

them a reasonably adequate living. In other words, it is proof of a sound economy. And so the report proceeds to lay its proof of governmental solvency before us. The relation of that solvency (assuming that it exists) I shall examine later.

The whole point of this so-called Economic Report — if it has a point — is set forth in unmistakable terms on page 43. It was to make this one point that the report was compiled. I will quote the words of the report:

Now, making every allowance for the momentum of war expenditures carrying on after the close of hostilities, and allowing for the gradual recession of this boom period, it is yet an obvious fact that our present revenues cannot be something dependent on war boom. There must be some other cause, and on examining the matter further we found that a great portion of our present revenue is coming to us because of the growth of our main industries. Now, these industries are wholly peace industries and are not dependent for their prosperity on war conditions. It is clear therefore that we can properly regard our present revenues as being anything but a result of war boom.

Their whole point is admirably stated in that final sentence: "It is clear therefore that we can properly regard our present revenues as being anything but a result of war boom." That is what they ask this Convention and the people of this country to believe. There is nothing exceptional, nothing abnormal about these swollen revenues, they tell us. They are normal and ordinary, war or no war. And that being the case, as they are based upon a solid foundation of the normal growth of our basic industries, they may confidently be expected to continue. The future is assured. Such is the burden of this report's song, and we are told that it is unpatriotic to question their conclusion.

Now it is worth spending a few minutes of our time in an examination of this contention, and the first fact worth noting is set forth on the first and second pages. Then the writer of the report gives us what we are expected to regard as a sort of average balance sheet of this country's financial position. This so-called balance sheet is based upon a set of figures for a span of 50 years of our country's history which began in 1897 and ended

just a month ago in 1947. We are told that in those 50 years our government spent a total of \$500 million and had a total revenue of \$496 million. This left them short \$4 million. But paltry as that deficit amounts to, it is even less than that; for a sum of \$20 million must be taken off that total expenditure of \$500 million. This is \$20 million of capital expenditure made by the Commission government since 1934, and deducting this from the half-billion dollar expenditure, it reduces the amount to \$480 million for the 50 years. And that means, for the 50 years, a total surplus of \$15 million, instead of a deficit of \$4 million. And \$15 million works out at an average surplus of \$300,000 a year for the 50 year period.

Such is the encouraging picture painted by the report. This favourable and solvent position, we are told, is really a normal growth — that the swollen revenues of the government are not at all due to the war, that they are the result of anything but the war. The war, they tell us, has little or nothing to do with it, and we can therefore leave the war out of it altogether.

Well, that is exactly what I propose to do — to leave the war out of the picture. I'm going to accept the figures and follow the ideas and methods used in the report itself, and draw up a balance sheet for 50 years of our government's life, exactly as the report does it. But so that I can leave the war out of it altogether, I'm going to take the report's 50 years and push them back exactly eight years. That is to say, I'm going to take eight years off the latter end of the report's 50 years, and put on eight years at the beginning of the period. In short, I'm going to look at the 50 years which began not in 1897, but in 1890; and ending, not in 1947, but in 1939. Thus we avoid the war altogether; and thus we can get a clear picture of our government's balance sheet as it existed without being influenced by the war at all. Thus we shall see whether our present condition has been affected by the war.

Sir, in those 50 years which ended in 1939, just before this war began, the Government of Newfoundland spent a total of \$306,800,000.

Mr. Miller Point of order, Mr. Chairman. Is it not a part of our duty to determine the extent to which the war had an effect on our economy?

Mr. Chairman That is exactly as I understand it. What is your point of order?