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Newfoundland Proposals: Following is partial text of Press release of Thursday from the Office of the Prime Minister on the "Proposed Arrangements" for the entry of Newfoundland into confederation:-

"...Under union Newfoundland would have to adjust its system of public finance to the status of a province. It would lose its main source of revenue, the customs tariff, which still produces over 50% of its revenue. If a tax agreement, similar to those for other provinces, were entered into, Newfoundland would also forego right to levy corporation, income and inheritance taxes which now make up close to 30% of the revenue. Unlike existing provinces, Newfoundland has not a well-developed system of municipal and local government to carry part of the burden of taxation by local rates and real estate taxes. It has only a very small mileage of good roads, and can raise little in the way of gasoline taxes, one of the main sources of revenue for existing provinces. It is thus obvious that Newfoundland could not contemplate becoming a province of Canada unless Canada were prepared to consider its special financial needs, particularly during the early years of union pending the development of new sources of revenue.

"Under the proposed arrangements, Canada will take over the sterling debt guaranteed by the United Kingdom which amounts to a net of about \$63,000,000. Although this is a much higher per capita debt than that taken over for the original provinces or allowed for the western provinces when they were created, Canada will acquire title to very much more property in the way of public works than in the case of the other provinces. It will take over the Railway and its steamship services, the drydock, Gander airfield, the Newfoundland Hotel if desired by the provincial government, lighthouses, public wharves and other aids to navigation, etc. As the proposals also state, the debt to be taken over represents, in the opinion of the Canadian Government, a fair estimate of the debt incurred for purposes which would have been the responsibility of the federal government had Newfoundland been a province at the time the debt was incurred.

"Newfoundland will also retain its accumulated surplus, one-third of which, however, is to be set aside during the first eight years of union to meet possible budget deficits on current account should they arise. The remainder will be available to Newfoundland to use as it sees fit for developmental and other purposes, provided it is not used for subsidizing Newfoundland producers in unfair competition with other Canadian producers.

"A second problem was that of assuring Newfoundland of sufficient current revenue to carry on as a province, since under federation only about \$3,000,000 of its present revenues of between \$35,000,000 to \$40,000,000 would remain to the province. Under the 'Proposed Arrangements' it will receive in addition to the subsidies provided by the B.N.A. Act of 1907 (\$180,000 for the support of its government and legislature, and 80¢ per head of its population) a special statutory subsidy of \$1,100,000 in lieu of the various fixed annual payments, allowances and awards made to the Maritime provinces from

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