

spending that public money on capital account, building schools, hospitals, bait depots and roads now, when the need, from the standpoint of giving employment, is not so great as it may be in the future, and our government is following the exactly opposite course from that adopted by most governments around the world. Most governments do this: when times are good they tax high and collect all they can; and when times are bad the money that they collected they spend when it is needed most, to take up the slack by private employment.

My contention is that \$15 million a year for the first four years, and \$15.5 million a year for the second four years is ample to cover the ordinary expenditures of the government of the province, and that anything extraordinary should be spent out of capital account. We have a capital fund for that very purpose.

Finally, I want to say this: I don't want to do Mr. Hickman an injustice, but I must say that he gives me this impression that the surplus should be laid aside and forgotten until we get the bread line. He said, "When you get bread lines on the mainland of Canada and the United States, you will have them in Newfoundland". Now that means destitution and unemployment, and he says we should save the \$28 million or \$30 million until that day. The impression I got is, "Don't touch your surplus until your people are destitute or nearly so, and then spend it for dole." If I got that impression wrongly he will correct me, and I will be glad, because I find it hard to believe. He is a practical and determined Newfoundlander, who is old enough to remember what we went through from 1930 to 1940, and how we spent millions of dollars on dole, and he could not welcome that again, just spending it on dole. I think he would agree with me the better way is to spend the money before the dole days come on public works such as road building, the construction of buildings, etc., so as to create employment. Let's all hope and pray to God that there will be no need to ladle out dole again in this country. The very sound of the name turns your blood cold, when you remember the dole days from 1930 to 1940. Let's hope that we will spend that capital, timing it right, so that there will not be any need to pay dole.

Mr. Hickman Mr. Smallwood at the beginning brought in a little dig which I don't think is right.

He said it was plain that I did not study this. I did not need to study it. I could gather it quite easily yesterday afternoon, and the few notes I made then are quite clear. Now, on this question of surplus I would like to correct Mr. Smallwood, and I know he did not intentionally misunderstand what I said. I did not intend to say that the surplus should be saved until dole days, or until the people are on relief. I think it should be saved until the revenue drops, not until dole, and then it could be used for special expenditure. If for eight years we use \$3 million a year we have \$12 million gone, but we have got to keep \$9 million, as one-third of it is frozen under the terms of confederation....

Mr. Smallwood No, that's not quite right.

Mr. Hickman What is it then?

Mr. Smallwood None of it is frozen.

Mr. Chairman The section reads: "One-third of the surplus at the time of union shall be set aside during the first eight years of union, either in trust or on deposit with the Government of Canada at Newfoundland's option, withdrawable by the Newfoundland government as required only for expenditures on current account in order to facilitate the maintenance and improvement of Newfoundland public services, any unspent portion thereof at the end of the eight-year period to become available for the unrestricted use of Newfoundland."

Mr. Hickman That's my point. My original point was that it could not be used for reconstruction, not that part.

Mr. Chairman No.

Mr. Hickman Well, there won't be enough to take it out for eight years, and \$9 million is in England, and I don't know how we can get that for a while. I don't want to get into an argument, but I will say this: that the Government of Newfoundland prior to Commission government did not throw everything into the one hat. They did keep ordinary expenditure separate from capital expenditure, and whether the governments today do it or not, I still contend that it is the wrong thing to do. There would be a lot of governments who would be better off if they ran their governments like a private business. There would be fewer debts. Again, on this question on which Mr. Smallwood spoke, the repayment of the money from the Gander and the boats purchased in England. After we have spent that for this eight