

if we have greater bargaining power which can give us more than we can get now. We might be able to get a lot more as a result of that survey.

I'm not going to touch any of this general stuff — it only makes us Canadian citizens and applies Canadian law, and so on. On the war veterans' service, one man rang me up indignantly and said, "Don't the people down there know that what we're doing here in Newfoundland is based upon what they're doing in Canada?" I do. I'm going to skip over the public debt and the tax agreement, which I can't understand. I doubt that there's more than one or two people that could approach it. Then I come to federal revenue and expenditure. I don't propose to go into them. I don't propose to go into the proposed provincial budget, because I hope I'm not hurting anyone's feelings — it seems to me to be too silly to merit much time to be spent on it. I have seen a budget prepared. I have seen dozens and dozens of people work for months, people actually dealing with these matters. I have seen that budget brought forward to the minister, and he has had a go at it and I have seen it in the end torn up by the responsible government of the day.... And then I am asked to accept a budget which is based upon a short study and also has in it the normal capital expenditures ... taken from our surplus. And we are asked to believe that that goes with a province that is self-supporting. I would say this, that looking at Newfoundland over a long period, when the transitional grants and our surplus have come to an end, and on the basis of the figures produced here now, not allowing for the normal increase, that you'll find in the accounts, as governments progress, that the government would have to find \$9 million more. It is now finding according to this \$3.3 million. It is now finding from the interest from its own surplus, \$600,000 under this budget. It is now finding \$250,000 just to pay the normal increments in the civil service, \$250,000 from refunds, mind you, from refunds.

Mr. Smallwood You mean the normal growth of civil service pay, \$250,000 a year?

Mr. Butt Yes.

Mr. Smallwood \$1 million every four years.

Mr. Butt Yes.

Mr. Smallwood You think that's going to happen in Newfoundland?

Mr. Butt Yes.

Mr. Smallwood In ten years, that would be how much?

Mr. Butt I don't know how far it can go. I specifically told you, it was because of the age grouping.... The civil service has been reorganised over the past few years and they've brought in men who are younger than the average civil service in an older established country which hadn't been reorganised, would be.... The point is, that we're finding here under this budget \$250,000 out of refunds from money which I doubt is paid yet. And if it isn't paid yet, and the government just balances its budget this year, then the money to pay for these steamers will have to come out of surplus, and your \$28 million will get another grant of a few million dollars. If they keep balancing as they are at the present time, and there's no surplus this year, that money will have to come out of surplus. Then the tax rental, well I already spoke about that. How any person could recommend to the people of Newfoundland that they should accept that just because seven provinces have accepted it, is beyond me. Several provinces which carry, I believe, about two-thirds of the population of Canada, do not accept it. Gas and electricity — \$50,000. I would point out that that represents half that would be collected from these companies. Incidentally I thought they were public utilities — publicly owned. I may be wrong. That involves taxation of \$100,000 — on some of it. That's what they pay now, I think.

Mr. Smallwood We get half.

Mr. Butt Now we come to the transition grant, and to the new taxation to be imposed of \$1,236,000, that has to be found in direct taxation. In addition we are to take out \$3 million a year from our surplus to spend on ordinary capital expenditure. It's the sort of thing that must be taken into consideration when you're considering the working of a government.... I contend that the surplus should not be touched under any circumstances, except in the case of national emergency. If I were a member of a government, I would suggest that if we didn't have a surplus, that we would build one up. And my reason is this: because we have not developed to the point of self-sufficiency. When we must depend upon the outside world, we must take care of emergencies.... I contend it is criminal to get rid of our surplus, I don't care what kind of a government