

evaluating the ability of the country to support itself. Because when that hospital is worn out we shall have to build another one, and these capital expenditures go on year after year. And I'm also told by people who claim to know something about these things that as a general rule, if you take your capital expenditures over a period like 20 or 25 years, and average your expenditure for that period, you're likely to find that what you have is the average of your capital expenditure required for the next 20 or 25 years.

I've been unable to find from perusing this report that the Committee takes seriously into account section three of the act which sets forth that we are to bear in mind the extent to which our high revenues have been due to wartime posterity. I don't find that there's very much mention of that in the Financial Report. It more or less gives the figures and lets us place our own interpretation on them. On page 107, coming to the year 1940-41, we find our budget balance for the first time in 11 years, and a small surplus was shown. Now, that certainly might lead one to jump to the conclusion that wartime increased expenditures had something to do with our balancing our budget. But I think we must at all times bear in mind the extra labour and high prices that we've received for our products during this period. The report doesn't go into any fundamental changes that have taken place in our economy. But I imagine that would be left more for the economic section of the report than for the financial, and we accept it as such. But I would ask us all to bear in mind, that in all good capitalist economies, due note and very serious note is always taken of what is called the business cycle; in fact the whole world is very responsive to this business cycle, almost as to an act of God. I refer of course to the boom that you get from times of prosperity followed by a recession followed by a bust, followed by a slow recovery, and finally a boom again. If you read economic history you'll find that that's gone on and on, and it's taken for granted. And such things as social security schemes, family allowances and what not, that we have referred to already, are in my opinion guy wires or props to keep up an economic system and keep it going, which takes note of these things and accepts them as part of the system. I think it's very necessary that in the future we should keep that kind of thing ahead of

us; and the point is not to say that we are worse off than other countries or better off than other countries. That's not enough. What we want to know is where we stand objectively, where we stand financially. Beyond this I have no desire to go at the moment in commenting on or committing myself to the conclusions reached by the Finance Committee, and set forth by them in the concluding pages of their report. The work they undertook was considerable and the result as far as it goes is commendable. It seems to me however that we can all too glibly separate the financial from the economic. We've been saying this can come up in the Economic Report, and that'll come up in the Economic Report, this is merely a Financial Report. But are not high or low revenues the outward visible and financial signs of a thriving or a depressed economic condition? You cannot entirely separate the two. Well, we've had a Financial Report, and in the main I'm satisfied with it. It's been excellent in its factual contents. We are also to have an Economic Report equally as good I trust. I feel though, and I must say this in all fairness to myself and to the Committee, that the conclusions set forth in the summary of the Financial Report might more properly have been drawn from a consideration of both reports together, rather than from the Financial Report alone.

Mr. Smallwood If there's no one to take advantage of the opportunity, there's a question I'd like to direct to Mr. Cashin. It arises from a statement on page 52. It says:

The Finance Committee also deplores the action of the Commission of Government with respect to a restriction by the Commission of the rates of pay to be given our Newfoundland workmen in return for their services in the construction of the American bases, inasmuch as it is asserted that the Commission of Government gave direct or indirect instructions to the American and Canadian contractors not to pay Newfoundlanders the same rates of pay as the American workmen for performing similar work, on the grounds that it would upset the general economy of the country.

Then it goes on to say that the first contingent of American military forces arrived here in January 1941, and began the construction work and goes on to tell of the Canadian military authorities