

attaches to the putting together of probabilities to achieve a budget for tomorrow. Under such circumstances, an estimate of the immediate future in broad terms is the most that should be attempted. To provide for the morrow on paper down almost to the last million dollar — I'm afraid I have to view that as counting the chickens before even the eggs are laid. The way ahead is loaded with imponderables that do not lend themselves to reduction into round figures of probable revenue and expenditure. Under these circumstances any attempt to forecast the shape of things to come in terms of millions of dollars could at its best result in a good guess, a guess susceptible to challenge by any other guess held to be just as good.... All of which is not to suggest, mind you, that the Finance Committee has deliberately prepared anything like a political document. Far from it. I am quite prepared to accept this report as an honest effort to make an objective appraisal of our economic position — and an effort which is, after its own fashion, monumental. But I am not prepared to go along with it all the way. And if I must give reasons, they are these:

1. The spirit in which the report is written is more optimistic than I can find cause to feel. I do not contend that the Committee set out deliberately to achieve an optimistic report, or that they have achieved such a result. But I do not note that the report notes that there is any dark side to the future. And as far as I am concerned there is a dark side to the future.

2. I can see no particular value that attaches to the forecast of revenue and expenditure for the next three years....

3.The way I read it, the report says we are self-supporting, and as far as can be foreseen we are going to stay self-supporting. I have to record that I cannot subscribe to that position without qualification.

To my mind the Convention is not competent to do much more than generalise about the present condition of our economy and its potential.... For the record, then, I should like to make a few generalisations about the economic changes that have come upon us since 1934, and on our chances for the future. This will be my final word upon these matters.

The economy in 1934 was in a state of collapse. The Depression was the immediate cause

that induced this condition. And indeed the Depression occasioned more havoc within the economy of Newfoundland than it did within the economies of most countries. But the Depression was able to do that because of other causes making for fundamental weaknesses in the economy. Of such causes the more notable were these:

1. Newfoundland's economy was an export economy. The national income was for the most part derived from the sale of staple commodities abroad. In consequence, our economy was extremely vulnerable and collapsed with the collapse of world trade. Collapse was very nearly complete.... Such a disastrous deterioration in our export trade naturally resulted in wage cuts and lay-offs and in the reduction of fishermen's incomes to sub-subsistence levels. The coincidence of these conditions in their turn precipitated wage reductions and unemployment in local secondary industry.

2. Newfoundland's economy was based upon but few natural resources — for the most part fish, wood and some minerals. Except in the instance of fish the quantity of the natural resources was meager. And in the instance of fish we were geared to the production of a greater quantity than the market at that time could absorb. This lack of diversification was a fundamental fault.

3. Newfoundland's economy was crippled by the great burden of servicing the public debt. Had the public debt been internally contained, the national income would have been at the advantage of what it cost to service it. But the public debt was preponderantly an external debt and this involved the export of a sizeable proportion of the increment from production to service it.... By 1933 the ratio of service cost to revenue had become such as would in any case have led to the eventual wreck of the island's economy even without benefit of a world depression....

4. The Newfoundland people were without adequate reserves to fall back upon. In many countries the Depression did not bear so heavily as it otherwise might have upon many people, because in the past they had been able to make some provision