

Economic Committee said that they were sticking their collective necks out when they attempted to guess the economic future of Newfoundland — three years ahead. If so, what can be said for the gentleman who so bravely tells the people of Newfoundland that by following his programmes their economic welfare is assured, not for just a day, not for just three years, not, not for just eight years, but always.

**Mr. Smallwood** Mr. Chairman, I want to reply to Mr. Reddy, but there is lots of time if Mr. Hollett wants to reply to the witty speech which Mr. Reddy has just delivered, and whose author I congratulate very sincerely upon his wit and humour. The point, the one point in the speech sir, which I think demands a reply is this: that I quarrelled with Major Cashin, the chairman of the Finance Committee, and with the members of the Finance Committee, for having brought in a budget looking three years ahead, and that I then am so inconsistent as to bring in one for eight years ahead. Now that's the point of that speech. Sir, there is no point in it. There is not a good point. What the Economic Committee did was bring in a firm budget for three years. I have not done any such thing. What they said was that each year for three years the Government of Newfoundland under responsible government would collect...

**Mr. Cashin** Mr. Chairman, I rise to a point of order.

**Mr. Chairman** State your point.

**Mr. Cashin** We stated no such thing, that a government of Newfoundland under responsible government — I don't think the words "responsible government" appear in the Economic Report.

**Mr. Chairman** I must sustain you on that.

**Mr. Smallwood** All right, the Government of Newfoundland, whether responsible, or Commission or what. I don't think the Economic Report could have meant the government of the Province of Newfoundland. I think they meant the Government of Newfoundland for each of the three years foreseeable in the future would collect roughly \$30 million.

I have said that if we become a province there are certain fixed assets that we know we will get. There is no guesswork about it. We *know* the provincial government will get \$6,820,000 a year in subsidies. We know we will get \$3.5 million a

year for the first three years, \$22 million in eight years. We know we can, or will get \$666,000 paid back to the provincial government for Gander; we know we will get \$1.8 million or whatever it is paid back to the government for the two Railway boats — that's \$2 million. Now I have merely added up the income for the first eight years that we know we will get. I have added that up, and it comes to \$80 million. Sir, that is not guesswork, just ordinary addition and multiplication of known facts: \$80 million will come to the provincial government of Newfoundland, leaving \$40 million to collect in taxes, that is \$5 million a year. Now sir, for any man in this Convention or out of it to get up and say that in the coming eight years the government of the Province of Newfoundland could collect, on an average, \$5 million a year revenue, \$40 million in eight years, through taxation, is surely, surely, not to be put in the same class as forecasting \$30 million by taxation, \$30 million for the next three years. Surely there is all the difference in the world. I estimate that the Government of Newfoundland, if we become a province, would need to spend in the first eight years \$120 million; \$80 million of that would come in from sources that we know about, that are in the Grey Book. That leaves \$40 million to get by taxation in eight years, an average of \$5 million a year. You don't have to be a prophet or a financier to be quite firmly convinced that we as a province can collect in taxes \$5 million a year. So that the speech which Mr. Reddy has just read out is really quite without point. It is comparing two things that are not actually comparable.

**Mr. Hollett** First I would like to make a remark or two with regard to the statement made by Mr. Smallwood yesterday relative to the interest on the 1950-52 loans. You will remember that the day before yesterday I pointed out to Mr. Smallwood that I thought he had erred in some way, and that he and his budget makers had failed to provide for \$123,000 in his accounts, that is to say \$80,000 and some hundreds from 1947-50, and some \$40,000-odd from 1947-52. Mr. Smallwood replied to me that he would answer me yesterday, after consulting with the Finance Department. Now I feel quite sure that Mr. Smallwood did not have to consult the Finance Department. I am also certain that he did not consult them at all...