

**Mr. Newell** There are not very many comments that I have to make, and not very many questions that I want to ask. But I think it would be rather discourteous if this report was hurriedly passed over. There must have been a tremendous amount of work drawn into the compilation of the report and as far as I know, and I'm not speaking as an authority on the financial matters at all, merely as a layman, it is a very excellent report in most respects. There are one or two points in connection with sections of the report that I should like to raise before we read it. I'm going to refer the Convention first of all to the section in which a matter of opinion is expressed by the Finance Committee, pages 97-98. I'll read it so nobody need bother to turn back. "It is the considered opinion of the Finance Committee of this National Convention, that at no time during the period from 1940-41 to 1945-46 should the total expenditure of the country have exceeded the sum of \$21 million annually. This would have meant an additional \$20 million in surplus account today."

Of course that's not offered as a fact. That is offered as a matter of opinion concurred in I take it by nine or ten people. There are 40 or 44 of us here and possibly there are 20 or 25 different opinions on a matter such as this. The thing that I want to know is, does this refer to expenditures on existing services? They say that the expenditure should have been kept down to \$21 million annually. Now what I want to know is this: whether this \$21 million should have been meant to cover the existing services that we have today, or is it implied by the Committee that we have services which are unnecessary, which should have been dispensed with? That point is not brought out clearly and perhaps it's a minor point. Personally, I don't know what existing services we could dispose of. As for the second part of that opinion, that this would have meant an additional \$20 million in surplus account, that presupposes that if the expenditures had been less, the same revenue under any form of government would have been collected. Let me say quite frankly that I'm inclined to doubt that, because any form of democratic government is naturally very sensitive to the wishes and to the demands of the people; and the demands that I have heard raised by the public have been largely on the side of decreasing taxation. I think we're all aware that

quite a demand was made some years ago by one influential organisation<sup>1</sup> right here in this town to oppose measures to collect what was called retroactive income tax. So it's a matter of some doubt whether under any other than a dictatorial government, that amount of revenue would actually have been collected. Possibly the Finance Committee feels entirely differently about it. They offer an opinion. I'm offering one.

Again, going back to the first point raised, the expenditures should not have exceeded \$21 million annually. I'm wondering if the Committee was thinking in terms of past standards of government expenditures, rather than the ideals and ideas that more modern governments have towards, for instance, a matter like social security. And I think that today if you look around the British Commonwealth of Nations, you will find that most of the governments that comprise that Commonwealth are looking towards expenditure on social security. We have been remiss in that connection in this country. I don't think that we have done a great deal for those who, having contributed largely to the revenue of the country as producers, find themselves through illness or old age or something or other, put in a position where they can no longer support themselves. And I feel that if we are to look forward to a standard of living comparable to that of other countries within the British Commonwealth, we must envisage expenditures along social security lines compatible with expenditures in some of those other countries. Now we're all a bit touchy here on comparisons with our neighbours, so in making the comparison I'd like to go as far away from home as possible. I find on referring to a book written by Mr. Walter Nash that in 1944 the New Zealand government was spending on social security alone £12,577,000 and at the rate of \$3.66 US dollars for a New Zealand pound, that translates into something like \$45.5 million, for a population of 1,641,000 which, if my division is correct, works out at something like \$27 per capita. On that basis, we in Newfoundland would need to spend \$9 million annually approximately, to provide our people with the social security services that they enjoy in New Zealand. I not only went as far away from home as possible, but I picked the best one. If you're going to aim at anything perhaps it's just as well to aim at the

<sup>1</sup>The Newfoundland Board of Trade.