

While the producer is the backbone of the country, the volume of employment is much larger than may be thought by looking at the number of people in only the productive industries. Back in 1935, in the middle of our worst depression, the total number of people employed in fishing, farming, logging and mining was less than the people employed in other things. We have to keep up the volume of production so that these others can be employed, but the fact is that in the service and distributing industries there are many more thousands employed than there are in the producing industries. The number of wage earners has greatly increased, and unemployment in the wage-earning industries does not necessarily decline at once because of a weak spot in one of the producing industries. The economic picture must be seen as a whole so that we can get an accurate picture of it, and it is a pity we have not got more statistics to help us piece the puzzle together.

In my opinion we have many prospects yet to be tapped. I have heard criticisms of the cost of the Clarendville fleet, yet these vessels are giving employment at sea to more than a hundred Newfoundlanders and are earning large sums in freights that we used to pay out to foreign bottoms. I don't say we can carry all we produce in our fleet, but I believe that we can greatly increase the size of our mercantile marine. We have the men and if Norway, a country with a population of a little more than three million, can have one of the world's largest mercantile marines, then I can't see any reason why this island should not have a much larger mercantile marine than we have. We believe that the employment and earnings of Newfoundlanders in the trade of seamanship can be greatly increased. The same is true of the tourist industry and I am certain that the right use of capital in the development of that industry can bring results that will astonish us all....

Some people have said that there was no point in trying to make up a budget. I can't agree with that. We are trying to answer the question as to whether the country is self-supporting. We had to examine the financial picture, and we had to be guided by the advice of the Finance Commissioner who was interviewed by the Convention. He said the country could balance its ordinary requirements with a revenue of \$23.5 million. We

say it will take more than that, and we make the figure \$25 million after allowing for some reduction in the cost of servicing the debt and in some other things. We have examined the sources of revenue and we believe that it is highly improbable that the revenue in the next three years will fall below an average of \$30 million. That is allowing for a drop of 25% from the present level, and that leaves a pretty good margin for error. Of course, if there were to be a big fall in world prices, there would be a fall in our revenues like the revenues of every other country. On the other hand, if the fall in prices is big, it will mean that everything will cost less so that we would also have a fall in our expenses. You cannot foresee everything but we feel that the figures we have produced are conservative.... My own opinion, for what it is worth, is that conditions must remain fairly good, because the consequences of any grave decline would be terrible beyond anyone's imagination to the richest nations. America cannot have prosperity in a poverty-stricken world. Neither can Canada. Neither can Newfoundland. But as far as any ordinary person can examine our situation and foresee what is likely to happen, I say that our estimates are conservative and reasonable, and give as fair a picture of our prospects as it is possible to give.

There are factors which are helpful to us. The people who live in cities abroad mostly pay rent. They have to buy coal or oil to heat their homes and do their cooking. They must earn money to buy everything they eat and need to live. We do have a few advantages which are not to be overlooked. In the census of 1935 it was shown that nearly 90% of the houses in Newfoundland are owned by the people who live in them. There is no other country in the world of which this is true. Many of our people — not all but a very great many — not only own their own homes, but can have fuel at the expense of their labour, can grow a part of their own food and get some more of it from the bounty of nature. Their life is not easy, but if we can build up the value of our productive enterprises and maintain a good level of seasonal employment, we should be able to achieve a standard of living in this country that will make for security and happiness. We must bend our efforts to achieve this end and it is my opinion that it can be attained....

The Finance Committee did not intend, in