OPPOSITION LEADER SPEAKS ON THE BUDGET DEBATE

Mr. A. C. Saunders in Lengthy Speech Criticises the Government as Lacking in Initiative, Reviews Political Situation, Condones Liberal Transaction re Sinking Funds as "Illegal, but Good Business", Announces Policy of Adherence to Prohibition Law "With Amendments," and Promises Cheaper Liquor.

Mr. A. C. Saunders, Leader of the Opposition, followed Premier Stewart in the debate on the budget on March 31st. He said the Premier had his sincere sympathy for the unfortunate position in which he was placed, first because of his unprecedented deficits, and secondly because, owing to lack of initation, he had been drifting helplessly with the tide. The Premier had gone back into ancient history in his budget speech simply as a smoke screen to cover up the actual existing conditions. He (Mr. Saunders) had figures to submit to the House, taken from the Provincial Auditor's report, which were diametrically opposite to the figures quoted by the Premier. The $80,000 received during the past year in lieu of railway taxes, was really a Liberal surplus to put against a Conservative deficit of $74,000. That was the true state of affairs.

Mr. Saunders was quite satisfied to accept the statement of the Provincial Auditor. He had before him the accounts for 1926, and the balance sheet on page 16 shows an actual surplus of $11,000. That was made up by adding the ordinary revenue, $747,060.96, balance Gasoline Account, $5,012.58, balance Highways Improvement Account, $569.74, a total of $752,643.28, and deducting ordinary expenditure, $724,958.49, capital expenditure, $708.80, and sinking funds, $15,720. The Premier had further taken the sum of $5,970 on account of the fire loss received from Falconwood, and deducted it from the expenses of that institution. Wasn't that a fine way of arriving at a surplus? "All my hon. friend has to do is to burn one or two of those buildings and put it into ordinary account, and he gets a surplus." Deducting the $5770 received from the Falconwood fire insurance, from the surplus of $1100, and there was left only a surplus of $5,282. Or had the Premier not received the $80,000 from Ottawa, there would be a deficit of $74,714.01. Mr. Saunders submitted in all seriousness that that was the only honorable and fair way of dealing with the situation.

The statements of the Premier regarding the finances, Mr. Saunders continued, were inaccurate and incorrect. There was absolutely no comparison betwee the financial administration of the Bell Government and their successors in office. In 1924 the Conservatives had a deficit of $35,000; in 1925 of $69,000, and this year (if you leave out the 80,000 railway grant in lieu of taxes), an honest deficit of over $74,000, making in all a deficit of $179,000 for three years' administration.

In comparing the liabilities the Premier had charged the Liberals up to the end of the year 1923, but he had no right to do that, because we have the liabilities of the Province given at the time the Liberals went out, September 5th, 1923. Why couldn't the Premier be fair? The External Auditor shows the liabilities to be $2,044,141.47 at the end of 1926, and the auditor the Government imported from St. John shows the liabilities on Sept. 5, 1923, to be $1,549,527.82. Deduct one from the other and you have an increased liability of $494,631,65. By way of fair comparison that should be added to the $80,000 which they got this year, and which would increase the Conservative liabilities to $574,613.65. The Liberal liabilities on Sept. 5th., 1923 should be compared with the liabilities of $1,193,928.77 on Sept. 8th., 1919, when the previous Conservative Government went out. This would show an increase under the Liberals in four years of $355,599, as against the Conservative increase of $574,613.

The Conservatives claim that some outstanding assets of $96.670 should be deducted from their liabilities. Practically all the Poll Tax was included in that, and would not be collected in any case by the Conservatives. No one would pay fifty cents on the dollar for these outstanding assets. Allowing them $50,000 for them, still the Conservatives had increased the liabilities by $525,000 against the Liberal increase of $355,000. They had deficits each year, totalling $179,000 altogether, whereas the Liberals had a modest surplus every year, totalling $11,000. The Public Accounts also showed an average expenditure under the Bell Government of $699,000, as against an average Conservative expenditure of $712,000, or an average yearly increase of $43,000. What had they to show for that increase? Absolutely nothing, Mr. Saunders believed. Yet the Premier had the temerity to get up in the House and say, "We reduced the expenditure!"

Continuing the debate on March 31st, Mr. Saunders said that in regard to the $80,000 railway grant, the matter had practically been settled long before the Premier ever go into power. He repeated what he had said on the Draft Address, that Hon. Geo. Graham, then Minister of Railways, had decided it was only right that the Maritimes should receive some consideration. The matter had been taken up by the Federal members, Messrs. McLean, Sinclair, Jenkins, and also by Mr. D. A. McKinnon, with the result that these men so impressed the Federal Department that Mr. Rouel, chief counsel of the C. N. R. interviewed Premiers Armstrong and Veniot and offered a certain amount in lieu of taxes.

HON. DR. McMILLAN: Why didn't we get it?

The ultimate settlement, Mr. Saunders replied, was arrived at the recent conference at Ottawa, where Mr. Rouel offered to contribute $250,000 to the Maritime Provinces. This was long before Premier Stewart ever mentioned the matter. It was Premier Ferguson of Ontario who suggested that it should be referred to the Premiers of the Maritime Provinces as to what each Province should receive. In the minutes of that conference Premiers Baxter and Rhodes are mentioned as having decided that the P. E. Island amount should be $40,000; it was not mentioned that Premier Stewart said anything.

PREMIER STEWART: Those are not the minutes that you read.

MR. SAUNDERS: I have them right here. Of course I am right in what I state. Here we have the minutes of that meeting; if he wishes to see them I will be only too glad to furnish them. This is from the Select Standing Committee on Railway and Shipping.

PREMIER STEWART: Are those the minutes of the Conference?

MR. SAUNDERS: No, not at all, the Railway committee.

PREMIER STEWART: Exactly.

MR. SAUNDERS: Sure. This is the Select Standing Committee on Rouel asked what we should do Railway and Shipping. Mr. with this money. Premier Ferguson suggested we should divide the amount among the Maritime Provinces, or give it to them and let them divide it among themselves. Premier Baxter and Rhodes finally agreed that they would give P. E. Island $40,000 and divide up the balance between them.

It was in the goodness of their hearts, Mr. Saunders said, that the Nova Scotia and New Brunswick Premiers agreed to give us this amount. It was not, as the Guardian said due to Premier Stewart, because his name was not mentioned in the minutes. Therefore the Province did not owe one single thing to Premier Stewart in securing the money. It was a generous and voluntary contribution from Ottawa.

Reverting again to finances, and repeating his statements of comparative liabilities of the two governments, Mr. Saunders criticised the Premier for quoting the liabilities of the Bell Government, apart from highway improvement, at $66,000. The Guardian said $166,000. Whatever it was, if that were so, why did the Government publish a statement in October 1923, under the seal of the Province which was sent out to investors, stating that the revenue in 1922 again exceeded the general expenditure, and that apart from the highway expenditure the Provincial debt had been reduced in the last three years by over $100,000? Yet the Premier had the temerity to say last night that the Liberals went behind, apart from the highways, either $66,000 or $16,000. What would the Province think of a gentleman like that? He could trim Ponzi hands down! What would have the most weight, a statement sent out to the money markets of the world after deliberate consideration, or a statement made in the House for political purposes?

In comparing financial statements Mr. Saunders had deliberately omitted, as the Premier himself suggested the years 1919 and 1923, which were election years and in which each party was in power during part of the time. In 1923 there was a deficit of $197,000, which the Conservatives say was the result of Liberal mismanagement from January till Sept. 5th, when they went out. Mr. Saunders contended that had the Conservatives, for the remaining three months of the year, done their duty and collected the taxes properly, they would have been able to show a reasonable surplus this year. Between the two governments there was an increased expenditure that year of over $123,000 over 1922. Why was that necessary? By their new method of book-keeping the Conservatives collected $25,000 less taxes in 1923 and carried that amount into 1924. That was done just to put as bad a construction as possible on the finances of the year Liberal 1922. That was not a truthfull accounting at all; it was not the proper thing to do. It was entirely wrong to collect the money and carry it over into another year. Not only did the Conservatives collect these taxes but there was over $3,500 collected from the Prohibition Commission in 1923, carried over into 1924. That too was done for a purpose. It was high time the public accounts were kept in a proper way so the people would understand them.

The Premier took up a great deal of time dealing with controllable and uncontrollable expenditures, claiming that he had reduced controllable expenditures and that the increases had occurred in items over which the Government could not exercise economy. Mr. Saunders thought that was a very strange story. Practically every department in the public service is controllable, Mr. Saunders believed. It is true that to a limited extent the educational department expenditures were uncontrollable, but generally speaking he Government had not succeeded in keeping down expenditures where it was possible to do so. In 1920 the total ordinary expenditure was $659,000. In 1926, it was $724,000, or an increase of over $64,000. If that was keeping down expenditures Mr. Saunders would like to know how he made it out.

Mr. Saunders contended that the Premier was not correct when he said the present government had been able to keep the expenditures below that of the Liberal Government. He quoted expenditures in the departments of Justice, Agriculture Education, Public Works, Executive Council, Falconwood, Legislative Grants, Paupers and Provincial Audit for the years 1920, 1921, 1922, 1926 in support of his argument. In 1920 the Interest was $56,497, in 1921, $58,868, in 1922, $59,070, and in 1926, $74,646. The Premier's explanation of the reasons for the increased interest was the most lamentable Mr. Saunders had ever heard. The Premier said we have been borrowing from the people of the province and had been paying 4 1-2 per cent interest on these loans made to the government; that later the interest was reduced from 4 1-2 to 4 per cent, and as a result we had to pay additional interest. But how would this account for a difference in interest of nearly $20,000? That was a camouflage that would not bear consideration. If the Premier wanted to be fair he could have gone to his officials and in fifteen minutes found out exactly what additional amount of interest they had to pay to the depositors who withdrew their money from their trust. Had he done that he would have found it did not make a greater difference than over $3,000 or $4,000. The rest of the increase we are paying on account of the Conservatives increasing the debt and liabilities of the Province. The Government has been drifting helplessly behind, with the result that our interest is accumulating to the tune of over $18,000 more than it was in 1920. And yet the Premier said he was reducing controllable expenditure; a nice song to sing!

Adding up all his figures Mr. Saunders said that after analyzing these the result would show that the total ordinary expenditure of the Liberals in 1920 was $659,000. The total ordinary expenditure in 1926 was $724,000, according to the Public Accounts. Every year on an average the Conservatives expended $43,000 more a year than the Liberals, yet the cost of the family budget has not varied materially in these years. What had the Conservatives to show for that increase? One of the planks of their platform was reduction in the cost of administration of the public services to the lowest point consonant with thorough efficiency, and no further increase in the public debt unless for borrowing for absolutely necessary permanent public works. These were the two promises that the people were most interested in, and Government had utterly failed in them, Mr. Saunders believed, as no Government had ever failed before. The fact is that the Government lacks initiative. It has been marking time and drifting until the people are simply disgusted.

The Premier took two and a half hours to bolster up old ancient history, going back to the year 1873, and when he came down to substantial things and made comparisons, there was no comparison at all between the administration of this Government and the late Bell Government.

HON. DR. McMILLAN: That's right!

Mr. Saunders felt he had shown that beyond a doubt. It was strange that the Premier did not emphasize more the amount he expected to receive from the Dominion Government. The $125,000 was not a final payment, and there is to be another Interprovincial Conference. That was what the people were particularly interested in, to know how much we would get.

Mr. Saunders agreed with the Premier's recommendation with reference to the fact that there are no large industries in this Province which need justify the establishment of an institution for technical education, and as agriculture is our principal interest, technical education legislation should be given a broad application and agricultural education should be deemed to be covered by the term "technical education" in so far as the Federal grant for that purpose is concerned. It was a fine thing for the Province to secure this concession from Ottawa, and Mr. Saunders was glad to know it had taken place. He referred also to the more detailed survey of New Brunswick and an exhaustive survey of Prince Edward Island which it is recommended the Federal Geological Department should undertake. It should also have been stated that the Federal Department of Public Works had begun a survey of the harbors of Charlottetown, Georgetown and Summerside, particularly as to wharfage and storage accommodation, prior to the date on which the Duncan Commission presented its report. The survey will be continued in as far as may be necessary fully to comply with the Commission's recommendation. A survey of what is required with respect to the needed railway service improvements in Prince Edward Island will, as recommended, be made immediately in order that future action may be intelligently determined. This was along the line of the very resolution passed a few days ago in the House. The whole matter of ferry boat service between the Island and the mainland is also under consideration, as recommended by the Commission. These things showed that the Federal Government is prepared to accept the recommendations of the Commission as well as to give immediate consideration to a revision of readjustment of the financial arrangements as between the Dominion and the Maritime Provinces. The Commissioners say that the terms of readjustment are obviously a matter for detailed determination and assessment, so that the actual amount—as well as the reasons and purposes attaching to it, can be recognized by the rest of Canada as fair and equitable. It is not possible therefore to make a final recommendation as to the increase and form of Dominion aid which is required to satisfy the just claims of the Maritime situation.

To gain recognition by the rest of Canada as to the fairness and equity of any revision or readjustment should be made a subject of consideration in the first instance by a conference at which all the provinces of Canada as well as the Dominion Government would be represented. This is directly implied by the language of the Commissioners and by reference which this portion of the report makes to "the revision of 1907" to "general grounds applicable to all other provinces as well as to the Maritimes" to "the contention of the Maritime Provinces that they have been and are being dealt with differently from the Western Provinces" and to the "territorial limitations" of the Maritime Provinces and their claim and that the extra-provincial lands which came into the possession of the dominion Government at the date of Confederation were acquired by purchase and have been developed and given value at the expense of the Dominion."

In order that there may be no delay in effecting consideration by a Dominion Provincial conference of a revision or readjustment of the financial arrangements as between the Dominion and the Maritime Provinces, the Government has decided to place this matter on the agenda of the Dominion-Provincial conference to be held during the course of the present year. In that conference the Dominion will be in a position which it has not thus far enjoyed, to prevent its views on the general question of the financial relations between the Dominion and the provinces, as well as on the question of a detailed determination and assessment of the special claims, of the Maritime provinces, and every province will have an equal apportunity of stating its position. While the Government believed, with the Commissioners, that the time is opportune for a readjustment of the financial arrangements between the Dominion and the Maritime Provinces, it would not make for an harmonious and lasting settlement of the financial issue to attempt to see a final figure now, before the views of the other provinces and the position of the Dominion have been set forth, and a settlement reached which public opinion will be prepared to accept. For the same reason it is not possible, in advance of the deliberation of the conference and of the detailed determination and assessment which the report recognizes is necessary, to accept the view for which no detailed grounds are advanced, that certain sums set forth in the report should be regarded as "the minimum addition that the three Maritime Provinces should have in any such revision." The final revision can only be made in accordance with the merits of the case.

As evidence of the desire of the Government to go just as far as may be possible pending a final revision and in order to enable the Maritime Provinces in what the Commission describes as "their present state of grave necessity" to deal with any special industrial or financial situation which, in the view of their governments may require public assistance, the Government was prepared, without prejudice as to the amount to be arrived at as a final solution, to recommend to parliament, at the present session the making of special grants to Nova Scotia, New Brunswick and Prince Edward Island of $875,000, $600,000 and $185,000 respectively, these amounts being the sums recommended by the Commission as immediate lump sum payments.

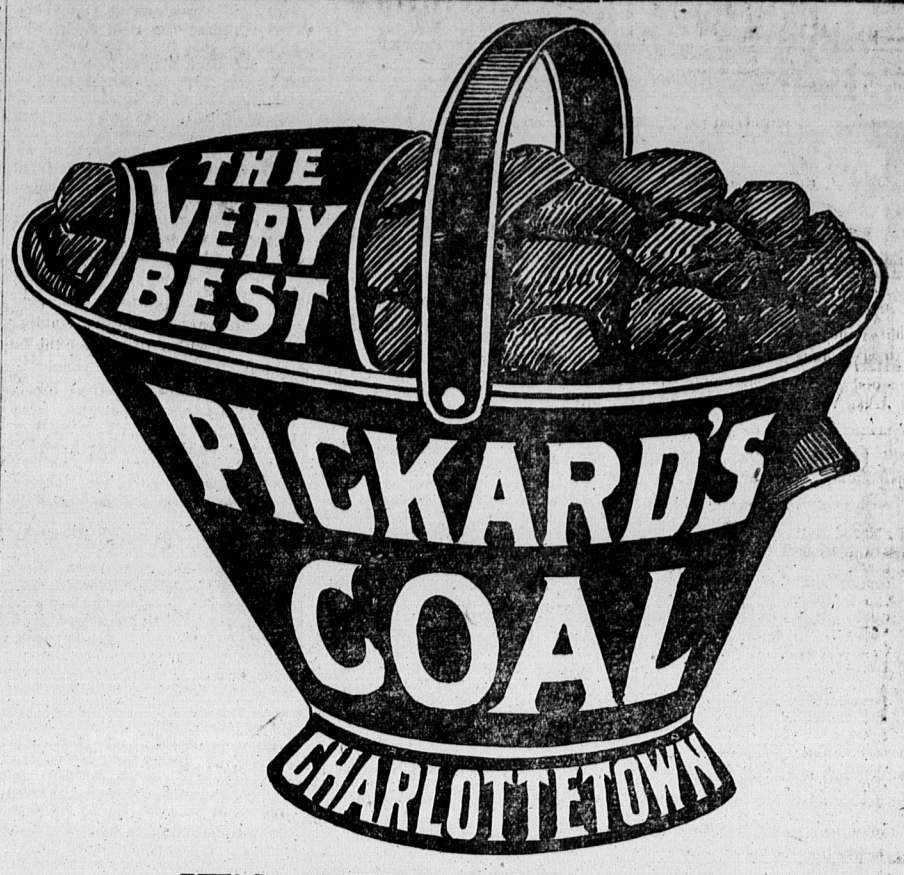
THE SPEAKER: What is the hon. member quoting from? Are you taking Dominion politics?

Mr. Saunders replied that he was quoting from Hansard. It seemed to him that Premier Stewart should have at least given some definite information about this matter which is to be put on the agenda of the Interprovincial Conference, and about which the people are most interested. He submitted that what the Premier had said on another occasion applied to his case, that it was very necessary we should have our local and federal governments in line. When we have friends at court we can naturally hope to receive greater benefits from the King Government. That is what the Premier was saying last fall during the Federal campaign, and if it was true then it is equally true today. If we hope to get the increase the Island is entitled to it was very necessary hat we returned a Liberal Government in this Province.

Mr. Saunders had been accused of taking away credit from Premier Stewart in connection with these claims, but he had simply placed before the House the facts submitted at the different Railway committee meetings. When the Prime Minister had suggested the appointment of a Commission to look into Maritime claims Rt. Hon. Mr. Meighen opposed it, and said it was not necessary. Yet if we had not received that Commission, would we have obtained our $125,000. If the Conservative Government had been in power in Ottawa would we have got that generous contribution? Mr. Saunders did not think so. We should, therefore give full credit to the Mckenzie King Government.

Ever since Mr. Saunders had been in the House this question of claims against the Federal Government has come up every session. On many occasions he, (Mr. Saunders) had gone into the thing very exhaustively. Each session he endeavored as best he could to set forth the reasons why these claims should be considered. Of course when the war was on, from 1914, to 1918, settlement was out of the question. When the country was going behind that was no time to make a demand. In any case, from 1914 to 1919 a Conservative government was in power and he had done the best he could in presenting certain reasons and arguments. After the war things were still in an unsettled condition. They are only beginning to get settled now. Last year, when a resolution re these claims came up in the House, Mr. Saunders did all he could. Unfortunately he had started out by saying that the claims were "chestnuts". That might not have been the most appropriate word to explain what he had in view. (Laughter). But everyone knew that he had been talking on this subject year in and year out; it was an old subject. If the senior member for Charlottetown (Hon. Dr. McMillan) had been a statesman as we would naturally expect him to be he would have been man enough whe he quoted that statement of Mr. Saunders about the claims being "chestnuts" to have continued reading and it would show that Mr. Saunders had made a strong appeal for these claims. Even the Guardian, the morning oracle of the party, reported him to that effect the following day and said "We are glad to know that the Leader of the Opposition is broad and big enough to join in something that shouldn't be con-

(Continued on page 6)



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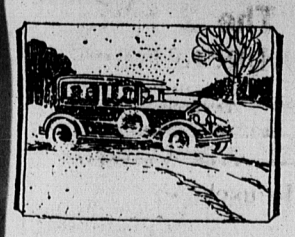

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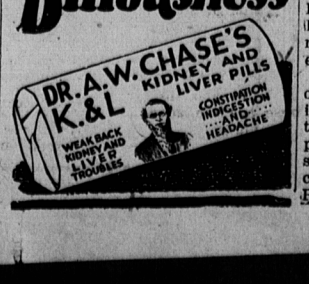

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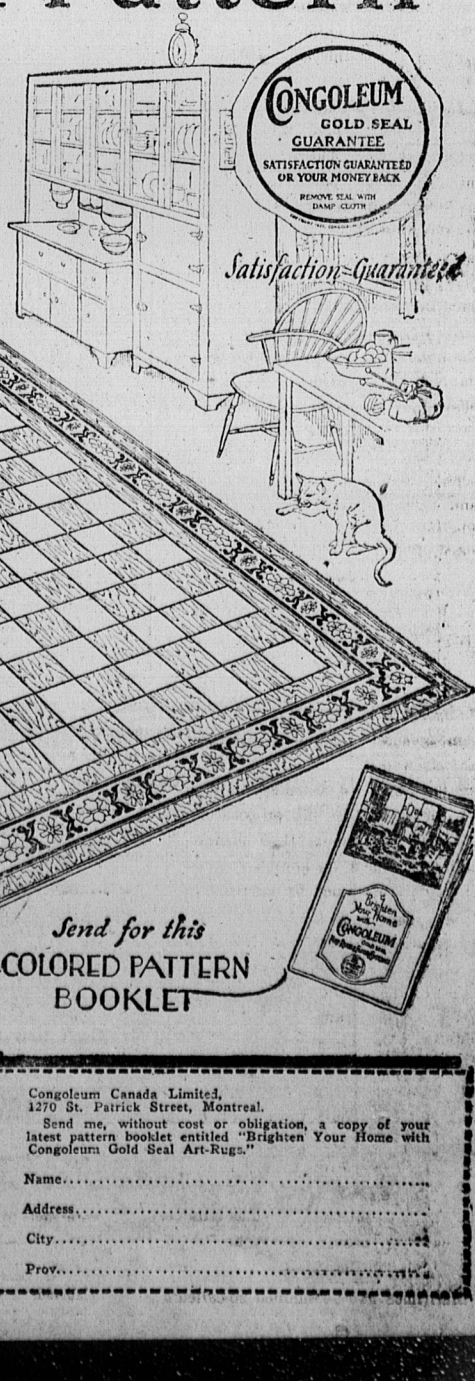

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