

LAYS HIS CARDS ON TABLE

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Our institutions are full. The Infirmary is full, the Simms building is full. There are a lot in the Simms building who are not proper charges for that building, but we have to look after them somewhere. If the sanatorium is to keep on functioning and perform its service of good for this country, money will have to come from some other quarter than the Government.

There is an idea built up in this country, in fact all through Canada, that the Government should do everything. No matter what line of human endeavour you point to, the Government should do that. Where does the Government get the money? Where do we get the money? It must come from the people.

Other Health Efforts

The Public Health Department is doing great work. The nurses who were formerly in the Red Cross are there. That great work for the crippled children is going on year by year in the good work done by Dr. Acker. This specialist is here each year. He was here over the weekend on a special visit, and he could hardly get away. That work is known throughout Canada. We have a reputation throughout this country on account of the great work we have done for crippled and handicapped children. And Mr. Norman Summerville, Chairman of the Executive Committee of the Canadian Red Cross Society stated, publicly not only in this Province, but in other provinces as well how we stand in regard to public health, how we stand in regard to Junior Red Cross and Chippied Children's work. It is a matter of pride that Prince Edward Island stands near the top of the list.

If you read the Public Health report you will find that Miss Wilson, the Chief of Nurses, points to this serious thing, and I would ask the honourable gentlemen that when they go through their respective districts to draw this to the attention of the people, that their children are not vaccinated in the public schools. There is not fifty per cent. of the school children vaccinated. It is a shame. It is worse than that, it is almost criminal. Some of you in this House, some of the older Members will remember in years gone by where we were paying \$10,000.00 and \$15,000.00 a year to pay for bills contracted on account of smallpox in this Province. Would you like that time to come again? Which do you think is the better way, to invest a small sum in vaccination? If you would keep it away you should have your children vaccinated. It is a simple thing. I never saw in my experience one bad result from vaccination, and I have been practising for twenty-five years. The same way with toxoid, that preventive for diphtheria. It is a life-saving measure. There is no doubt about it. I was Health Officer of this City for 15 years and each year there would be ten or fifteen deaths from diphtheria. Now we hardly have any. The same problem exists in regard to treatment of the insane as in any other line of preventive medicine. If this Province was able to adopt a proper method of mental hygiene you would not have the same trouble as we have now regarding those who must be looked after, because we are so pressed financially that we are almost unable to build a new building. However, had there been something done in the way of preventive medicine years ago we would not have so many to look after now. I am not saying this by way of criticism of any Government, I am saying it in the best interests of public health. Now, Mr. Speaker, I am going to leave these Departments.

PUBLIC WORKS

I will come to the Department of Public Works. I am only going to touch on it. A great deal of work had been done in that Department for the past year, and I know the criticism will be the Department was so badly handled last year, there was no responsible Minister at the head of it for a long time. We know that after the Minister of Public Works died there was no appointment made until last fall. We know the Premier was ill most of the summer, and Mr. Sharp and myself know just how much we had to do last autumn, with the assistance of some of the other members we could collar, we would grab them in and press them into service. It wasn't easy work. We are not complaining, but we worked pretty hard. However in 1931, that is the year the Liberals went out and we came in, there was \$471,844 spent in the Public Works Department. Last year we spent \$311,679.00. In other words we spent \$160,000.00 less in the Public Works Department than in 1931.

Opposition Member: "The country shows it."

Hon. Dr. MacMillan: "Shows it in appreciation. I hope they will show it, because we had very good reports on the roads last year. Very few complaints. Even tourists said 'Your roads are good enough.' I suppose we could have spent that other \$160,000.00 and I am quite sure my ponderous friend, the Minister of Public Works, would have spent it."

Mr. McIntyre: You put all the gravel in Prince County."

Hon. Dr. MacMillan: "And then we lost the election. It was not very good management, was it?"

Roadwork

There was a lot of work done last year. There were 289 miles of road reconstructed and widened by heavy units, 505 miles re-graded by light machines, 8,850 miles scraped by power maintainers, 7030 miles of road scraped by split log drags.

Some work was done under Unemployment. This project out here on the Hillsborough Bridge was completed last spring. It was begun the year before. I am just waiting till my honourable friend, the ex-minister of Public Works, gets up and tells us how much money we wasted out there. He is going to play the game of tit for tat. It is a pretty good piece of work. He says when he built the McIntyre highway it was expensive. Our experience is on a par with your experience. That those things all cost too much money. There is no use beating around the bush about it. You might as well admit it. The Hillsborough Bridge contract cost too much money, so did what you built. So did every project throughout Canada. Every man at the Inter-Provincial Conference got up and said so. That is the experience through Canada. You can't keep days work under Unemployment down. We had to cut it out. Of course we had to put a lot of patches on the McIntyre Highway last year. It is like the pants we used to wear a good many years ago, you don't know which is pants and which is patches. No one knows more than myself how much you have to spend on roads in the Royalty—hundreds of dollars to maintain them.

Another thing I might refer to in regard to the Public Works Department—I am going to skip over these Departments briefly because the Ministers can handle them—the principle road work was done between here and Hunter River. A good deal of graveling was done. Some say there was too much in Prince County. However, whatever was done meant there was that much money spent among the people of this Province. That is all local gravel. That money went into the pockets of the people, and in a great many cases it was badly needed. Some members are going to look at the Public Accounts and say "here is a man with a truck got so much for hauling gravel." I would like to know how you are going to prevent it. After all how can a man with a horse and cart or truck wagon haul gravel over a long distance. You shouldn't forget that.

Fire Protection

We had a good deal of work done in this Building. After those fires, which were so costly and disastrous to this Province, we had to re-wire this Building all through, and it cost us about \$2,000.00. We were wiring, or re-wiring Falconwood when the fire occurred. The building was half done the night the fire occurred, and I think it was a blessing we had done that much, because in the women's wing the light remained on till the very last. That was the wing that had been wired. Since the fire we have had to do all that wiring again. We had to re-wire the jail, and when we had the prisoners part wired the report came to us the keeper's quarters was not so good, and that had to be re-wired. Besides that we endeavoured to protect our public buildings in that way by increasing insurance. When we came into power there was \$296,000.00 insurance, now we have \$576,000.00 of insurance on all our public buildings. The rate when we came into power was \$1.75 a year at Falconwood, it was the highest, and ran down to 50 cents, the average rate would be about \$1.00. Our average rate today would be about 64c, the general rate is 75 cents. On Prince of Wales College we have \$150,000.00 a year at 25 cents. That is one of the advantages of building a fire proof buildings. Where the average rate is 64 cents you get a rate of about 25 cents.

R. C. M. P.

In regard to the administration of the Department of Justice, the biggest event in that Department was the bringing in of the Royal Canadian Mounted Police. A bargain was made by which they came in here and the Province put up

\$15,000.00 a year and they were to police the Province. The administration of the Force costs between \$60,000.00 and \$70,000.00 a year, so I think every one will admit it was a good thing to bring them here. We made a fixed grant of \$15,000 a year, they are supposed to do the work. There are about twenty-five of them here, they are asking for more so that Prohibition in Charlottetown and Summerside may be more energetically pushed. There has been some difference of opinion in regard to enforcing the Prohibition Act in Charlottetown and Summerside, because there was a feeling in the Mounted Police that they were not specifically charged with the administration of laws in cities and incorporated towns under the agreement. We are endeavouring to hold them to this point, that they are supposed to administer all the laws. They will, and they are doing it very effectively. The Police Report has been tabled. All you have to do is refer to it and you will find the record of what they have done in the past year. Questions have been asked about the jails, about fires and disturbances in the jails. Of course there have been fires and disturbances in the jails—too many of them. The question is, how are you going to stop it. We have endeavoured to do everything we can to cut it out. We are succeeding, I think. We have got a fence around the jail now that they can't get through. Before the fence was there liquor was being smuggled into the jail. We have stopped that. We even had to put a wire fence in the reception room in the jail, so that when any one goes in there to see one of their friends who is in jail, there is a wire fence between them so that they can't smuggle in articles of food and liquor, like they were doing in the past. They managed to spring the door and put their stuff in that way. We had to take the door out and put one in twice the size. According as we tightened up the discipline in the jail, the reaction was an attempt to burn the place or some other form of trouble. We are still keeping on tightening. We are cutting the visitors off and they are raising the deuce. Every day I get a letter "why can't I order the Sheriff to get permission for so and so to visit so and so." Jails are not easy to handle these days. We are having the same trouble as they are having in other Provinces and as the late Administration had.

The Coroners have been very busy. It is a strange thing about the number of violent deaths. They had to investigate sixty deaths in the Province during the past year. These are things of course uncontrollable.

Juvenile Delinquents

Another point is the question of juvenile delinquents. We have either sixteen or seventeen children in Reformatories in Nova Scotia and New Brunswick. Last year we spent nearly \$3,500.00 to maintain them. This year we are providing the same estimate. Now this is something that is worrying those of us who are working in that particular field—the Children's Aid Society, the Children's Aid Society, we have been at it in this City for twenty-two years—and we feel very uncomfortable about those conditions. We feel we are not making that progress that should be made and the Government is dealing with the net result. They are dealing with result of having to pay for those delinquents who are sentenced to Reformatories. A proposal is made that a little more energy and interest be put into prevention, and for that reason the Children's Aid Society are trying to get the Children's Aid Act, the Children's Protection Act and the School Act for this Province amended at this Session. They propose to appoint a full time man who will have to see if more work can't be done among those children, more particularly in Charlottetown and Summerside, to prevent those children from falling into delinquency. Because when once they progress to a certain extent the only solution is the reformatory. More work will be done along that line in the next year or two. A reformatory at the best is not the best place for children. It is a pity to see our boys and girls going there, but that is the only thing to be done when they become uncontrollable.

AGRICULTURE

Now, I am coming to the Department of Agriculture. This is a most important Department and it is a great satisfaction to know that last year we produced more butter in this Province than in any year in our history, and also more cheese. It is a great satisfaction to know that the butter produced in Prince Edward Island last year was the best butter that was made in Canada. It takes first rank. It is also a satisfaction to know that in the matter of cheese we are tied for first place in Canada. I think I am

correct in making that statement. So that our butter and cheese stand at the top of the list in Canada, and there was a great increase in the output of both of these articles during the past year. This is one point where the Leader of the Opposition and myself join hands, in this matter of endeavouring to show the people that dairy farming and live stock are the backbone of the farming industry in this country. I always when speaking in this House viewed the seed potato movement with alarm, because there was too much of the element of gambling in it, and time has proved it. If a farmer grew five or six acres of potatoes it would be all right, but when the speculator grows fifty or 100 acres, they bring the industry to the condition we now find it in.

Last year an important event was the inauguration of the first Central School Fair. It was most successful. The winners at the School Fairs assembled in the City. They had Calf Club competition, and those children for the first time were exhibiting poultry, livestock, roots and flowers, and altogether it was a splendid thing. Then they had an oratorical contest, and I think it is going to be of great value to the boys and girls of this Province. The same way those Calf Clubs, which are growing in numbers and importance, and where boys and girls are taught to feed and look after calves, are doing great work.

An important agricultural development occurred last year from the fact that a Conference of Ministers of Agriculture, together with the Federal Minister, was held, which resulted in the inauguration in each Province of a Provincial Agricultural Advisory Committee, including an official of the Federal and local Departments.

Helpful Conference

Last year we had a splendid conference of clergymen. I think there were nearly ninety clergymen in conference at one time, with the idea of seeing what they could do in their respective localities to encourage different lines of co-operation among farmers, on very much the same line of work Dr. Coady is doing in Nova Scotia. It was the first conference of clergymen of all denominations. I never saw so many clergymen together before in this Province. I think it will lead to good results.

Last but by no means least, was the agricultural short course that took place in Prince of Wales College this winter. There were thirty-five boys came in from different points and took that course. A splendid course it was, and the Minister will probably be able to read to you the optimistic reports that came from the fathers of some of these boys on the good results from this course.

FINANCIAL SITUATION

There is one matter I must refer to. You know our finances are not in a very satisfactory condition, as any one will see from our interest on Sinking Fund charges. For instance let me tell you this, in 1923 we increased our Provincial debt \$317,853. In 1924 \$160,441, in 1925 \$173,162, in 1926 \$18,092, a decrease, in 1927 \$159,129, in 1928 \$192,645, in 1929 \$176,540, in 1930 \$234,581, in 1931 \$548,920, in 1932 \$290,096. That is enough to make you pause and think and ask where is the end going to be. In 1923 we paid on interest \$68,685, in 1932 instead of \$86,000 we paid \$175,000. The interest just doubled in less than ten years. So those who are charged with the responsibility of endeavouring to finance the Government of this Province have no easy task.

A lot has been said about the bonds last year and I want to refer to them. We received an offer of 97.25 from Gairdner and Company of Toronto for \$250,000 of bonds 5 1/2%. That offer was made on Monday, the 25th of April. Now there has been a great controversy about why we went into the market at all. The answer is quite simple, because the Manager of the Bank of Montreal, who does this Government's banking, came over to this Government in January and told us we had to reduce our bank overdraft. Wonder has been expressed about that. Some of our friends on the other side of the House will say it is a strange thing that he was so insistent with you and he didn't say anything to us. The reason probably he didn't say anything to them was that he was doing better, or the Bank was doing better, carrying their overdraft at that time than if that overdraft had been turned into bonds. It was better business for the Bank to carry that overdraft, but as soon as conditions reversed themselves so that the bank was not doing so well, they came at us and said "You must reduce your overdraft

and you must reduce it before you can get authority to build your public buildings. We have the record of the interview. The Manager of the Bank of Montreal came over and put that proposition up to us. That is the reason we went on the market. We were forced into it by our own Bank. So that on the 25th of April, receiving that offer, and communicating with the Bank of Montreal, who advised us that that offer of 97.25 was a better offer than the Bank's syndicate was prepared to give us, we sold them. There was just one rider to it, the assurance that the bonds when issued would not be placed on the market to conflict with a further issue of \$1,000,000 which was being contemplated and that was adhered to. The first issue of a quarter of a million which went on the market did not conflict with the bigger amount of \$1,000,000 issue.

The purchasers of the first \$250,000 came across with an offer of 92.77 for \$1,000,000 5 1/2% 15 year bonds, the cost being on the basis of 6.23. This offer when analysed and compared with the price of the \$250,000 is on the same basis, but the discount on the 5 1/2% bonds at 92.77 on \$1,000,000 would be \$72,300, and under the present system of accounting the discount can not be amortized over the life of the bonds but must be made a direct charge on the year of issue, as appears in the Public Accounts, so much discount on issue of bonds.

So that it was decided to ask for a quotation of 6% 15 year bonds and that was done, and we received an offer of 97.73 for the \$1,000,000 6% bonds, bearing date May 1st, maturing 1947. That was received from Gairdner and Company on behalf of themselves and a syndicate. That offer was on a basis of 6.23. The offer was accepted, because we could not get anything from the Bank of Montreal and its syndicate, who were endeavouring to dispose of our bonds for us sent down an agreement to take \$1,000,000 in bonds but they put in a blank price. They asked us to give them authority to sell \$1,000,000 bonds at a blank price. We felt we were not justified in doing that, so we accepted the firm offer.

Bond Sales Compared

In comparing the sale of those 6% bonds as against 5 1/2% bonds, you must consider this factor. The difference between the 6% and the 5 1/2% meant a direct saving of \$49,500, being additional proceeds derived from the sale. Thus our bank overdraft was reduced by the amount of \$49,500, which amount over a period of fifteen years at 5 1/2% interest compounded annually for mathematical purposes, but actually compounded quarterly by the bank, amounts to \$110,507.57. It is, however, recognized that the increase in interest rate of 1/2% of 1% over a period of 15 years amounts to \$5,000 per annum, or in all the sum of \$75,000, which together with interest at 5 1/2% totals \$112,042.59. Thus the entire transaction results in an apparent loss of \$1,535.02, over a period of fifteen years on an issue of \$1,000,000. But if the interest is considered as being compounded quarterly, rather than annually, the apparent loss of \$1,500 is more than accounted for, and the heavy bond discount between the two quotations has been amortized over the period of fifteen years and not made a direct heavy burden on the year of issue, as would have been the case if the bonds had been issued at a lower rate of interest. The procedure followed complies fully with sound accounting principles as carried out in Provincial and municipal financing.

In the month of May the Province of Manitoba sold \$5,000,000 6% bonds at a net price of 93 1/2, the approximate net yield 6 1/2%. In May Saskatchewan sold \$4,000,000 6% bonds at a net price of 91.45, the approximate yield 6.80%. In May Prince Edward Island sold \$1,000,000 6% bonds at a net price of 97.72, approximate net yield 6.23. The City of St. John in May sold \$558,000 6% bonds, net price 97 1/2, net yield 6 1/4%. In June Montreal sold \$9,415,000 6% bonds, net price 98, approximate net yield 6 1/4%. In June the City of St. John sold \$833,500 6% bonds, net price 97 1/2, approximate net yield 6 1/4%. In July Montreal sold \$190,000 6% bonds, net price 97 1/2, approximate net yield 6.30. When you compare those prices you will find that Prince Edward Island among those sales made the best bargain of them all. Why we didn't go into the open market I have endeavoured to explain, and here is a letter of which I will read an extract, from a manager of a well known security house in Canada, in which he states: "I take it that you are considering calling for tenders but I feel that such a course should only be decided upon after careful consideration on your part, for as you are aware, the other Provinces and Cities have thought it wiser to transact such business by private

negotiations. In times of acute depression and general unsettlement of the securities market, such as we are going through at present, I think you would meet with great difficulty in finding any responsible house or syndicate who would be willing to tender publicly and thus face the risk of being substantially higher than the next highest tender. This mistake was made by the Government of Newfoundland and as long ago as May of last year, and due to it their financial difficulties were sadly aggravated, for as you will remember they received no tenders."

Many Opinions

So there are a great many opinions on this marketing of bonds and there is our statement on the point. You can make a comparison of our sale with other sales. They say "why didn't you wait." We say we couldn't wait. We were forced into it by the Bank. They didn't draw the attention of the late Government to that point because conditions were better, but at the same time if the late Government had acted in the last six months before they went out of power, and bonded \$1,000,000 of their overdraft they could have made a very much better bargain than was done later, because there was a more favourable chance to do so, and if they followed the example of other Governments they should have bonded. That was the opportunity to do so.

I am not going to keep you very much longer. There is just one or two items. I haven't time to go into them in detail. The matter of Old Age Pensions, we are going to put it through this year because it is a plank in our platform. We think it is a good thing. We think it is going to help out many a poor person in this province. We are going to put it through at the rate of \$15.00 a month. It is not necessary to adopt the \$20.00 rate. We are going to adopt the \$15.00 rate. We estimate there will be about 900 pensioners in this Province. We estimate the Provincial cost will be \$32,400. We estimate we are going to save in this way. There are 42 inmates in the Infirmary, who will come under the Old Age Pension and thus we will save over \$10,000. We estimate that there are 433 persons in this Province who are now getting direct relief and if they get Old Age Pensions the Government will save nearly \$13,000, or in other words there will be a saving in those in the Infirmary and those receiving Direct Relief of about \$23,000. And \$23,000 subtracted from \$32,000 will mean, if our estimate comes out correctly, and that is if the Commission keep a firm hand on those who are pensioned, it won't cost more than \$9,000 or \$10,000 a year.

Mr. LePage: I told you that last year.

Hon. Dr. MacMillan: You suggested last year it would be good business and I believe it would be. I have to agree with you sometimes.

FALCONWOOD SURVEY

There is just one other matter I have to deal with very shortly and that is Falconwood. What are we going to do. I don't think I need go into the story of our connection with the Mental Hygiene Council of Canada. You all remember when Dr. Fleming and Dr. Mitchell came down and made an examination of Falconwood before the fire, they found conditions were not all they should be. That would not be any reflection on the Government lead by my Honourable friend Mr. Lea, because conditions in Falconwood were the accumulated conditions that had grown up under both Liberal and Conservative Governments, and if the Liberal Government should bear any criticism for the conditions found, I say the Conservative Government should be equally responsible. It was an endeavour to improve conditions, and at the time of the fire they were ready to report. I was on my way to Ottawa the night Falconwood burned. I got a telegram, sent from Moncton from Dr. Fleming, saying he wanted to come down the next day to deliver the report on Falconwood. We got in touch with them again and as a result, through the good offices of the Minister of Health of Ontario, the Ontario Government lent us Dr. Clark, Dr. Clark, I found out when I was at the last Inter-Provincial Conference was the best man of eighty-seven in that particular line of mental service in Ontario. You can understand Dr. Clark was an especially good man. He came down here and examined all our patients in Falconwood and the Infirmary. He went through our public schools and examined those children who were sub-mental, defective, and we know that there are a number of children in Charlottetown who would do better if they were put in a separate room, under a qualified

experienced teacher, who would have some experience in teaching sub-mental and defective children.

Appointment of Architect

The next thing we did was to appoint an architect. We feel we appointed a good man—Mr. Fowler of Halifax. We had some criticism. My Honourable Friend from First Prince referring to Mr. Marani's unknown nationality and his part in the colorful ceremony at the opening of Prince of Wales College said it would have been a much nicer ceremony if this had been a local man. There was a disagreement with our local architects. They were instructed to go over to Fredericton, St. John and Halifax, and take the Superintendent of Education with them, in order that they might see the last word in modern buildings. They didn't do it, consequently they didn't get the position at the college. That was the trouble as far as the local architects were concerned. This time we appointed a man from Halifax, because we got criticism for going to Upper Canada for an architect. However, the work of the Toronto architect stands there. It is commented upon by anyone and everyone who has any experience of educational buildings. They don't find very many flaws in it. He may belong to Upper Canada, but the firm of Marani, Lawson and Morris are well known. They built the Medical Arts Building in Toronto and Hamilton, Ont. They are beyond criticism so far as competence is concerned, they know their business, and I believe so does Mr. Fowler, whom we appointed architect on the plans for Falconwood.

Now, it is quite true these plans took a long time in preparation—months and months. They have been reviewed and gone over and supervised by the Mental Hygiene Council of Canada, and their advice was to adopt a plan or a scheme that would be a sort of minimum standard for the Province. Now what happened at the last of it was we felt from the knowledge that we got that the plan suggested by them was away beyond our reach financially, so in order that there would be no breach of faith with the contractors, the tenders were returned unopened. We are still of an open mind. We have not committed ourselves. We have spent some money and we have learned that the plans acceptable to the Mental Hygiene Council of Canada is beyond our reach financially at the present time. We are adjourning till three o'clock tomorrow, and tomorrow forenoon we are making provisions so that the Members of the House may go out to Falconwood, and I hope return, (laughter), visit the Simms Building and visit the Infirmary, so that when you are debating on this question you may see conditions at first hand yourselves.

Fire Protection Assured

As far as we are concerned we are just as willing to take your advice as to take advice on the Government side of the House. Different advice has been given. The extreme advice says "Don't do anything." "Don't build at all. You are getting along all right." Now we went this far, we intend to build, and we intend to build something decent and substantial, and for that purpose we have connected up with the City water works, because you know the fiasco that occurred there the night of the fire. The fire protection from water was evidently no good. The City firemen were not able to couple on to the fastenings or connections there, and in order that the thing might not be repeated we thought it wiser to hitch up with the water system. It cost about \$22,000, now we will be sure of our fire protection. The extreme view is not to build at all, I don't think this is the proper view to take. When you go out there, look at the women. They are not housed properly. They are all crowded together now.

You must have a certain amount of admiration, and there should be some words of commendation, for the Superintendent of Falconwood and his staff of nurses and attendants who have carried on since the fire under extreme conditions and have got along so well. We have had no accidents, clear of what happened in the jail, which was not a responsibility of Falconwood. We had to discipline some of the attendants at the Simms Building last summer, let some of them go for breach of discipline. We have got on very well, but I don't think we can go on that way. Looking at it from a decent logical standpoint and looking at it as a duty to our insane people, they are our wards, they are our direct responsibility. I don't agree with that view that we should go on as we are.

Hospital Trustees Offer

Now there is another proposition. The Trustees of the Prince Edward Island Hospital offer us the old Hospital. The price I think runs

from \$25,000 to \$30,000. They say you take it off our hands and use it for a poor house or whatever you like. That is a proposition to be considered. When Old Age Pensions go into force of course we will have a lot of paupers taken off our hands. I think probably they will go home. Of course, we will always have to have provision for some.

Another proposition was to build one main administration building out there, use the old infirmary, that is cut it in two, one end for the men and one for the women, put the poor people in the Simms Building and give up the quarters over here. Those are the different factors. You will notice in the estimates there is nothing provided for Falconwood this year. We had before the discussion on this Budget get is over we will get something on the basis of a concerted opinion of what is wanted. We will bring down a Supplementary Estimate to cover what is required.

Now it is very difficult to crowd everything into a Budget Debate. It might be possible that I might have to close this Debate. You know I have the privilege of closing it when you are through, but I am not insisting on that. As you can see tonight I am not criticizing. I am trying to do what is best in the interests of this Province. I am putting every card I know on the table, no matter what happens.

Financial Situation

You know our financial situation is bad. The outlook is bad. There are certain fixed charges of which we have no control. This interest on Sinking Funds—the interest is one quarter of our revenue. There is a most pernicious system of saying this is capital. Your ordinary and capital expenditure should be bulked together to my mind. You say the capital looks after itself. Does it? It is the most pernicious of all. You have to take charge of it sooner or later. It should all be put together, but you know how accountants make up their accounts. They specialize everything. I suppose it is quite proper. There are certain controllable expenditures, there are certain fixed charges. I don't think we can save one cent more this year than we did last year. So there you are. If we could only get our claims settled at Ottawa. We went this far at this Conference, we got a promise from the Prime Minister of Canada that he would set up a Tribunal that would be comparable to the Commission that settled the claims of the West. We have got that promise. I hope this promise will be fulfilled. We are endeavouring to do our best. We got \$12,000 last year on account of our reconstruction at Falconwood and those buildings we are trying to build up. They tell us "you are well off down on Prince Edward Island. You are rich."

Mr. Allen: We are going to have a surplus.

Hon. Dr. MacMillan: What I am reading tonight doesn't look like a surplus. The only satisfaction I get at Ottawa was this, that we are not half as bad off as they are in the West and in other parts of Canada. When you hear of conditions in the West and in other parts of Canada you will acknowledge that down here in Prince Edward Island we are not so badly off. We are coming through this period of depression very well, and no matter how dark the financial picture looks at present, I have still faith in the Irish, English, Scotch and French—the four great races of the world, and in Prince Edward Island we have nothing else than the four great races. Those four great races of the world who have written history and who have put the mark of their fingers on every country of the world, will still come through this period of depression.

I have faith in Prince Edward Island. I have that same faith in Canada—the great Canadian confederation, that stands better today and is coming through this period of depression better than any other country, and to go back to the source, I have still faith in this great British Empire, the land we love so well. Some think that the British Empire today is like Rome or any other great empire of the world, tottering to ruin, have no such pessimistic idea. There was a just cause for every great empire of the world going down. There is no logical reason why the great British Empire should be going down at the present time. I have still faith in that British Empire. We are all bound up—Prince Edward Island, Canada, the British Empire, and we will come out of this period of depression yet and I ask you to have patience and faith a little longer. (Loud applause.)

To help wine growers in Hungary, the Government has ordered that every soldier and gendarme must have fine Tokay wine issued him every day.