

ordinary revenue, to pay these capital expenditures. So they figured they'd have to dip into the surplus to do it. But as it happened, they've been taking in enough ordinary revenue this year to meet those special costs or nearly enough. I'm told that they will have something of a deficit, I don't know. Now that fact does not change the situation. Those expenditures amounting to over \$10 million are not ordinary expenditures, but capital account — reconstruction expenditures. One such item is \$500,000 for building new schools, and repairing and equipping old ones. The government, you may remember, laid out a three-year plan to spend \$500,000 each year on building new schools or helping to build them, and repairing old ones and equipping them or helping to do it.... And this present year is the second year of that particular three-year plan....¹

Now in my provincial budget of ordinary expenditures I have shown exactly why it says ordinary expenditures. All the rest would be special reconstruction, or capital expenditures. Now that is reasonable. Because I have dropped this \$500,000 from my list of ordinary expenditures it does not mean that that \$500,000 would not be spent. Of course it would be spent, but it would be shown as capital expenditures, not ordinary, and this comes out of capital account, as it would have come out of capital account this very year had not the ordinary revenue kept up so high. I explained all this in clear simple language when I introduced my so-called provincial budget, and it is just downright misrepresentation, I will take that back, it was too bad for Major Cashin to make out that I was trying to do our school system out of the \$500,000 merely because I did not show it in ordinary expenditure.

I am coming pretty close to an end of my reply to Major Cashin. He used up a large part of his speech dealing with the purely financial side of confederation. Now that's exactly what we would expect Major Cashin to do, he being the former Minister of Finance. He is interested in that more than anything else. I have detected in Major Cashin from time to time a sort of impatience at anything and everything that came into this Convention that was not financial. He took up a large part of his speech dealing with the purely financial side of confederation, but I don't think he did much to make the position clear to

our people. On the contrary he was so hopelessly mixed up and muddled by his own figures, that I was at a loss to know which figures he meant us to accept. Let us see if we can rescue the simple truth from his conglomeration of figures. At one point he told us that the Government of Canada, the federal government, would take \$75 million a year from us in taxes. Just remember that figure, please — \$75 million, that is what the Government of Canada would take from us. But what does he do? A few minutes earlier, when he was examining the Canadian government's own estimates of the taxes they would collect from us — their estimate you may remember is \$20 million a year, but that figure does not satisfy Major Cashin, so he ups it to \$32 million. He says the Canadian government sent down this Grey Book, and if you turn to Annex IV in the Grey Book you will find that the Government of Canada estimates that all they will take from the people of Newfoundland in taxes is \$20 million. Precisely. Foolishness, it will be more, it will be \$32 million. Well, why doesn't he make up his mind? Major Cashin should make up his mind. Is it the \$32 million he tells us in one breath, or the \$75 million he tells us in the next breath?

Mr. Cashin Might I be allowed to interrupt?

Mr. Smallwood Certainly.

Mr. Cashin In those estimates in the Grey Book the Canadian government did not take into consideration the interest on their own public debt.

Mr. Smallwood ...I will come to that, in fact I think it's the next note I have. If that's it, it's really comical. However, the difference between his estimates of \$32 million and \$75 million is \$43 million a year, surely too big a difference in any man's figures. It is simply delightful how Major Cashin flings around those millions upon millions. Now, how much would the federal government actually collect in Newfoundland each year? The financial and commercial officials of the Canadian government estimated it at \$20 million a year made up in this way:

Personal income tax	\$3,200,000
Corporation income tax	7,500,000
Duties on inheritance, or succession duties	320,000
Customs	2,000,000
Liquor and tobacco taxes	900,000
General sales tax	4,000,000

¹End of section taken from the recording.