

to him to find his report criticised....

Mr. Chairman, I call this document a budget, because that is exactly what it is. It sets out what, in the opinion of the Committee, will be the necessary expenditures of the government, and what, in their opinion, will be the revenues that the government will get to meet those expenditures. Now there's this to be said about budgets in this country: in the period from 1920 to 1932, we had a number of very notable Newfoundlanders who occupied the position of finance minister. We had Mr. H. J. Brownrigg, Sir Richard Squires, Mr. W.H. Cave, Sir John Crosbie, the Hon. P.J. Cashin, and the Hon. F.C. Alderdice, and each of them introduced his budget. Now the difference between their budgets and this one that the Finance Committee has introduced is that those budgets only looked ahead for one year ... whereas this budget goes a lot further than that, because it attempts to forecast *three* year's expenditure and *three* years' revenue. If, therefore, it was a hazardous and dangerous thing for the finance ministers to forecast for a year, how much more hazardous and dangerous is it to forecast for *three* years?

Let us look at just how dangerous it is to forecast even for one year. In 1920-21 the Hon. H. J. Brownrigg made his budget, and he forecast ... a surplus of \$200,000.... But what happened?... When the year was over he had a deficit of \$2.5 million. Well, in the next year Mr. Brownrigg was not well, so the Prime Minister had to act as finance minister — Sir Richard Squires — and he brought in his estimate for the next year.... The forecast he made for 1921-22 was a surplus of \$96,000, but when that year ended they found that they had a deficit of \$867,000.... Well then, in the next year Sir Richard Squires was finance minister again. On that occasion Mr. Brownrigg was in New York, so the Prime Minister brought down the budget, and ... what he forecast was a surplus of \$108,000, but when the year was over he had a deficit of \$675,000. In the next year the finance minister was the Hon. W. H. Cave. He said that [there would be] ... a surplus of \$43,000. When the year was over they had a deficit of \$1,620,000, so his guess was not very good. Then in 1924-25 the late Sir John Crosbie became finance minister, in my opinion one of the best finance ministers we ever had. Sir John Crosbie estimated a surplus of \$105,000. When the year

was over it showed a surplus of \$347,000.... Then in 1925-26, Sir John forecast a surplus of \$207,000, and he had a deficit, I am afraid, of \$112,000.... For the year 1926-27 he brought in an estimate of a surplus of \$300,000, and they had a deficit of \$1.6 million instead. Then 1927-28 rolls around, and Sir John made another estimate, a very large surplus of \$845,000, and when the year was over there was a deficit of \$1.25 million. The last year he brought in his budget, 1928-29, he estimated for a deficit of \$268,000. When the year was over he had the deficit all right, and it was \$1.1 million. The next year was 1929-30, and the present chairman of the Finance Committee, the Hon. P. J. Cashin, was the minister. I was in the gallery there and I heard him deliver his budget speech, and he did it with real gusto and it was a pleasure to hear him deliver that speech.... He estimated a deficit of \$187,000. He was the second finance minister to estimate a deficit, but he was the first finance minister in the history of Newfoundland who estimated a deficit and turned up with a surplus of \$144,000. That was his first budget. His next budget was 1930-31; he forecast a deficit of \$27,000.... When the year was over he had a deficit of \$3,242,000.

Mr. Cashin Did it in style!

Mr. Smallwood Yes, did it in style no doubt. Well then, in 1931-32 ... he estimated a deficit of \$1,456,000, and I suppose he figured, "That will certainly cover any deficit that we can possibly have", but when the year was over their deficit was \$4 million. I can't help remembering that in his first budget Major Cashin, stated to the House and to this country: "The outlook for the future I regard as decidedly encouraging", and he lived to see the greatest deficits that Newfoundland had ever had in its whole history....

With that dismal record before us of forecasting the revenues and expenditure for one year at a time, we should be very careful about accepting, without close scrutiny, any estimate for a year, and still more for three years at one time. I would not have the house under any misapprehension about this. Mr. Brownrigg, Sir Richard Squires, W. J. Cave, Sir John Crosbie, Major Cashin and Mr. Alderdice were able men. It was not their fault that they could not estimate the revenue or the expenditure for a year.... They exercised their very best judgement, but it was Newfoundland's fault, because the economy of