

Finance Committee have been disputed, but I am glad to say that they have so far been disputed without any success....

In dealing with the period from 1920 to 1934, much ado about nothing was also made in the remarks of the member from Bonavista Centre. A long array of finance ministers was presented to us, and it was intimated that scarcely one of them ever made a correct budget. That, of course, we can all understand. I fail to see how any finance minister in any government, business, or household, can make a sure estimate of what the expenditures or deficits or surpluses will be from year to year. But the point I want to raise is this: much capital was meant to be dispersed to the other needs of this country, and many finance ministers not only failed to make an accurate estimate of the surplus or the deficit, but they made such errors and such estimates which in the end proved to be very wrong. In touching upon that point I would like for you to remember that period from 1920 to 1934, remember that the Great War had been fought and won. You will remember that for two or three years after peace was signed this little country enjoyed unwonted prosperity. Fish was selling in the markets of the world at higher prices than ever before, and consequently the people up to 1921 or 1922 were enjoying such prosperity as had been undreamed of before these days. Also you will remember that shortly after that time conditions were not so good. There were ups and downs and ins and outs, if you like. And that's the way it was, I suppose, with the finance ministers. But they were not getting the price for the fish, and unfortunately, at this time, they were not even getting the fish; but they certainly were not getting the price they had got some years before. Our merchants had been stocked up to the hilt. Our banking owners (I come from the southwest coast where they go to fish in deep waters) had up-to-date vessels; firms had from five to six bankers costing anywhere from \$10-25,000 and more, new vessels too. They had been perhaps unwise in this era of prosperity to think that it was going to continue, and they had gotten rid of the old vessels and gotten themselves new up-to-date vessels, built in Lunenburg, Shelburne and other places, at very high cost. That was the situation, and suddenly the price dropped and the bottom

dropped out of the market, and the merchants who were overstocked, the fishing plants or vessels, or shore plants on Labrador, found themselves with good expensive gear and they could not sell their fish. Under these circumstances I ask you who could you put in as finance minister to budget the surpluses or deficits from 1922 or 23 onwards?

I come down to 1931, but first I must remind you of that great depression which struck the world, not only Newfoundland, in 1929. Everybody was broke, and by 1931 it was coming in with a surge on this country, an absolute tidal wave, and my friend Major Cashin at that time was finance minister. Yesterday it was intimated that because he made the colossal mistake of budgeting for a small deficit and succeeded in getting a deficit of \$4 million, then this, what we have here, was only tomfoolery. That was the idea which it was the endeavour of the member from Bonavista Centre to convey to you, and to the country at large. I am quite sure you see now how ridiculous that idea was. If my friend from Bonavista Centre had explained to you that at that time no finance minister in this world could definitely make a correct budget, then I would have no complaint whatsoever with the member from Bonavista Centre.

Now 1931 was a bad year. In order to prove how uncertain things then were and in order to prove how difficult it might have been for my friend from Bonavista Centre, if he had been finance minister, to make the correct estimate, I would like to quote from a sort of history, an economic history if you like, of this country, written by my friend from Bonavista Centre in the year 1930.<sup>1</sup> 1931 was well in sight. If any of you have that book I would ask you to turn to page 9. This is how my friend from Bonavista Centre saw things in Newfoundland in the future:

The Newfoundland note then is distinctly one of hope. The country has put its worst behind it. The future is most promising. This march to industrialism is no flash in the pan. Newfoundland is around the corner. Much remains to be done to make conditions ideal it is true, but the encouraging fact is that much of it is being done to...

**Mr. Chairman** I must ask you are you speaking on the Economic Report, or are you rather divert-

<sup>1</sup>J.R. Smallwood, *The New Newfoundland* (New York, 1931).