

Misc. excise taxes and other items	1,500,000
Post Office	750,000

These estimates were made by the Canadian financial officials upon the basis of their intimate knowledge of Newfoundland's trade and also their estimate of what our trade would be under confederation....

Major Cashin professed to scoff at them, but I tell you frankly that when it comes to choosing between the estimates of Major Cashin and the very able financial officials of the Government of Canada I do not hesitate a moment. However, when Major Cashin first tried to throw doubt on the Canadian government's own estimates I addressed a question to the Canadian government asking them to give us an idea of how they made their estimates, and what they based them upon. They came back with a detailed reply which satisfied every reasonable minded man in this Convention, everybody whose mind is not blinded against confederation and all its works.

Now the next point is what the provincial government, our own government should we become a province, would collect from us. You will remember that I brought in my estimate of what that would be — \$15 million a year from the first four years, and over \$15.5 million a year for the second four years, and also you will remember that my estimate was for eight years, because within eight years there is to be a royal commission to go into our financial position to see what additional subsidies, if any, we would need from the federal government. Mr. Hickman said my estimate is too low, it should be \$17 million a year. Mr. Hollett said it should be \$19 million a year. Almost like an auction, sir, and Major Cashin goes them one better, and drives it up to \$19.2 million a year. "In my view", says Major Cashin, "this is the least possible." That is the lowest that the provincial government can get along on. I wonder, sir, if Major Cashin realised — I'm sorry he is not here just now, I would like him to hear this — what that did to his own proposed budget? You will remember under this budget, \$25 million a year is what it would take, he estimated, for Newfoundland to carry on under Commission or responsible government — \$25 million a year to pay all the ordinary costs of government, including interest on our public debt, sinking fund, operating losses on the Railway, the annual cost of lighthouses, fog alarms,

beacons and buoys, public wharves, dredging, pensions and rehabilitation for all war veterans, both wars, the post office and telegraph system, the losses on Gander — and that reminds me, don't be surprised if you find that in the current year the losses on Gander will run to \$1.25 million, not counting the capital expenditure of \$500,000.... The Government of Newfoundland has to pay — what is it? — one-third of \$1.25 million, but Major Cashin's budget of \$25 million included the losses on Gander, and the cost of the Fisheries Department, and a large number of other services and expenditures which would not appear at all in the provincial government budget under confederation. Remember, his \$25 million a year is supposed to cover all ordinary expenditures, including these items I have just mentioned. If his guess of \$19.2 million a year for all ordinary expenses of the provincial government is correct, if that is what it would cost to operate Newfoundland's government under confederation, then without confederation the cost would be \$11 million higher than the figure of \$25 million he gives us in his budget. As the old saying goes, he is on the horns of a dilemma; either he has to agree with my estimate of \$15 million or \$15.5 million for the province, or else he has to stick another \$11 million on his own estimate, and raise it from \$25 million to \$36 million a year. He can take his choice.

I hope I have made myself clear on that, it is simple enough, really. The danger of trying to make a thing simple is trying too hard to make it simple, but here are two budgets, one that I bring in and one Major Cashin brings in. The one that I bring in shows what the provincial government would have to spend each year, and Major Cashin shows what the Government of Newfoundland, if we do not have confederation, would have to spend each year. My estimate is \$15.5 million a year, and his is \$25 million a year. Now, if, if he will not allow me to take off from his \$25 million those expenses which we would not have to pay under confederation, if he won't allow me to take that off his \$25 million and bring it down to \$14 million, then he has got to add \$11 million on to his \$25 million. He can take his choice, but whichever Major Cashin may choose, the result is clear and simple: under confederation the federal government of Canada will handle and pay for quite a number of costly public services