

doubt very much if he's put in the government's expenditures on the Newfoundland Railway.

Mr. Cashin They are in the report, yes.

Mr. Smallwood In this table? On page 112?

Mr. Cashin No, they become part of our deficit.

Mr. Smallwood Exactly, exactly. And yet Major Cashin, Mr. Chairman, is the very gentleman who, standing roughly where I'm standing now, was the first one — and I gave him credit for it — to demand ... that the Railway expenditures should be in the budget, should be in the public accounts and should be included in the government's expenditures. You, Major, advocated that.

Mr. Cashin You say they're not in...

Mr. Smallwood And he was perfectly right. They can't be in this table.

Mr. Cashin They are in some table...

Mr. Smallwood No sir, no, Mr. Chairman. What the report does is this. It reviews each year separately. It shows what the revenues and expenditures were for the Railway but, when it comes to telling us what the government spent altogether, year by year, from 1898 down to date, he leaves out the expenditures on the Railway. I was going to raise that very point. It's not a complete showing of the expenditure of the Government of Newfoundland.

Mr. Cashin Well, turn to page 109.

Mr. Smallwood All right. Let's turn to 109.

Mr. Chairman I would like to point out that if the figures given on pages 112 and 113 are intended.... From your standpoint, Mr. Smallwood, they're incorrect. From Major Cashin's standpoint however, and I must sustain him on this point, a very fundamental distinction has to be drawn between ordinary current expenditure and capital expenditure. Capital expenditures, you pay out the money, and the assets in which the investment is made are there to be seen. They may be ships, railroads, hospitals, cottage hospitals, or public buildings and other public utilities, as opposed to ordinary current expenditure which simply means the cost of maintaining government over the period in question. It might very well be that the views of the members are reconcilable, if and when the distinction between ordinary and capital expenditures is borne in mind.

Mr. Smallwood I accept your ruling on that, Mr. Chairman, cheerfully and completely, and I accept through you Major Cashin's point that a

distinction must be drawn in government expenditures between ordinary and capital expenditure, or reconstruction.

Mr. Chairman Very definitely.

Mr. Smallwood I accept that. But, sir, when on page 112 of the Financial Report...

Mr. Cashin I said, turn to page 109.

Mr. Smallwood All right, you were back. Just let me finish my statement.

Mr. Cashin Go ahead.

Mr. Smallwood On page 112, there's a great table given showing for 50 years, somewhere around there, the annual revenues and expenditures of the country for each year, and we turn to the columns showing the expenditures, and discover that from 1919-20 on, the ordinary expenditures on account of the Railway for example, are not included.

Mr. Cashin You say they're not included where ... hold on a minute...

Mr. Smallwood Some years they are, some years they are not.... In some years you've included Railway expenditure and in some years you have not. I've got to check very carefully on these figures to see just what has happened.

Mr. Chairman May I suggest, Mr. Smallwood, that is the conclusion which may or may not be fair to the compilers of the report. I respectfully submit that before any conclusions are drawn on figures or anything else in the Report, the proper thing to do is to address the question first of all to the chairman of the Finance Committee, Major Cashin, get his reply and upon the strength of his reply, then of course you're quite naturally entitled to predicate any opinion which in your judgement you are conscientiously to take.

Mr. Cashin Page 109. He said we didn't show anything about the Railway. We find that the total cost of the Railway and each subsidiary, which includes the purchase price of \$2 million from 1920 to December 31, 1946, amounts to \$29,810,881 — approximately 50% of this amount was capital expenditure while the other 50% represents deficits incurred in the operation of the entire system.

Mr. Smallwood Yes, I have of course read that.

Mr. Cashin Incidentally Mr. Chairman, my friend opposite was the chairman compiling the Railway report. We got so little information out of it we had to go over it ourselves in order to try to fix it up.