

presence, with three scrutineers present and to the best of my ability, belief and knowledge these figures are critically correct. I have already ruled, after investigation, that these figures are critically correct.

Mr. Cashin I accept your position, but the words "critically correct" brings up another matter. In a budget speech of mine in 1931, I forecast a deficit of \$1.3 million and it turned out to be \$4 million; that was put forward as an argument, "Here is an individual who in 1931 made a budget that did not turn out. Can you believe him now?" We will tell them what happened in 1931. This is the place to clean our cloth. I was Minister of Finance. Our loan for \$8 million was turned down. Myself and the Prime Minister¹ went to Montreal to discuss the position with the Bank of Montreal. Now I am going to tread on dangerous ground. The first thing I was told in the head office of the General Manager at the time was, "Cashin, you should have boosted up that budget speech and made it balance." My reply was, "Is that the way you run the Bank of Montreal?" I knew there was going to be a deficit and I budgeted for it. We were turned down by the Bank of Montreal. Eventually we made a deal; we were advanced \$2 million to meet the interest. We came back to Newfoundland. We tore the civil service, everything abroad trying to cut down expenses, railway, schoolteachers, everything. We did everything. Most of us took our political lives in our hands. Revenues were still falling. The world was upside down. Newfoundland did not cause the world to turn upside down. Finally it was agreed that a delegation, another delegation should go to Canada. We went to see if we could get any money on the Labrador. Thanks be to God we did not get it. We were turned down. Canada was bankrupt herself; her banking institutions were on the verge of collapse. One of the banks was being run on while we were in Ottawa. We came back to Newfoundland and hardly had we set foot inside the House of Assembly when four managers of the banks were in to see us. For what? They came to us to save themselves; to go off the gold standard. They had an arrangement under the Banking Act whereby Newfoundland or Newfoundlanders, who had \$24-25 million on deposit, could withdraw the money in gold. The Canadians did

not have the gold to pay if called upon. They have \$50 million between the four of them — 25 here and the other 25 would have to go against the deposits in Canada. Then what happened? The Bank of Canada was brought into existence. They came to us on their hands and knees, we discussed it for nearly two months. What was happening? Merchants here in this country who had money were buying goods in the United States and the Canadian dollar was at a discount of 20%; the pound sterling was \$3.50 to \$3.80. Some of the merchants said, "We are not going to pay this premium of 20%; pay out the gold and we will ship it to the United States and pay for the goods." They came like a crowd of children bawling and crying to the Newfoundland government to save them from bankruptcy. That is what happened. So on December 31 at midnight, 1931, Newfoundland went off the gold standard. The whole commercial structure of this country would have been down. The banks would have had to close their doors. The merchants owed the banks a lot of money. There was nothing else left but to go off the gold standard. That was the position in 1931. Now, 16 years later, I am accused indirectly of cooking up this report on the grounds that in 1931 I forecast a false budget. That is the position and I am not taking it. I think I have shown to the satisfaction of this house how that \$35 million was made up. I make this comparison; the difference in my figures, one way or another, on the short or on the long side, would not be sufficient to stage a good cocktail party in St. John's East or a beer-guzzling party in St. John's West. Here is the statement given by the Finance Department. I think this Convention as it is today is not of the opinion that this Economic Report, compiled in four days, was deliberately cooked up or is false or dishonest; or that any gentlemen on that Committee is dishonest.

Mr. Chairman Nobody within or without this House is justified in saying it.

Mr. Cashin No one will be allowed to say it. I was the one who gathered the information and I owe it to the other seven members to make that statement this evening. I am glad Mr. MacDonald brought it up, although I intended to, and probably will deal with it at further length on Monday.

We were told this debate was going to last four days, we were going to be closed by Christmas.

¹Sir Richard Squires.