

Newfoundland has always been such, that it was next door to impossible to make a forecast accurately, realistically, conservatively, for even one year ahead. We should bear that point in mind when we consider this budget for three years to come.

Now I touch on another point. On page 1 of the report, there is set forth a picture of Newfoundland, a photograph of Newfoundland of the last 50 years, all drawn in one short paragraph. What does it show? It says ... that for the 50 years which came to an end last month, September 1947, the government spent \$500 million, and took in \$496 million, so they had a shortage of \$4 million on current account. But this paragraph goes on to say: "If you deduct from the \$500 million that the government spent, \$20 million that the present government spent on capital account since 1935, that brings the total expenditure down to \$480 million. Thus, with an expenditure of \$480 million and a revenue of \$496 million, the government showed a surplus of \$15 million, or an average of \$300,000 a year for the 50 years." In other words, if this paragraph is correct, what it means is this: that for the last 50 years the government has balanced its budget. More than that, it has had an average surplus of \$300,000 a year, so it appears that the Government of Newfoundland came out of it with flying colours. Then those of us who remember the 1920s, and more of us who remember the 1930s begin to prick up our ears. We begin to show some great interest. If the government balanced its budget and showed a surplus, and we remember the unemployment of the 1920s, and the parades of the unemployed, when we remember the rock sheds, and the "roads-de-luxe", and the pit-prop cutting schemes, and the riots, and the dole; when we remember 90,000 of our people only eight or nine years ago rotting with beri-beri and TB on the dole, when we remember our roads, wharves and bridges falling down because there was not a dollar to spend on them, when we remember the Gethsemane that our people went through from 1920 to 1940 roughly, and we are told that for these 20 years, and another 30 with them, the government not only balanced its budget but had a surplus as well, and the people at the same time rotting in poverty many of them, we begin to wonder — does it matter very much to the people of Newfoundland, the fishermen,

the miners, the loggers and the railroaders, the clerks and office workers, teachers, etc., does it matter much to them if they rot in poverty and the government balances its budget? Is balancing the government's budget so very much after all, if the people can rot in poverty while our budget is being balanced?

Of course the truth of the matter is that the government's budget was not balanced in those 50 years. What happened was this: from 1920 to 1934 the government never, never once took in enough money in taxes from the people to pay their expenditures. Never once in the years. What they did was this: the finance minister would bring down the loan bill, asking the House of Assembly to authorise the government to authorise him to go out and borrow money ... and in the bill the law required that there had to be stated the purpose for which the money was to be borrowed. That was one reason why they had to state some reasons. There was another reason. They could not go to the States or Canada or England and borrow \$5-6 million and tell them frankly and honestly, "This is money that we can't get out of our people. We can't get enough taxes to meet our expenses, so we have to borrow so much to make it up." They could not tell them that, so they called it "capital account". Always it was for capital expenditure. To meet operating losses on the Railway, ... and give relief, to give dole to keep people alive, and to balance the budget year after year, for 14 years without a break.... \$50-odd million gone out and borrowed to meet the expenditures of the government, the ordinary expenditures, or what they used to call in those days "current account expenditures". That was a word that covered a multitude of things that ought not to be called "capital expenditure" at all. They should have been called by their proper name.

Well, the report goes on again, still on page 2, and here's the picture we get: it points out what our public debt is. It says this — If we were to take out present public debt, and take off of it what we have saved up for sinking fund, and then take off of what's left what we have in accumulated surplus, take all that off our public debt and what we have left is a net debt of \$35 million.... But, they say, that's not so bad, because look what we have got to go against it. We have got a Railway that's worth \$72 million. Now where did