

health. They alone among the nations produce more than they can consume. Together they are gradually integrating their economies into a North American pattern unmatched in a world of poverty and aggressive nationalisation. Again we are told that in 1947 Canada easily maintained her position as the world's largest trading nation. No nation with so small a population ever occupied so important a place in world trade. Like many other nations Canada has a United States dollar problem, but this did not result from any weakness in her own internal economic position. Again, if I were permitted to quote directly from a newspaper, which I am not, I would quote from a very recent issue of *News of Washington*.

Mr. Chairman Let me anticipate you, Mr. Smallwood.

Mr. Smallwood No sir, I will not quote it. This tells that to the world's end, in peace or war, Canada makes a great contribution, but she does it quietly and without fanfare, and it is a sturdy and noble people that they have to the north of them. Canadians are a bulwark of democracy and decency. They are fortunate in their neighbours. The whole world recognises Canada's greatness amongst the nations, but to listen to what you hear in this Convention, you would think not that our British cousin is a vast nation, but a poor, poverty-stricken nation, hungry to get Newfoundland in her claws to abuse us and save themselves from disaster. It is as grotesque a picture as was ever painted.

¹Now sir, one thing that hurt me, the only thing that Major Cashin said that hurt me, was that in this budget ... these estimates I brought in of what I estimated the provincial government would spend and collect in Newfoundland, Major Cashin says that I've cut out this and I've cut out that. And when he did that, I turned to him and said, "Now be fair, be fair". He said, "All right, I'll be fair". And I thought that he meant to go ahead and say, "Yes, I know that these things which Smallwood has cut out of the provincial budget have been cut out because they've become federal expenditures" — that's what I thought he was going on to say. But he didn't. He went straight on to say that he supposed that what I had in mind was to put on special taxes, an education tax for example. A queer thing happens to a man very often when he stands up to speak.

He says things that he's astonished afterwards when he reads them in the paper, or hears them on the recording. "Did I actually say that?" Now I dare say it's like that with Major Cashin, but I'm sure he couldn't have thought he was going to get away with that. He must have known that I was going to answer it.... The simple truth is that in my provincial budget I did cut out a whole lot of things, over half of it. I cut out the Railway system, because that system would come under the federal government of Canada. I cut out lighthouses and beacons and buoys and dredging, and public wharves and breakwaters and marine works generally — cut them all out, because they'd be federal. I cut down on the Department of Public Health and Welfare, because veterans' pensions and rehabilitation, which come under that department now, would not come under it in confederation. Those things would be federal. I cut out a lot of things from the provincial government for the simple reason that such things would not be handled or paid for by the provincial government at all. Would Major Cashin want such things to be done twice, once by the provincial government and once by the federal government? After cutting out the things that would be called federal expenditures, I also cut down on a few items that would be saved through ordinary economy. One example of that is the cost of supplies going into the public institutions. These things would come into Newfoundland duty-free and the provincial government would save quite a bit on duty which it pays today. My suggested provincial budget shows only ordinary expenses. That's all it shows, expenditure on ordinary accounts.

The Commission government this present year are spending nearly \$40 million. But over \$10 million of that is shown in their estimates as special or capital expenditures. Reconstruction is what they call it — over \$10 million. Now, these items are capital expenditures and they are so shown. Under ordinary conditions the money to pay for those reconstruction expenditures would come out of capital account. The government itself expects that they'd have to pay for them this year — they expected to draw upon the accumulated cash surplus to pay for some of those capital expenditures. Because they didn't figure that they were going to take in enough revenue,

¹The following section of Mr. Smallwood's speech is taken from the recording of the proceedings.