

SUBSIDY QUESTION REVIEWED AND ANALYZED

Saunders Government Arraigned By Leader Of The Opposition

Incompetence And Mismanagement Revealed In Various Departments Of Liberal Administration. Failure To Enforce Prohibition Act Brought Home Convincingly In Brilliant Address By Hon. J. D. Stewart, Conservative Leader.

Following is an extended report of the speech delivered by Hon. J. D. Stewart, leader of the Opposition, on March 12th in the Legislature during the debate on the Draft Address:

Mr. speaker for quite a number of years I have had the privilege of paying a compliment to the mover and seconder of resolutions similar to the one just now before the House; and I can do so on this occasion with as much sincerity as I have ever done at any time in the past. I think that I voice the sentiments of both sides of the House when I say that both the mover and seconder have discharged their duties very creditably.

I want to say something especially with regard to the mover of the resolution, (Mr. Campbell). I trust he will pardon me for recalling old days and perhaps giving away a secret when I remind him that very many years ago I was the hon. gentleman's school teacher. I think after his performance today, you will recognize my ability in that respect. (Laughter). Looking back, I have only one regret; and that is that I did not have the opportunity in the following years of directing his political studies as I had his common school education; because I feel that if I had, the good old Fourth District of Kings, of which I myself am a native, would today have one Conservative instead of two Liberal representatives in this House. We all agree with what has been said by both the mover and seconder with regard to losses that have been sustained during Recession. For my part, I heartily concur in all that has been said with respect to the late Chief Justice Tait. He was, of course a great world figure. I had the privilege of meeting him on more than one occasion, and it struck me that perhaps the greatest thing about this distinguished man was his personality. You had to know him in order to appreciate him. That was what made him great; and I suppose that is what makes every great man great.

FITTING TRIBUTES

This Province has suffered a loss in the passing of the late Hon. F. J. Nash. Whether or not we agreed with his opinions, politically or otherwise, we will all admit that he was a fine type of Prince Edward Island citizen. He was more than that. Mr. Nash was one of those who had a poet's soul. He had a marvellous sense of the fitness and propriety of things. He had a sense of proportion, which is perhaps the greatest quality that a man can have in making for citizenship and manhood. He had these outstanding among many other splendid qualities. Not only the newspaper profession but the Province at large is very much poorer for his passing.

With regard to the late Dr. S. R. Jenkins, I think perhaps silence is the most eloquent tribute I can pay to his memory. His was a unique personality. He belonged to a profession which has unexcelled opportunities of doing good; and I think we will all agree that Dr. Jenkins embraced those opportunities to the full. Perhaps no one knows just how much good he did, because, with the spirit of true charity, he avoided publicity; he did not advertise his kindly deeds; but we all know that he was scrupulous in their performance.

I am sure, too, that we all agree with the first paragraph of the speech with regard to the recovery of our beloved Sovereign, and what that means to the Empire.

As to the benevolence of Providence towards this Province during the past year, we can all subscribe sincerely to that sentiment.

A THIRD EDITION SPEECH

I have passed over these things I came to the body of the speech. It does not contain very much food for discussion. I might term it the third edition of His Honor's speech from the Throne. The first edition was in 1928; the second was given last year, and now we have the third before us. I notice that there has been an improvement in its phraseology and diction, and I will compliment the compiler of the speech upon the arrangement of the phrases and sentences. From a literary standpoint, it is the best my hon. friends have yet produced. But after all, it is only a third edition, because almost everything that is contained in this speech was contained in previous ones... I shall refer to the clauses one by one as I go along... But with regard to policy, with regard to matters that this Government intends to do; with regard to the future, which is usually foreshadowed in a speech from the Throne this document before me, I submit, is absolutely barren. It contains nothing for the future—nothing but an eulogy of the past, a repetition in eulogy; that is all.

That is the comparison of the two records; but you have a right to make a deduction from this, because since 1906, as the result of a stupid bargain made by a Liberal government with regard to the Hillsboro Bridge, we have been charged annually over \$9,000, and that amount is deducted from our subsidy.

With regard to the \$30,000 received in 1901, that subsidy was secured at a tremendous sacrifice to this Province; because by that agreement we sold out all our rights for uninterrupted winter communication. Fortunately, that barrier has been removed; that stipulation has not been observed by the Dominion Government and we have been able to treat it as an open matter. But at the time that subsidy was accepted that was the bargain.

PREMIER SAUNDERS' OPPORTUNITY

That is the history of the subsidy question up to the time this Government came into power. Let us deal with the intimate circumstances of that occasion. I remember, when the Bell Government was in power, my hon. friends always had very special excuses for not pressing our claims. There were the post war difficulties; the readjustments that were necessary; the tremendous expenditures that has been saddled upon the Federal Government. These were put forward as excuses, and perhaps they were reasonable excuses. I am not going to discuss that. But in the meantime things had changed somewhat. The Maritime Provinces had awakened up; they had made very insistent demands for their rights, and among their rights was this question of increased revenue from the Dominion by the way of subsidy. This agitation resulted in the appointment of the Duncan Commission by the Dominion Government. Before this Government came into power, that Commission had held its sittings; it had taken evidence and had made its report; and by that report we had already come into possession of an annual increase in subsidy of \$125,000. More than that, the Commission recommended that the \$125,000 was merely an interim payment pending a final readjustment of the subsidy question; so that all that was necessary was for the provincial governments to get together and arrange that basis of agreement with the Dominion government. When my hon. friends came into power in 1927 the Dominion government had already arranged to call a conference between all the provincial governments and the federal government. We might have expected, therefore, that that was the very opportunity that was needed in order to have this final readjustment made. For at that conference you had all the parties to the issue, the federal government on the one hand and the provinces on the other, meeting at Ottawa. It was an excellent opportunity, one would think, to have settled this matter once and for all. But we know that there was no such result. Was there anything in the way? Was there any reason why the final settlement should have been postponed? I have never heard any. Perhaps they were not long enough in session. I will say this, that if they were a month or many months in session the time would have been time well spent in getting this tremendous matter settled. So far as the Premier of this Province is concerned, he would have been much more valuable outside the Province than in it, even for months at a time, if he had been busy in adjusting matters of this kind.

HISTORICAL REVIEW

I shall go back and refer to the subject from the beginning. I want first to say that the party which I have the honor to lead in this Province has no apology to make with regard to its record in the matter of Subsidy increase.

It is not necessary for me to go into the original basis of subsidy payments; but I find that the following increases were made from time to time to this Province:

- In 1887, an increase of \$20,000.
 - In 1901, an increase of \$30,000.
 - In 1907, an increase of \$70,000.
- This was by amendment to the British North America Act by which a general readjustment was made of the basis of payment.
- In 1912, an increase of \$100,000.
 - In 1926, an increase of \$165,000.

CONSERVATIVE INCREASES

Now, if you add those together, beginning with the \$20,000 in 1887 you will find that it totals \$285,000 of increases in subsidy that we have received over the period in review. In 1887, as you know, there was a Conservative government in power. In 1901 there was a Liberal government in power. In 1907 there was a Liberal Government in power. In 1912 and in 1926 there were Conservative governments in power. If you take those together you will find that the increases secured during the time the Liberals were in power in this Province amounted to \$100,000, and that the aggregate of Conservative increases was \$185,000.—In other words, the amount was practically doubled under Conservative administration. (Applause)

That is the comparison of the two records; but you have a right to make a deduction from this, because since 1906, as the result of a stupid bargain made by a Liberal government with regard to the Hillsboro Bridge, we have been charged annually over \$9,000, and that amount is deducted from our subsidy.

With regard to the \$30,000 received in 1901, that subsidy was secured at a tremendous sacrifice to this Province; because by that agreement we sold out all our rights for uninterrupted winter communication. Fortunately, that barrier has been removed; that stipulation has not been observed by the Dominion Government and we have been able to treat it as an open matter. But at the time that subsidy was accepted that was the bargain.

In 1907, as I said, there was a general readjustment of all the provinces, and a subsidy increase took effect as a matter of course.

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DIRE NEED OF REVENUE

So there the matter stood. The greatest opportunity that a government ever had for doing some real, substantial service was let slip; because there is not anything that this government needs as greatly as it needs revenue... This Province needs revenue; and, as the Premier has stated in his brief—and we all agree with him—we cannot resort to further increased taxation. We are in dire need of additional revenue; the revenue that is coming to us; it is simply a matter of adjusting the amount and I say that the adjustment should have been made.

The conference of 1927 was the first opportunity that there was since 1912 of getting an increase, as I said before, the \$125,000 recommended by the Duncan Commission was simply an interim payment. That payment opened the door; it settled the fact that we were entitled to more. The Dominion Government had taken that attitude by adopting the Duncan report; and yet that adjustment was not made. (Applause)

"ANTICIPATIONS"

That carries us along to the session of 1928. I want to read the words that were put in the mouth of His Honour the Lieutenant Governor on that occasion with regard to the matter of subsidy:

"A conference was convened in Ottawa in the month of November last by the Dominion Government and the Governments of all the Provinces of Canada. As a result of this meeting the Dominion Government this year is continuing the additional money grant of one hundred and twenty-five thousand dollars to our Province, and is undertaking in the very near future to make a complete revision of the financial arrangements, as recommended by the Duncan report. We confidently anticipate that when such revision is made we will receive a very material increase in our subsidy."

"SYMPATHY" IN HIS CLUB BAG

However, as I said before, my hon.

friend came back from that conference with a bundle of "sympathy" in his club-bag. That was all. Nothing more tangible than sympathy! He was told by some of the representatives of the western provinces how much they would sacrifice their interests in order that Prince Edward Island should get an increase in subsidy. He was told many flattering things—that they had no doubt that Prince Edward Islanders

"We confidently anticipate." Unfortunately they have been "anticipating" ever since, and they have spent all their time and all their energy in "anticipating."

HUMILIATING ADMISSION

This is quite a frank admission that nothing was done up to that time. Another year passed, and we came to the session of 1929; a very quiet year in so far as subsidy activity was

concerned, because during that year we heard nothing at all... The public had some intimation of the leader of the Government having attended this conference in 1927, but from the session of 1928 to the session of 1929 we had nothing but silence. At the time was going on; the money was there, requiring an effort to be made. All that was necessary was a sufficient effort to get the amount adjusted. Let us see what they say in 1929: I am quoting, as before, from the speech from the Throne: "During the year my Government has been vigorously pressing our claims for a further increase in the subsidy which we receive from the Dominion, and has stressed the fact that, in view of the apparent intention to transfer to the Western Provinces the natural resources within their boundaries, equitable treatment to all the Provinces would appear to call for some corresponding concessions to our own Provinces."

INACTIVITY AND FAILURE

We then had a year and a half of ineffectiveness, of inactivity, of failure. But my hon. friend discovered in some way a proposition, a suggestion, during the session of the House last year so far as my recollection goes, it was not put forward on the debate on the Draft Address; it was announced during the debate on the Budget. The suggestion was that the matter of subsidy settlement was going to be referred to a board of experts. I cannot recall that he took this House into his confidence sufficiently to tell us how that board would be constituted, or of what manner of men it would consist; but we were assured that there was to be a board of experts appointed so that they would deal with this matter and settle it. We were not told whether they were to deal with the other Provinces, or whether this was to be a special concession by one government "in line" to another; but at any rate we were to get this board of experts, and if I remember correctly I gathered from his remarks that the question would be dealt with some time in the autumn of 1929.

Time passed, and we were not hearing anything until finally, somewhere in the month of January last I noticed in the press that my hon. friend had gone to Ottawa. While he was in Ottawa another gentleman came to the front as an exponent of increased subsidy—Senator Hughes, a man of known ability, of very "indious habits"; and he gave a lecture before the Charlottetown Board of Trade on the matter, a lecture which showed that the Senator had entered the question very fully. His address gave evidence of a great deal of research. He proposed, as a solution, that the matter of our subsidy claims should be referred to a Royal Commission. Some of the friends of my hon. friend the leader of this Government did not agree with him; they thought a Commission would serve no good purpose. Personally, I do not know how my hon. friend would distinguish between a board of experts and a Commission. A Commission might be a board of experts; it depends entirely on the composition of it.

BLARING MISREPRESENTATIONS

At any rate, shortly after that the Premier returned from Ottawa, and the Patriot newspaper heralded his return in a tremendous front-page article, which had all the Patriot "trimmings" except the Rooster, (laughter). I think it consisted almost entirely of capital letters. This article, which appeared in its issue of January 25, was headed: "SPECIAL AUDIT BOARD ADJUSTING ISLAND CLAIMS." This statement was carried across the full width of the paper in very large capitals. Then, in a heading four columns wide: "Claims of Prince Edward Island are being adjusted by Audit Board Composed of Expert Accountants." And in a type slightly smaller "Special Memorial with regard to Air Claim for Increased Subsidy in Lieu of Public Lands filed at Ottawa by Premier Saunders last Tuesday Afternoon. Premier interviewed by Patriot on his return last night from Ottawa, where he had a satisfactory conference with Members of the Government." I do not know whether "Air" claim refers to "hot air" or not; at any rate, that is how it reads. Further down, in black type two columns wide, we read: "A Patriot representative interviewed Premier Saunders on his return from Ottawa last night. Hon. Mr. Saunders, accompanied by Senator McArthur, left for Ottawa on Wednesday the 15th last, to consult with the Federal authorities regarding matters pertaining to various Government activities, and in particular, to press our provincial subsidy claims. Premier Saunders stated that he had had most satisfactory and successful conferences with the Prime Minister, and the Ministers of Finance and Justice, relative to our subsidy claims, and he assured the Patriot that the Federal Government will leave nothing undone to see that our Province receives its just due. Hon. Mr. Saunders was much surprised to learn of the proposal recently made in this city regarding the appointment of a new Royal Commission to hear our claims, the very matter of the full implementation of the Duncan Report had been discussed by him at Ottawa, and the Government assured him that the final adjustment recommended therein was proceeding as rapidly as possible. The Premier stated that a second Royal Commission as suggested

would serve no useful purpose so far as he could see. The Duncan Commission had made its report."

FURTHER MISSTATEMENTS

And further on in the same report, in capital type two columns wide, we are told:

"Premier Saunders then stated that an Audit Board has been appointed by the King Government to make this final adjustment. The members of the board so appointed have been chosen with the greatest care."

A great part of this interview consists of the Premier's attempt to show that a royal commission was not of any value but that a board of experts would be. But the thing that I wish to draw to the attention of this House is the statement contained in very large type in the heading: "SPECIAL AUDIT BOARD ADJUSTING ISLAND CLAIMS."—I want to say emphatically, Mr. Speaker, that that statement is incorrect! It is not true. There was no "special" Audit Board appointed. Further than that, it was a deliberate attempt to mislead the people of this Province. (Loud applause)

WHY WAS TRUTH SUPPRESSED?

The correct statement appears in the speech from the Throne. Why was it not made when my hon. friend returned from Ottawa? Why did this newspaper come out with a report of that kind and broadcast it throughout Canada? For it was not only circulated in the Patriot; it was placed in the Canadian Press report—a newsgathering agency where the most scrupulous accuracy is required and maintained—that this Audit Board "has been appointed by the King Government to make the final adjustment of Prince Edward Island's provincial subsidy claims." That statement, too, Mr. Speaker, is incorrect; it is untrue; and the Canadian Press had afterwards to correct it. (Applause)

Now what are the facts in connection with this matter? The facts are that in 1925 a Federal statute was passed providing for the appointment of this Audit Board. It functions in connection with the Department of Finance and is under the direction of the Treasury Board—not the Government, but the Treasury Board, which has to do with auditing matters in connection with the dealings of the Dominion Government and private bodies or with matters directly under the control of the Department of Finance. It has nothing whatever to do with adjustments between the Provinces and the Federal Government. I have read over the Statute carefully, and I can produce it if necessary in proof of what I have stated.

It may be perfectly true that the Treasury Board has now referred this matter to the Audit Board. But they did not appoint an Audit Board for the purpose of dealing with Prince Edward Island's claims, as the Premier is reported emphatically to have said in the Patriot newspaper and in the Canadian Press. The Treasury Board simply referred this matter—Prince Edward Island's claims—but the claims of the Maritime Provinces; and the Governments of the other Maritime Provinces were notified of the fact in precisely the same terms as my hon. friend was notified. They were written to by the Minister of Finance and a copy of the order of the Treasury Board was sent to them. That is the situation.

AUDIT BOARD'S LIMITATIONS

My hon. friend was apparently attempting to take some credit for having brought this matter about. Let me tell him that, so far as I can see, the only thing he can take credit for is in burying this thing a little while longer. For what can the Dominion Audit Board accomplish in a matter of this kind? Take his own brief; how much of intricate calculations does his brief contain that would require a board of auditors to check up?

It is not the figures, it is the matter of our relationship with the Dominion of Canada that requires to be gone into. How can these chartered accountants, for instance, measure what this Province has suffered because of the destruction of its Colonial trade which had been developed prior to our entry into Confederation? How can a board of auditors calculate the losses we have sustained by reason of interruptions in our winter communication? In all these things—these important things, the things that matter in making an adjustment between this Province and the Dominion of Canada—they cannot do anything. It is true; they may get a little information with regard to public accounts of the Provinces, they may perform clerical duties of that kind

but at every Dominion-Provincial conference there are employees in attendance for this very purpose. There are deputy ministers and accounts of all kinds present at these gatherings who at the dictation of the Ministers, are continuously preparing figures and information of all kinds; and this is being fed to the conference as it proceeds in its work.

SETTLEMENT STILL FAR DISTANT

How much further are we ahead what advance have we made, by referring this matter to these chartered accountants of whom my hon. friend speaks so highly? It is admitted now that the final adjustment must be made at a conference between the Dominion Government and the Provinces. We do not know when that conference will be held; but we do know that other important international conferences are to be held during the summer. We know, too, that during the present session of Parliament, statutes are to be passed dealing with the claims of Alberta and Manitoba. I am not so sure that the settlement in connection with Saskatchewan's claims is yet ready to be dealt with by statute; but at any rate we know that the Government has been busily occupied with the claims of the western provinces and that it has taken a considerable time. We may safely assume that in our case a conference will not settle the matter; that it will have to be finally settled by a statute of Canada at least and possibly by an Imperial statute if it interferes with the basis of payment as set forth in the British North America Act. So you see how far distant we still are from getting this matter finally adjusted. Here we have had this Government in power for nearly three years, and as yet we have only the amount that were obtained by the previous Governments of \$125,000 and \$40,000 notwithstanding that these promises are being made forth every year in the speech from the Throne and that statements are made from time to time by Ministers of the Crown. In the final analysis when we probe this matter to the bottom, or as near to the bottom as we can get with the information that is given to us, what do we find. We find ourselves standing just where we were when this Government came into power. (Applause)

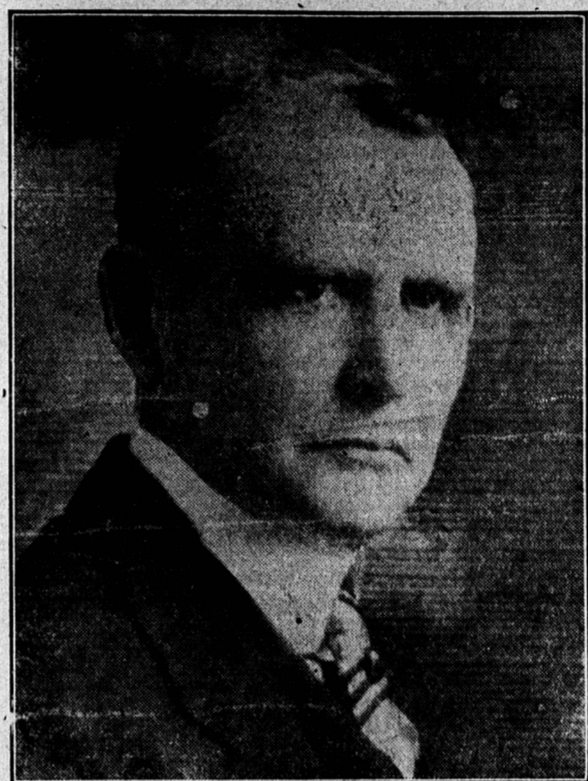
THAT AMHERST SPEECH

There is still another phase to this question. My hon. friend had the privilege, the honor— and we were all proud to see it conferred upon him—of opening the Amherst Winter Fair. I did not attend that function, but I read a report of his statements in the press at that time. He can correct me if I am wrong; but I understand he was reported in the press as urging Maritime co-operation up to the point where some accused him of seeking Maritime Union. Now I do not think my hon. friend believes in Maritime Union, but with his usual impetuosity he appears to have urged Maritime co-operation so far that many of his hearers believe that he was encroaching on the territory of Maritime Union. When the opportunity came, however, of practicing Maritime co-operation as far as that do? It is so easy to preach anything that suits for the moment, Mr. Speaker, it is a different thing when one comes to put one's preaching into practice. It is quite true, in the matter of our subsidy claims, that we have one claim which is peculiar to this Province; that is the question of increased subsidy in lieu of public lands. But I would like to ask my hon. friend how much co-operation, should he come into office, has he sought with the Governments of Nova Scotia and New Brunswick in connection with the pressing of our general claims for increased subsidy? (Applause). I do know that in his pilgrimage to Ottawa he did not seek their co-operation! I know that the first intimation they had from Ottawa was of the appointment of this Audit Board.

HON. MR. LEPAGE: Why didn't they seek ours instead of us seeking them?

HON. MR. STEWART: Well, of course, my hon. friend has large ideas about things. (Laughter). Let the mountain come to Mahomet! That is the egotistical attitude; but we are not all so filled with self-importance as my hon. friend. (Applause)

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HON. J. D. STEWART

could not live on potatoes alone, and so forth. But these remarks did not help to solve the question... All this sympathy did not carry him one step further on the road to obtaining the subsidy settlement which the Province required.

Perhaps some little allowance should be made for my hon. friend at that time, because he had not been long in office. He was fresh on the job. At any rate, that conference broke up without any forward step being made towards the solution of this matter, for which purpose we all believed the conference had been called. So far as this Province is concerned, I do not know of any other matter which was dealt with, or of any benefit obtained as a result of that gathering.

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So there the matter stood. The greatest opportunity that a government ever had for doing some real, substantial service was let slip; because there is not anything that this government needs as greatly as it needs revenue... This Province needs revenue; and, as the Premier has stated in his brief—and we all agree with him—we cannot resort to further increased taxation. We are in dire need of additional revenue; the revenue that is coming to us; it is simply a matter of adjusting the amount and I say that the adjustment should have been made.

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So that all this Government had obtained up to that time, all it had to show for its efforts, was "anticipat-

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