Little should join the board, I think it is a fair statement that setting up a Corporation such as that, with men such as those running it, we ought, as a House, not to interfere, not to be passing their programme, it is a business organization, a business outfit and let them become a business outfit not to be in a political atmosphere at all. Now, that requires an act of faith on our part, a little confidence in the fact that we have a good board, not that every man on it has to be good. The House may feel that the Honourable the Attorney General and I as members of the board, with Dr. Valdmanis, are

perhaps not suitable people to have, may feel that, but surely the House will not feel that these leading and valuable businessmen cannot be trusted to run a Corporation and conduct its affairs in a businesslike way, with businessmen dealing with businessmen I think the House may have that confidence and once it does, then let the House keep its hands off, otherwise the Corporation becomes just a political instrument affecting debate and bandied around here in the House. We either have faith in them, or have not—give them the wherewithal to do the job if we have.

MR. CASHIN: What would they do with that money?

MR. SMALLWOOD: I have gone over that already here—enable the Corporation to go into partnership with big organizations, with mining concerns, lumber concerns, water-power concerns and the like.

MR. CASHIN: What do they need the money for, these concerns are coming in with money?

MR. SMALLWOOD: I will give the Committee an example of how they might operate, this is just an example of one way the Corporation might operate: In the Gander Valley we have found an asbestos deposit. Now, asbestos is coming very rapidly into keen demand, very keen demand, the Corporation are working (I should not be discussing the business affairs of the Corporation) I cite merely as an example that the Corporation is working out a proposition along these lines, that with another concern, the two together the Corporation on the one hand and this company on the other hand form a new company and their company would be called the Gander Asbestos Limited, or whatever they like. The shareholders, the

Newfoundland and Labrador Corporation on the one hand say with fifty per cent and on the other hand, any other company with fifty per cent, so that all the shares of that Gander Asbestos Company would be owned by these two companies, then that company could go out and raise their own funds for development. The profits then are shared fifty-fifty. But to do that, the Newfoundland and Labrador Corporation must have capital. Now, that is only one of many ways it could be done, but however, it is done, they need capital for the purpose. In addition to that, they need capital for exploration and surveys and drilling, because the more clearly the Corporation can prove the existence of a mine, the better deal they can make, they might even operate a mine. Why should not the Corporation, if they came across a good mine, why not start that mine and operate and put it under good management, why not? All they need is capital.

MR. FOGWILL: Mr. Chairman, in respect to this loan, from the estimates, I gather that if they had to follow the estimates as they were brought in here and passed the Government would not have to borrow ten million dollars, they would only have to borrow just about five and a half million or five million dollars. By borrowing five millions, they could balance the account at the end of this year according to the figures contained in the estimates even without selling the plants to the Corporation. But because of the fact that the estimates are now out of kilter to the amount of perhaps ten or eleven per cent due to additional expenditure committed by the Government of four and a quarter or a half million dollars it makes it necessary

to borrow ten million dollars. The Government will receive nine and a quarter million dollars and that in itself Mr. Chairman, will just about balance their account and they will come out even at the end of the year. But with respect to the amount set out, which I don't think there is any authority for at least not in the estimates, for fishery development, I was wondering, Mr. Chairman, how was authority to be given for the spending of this amount, is it going to be passed by authority of the House or by minutes of council? In my opinion, Mr. Chairman, due to the fact the estimates are out of line by ten per cent, new estimates or supplementary supply could be brought in so that this House could give authority for these expenditures, and it would not be necessary for the Lieutenant-Governor in Council to do it.

MR. SMALLWOOD: I think the honourable gentleman is right—when the House is not in session and necessary expenditures arise out of Government policy, there is provided in the Audit Act, provisions for the Government to make that expenditure by special warrant from the Lieutenant-Governor, but when the House is in session and the Government knows it wishes to spend certain money it is proper to ask the House to authorize it, but it does not follow the Government must spend it. I think perhaps the proper thing would be for the Government to bring in a short supplementary Bill to cover the items for the Newfoundland Labrador Corporation, fishery development, Placentia Fish Plant, Trepassey Fish Plant and additional working capital for the birch plant. I don't know that we need actually to get supplementary supply for the two hundred and fifty-five, there is a vote there for

that, and though the vote may be inadequate countervailing savings can always take care of it and other items, I think perhaps we ought to do that.

MR. HOLLETT: Mr. Chairman, there is so much sweetness and light here this evening after the storm. I hesitate to say very much, but since our reputations are entirely lost, I feel it would make the situation no worse to make a few remarks relative to this thing. The Leader of the Opposition has pointed out that this thing should be in the Bill, the purpose for which the ten million dollars is to be subscribed. The honourable member for St. John's East has also made a suggestion which should have been quite obvious to the Government. I also find that the Attorney General, who, in my opinion, is a very astute politician as well as a lawyer in connection with the legal representation of all the big financial Corporations in Canada took just eight days to frame these seven lines, that is what I am told.

MR. CURTIS: The original draft was eight pages.

MR. HOLLETT: And you got it down to this? I wonder if the Attorney General informed these legal representatives that this money had not been paid out and is not a question of reimbursing the Consolidated Revenue Fund for expenditures made.

MR. CURTIS: Is it not a fact more than ten million has been paid out. We paid for the three plants, lent the Machine Plant some.

MR. HOLLETT: Any money paid out for these fish plants? Any of this one million two hundred and fifty thousand?

MR. CURTIS: The loan reim-

burses the Government for what it has paid out on these three plants and other economic development items. It is refunding a loan really.

MR. HOLLETT: Five hundred thousand for the birch plant, that has not been paid out.

MR. SMALLWOOD: If the honourable gentleman will allow me—

MR. HOLLETT: I am not allowing anybody unless ordered by the Chairman. But I have been told the seven lines took eight days and was boiled down from eight pages—"For the purpose of reimbursing the Consolidated Revenue Fund for expenditures made etc." Now, Sir, it has already been pointed out by the Honourable Leader of the Opposition and also by my friend the honourable member for St. John's East various discrepancies have already presented themselves in these seven lines which took eight days to boil down from eight pages, and it looks to me to be something which should have been done in a little better manner.

MR. CURTIS: The discussions went beyond the actual Bill.

MR. HOLLETT: We are not told that—we are told by one of the honourable members on the opposite side of the House it took eight days. I do not see how it could take eight days for seven lines.

MR. CURTIS: We had to consider the Loan Act of every province of Canada to try and get uniformity.

MR. HOLLETT: Now, look at these various things which should have been listed in this Bill. If they had been listed in this Bill these would have been the things for which the ten million dollars were borrowed, since it has not been done I can see

how the Government can spend it exactly as they see fit—give it all to the Newfoundland and Labrador Corporation, or they could give it to anybody else, as far as I can see. Industrial Development Loan Board \$75,000. They apparently have to have seventy-five thousand dollars to go on with—Farmers' Loan—that sounds like the Farmers' Loan Board of Canada, but it is not. Cement and Gypsum plants two hundred and fifty-five thousand dollars, and the birch plant five hundred thousand dollars. Now, we have been charged on this side of the House of having no faith in some of these industries. I submit now I have very little faith in some of them. I submit also, Mr. Chairman, I anticipate next year sometime, if still in existence, the Government coming along wanting a little more for operating expenses. I hope not, but we all know the state at the present time, to say the least they are in a state of flux, nobody seems to own, they are children who can't get adopted, the Government does not want them, the Newfoundland and Labrador Corporation does not want them, and I suggest, Mr. Chairman, eventually they will be adopted by a few foreigners who come from over the seas, as we foreigners and Caesars came over four or five hundred years ago.

Well, the cement plants get sixty-three thousand more, the gypsum plant one hundred and eighty-two thousand more and the birch plant five hundred thousand more for operating expenses. I take it that is really for operating expenses, wages, expenses, and not for birch already in the woods.

MR. CURTIS: I would think when it is to pay for birch already in the woods, a million dollars worth of

wood, that would come under operating expenses. You must remember they have to pay for the birch as it is being cut.

MR. HOLLETT: I hope they won't ask for another five hundred thousand next year. Now, we come to the machinery plant \$1,250,000. I have been wondering about that ever since I sat down here this evening. That is the one I remember, to which we lent the sum of two million five hundred thousand dollars, and I believe the machinery plant had one million and this is another which is to be loaned, is that it? That is not paid out of the Consolidated Revenue Fund yet then? Now, looking at this Loan Act as I see it here, I must admit I am sceptical about a lot of these things which are being done by the Government on the opposite side of the House; I am not going to deny it, I have very little faith in the Government, Mr. Chairman, very little faith, and as somebody said here in that Chair one time, unless and until the Government can show me that I ought to have faith in them I don't intend to have it. I would like to have faith in the Government, and then I would have faith in the destiny of this new province.

MR. CURTIS: If you become neutral first then you will get faith.

MR. HOLLETT: I have very little at the moment, very little. I have charged the Government, Mr. Chairman, with careless spending, I have charged that they are incapable of carrying on the Government from the financial point of view, and I believe that, I said it from my heart, not for political purposes, I have no political ambitions, and as the Premier suggested, I do not want to be

Leader of the Opposition, nor the Premier of the country, I am not here to make any money. I must admit I made three thousand dollars last year and spent it, I hope, to very good advantage. I maintain that I got three thousand dollars worth of abuse since yesterday morning, I have been accused of hurling insults across the House, myself and the Premier. I don't know whether the Premier will deny it, but I certainly deny throwing any insults across this House, and say the press and radio are not stating the facts.

I am speaking about this Loan Bill now—we are lending the Machinery Plant two hundred and fifty thousand dollars. What have they to do for that? Clear land in the vicinity of St. John's, clear it and prepare it as a site for, and erect and complete the erection thereon of a building, and prepare and install therein modern and up-to-date plants for manufacture of machinery and machine tools, which said plant costs not less than four million dollars. I would like to be told exactly what happens after that. They are constructing the plant at a cost of two million five hundred thousand dollars, what happens after that, who operates that plant? Is that to be another of the plants like the gypsum plant?

MR. CURTIS: They operate it.

MR. HOLLETT: They are only obligated to build it.

MR. SMALLWOOD: They might unbolt it and ship it to Germany.

MR. HOLLETT: Perhaps they had better do it right away. I can find nothing, Mr. Chairman, in this Act that demands that they operate the plant, they are only obligated to build it, and they are supposed to

raise a loan, and if they don't raise it, within three years, I believe it is, after the making of this agreement, and if agreement to repay the Government by commercial bank loan or sale of bonds shall not have been arranged by the company, they will establish a sinking fund. In other words, before they know exactly what they are to do. We don't know yet from the Act whether they will operate it or not, we do know who is going to operate the hardwoods plant out there, but even that the Government are going to rewrite. I do not see anything here to indicate that there is anything yet as to who is the operating company. Has any company been engaged to operate this machine plant?

MR. CHAIRMAN: The company itself.

MR. HOLLETT: Where is the agreement to operate it, can you show me that?

MR. SMALLWOOD: The honourable gentleman is perfectly right, there is no obligation on them to operate the plant.

MR. HOLLETT: Thank you.

MR. SMALLWOOD: There is no obligation on anyone to operate it.

MR. CURTIS: They have put in two and a half million dollars, and they are just going to sit on it.

MR. SMALLWOOD: And let it hatch.

MR. HOLLETT: This thing is so slipshod that I am certainly against giving this money. That cotton textile mill, I will say nothing about that yet, because there is not very much being done about it. Now, with regard to this Pressboard Plant, ac-

ording to the Premier the company could arrange to build it in Germany thereby saving seventy-five thousand dollars. I put it the other way, this Bill will be called cheap politics—built in Germany in order to take seventy-five thousand dollars out of the pockets of the people of this country. What do we care what the cost saved or lost in Germany will be, it enables them to earn money at the expense of our people.

MR. SMALLWOOD: It is not Germany.

MR. HOLLETT: I don't know where, not Newfoundland.

MR. SMALLWOOD: Switzerland.

MR. HOLLETT: I have my doubts about that, but must take your word for it. It does not matter where, I maintain the mere statement from the other side of the House that they could save seventy-five thousand dollars by allowing this Pressboard company to build a plant in Switzerland or Germany or Latvia, and ship it over here, pay the duty, and have it erected here, is a gain to Germany and a loss to our people.

MR. CURTIS: We lend them that much less.

MR. HOLLETT: How do we know how much you will lend them, you never stop, have not stopped yet.

MR. MERCER: Try to stick to the loan Bill —

MR. HOLLETT: Well, Mr. Chairman, we are getting along very good, I am just making these remarks, in order of course, to enlighten the Government. I am trying to establish the fact that even with all the lack of qualifications I possess I would like to make the remarks relevant.

MR. MERCER: Make them relevant.

MR. HOLLETT: But to me to save seventy-five thousand dollars out of that five hundred thousand dollars looks just like water down the sewer, does not mean a thing if they did save seventy-five thousand dollars, and I doubt they will save it, and if they do, it will be at the expense of the people in this country today without work, and I say now, and state emphatically, within the last ten days at least twenty people have come to me asking me to try and get them a job. It is not so easy for me to get them a job as it is for some members on the opposite side of the House. I could not get them to Seven Islands like some people on the opposite side of the House, but I did manage to get a few jobs and I believe the Leader of the Opposition got a few, but there are still a lot of men in this country and here in St. John's who have to work, but to say, spend it here to give these people work is cheap politics, cheap, dirty low-down politics.

Now, we come to the Optical Plant, one hundred and fifty thousand dollars worth of eye glass frames and we are up against a loan of ten million dollars. Speaking of this ten million dollars, if I have heard it right, there is four and three quarter per cent interest per year on the loan, and one and a half per cent commission. The discount is in addition one and one quarter per cent, this adds up to seven and a half per cent.

I believe, Mr. Chairman, I heard the Premier say there would be a sinking fund set up which would probably be two and a half per cent, which makes all together ten per cent in the first year taken off the bond issue of

ten million dollars. I maintain that when the first year is up one million dollars will be deducted from that ten million dollars loan just to pay interest, and what not, and establish a sinking fund. Now, the asbestos mill and mine, that is the one that started the whole row, that loan of two hundred and fifty thousand dollars to be raised by the asbestos company, I believe, it was in New York, and I think the Premier told us arrangements were made, but when they came back and told the honourable the Premier the terms of that particular loan, the Premier was disgusted, and said: no, we are not going to let you, we will give you the money on our own terms. That is the thing that started all the row, if there was any row. Now, I come to the Trepassey Plant and the Placentia Fish Plant, these two have been talked about now for a year or more, and I do hope they will be completed, particularly the one in Trepassey. There is an election out there this year, I believe, but I do hope it will be built apart altogether from the election. I take off my hat to the Government for everything they spend in making all the loans possible to the fishery, and if they lose some of them, I don't blame them one bit. I would say that the Wareham's of Placentia Bay are going to make a good thing of the Placentia Plant and the quicker they get the money the better. I maintain and say now that the Government has the money available in that they have budgeted for a surplus of six million dollars, and there is no reason to get this loan of ten million dollars. Now, the next item is one million dollars for fishery development and of all the items here, that is the only item which the Honourable the Premier was unable to give us any particulars whatsoever on, he merely

said, a million dollars for fishery development, but he has to wait until the Fishery Commission finish their inquiry and they will report to the two Governments, Federal and Provincial, and they will get together and decide what is to be done, and of this million dollars part will be loaned and part will be used in the outlay. They have not been able to give any information at all about this fishery development scheme. We had a visit here, Mr. Chairman, from the Fishery Minister, the Honourable Mr. Mayhew of the Federal Government, as far as the general public knew, I never heard, but believe he made a few short speeches, had a few cocktail parties and went back and made a statement in Ottawa. The Government has told us very little about their interview with him, I don't see why there is any dark secret about our fishery, I prophesy now, Sir, unless something is done very shortly to help put new life in the fishery we won't have any fishery or fishermen here. Because of the cotton textile mill and other plants they will have left this country. I am now coming to the last one there, the Newfoundland and Labrador Corporation, \$1,800,000. The more I look at that Newfoundland and Labrador Corporation, the more my stomach upsets, the whole thing is so fantastic, everybody is so stupid on this side they probably would not be expected to understand, but why in the name of heaven we have to give another million eight hundred thousand dollars to the Newfoundland and Labrador Corporation to engage with some other companies on mineral development when no minerals have as yet been discovered, or on a paper mill if you wish, when nobody has been as yet shown any desire to establish a paper mill, I cannot under-

stand. I still have plenty of faith in the country, but I have very little in this administration. I fail to see, Sir, why we have to give them anything, nobody has told us why. The Premier got up and said something, but I don't see any reason why we should have to agree to vote one million eight hundred thousand dollars to the Newfoundland and Labrador Corporation. I was of the opinion this man, Sir William Stephenson, was a genius, and the Premier and the Attorney General said something about hatching it out, they could not hatch out ten million dollars in New York, or at least did not. I tell you frankly, I think it is the most ridiculous thing I have ever heard, for this Government to bring in a loan Bill with no strings attached whatsoever, and then, as an afterthought, the Honourable the Premier lists seventeen items on which it is to be spent, and amongst these items there is one for one million eight hundred thousand dollars for the Newfoundland and Labrador Corporation, to whom we have already paid nine hundred thousand dollars for which we have seen nothing yet. We are told about all the mining experts coming in here, I don't know at whose expense, I asked and they said: not at the expense of the Corporation, what is being done about it? There was nine hundred thousand dollars paid them and they are reputed to have put in one hundred thousand dollars. Is the Government who voted it to get no account of that nine hundred thousand dollars before voting another million eight hundred thousand? That does not seem to me to be good business. I repeat, Mr. Chairman, I do not like the Loan Bill, I don't like the principal of the thing, and I shall vote against it because it is not a necessity. I want

the Government to spend money on the fishery, and I say they have the money. We were told that there was not a cent in the Treasury on the 30th of June, but we are told that six million dollars have come back since, they have six millions down there and can easily advance money for these two fish plants.

Now, Sir, there is very little more I have to say, I have probably said too much now, but I wanted to make these few remarks, and I am glad that peace and harmony of the assembly has not been again disrupted. I hope and trust that we shall now be able to depart in peace, and I hope some of us will be seen no more in this Chamber, mentioning no names, but I do wish the Government, for the sake of Newfoundland and of the people of this country would be a little more careful about commitments which they have made by order in council to individuals and to Corporations.

Now, I refer to the statement made by the Honourable Minister of Finance, that it would be unthinkable for us to borrow. He was right, he was perfectly sound when he said that it was unthinkable for us to borrow. Having had so much money at our disposal, how is he going to explain that now, I will leave it to him—"It was unthinkable for us to borrow." I hope and trust that the Government on the opposite side do not find it necessary to borrow any more money unless for the development of the fishery, and if they have to borrow, if they must borrow for the fishery, borrow for agriculture, but not, I beg of you, for industries such as some of these which we have already amongst us, and for whom we can find no

adopted father or mother, no parents to take them in charge.

MR. CASHIN: Mr. Chairman, before reading these resolutions I have just a few more words to say, then let it rest in peace. Here is the position, as I see it. The Government in the last session of the House, or the second last one in 1951, passed certain legislation granting certain Corporations certain amounts of money, such as the furriers, the tannery, machinery contracting company, in all five and a quarter million dollars. The Government made these guarantees and the Government itself felt that these Corporations could go out and get the money on the Government's guarantee on the Acts that we legislated here in this assembly. Some of these companies undoubtedly went out and tried to raise the money and failed and they were unable to cash in on the Government's guarantee, for instance the Asbestos Company went to a commercial bank and the terms were so utterly high that they came back to the Government, and the Premier told us here tonight that he told them that he would advance them the cash instead of their having to raise it on the guarantee of the Government. Well the fact is, the Government guaranteed these amounts of money without having the necessary money to pay out at the time, that was the cause of this loan tonight, that is a fact. It is the cause of at least six million dollars of it or more. As I pointed out in my few wild remarks, if you raise this loan your proposed surplus of six million three hundred thousand dollars is going to be reduced something in the vicinity of a million dollars, and will be down to five million and a half, consequently, the necessary funds to pay off these obligations, as I see it, would be

somewhere in the vicinity of six million dollars, and the other four million would be necessary to finance these other industries which have not been provided for in the estimates. As was pointed out by my colleague, the honourable member for St. John's East here this evening supplementary supply should be brought in to cover these items, because, I don't care what you say about the Audit Act when you go to bankers and ask for ten million dollars to repay to the Consolidated Revenue Fund they are going to ask you what you are going to repay the Consolidated Revenue Fund for and you have to tell them, because we built a cement plant, a gypsum plant and a birch plant, which cost us to date, roughly ten million dollars in capital advances. These are the things that necessitate your having to borrow ten million dollars at the present time, but when you brought in your estimates of expenditures and brought in your Budget you were cock-sure that the Newfoundland and Labrador Corporation could raise that money, and they failed, they failed ignominiously, and for many reasons mentioned already and it is unnecessary for me to mention them now, with the result that we have to borrow some money to pay off our obligations incurred by the Government to the tune of six million dollars, and about the other four million not required at the present time, not required at all and why borrow it? You say you are going to have a million dollars for the fishery, but you don't know how it is to be spent. The two fish plants, at Trepassey and at Placentia are the two most important items there, and both these have been on the carpet for some time. But when you passed that Newfoundland and Labrador Guarantee Act, guar-

anteing them as to principal and interest on ten million dollars you did not bring in a proposition of this nature to tell us how that money was to be spent. You did not say that because here was your position: That money came back into the Treasury as per your budget and showed a surplus of fifteen and a half million dollars, eleven million dollars roughly in Ottawa, and consequently you had four million dollars in cash here in Newfoundland which you would have after receiving that nine million two hundred thousand dollars to carry out the expenditure as outlined in the estimates of expenditure. Therefore, this Loan Bill now of ten million dollars should be reduced to at least six million dollars, which would when your year closes in 1952-53 leave you your ten or eleven million dollars in Ottawa and a square account in Newfoundland. I think that is roughly correct. But you want that other four million dollars with which you are going into various plants and schemes etc., but that six million dollars is sufficient to pay off your obligations under your estimates of expenditures. If you only get six millions you would be unable to give one million eight hundred thousand dollars to the Newfoundland and Labrador Corporation. They have already received nine hundred thousand dollars and we have stock for it, but we do not know how that money is being spent, nor will we find out for some considerable time, so why give them now a million eight hundred thousand dollars to play around with over the next six or eight months until next year and then we will be told that is the Corporation's business what they are doing with it, the people's money. Therefore, I suggest to the

Government that they reduce this loan to six million dollars.

Resolutions read by the Clerk. Bill read by the Clerk.

Move the Committee rise and report having passed the Resolutions. Resolutions read a first time, read a second time.

MR. SMALLWOOD: The Honourable Minister asks leave to introduce a Bill based on these resolutions. Bill read a first time, read a second time.

MR. SPEAKER: Is it the wish of the House to put the Bill through Committee, or was it discussed during the Committee on the resolutions?

MR. SMALLWOOD: It was discussed, Mr. Speaker.

MR. CASHIN: We will agree to dispense with the Committee stage, Mr. Speaker.

Bill ordered read a third time on tomorrow.

MR. SMALLWOOD: Mr. Speaker, I move the House on its rising do adjourn until tomorrow, Friday at 3:00 of the clock.

FRIDAY, July 4, 1952.

The House met at 3:00 of the clock in the afternoon, pursuant to adjournment.

Presenting Petitions

None.

Presenting Reports of Standing and Select Committees

None.

Giving Notice of Motion and Question

None.

Answers to Questions

HON. G. J. POWER (Minister of Finance): Mr. Speaker, I have here the answers to the remaining questions by the Honourable Leader of the Opposition.

Question 5 (1):

Finance	\$2,682,297.88
Education	73,080.55
Attorney General	13,837.50
Mines and Resources.....	560,743.59
Public Works	640,600.61
Health	243,900.31
Public Welfare	73,089.05
Board of Liquor Control...	660,000.00
Municipal Affairs and Supply	6,499.95
Fisheries and Co- operatives	11,923.16
Economic Development	514.74
Labour	2,171.33
	<hr/>
	\$4,968,658.67

Question 5 (7): There has been no bank guarantee given since the 1st of April 1952 in respect to these items.

Orders of the Day

Third reading of Bill, "An Act to Repeal the Newfoundland and Labrador Corporation, Limited, Guarantee Act, 1952."

Read a third time, ordered passed and title be as on the Order Paper.

Third reading of Bill, "An Act to Authorize the Raising of a Sum of Money by way of a Loan on the Credit of the Province."

Division called on third reading.

MR. SPEAKER: Division is now called on the motion that the Bill be now passed. Those in favour of the motion stand.

Honourable the Premier, Honourable the Attorney General, Honourable Minister of Public Welfare, Honourable Minister of Health, Honourable Minister of Finance, Honourable Minister of Fisheries and Co-operatives, Honourable Minister of Municipal Affairs and Supply, Honourable Minister of Education, Honourable Minister of Labour, Honourable Mr. Lewis, Mr. Morgan, Mr. Button, Mr. Janes, Mr. Brown, Mr. Norman, Mr. Mercer.

Those opposing the motion: Honourable Leader of the Opposition, Mr. Hollett, Mr. Higgins, Mr. Fogwill, Mr. Jackman.

Motion carried sixteen to five.

Committee of the Whole on Bill, "An Act to Amend the Revenue and Audit Act, 1951." Leave was given yesterday this Committee sit again today.

HON. L. R. CURTIS (Attorney General): I move the Committee rise, report having passed the Bill without amendment.

MR. COURAGE: The Committee of the Whole have considered the matter to them referred and have passed the Bill without amendment

Ordered read a third time now. Read a third time, ordered passed and title be as on the Order Paper.

Adjourned debate on the Address in Reply to the Speech from the Throne:

Moved and seconded the report of the Committee be adopted.

Carried.

MR. CURTIS: Mr. Speaker, there is a very small Bill which I would ask leave to introduce and with the unani-

mouse consent of the House to put through all stages. It is not important or I would not bring it in at this time. It is a Bill, "An Act to Amend the Revised Statutes Act, 1952." The Act to allow the consolidated Committee in completing its work to incorporate into the report Acts passed during the present session. I don't think there will be any objection by my honourable friends opposite.

Leave is given by the House.

Bill read a first time.

MR. CURTIS: I move, Mr. Speaker, that the Bill be now read a second time. I may say, it is to include the Bills passed in the present session of the House.

MR. HIGGINS: May I ask the Attorney General if he has any idea when this consolidated statutes will be completed, if he has any idea?

MR. CURTIS: This Fall, I hope.

MR. SPEAKER: That is out of order.

Bill read a second time, ordered referred to Committee of the Whole now.

The Committee sat and reports having passed the Bill without amendment.

Ordered read a third time now, read a third time, ordered passed and title be as on the Order Paper.

MR. SPEAKER: The Administrator will be pleased to receive the Address in Reply this afternoon, I shall call upon His Honour at Government House and as many of the honourable members as wish to accompany me. I shall return here and close the day's proceedings immediately afterwards.

The House will recess at the call of the Sergeant at Arms.

SERGEANT AT ARMS: I have the honour to inform you, Mr. Speaker, that His Honour the Administrator has arrived.

MR. SPEAKER: Admit His Honour the Administrator.

MR. SPEAKER: May it please Your Honour, the General Assembly of this Province has at its present session passed certain Bills to which, in and on behalf of the General Assembly, I respectfully request Your Honour's assent.

"An Act to Amend the Revenue and Audit Act, 1951."

"An Act to Repeal the Newfoundland and Labrador Corporation Limited (Guarantee) Act, 1952."

"An Act to Authorize the Raising of a Sum of Money by Way of a Loan on the Credit of the Province."

"An Act to Amend the Revised Statutes Act, 1952."

HIS HONOUR: In Her Majesty's Name, I assent to these Bills.

MR. SPEAKER: I beg to inform the House that His Honour the Speaker at 3:00 of the clock this afternoon awaited upon the Administrator who was pleased to receive our Address in Reply to the Speech from the Throne.

At 4:00 o'clock this afternoon His Honour the Administrator was pleased to give assent to Bills passed in this present session.

HON. J. R. SMALLWOOD (Prime Minister): Mr. Speaker, I move that the House at its rising do adjourn until Tuesday, the 30th day of September at 3:00 of the clock, subject to the following conditions:

(1) Should Mr. Speaker be absent from Newfoundland or because of illness be unable to act, the Deputy Speaker, and Chairman of Committee of Ways and Means shall, and is hereby authorized to call the House in session prior to 30th September next if so directed by the Executive Council and shall give written notice to all and every member of the House ten days before.

(2) Should the Speaker be absent or unable to attend because of illness, the Deputy Speaker may on the 30th day of September next, if a quorum be not present then further adjourn the House for such period as may be determined by the Executive Council subject to the same conditions as herebefore.

MR. SPEAKER: Moved and seconded the House at its rising do adjourn until 3:00 of the clock, September 30th, 1952, subject to the conditions contained in the motion. Carried.

TUESDAY, March 10, 1953.

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

MR. SPEAKER: I have a message I must deliver to the House. It is a letter dated March 3, 1953, addressed to the Speaker, Newfoundland House of Assembly, signed James D. Higgins,

M.H.A., St. John's East.
Honourable Reginald F. Sparkes,
Speaker,
Newfoundland House of Assembly,
St. John's.

Sir:

I am instructed to advise you that at a meeting of the Progressive Con-

servative Members of the House of Assembly held on Tuesday, March 3, Mr. Malcolm M. Hollett, M.H.A., St. John's West, was chosen as Leader of the Opposition in the House of Assembly.

I should be obliged if you would advise me if this appointment receives your recognition.

Yours very truly,

(Sgd.) JAMES D. HIGGINS.
M.H.A.,
St. John's East.

MR. SPEAKER: The House will please take notice and govern itself accordingly.

There will be no Order Paper today. The House merely now awaits the arrival of His Honour the Lieutenant Governor for prorogation.

I understand certain newly elected members will take the oath of allegiance and sign the roll. This will be done on the arrival of the Chief Justices.

SERGEANT-AT-ARMS: Mr. Speaker the Lieutenant Governor has arrived.

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

I thank you for your prompt response to my Government's request that you enact legislation authorizing the issue and sale of bonds of the Province to the value of ten million dollars. I am happy to advise you that this issue was promptly sold at a satisfactory price and that the relevant bonds are being quoted on the market today at a premium. These facts show the confidence of the in-

vesting public of all Canada in the future of Newfoundland.

I also thank you for your attention to other legislation prepared by my Ministers.

It was not considered advisable that this your Second Session in 1952 should be earlier, lest unforeseen circumstances, particularly in relation to the proposed loan, should necessitate your being called together at short

notice. I am glad that this did not prove necessary. It is desirable now that the current Session be terminated, so that a new Session may be undertaken. I therefore prorogue this Session of the Thirtieth General Assembly until the afternoon of tomorrow: Wednesday, the 11th day of March, 1953, when the Third Session of this same General Assembly will meet for the despatch of business.

Newly elected members sworn in by Chief Justices.

ELIZABETH THE SECOND, by the Grace of God,
of Great Britain, Ireland and the British Dominions
beyond the Seas, QUEEN, Defender of the
Faith.

GREAT SEAL.

(SIGNED) LEONARD OUTERBRIDGE,
LIEUTENANT-GOVERNOR.

TO ALL TO WHOM THESE PRESENTS SHALL COME,

GREETING

A P R O C L A M A T I O N

KNOW YE that we have appointed Honourable Sir Albert Joseph Walsh, Knight Bachelor, Chief Justice, Honourable Sir Brian Dunfield, and Honourable Harry A. Winter, Judges of the Supreme Court, to be Commissioners; they or any two of them to administer the Oath of Allegiance to the undermentioned persons elected to serve in the House of Assembly for the Districts set opposite their names, respectively.

The Honourable Frederick William Rowe, B.A., D. Paed., District of Labrador.

The Honourable Myles Patrick Murray, Q.C., District of Ferryland.

Giving to them, or any two of them, full power and authority to perform the matter hereinbefore mentioned ratifying and confirming all whatsoever they, or any two of them, shall do and perform in this behalf and whereof they, or any two of them, are to make due return under their hands and seals unto Our Lieutenant Governor of Our said Province, with these Presents annexed.

IN TESTIMONY WHEREOF WE have caused these Our Letters to be made Patent and the Great Seal of Newfoundland to be hereunto affixed.

WITNESS: Our trusty and well beloved Sir Leonard Cecil Outerbridge, Knight Bachelor, Commander of Our Most Excellent Order of the British Empire, Companion of Our Distinguished Service Order, Colonel in Our Army, Lieutenant-Governor in and over the Province of Newfoundland.

AT OUR GOVERNMENT HOUSE in
Our City of St. John's this 6th day of
March, 1953, and in the Second year of
Our Reign.

BY COMMAND,

(Sgd.) MYLES MURRAY,

Minister of Provincial Affairs.

The following Commission read by the Clerk.

ELIZABETH THE SECOND, by the Grace of God,
of Great Britain, Ireland and the British Dominions
beyond the Seas, QUEEN, Defender of the
Faith.

GREAT SEAL.

(SIGNED) LEONARD OUTERBRIDGE,
LIEUTENANT-GOVERNOR.

TO HONOURABLE SIR ALBERT JOSEPH WALSH,
HONOURABLE SIR BRIAN DUNFIELD, AND
HONOURABLE HARRY A. WINTER.

G R E E T I N G

KNOW YOU, that confiding in your loyalty, fidelity and circumspection, We, by and with the advice of Our Executive Council for the Province of Newfoundland, have thought fit to constitute and appoint and by these presents do constitute and appoint you to be Our Commissioners for the purpose of administering the Oath of Allegiance to the persons elected to be Members of Our General Assembly for Newfoundland at the Deferred Election holden in the Electoral District of Labrador on the 23rd day of July A.D., 1952, and the By-Election holden in the Electoral District of Ferryland on the 25th day of September A.D., 1952, hereby granting unto you all the rights, powers and advantages which to the said office do or may lawfully appertain, and requiring you diligently to perform the duties thereof.

IN TESTIMONY WHEREOF WE have caused these Our Letters to be made Patent and the Great Seal of Newfoundland to be hereunto affixed.

WITNESS : Our trusty and well beloved Sir Leonard Cecil Outerbridge, Knight Bachelor, Commander of Our Most Excellent Order of the British Empire, Companion of Our Distinguished Service Order, Colonel in Our Army, Lieutenant-Governor in and over the Province of Newfoundland.

AT OUR GOVERNMENT HOUSE in Our City of St. John's this 6th day of March, 1953, and in the Second year of Our Reign.

By Command,
(Sgd.) MYLES MURRAY,
Minister of Provincial Affairs.

House prorogued.

Journal and Proceedings
of the Second Session
Thirtieth General Assembly
of Newfoundland

BEGUN and holden at St. John's in the Province of Newfoundland on Monday, the Thirtieth day of June, Anno Domini, Nineteen Hundred and Fifty-two, being in the First Year of the Reign of Her Majesty our Sovereign Lady Elizabeth the Second, by the Grace of God, of Great Britain, Ireland and the British Dominions beyond the Seas, Queen, Defender of the Faith.

MONDAY, June 30th, 1952.

His Honour the Lieutenant Governor having fixed the hour at which he proposed to open the Present Session of the Legislature at three of the clock in the afternoon, Monday, the thirteenth day of June, the Members of the House of Assembly met in the Assembly Room at three of the clock in the afternoon, when Mr. Speaker took the Chair.

At three of the clock the Sergeant-at-Arms announced that His Honour the Administrator had arrived.

His Honour the Administrator entered the Assembly Chamber preceded by the Sergeant-at-Arms.

Mr. Speaker left the Chair.

His Honour the Administrator took the Chair.

His Honour was then pleased to open the Session with a Speech from the Throne as follows:

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

No one thought when your Honourable House was prorogued a few weeks ago, that need would so soon arise to call it together again. In the course of the recent Session legislation was enacted authorizing my Government to guarantee principal and interest of a bond issue of Ten Million Dollars proposed to be sold by Newfoundland and Labrador Corporation Limited. Negotiations had been conducted for sale of those bonds in the United States of America, and the language of the Act in question was based upon that fact. My Ministers and the Corporation subsequently became convinced of the financial un-

soundness of selling the bonds in the United States; and the Corporation consequently decided to make an effort to sell its bonds in Canada. Negotiations were entered into between the Corporation and certain leading bond houses in Canada, but it became apparent recently that the Corporation would be unable to dispose of the proposed bonds at this time. The reasons for the inability will be explained by my Government.

You will be asked to enact legislation authorizing my Government to sell bonds of the Province to the value of Ten Million Dollars, and to repeal the Act authorizing the guarantee of the Corporation's bonds.

I trust that you will not need to give too much of your time to your work as legislators at this pleasant season of the year, and I pray that Providence will guide you in your deliberations.

His Honour was then pleased to retire.

Mr. Speaker resumed the Chair.

Hon. the Acting Attorney General asked leave to introduce a Bill entitled "An Act to Amend the Revenue and Audit Act, 1951."

On motion of Hon. the Acting Attorney General the said Bill was read a first time and it was ordered that the said Bill be read a second time on tomorrow.

Mr. Speaker stated that, for greater accuracy, he had obtained a copy of the Speech made by His Honour the Administrator.

The said Speech was then read by the Clerk at the table.

It was moved by Mr. Morgan and seconded by Mr. Janes that an Address

of Thanks be presented to His Honour the Administrator in reply to the Gracious Speech with which he had been pleased to open the present Session of the Legislature and that a Select Committee be appointed to draft such Address in Reply.

It was ordered accordingly and the following gentlemen were appointed to said Committee.

Mr. Morgan,
Mr. Janes,
Mr. Hollett.

Hon. the Premier gave notice that he would on tomorrow ask leave to introduce the following Bills:

A Bill "An Act to Authorize the Raising of a Sum of Money by way of Loan on the Credit of the Province."

A Bill "An Act to Repeal the Newfoundland and Labrador Corporation Limited (Guarantee) Act, 1952."

Mr. Cashin gave notice of Question.

Mr. Hollett gave notice of Question.

It was moved and seconded that when the House rises, it adjourn until Wednesday, July 2nd, at eleven of the clock in the forenoon.

The House then adjourned accordingly.

WEDNESDAY, July 2nd, 1952.

The House met at eleven of the clock in the forenoon, pursuant to adjournment.

Mr. Morgan, on behalf of the Select Committee appointed to draft a reply to the Speech of His Honour, the Administrator, presented a report of the Select Committee as follows:

To His Honour the Administrator
Sir Albert Joseph Walsh,
Knight Bachelor, L.L.D.

May it please Your Honour,

We the Commons of Newfoundland in Legislative Session assembled, beg to thank Your Honour for the Gracious Speech which Your Honour has addressed to this House.

(Sgd.) A. B. Morgan
G. W. Janes
M. M. Hollett.

Assembly Room,
July 2nd, A.D., 1952.

The Address in Reply was debated.

On motion it was ordered that the House do not adjourn at six of the clock.

On motion it was ordered that the debate on the Address in Reply be adjourned for further debate on tomorrow.

It was moved and seconded that when the House rises, it adjourn until tomorrow, July 3rd, at eleven of the clock in the forenoon.

The House then adjourned accordingly.

THURSDAY, July 3rd, 1952.

The House met at eleven of the clock in the forenoon, pursuant to adjournment.

The debate on the Address in Reply was continued and on motion was adjourned for further debate at a later hour in the day.

Pursuant to order and on motion of Hon. the Attorney General, the Bill entitled "An Act to Amend the Revenue and Audit Act, 1951" was

read a second time and it was ordered that the said Bill be referred to a Committee of the Whole House presently.

On motion of Hon. the Attorney General, and with unanimous consent, the House resolved itself into a Committee of the Whole to consider the said Bill.

Mr. Speaker left the Chair.

Mr. Morgan took the Chair of Committee.

Mr. Speaker resumed the Chair.

The Chairman from the Committee reported that they had considered the matter to them referred, had made some progress, and asked leave to sit again on tomorrow.

On motion this report was received and adopted and it was ordered that the Committee have leave to sit again on tomorrow.

Pursuant to notice and on motion of Hon. the Premier, the Bill entitled "An Act to Repeal the Newfoundland and Labrador Corporation Limited (Guarantee) Act, 1952" was introduced and read a first time and it was ordered that the said Bill be read a second time presently.

On motion of Hon. the Premier, and with unanimous consent, the said Bill was read a second time and it was ordered that the said Bill be referred to a Committee of the Whole House presently.

On motion of Hon. the Premier, and with unanimous consent, the House resolved itself into a Committee of the Whole to consider the Bill entitled "An Act to Repeal the Newfoundland and Labrador Corporation Limited (Guarantee) Act, 1952."

Mr. Speaker left the Chair.

Mr. Mercer took the Chair of Committee.

Mr. Speaker resumed the Chair.

The Chairman from the Committee reported that they had considered the matter to them referred and had passed the said Bill without amendment.

On motion this report was received and adopted and it was ordered that the said Bill be read a third time on tomorrow.

Hon. the Premier informed the House that a communication had been received from His Honour the Administrator which he read to the House as follows:

I, the Administrator of the Government of the Province of Newfoundland, having been made acquainted with the subject matter of these Resolutions relating to the raising of a Loan on the Credit of the Province in a sum not exceeding \$10,000,000 recommend them to the consideration of the House of Assembly.

Dated the 2nd of
July, 1952.

(Sgd) A. J. WALSH,
Administrator of the Government
of the Province of Newfoundland.

Pursuant to notice and on motion of Hon. the Premier, the House resolved itself into a Committee of the Whole to consider certain Resolutions in relation to the raising of a Loan for certain Public Purposes.

Mr. Speaker left the Chair.

Mr. Mercer took the Chair of Committee.

Mr. Speaker resumed the Chair.

The Chairman from the Committee reported that they had considered the matter to them referred, had passed certain Resolutions in relation to the raising of a loan for certain Public Purposes, and recommended that a Bill be introduced to give effect to the same.

The said Resolutions being read a first and second time, it was moved and seconded that the House concur with the Committee therein and the said Resolutions were agreed to.

On motion of Hon. the Premier, the Bill entitled "An Act to Authorize the Raising of a Sum of Money by Way of Loan on the Credit of the Province" was introduced and read a first time and it was ordered that the said Bill be read a second time presently.

On motion of Hon. the Premier, and with unanimous consent, the said Bill was read a second time.

On motion of Hon. the Premier, and with unanimous consent, it was ordered that the said Bill be not referred to a Committee of the Whole House and that the said Bill be read a third time tomorrow.

It was moved and seconded that when the House rises, it adjourn until tomorrow afternoon, July 4th, at three of the clock.

The House then adjourned accordingly.

FRIDAY, July 4, 1952.

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

Pursuant to order and on motion of Hon. the Premier, the Bill entitled

"An Act to Repeal the Newfoundland and Labrador Corporation Limited (Guarantee) Act, 1952" was read a third time and passed and it was ordered that the said Bill be printed, being entitled as above, and that it be submitted to the Lieutenant-Governor for his assent.

Pursuant to order and on motion of Hon. the Premier, the Bill entitled "An Act to Authorize the Raising of a Sum of Money by way of Loan on the Credit of the Province" was read a third time and passed and it was ordered that the said Bill be printed being entitled as above, and that it be submitted to the Lieutenant Governor for his assent.

Pursuant to order and on motion of Hon. the Attorney General, the House resolved itself into a Committee of the Whole to consider the Bill entitled "An Act to Amend the Revenue and Audit Act, 1951."

Mr. Speaker left the Chair.

Mr. Mercer took the Chair of Committee.

Mr. Speaker resumed the Chair.

The Chairman from the Committee reported that they had considered the matter to them referred and had passed the said Bill without amendment.

On motion this report was received and adopted and it was ordered that the said Bill be read a third time presently.

On motion of Hon. the Attorney General, and with unanimous consent, the Bill entitled "An Act to Amend the Revenue and Audit Act, 1951" was read a third time and passed and it was ordered that the said Bill be printed, being entitled as above, and

that it be submitted to the Lieutenant Governor for his assent.

On motion of Hon. the Attorney General, and with unanimous consent, the Bill entitled "An Act to Amend the Revised Statutes Act, 1952" was introduced and read a first time and it was ordered that the said Bill be read a second time presently.

On motion of Hon. the Attorney General, and with unanimous consent, the said Bill was read a second time and it was ordered that the said Bill be referred to a Committee of the Whole House presently.

On motion of Hon. the Attorney General, and with unanimous consent, the House resolved itself into a Committee of the Whole to consider the said Bill.

Mr. Speaker left the Chair.

Mr. Mercer took the Chair of Committee.

Mr. Speaker resumed the Chair.

The Chairman from the Committee reported that they had considered the matter to them referred and had passed the said Bill without amendment.

On motion this report was received and adopted and it was ordered that the said Bill be read a third time presently.

On motion of Hon. the Attorney General, and with unanimous consent, the Bill entitled "An Act to Amend the Revised Statutes Act, 1952" was read a third time and passed and it was ordered that the said Bill be printed, being entitled as above, and that it be submitted to the Lieutenant Governor for his assent.

Mr. Speaker informed the House

that His Honour the Administrator would be pleased to receive the Address in Reply presently.

Accordingly, Mr. Speaker and the Members of the House proceeded to Government House and being returned to the Assembly Chamber, Mr. Speaker informed the House that His Honour had received the Address of Thanks and had been pleased to reply thereto as follows:

Mr. Speaker and Gentlemen of the Honourable House of Assembly:

I thank you for the Address in Reply to the Speech with which your Present Session was opened.

The Sergeant-at-Arms announced that His Honour the Administrator had arrived.

His Honour the Administrator entered the Assembly Chamber preceded by the Sergeant-at-Arms.

His Honour the Administrator took the Chair.

Mr. Speaker addressed His Honour as follows:

May it please Your Honour, the General Assembly of the Province has at its Present Session passed certain Bills, to which, in the name and on behalf of the General Assembly, I respectfully request Your Honour's assent.

Whereupon the Clerk read the following Bills entitled:

A Bill "An Act to Amend the Revenue and Audit Act, 1951."

A Bill "An Act to Repeal the Newfoundland and Labrador Corporation Limited (Guarantee) Act, 1952."

A Bill "An Act to Authorize the

Raising of a Sum of Money by Way of Loan on the Credit of the Province."

A Bill "An Act to Amend the Revised Statutes Act, 1952."

His Honour then said "In Her Majesty's name I assent to these Bills."

His Honour the Administrator left the Assembly Chamber.

Mr. Speaker resumed the Chair.

It was moved and seconded that when the House rises, it adjourn until Tuesday the 30th day of September next at three of the clock in the afternoon, subject to the following conditions:

1. Mr. Speaker, or should Mr. Speaker be absent from Newfoundland, or because of illness be unable to act, the Deputy Speaker and Chairman of the Committee of Ways and Means, shall, and he is hereby authorized to, call the House into Session prior to September 30th next if so directed by the Honourable the Executive Council; and in such an event he shall cause written notice to be given to each and every Member of the House seven days, at least, before the date fixed for such calling together.

2. Mr. Speaker, or should Mr. Speaker be absent from Newfoundland, or because of illness be unable to act, the Deputy Speaker and Chairman of the Committee of Ways and Means, may on the 30th day of September next and on subsequent dates to which adjournment may be taken if a quorum be not present, further adjourn the House for such period, or periods, as may be determined by the Honourable the Executive Council subject to the same conditions as hereinbefore set forth.

The House then adjourned accordingly.

TUESDAY, September 30, 1952.

At quarter past three of the clock, there being no quorum present, Mr. Speaker adjourned the House until tomorrow afternoon at three of the clock.

At quarter past three of the clock of each sitting day from October 1st, 1952 to February 28th, 1953, there being no quorum present, Mr. Speaker adjourned the House each day until tomorrow afternoon at three of the clock.

MONDAY, March 2nd, 1953.

At quarter past three of the clock, there being no quorum present, Mr. Speaker, pursuant to notification from the Honourable the Executive Council, adjourned the House until Tuesday, March 10th, at three of the clock.

TUESDAY, March 10th, 1953.

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

Mr. Speaker read the following communication of the House:

March 3, 1953.

Honourable Reginald F. Sparkes,
Speaker,
Newfoundland House of Assembly,
St. John's.
Sir,

I am instructed to advise you that at a meeting of the Progressive Con-

servative Members of the House of Assembly held on Tuesday, March 3, Mr. Malcolm M. Hollett, M.H.A., St. John's West, was chosen as Leader of the Opposition in the House of Assembly.

I should be obliged if you would advise me if this appointment receives your recognition.

Yours very truly,
(Sgd.) James D. Higgins,
M.H.A.
St. John's East.

The Sergeant-at-Arms announced that His Honour the Lieutenant Governor had arrived.

His Honour the Lieutenant Governor entered the Assembly Chamber preceded by the Sergeant-at-Arms.

His Honour took the Chair.

His Honour was then pleased to make the following Speech:

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

I thank you for your prompt response to my Government's request that you enact legislation authorizing the issue and sale of bonds of the Province to the value of ten million dollars. I am happy to advise you that this issue was promptly sold at a satisfactory price and that the relevant bonds are being quoted on the market today at a premium. These facts show the confidence of the investing public of all Canada in the future of Newfoundland.

I also thank you for your attention to other legislation prepared by my Ministers.

It was not considered advisable that this your Second Session in 1952 should be prorogued earlier, lest unforeseen circumstances, particularly in relation to the proposed loan, should necessitate your being called together at short notice. I am glad that this did not prove necessary.

It is desirable now that the current Session be terminated, so that a new Session may be undertaken. I therefore prorogue this Session of the Thirtieth General Assembly until the afternoon of tomorrow, Wednesday, the 11th day of March, 1953, when the Third Session of this same General Assembly will meet for the despatch of business.

The Members returned to the Assembly Chamber at half past three of the clock.

Honourable Sir Albert Joseph Walsh and Honourable Harry A. Winter, entered the Assembly Chamber preceded by the Sergeant-at-Arms.

The Clerk read the Proclamation of appointment of the Commissioners.

The Clerk read the Commission for newly elected members.

The said Honourable Frederick William Rowe and the said Honourable Myles Patrick Murray took and subscribed the Oath of Allegiance in the presence of the said Commissioners.

The said Commissioners left the Assembly Chamber.

NEWFOUNDLAND HOUSE OF ASSEMBLY

1952

Hon. Reginald F. Sparkes, Speaker.

List of Members with Political Affiliations

Note : L.—Liberal; P.C.—Progressive Conservative.

Member		District
Ballam, Hon. C. H.	L.	Humber
Brown, C. S.	L.	Bonavista South
Button, C. M.	L.	Trinity South
Canning, P. J.	L.	Placentia West
Cashin, P. J.	P.C.	St. John's West
Chalker, Hon. J. R.	L.	Harbour Grace
Courage, J. R.	L.	Fortune-Hermitage
Curtis, Hon. L. R.	L.	Twillingate
Drover, Samuel	L.	White Bay
Fogwill, Frank	P.C.	St. John's East
Forsey, Hon. P. S.	L.	Burin
Hefferton, Hon. S. J.	L.	Trinity North
Higgins, J. D.	P.C.	St. John's East
Hollett, M. M.	P.C.	St. John's West
Jackman, D. I.	P.C.	Harbour Main-Bell Island
Janes, Gordon	L.	Fogo
Keough, Hon. W. J.	L.	St. George's-Port au Port
Lewis, Hon. P. J.	L.	Harbour Main-Bell Island
Mercer, Isaac	L.	Port de Grave
Morgan, Baxter	L.	Green Bay
Murray, Hon. M. P.	L.	Ferryland
Norman, George	L.	Burgeo and La Poile
Pottlé, Hon. H. L.	L.	Carbonear, Bay de Verde
Power, Hon. G. J.	L.	Placentia-St. Mary's
Rowe, Hon. F. W.	L.	Labrador
Smallwood, Rt. Hon. J. R.	L.	Bonavista North
Sparkes, R. F.	L.	St. Barbe
Spencer, Hon. E. S.	L.	Grand Falls

