

three years, and even have a surplus. That's as far as we can see. Therefore we will recommend a form of government for three years." Can we do that? Well, if we do the whole country would laugh at us. Now remember, I don't expect the Committee to bring in a budget for three years. I think you brought it in for two years too many. I doubt if the Commissioner for Finance, when he brings down his budget, will be able with any real accuracy to forecast the government's revenue and expenditure for just 12 months.... You are estimating for three years what revenue and expenditure you will get. On the other side you have not gone far enough. You have not given the Convention any kind of picture of what the general economy is likely to be in the next eight, ten or 12 or 15 years....

**Mr. Chairman** In fairness to the Committee it is impossible for anyone other than an industrial economist to make such a forecast.

**Mr. Smallwood** I don't think it would be possible for an industrial economist, or a statistician economist that I wanted to get into this country a few days after the Convention opened, and that the Convention decided it did not want, and now I find the Finance Committee saying they recommended the same thing. Major Cashin said that he was sick of experts in this country, and he pointed across the table at Mr. Hollett...

**Mr. Hollett** Don't look at me!

**Mr. Smallwood** I will look at you if I want to. You are not too big to be looked at.

**Mr. Chairman** Gentlemen, please come to order. Mr. Smallwood will you kindly address me. However hard I am to look at I still require you to address your remarks to me.

**Mr. Smallwood** Yes sir, I will do that. Well Mr. Chairman, they tell me that I am very long-winded...

**Mr. Cashin** No, no.

**Mr. Smallwood** Don't you think so? Those who say I am long-winded, to them I would say that I have heard the chairman of the Finance Committee ... occupy five and six hours of the time of this house, and I have heard his late father speak for something like a day and a half, so if I take up an hour, or an hour and a half discussing what is perhaps the most important report brought in here yet, I am not being so long-winded as I sound.

**Mr. Cashin** Keep her going. Wasting time.

**Mr. Chairman** I must hold that is not so. Here

it is you are dealing with the productive economy of this country.... If you don't mind, Mr. Smallwood, you can continue.

**Mr. Smallwood** It is very pleasant to have both you, Mr. Chairman, and Major Cashin encouraging me to go on. I did not expect to live to see that day.

**Mr. Chairman** I am not encouraging or discouraging you. I am saying that you are entitled to express yourself if you so desire, and that is the right of any other member of this Convention.

**Mr. Smallwood** Thank you sir, I will try to be serious. If the gentlemen will turn to page 42, we come to the crux of the whole business.... We all know we have had high revenues in the past few years, and the Convention Act tells us that we are supposed to pronounce as to whether these high revenues are the result of wartime conditions, or whether they are normal.... What are we going to do Mr. Chairman? Are we going to make a report, and if we adopt this report that is what we are doing, to Newfoundland and to Great Britain along these lines: Before the war we were running in the red all the time. We were losing money, the government was losing money, deficit after deficit, year after year we were sinking money. From 1920 to 1934 we borrowed over \$50 million. From 1934 till the war broke out we still did not get enough to pay expenses, so the British government had to give us a grant-in-aid every year to make up our loss. So from 1920 to 1940 we either had to go out and borrow the money to pay our way or get it as a grant-in-aid from the old country, but in spite of that the war came and our revenues have gone up and up. So have our expenditures, but not as high as our revenues, and we have had a surplus. But now we want to report to you as follows: that these great revenues that have poured in on the government since 1940 or 1941, these great revenues are not the result of the war, oh no. What are they the result of? The growth of our main industries.

But what made our main industries grow, if they have grown? Which they have not. Our main industries have not grown. It is true that at Corner Brook they have been installing additional equipment, which when it is ready to operate will mean that that industry has grown. We have, in the last few years installed some freezing equipment, cold storage equipment, for the fresh fish part of our fishing industry, which is only a small part of