

... to split it up into all kinds of headings, and not to give one figure showing the grand total received and the grand total amount spent in the one table.

Between 1920 and 1934 the practice of all governments, as I so well know, having sat in here from before 1920 as a newspaper reporter right down to when the last speech was made, day after day, ... the practice in Newfoundland on the part of all governments ... was that they took in so much in revenue from the people of Newfoundland, but it was not enough money. They had to cover their expenses and what did they do? They went out and they borrowed money; every year they borrowed.... In all, \$60 million. That is what the various governments borrowed from 1920 to 1933. Now, it may be held that the reason they borrowed was because they were not taking in enough revenue to pay their expenses. They took so much from the people in taxes, the rest they borrowed. It may be said that \$60 million was well spent. It was spent on capital account to put the country in a better condition, to provide facilities and conveniences for the people; it was well spent, it may be argued. Let us take a look at it. 1921 — \$6 million, what was it spent on? First of all, half a million was spent to pay off temporary loans for the railway; \$1 million was spent on other railway purposes; half a million on public works — spent on a per capita basis throughout the country; half a million on special public works, guaranteeing fishery supply, half a million on railway operating deficit. \$5.5 million out of \$6 million. You could not say it was spent on capital account; it was spent on account of the ordinary purposes of the government, to carry on the government. In 1922 they borrowed another \$6 million. Did they spend that on capital account? They spent \$1.75 million on the railway; Hall's Bay road (special district grant), \$665,000; relief for unemployed, \$128,500; roads and bridges, \$1.5 million; relief work, \$1 million; able-bodied pauper relief, \$60,000. \$5.5 out of \$6 million for ordinary purposes of the country. No capital account. Next year they borrowed \$3.5 million. \$800,000 was spent to pay the deficit on 1921 and 1922; \$300,000 was spent on railway operating purposes; \$170,000 on roads and bridges and special relief work; \$1 million on pit props. So it goes on.... In 20 years they borrowed \$60 million, an average of \$3 million a year, and

most of it was spent not on capital account at all, but to carry on the ordinary purposes of government.... And who can say that \$60 million was used in a capital sense to put the country in a better and sounder condition? It was the contention of many a man who stood in this chamber in the days of responsible government, whenever the estimates were brought down, ... that they were cooked; that the figures were falsified, a bluff, a camouflage, and did not tell the true story of this country's financial condition. Then when the other side got the floor, it was their turn to say the same thing. They said the Railway was a government department and they ran it at a loss every year. What do we know about operating losses on the Railway under the heading 'Ordinary Expenditure'? That was the burden of their song.... Major Cashin always contended the Railway deficits ought to be shown in the ordinary expenditure. They were not shown.... We all know it was wrong on the part of the various governments and Auditors General — it was wrong not to show all the expenditure on ordinary account. The Committee just took the figures straight out of the Auditor General's reports; but at least one member of that Committee must have known; in fact I say he knew when he copied the figures very correctly...

Mr. Chairman ...Do I understand you are citing a statement of a former Minister of Finance as authority for the proposition you are about to state?

Mr. Smallwood That is exactly what I am doing. One member, in copying the figures from the Auditor General's reports from 1920-34 showing the ordinary expenditure each year, knew the figures were incomplete; they did not show the whole story. He knew they did not include what was paid out to cover the operating losses of the Newfoundland Railway.

Mr. Chairman ...Whether or not these figures were properly compiled by the government or whether or not the opinion of a member of that Committee should have prevailed over the government report seems to be immaterial....

Mr. Cashin I gather from Mr. Smallwood's statement that he is trying to tell the House that when we compiled this report we left out the deficits on the Railway?

Mr. Smallwood Only in this one case.

Mr. CashinWe are not trying to hide any-