

thing. When we were compiling the figures we kept the Railway revenues clear of this. We brought the Railway out as a separate entity. We showed the Railway had a total deficit of \$4 million and that it had to be paid from some source. All the deficits from 1923-33 are also shown. What are we talking about, then? We said that deficits were paid for out of loans. We did not try to cover them up in any way. I object to this trying to convey that we left out something....

There is another point that I want to clear up in connection with these revenues referred to by Mr. Smallwood, that the revenues collected are not revenues brought in by taxation. True, during these periods amounts of money were brought in and piled into the same accounts. Now what used to happen in the old days, was when we raised a loan, that loan was borrowed for specific purposes, and no Executive Council could change it without it being referred to the House. We established a new account in the bank for the 1928 loan. The Auditor General had charge of that loan, and he knew what specific purposes that loan was to be used for.... Today what happens is that it is all piled in together and it makes it most difficult to follow. We consider that the budgets compiled by the present Commissioner for Finance are not clear. They do not show what the actual cost to the country is.... If I were making that budget speech I would point out that here is what it takes to operate the country, and here is how we spent it.... And the capital expenditure has to be explained; when the budget is explained 95% of the people don't realise that the cost of operating the country is much less than is actually shown in the budget. Mr. Chairman, in comment about how much the people know about this, when I started to go into these figures I had to buy one of these Auditor General's reports, and the bookstore told me they only sold seven Auditor General's reports in 12 months, which shows how much people could know about it. I realise that the government accounts in every country are tangled up, but there is nothing in this report that is left out as far as I know; if there is anything left out, and if we did not pile in all the expenditure we should have, we have accounted for it by capital expenditure....

**Mr. Chairman** ....It would be a decidedly dangerous thing for any member to take any excerpt from this report and comment on it

without reference to the report as a whole. You are not justified in considering any part of this report without reference to the rest....

**Mr. Smallwood** I accept the point made by Mr. Cashin. I know that the point I am making is covered at one place and another throughout the report.... But the point I am making, and I am sure Major Cashin will agree with me, is this: that the figures from 1920 to 1934, on the expenditure side, the figures that are in the Auditor General's reports, are not complete because they do not include all ordinary expenditure. They include some of it, but not all of it. But nevertheless the Committee took the figures as they were, and here they are. There is another point. Since Commission came here in 1934 what we find is this: that the government, in the Auditor General's report for every year, has given a figure showing every dollar and cent they spent.... That's OK, but now turn over to 1934 up to now in revenue, and what do you find? You find left out money which the government had received and which they spent, and which is shown in the expenditure.... I am referring to the advances made from year to year by the Colonial Development Fund. True that most of these were paid as loans from year to year, but when it got around 1940, or 1941 I think it was, the British government said, "Since your Commission has been out there we have advanced you every year so much money from the Colonial Development Fund. It now runs up to \$8-10 million. We are going to give you that. It is an outright gift." That Colonial Development Fund money is included in the expenditure side here. My point is that these receipts of the government from the Colonial Development Fund ought to be included on the revenue side.

**Mr. Cashin** No. That's where the quarrel started before.

**Mr. Smallwood** Yes, and it's a matter of interpretation, or opinion. The facts are clear, and we have given our opinions on it. We differ in our opinions on it.... My opinion is that the Government of Newfoundland should show on the revenue side every dollar, every cent, that they have received, and on the expenditure side every dollar and every cent they spent. How else are we going to know where we stand as a country?

**Mr. Chairman**, I am about to take my seat, but before doing so I would like to say this: that I happen to have been born in Newfoundland. My