

Alleged Government Surplus Shown To Be Concoted For Purely Political Purposes

Lea Government's Misleading Statements In Public Accounts, Its Inaction In Agricultural Department, Extravagance In Public Works And Non-Enforcement Of Prohibition Law Are Scored By Mr. A. F. Arsenault In The Budget Debate.

Speaking in the Budget debate in the Provincial Legislature on April 27, Mr. A. F. Arsenault, Third District of Prince, congratulated the speaker (Hon. Mr. Stewart) upon the honour tendered to him in his appointment, and expressed the belief that he would discharge his duties with credit to himself and to the House. Mr. Arsenault continued: I also wish to join with the other members in extending to the hon. member from Egmont Bay my sincere sympathy in the great loss he has sustained. I am sorry to see the former speaker (Hon. Mr. McDonald) is still absent through illness, but hope that he will soon be restored to his wonted health.

I have listened with a great deal of interest to the senior member from Summerside (Hon. Dr. MacNeill). He attempted to "roast" the senior member from Charlottetown (Dr. MacMillan) and I am afraid that he displayed some animosity or a long-felt revenge in his heart for what the Doctor said about him last year.

It seems, Mr. Speaker, that our Liberal friends have spent most of their time so far in this debate in abusing the Conservative press. They have not succeeded in defending the actions of their Government. They are on the defensive this year, as in former years, and it is up to them to convince not only the Patriot but the people of this Province that they have discharged their duties, that they have carried out their promises made to the electors in 1927. The senior member from Summerside went out of his way to talk about kangaroos and such animals. I would not care to say aloud the thoughts that were present in my mind during his speech; but might I be permitted to give him the advice he has given to others; namely, that he get his tonsils examined. (Laughter).

SELF STYLED REFORMERS

It is the duty of the Opposition to review the acts of this administration from the time they assumed office in 1927. It might be well to point for you, Mr. Speaker, a picture of these gentlemen as they appeared to the people of this Province when they entered that campaign. We recall that before the formulation of their platform they held caucus meetings and attempted to agree on a certain platform. They thought seriously of adopting Government Control, light wines and beer, or Prohibition, and finally the Hon. Mr. Saunders, sitting on the fence with all these arguments before him and trying in that position to keep his ear to the ground, formulated a platform, and in that ridiculous physical position he evolved his campaign. Written pledges were asked of his candidates, and the senior member from Summerside complained that had people known in his District that he had signed this pledge they would not look at him at the next election. Such a regulation was made that men offering for election on behalf of the Liberal party had to pledge themselves as dictated to them by the Temperance Alliance.

We see now what happened. The old politicians who had been in this Chamber for years, were cast aside. We see no more of those figures that had for years supported the Liberal party; but we find ourselves in the midst of men, a large majority of whom are in the political field for the first time; men who were obscure, or at least who were not known by their constituents to have taken a drink. They arrived with prayer beads and Bibles to teach the rest of us how to behave. These gentlemen, during the campaign, preached that if the Conservatives were elected, bar-rooms would be opened and the interests of the Province would be sold to the brewers and the distillers. Their campaign was effective; they frightened the women, and with the assistance of other electors they succeeded in winning the election. Having obtained power under such auspices, these gentlemen, practically new to political life, intended to do certain things for a

certain class of people, undertook the responsible business of legislating for the Province. What was to be expected? What we expected, Mr. Speaker, we have received.

I would depict for you the first Act of this Government, when they launched that extravagant scheme of road machines, and when the "big" Minister of Public Works ordered by telephone \$100,000 of road machinery without authority from this House. That was the first transaction. Others have followed, and the result of this regime of extravagance in every department, has been an increase in the debt of the Province of over three quarters of a million dollars—practically double our increase of debt during the four years that we were in power.

CAMOUFLAGED PROPAGANDA

The Guardian newspaper has been abused for publishing certain statements in the press regarding the Public Accounts. Moreover, the hon. member from Rustico has circulated a pamphlet, signed by himself as chairman of the Public Accounts Committee; and may I tell you, that I, a member of the Public Accounts Committee; was not present at the meeting at which that evidence purports to have been taken; neither was my hon. colleague from Souris (Mr. McLean). We had due notice, of course, but we objected to attending for the simple reason that we had not received all the reports, although they were due long before the first meeting of the Public Accounts Committee. We had not received the report of the Department of Public Works, a very important report, and consequently we were waiting for that to be issued.

It was a very improper procedure on the part of the hon. member from Rustico to circulate to the members of this House the report of an examination carried on by himself and his co-members of the Liberal party in that committee. I have attended many meetings of the Public Accounts Committee in the past, and I have yet to hear of any examination by the Government members to convince the Government members of their own Public Accounts. In effect, they went there and demanded of their own Auditor the task of convincing them that those reports were correct. They have made long speeches about the Provincial Auditor -- that he was a man against whom no blame could be attached; that he had been our official under the Matheson Government, and so forth. We all realize that. But he is the same Auditor that followed the improper request of Premier Bell in 1923, when he demanded that the expenditures and receipts of the Arsenault Government be added up to a certain time and a line drawn and a balance struck, in order to show a "deficit" of \$254,000 against the Conservative Government for the purpose of carrying a by-election in King's County. He was requested to do that, and he did it. The books, of course, can be made to show almost anything, if you arrange them in that way.

"MODEST" SURPLUSES

I recall in 1923, in this House, when the Public Accounts were tabled, that the Bell Government had a very large surplus. What happened? Those Public Accounts were immediately recalled by the officials, within an hour or two after we saw them. Why? Because the surplus was too large. Mr. Bell had instructed his Auditor to produce to this House a "modest surplus," and those figures were recalled and we were issued with a second edition of the Public Accounts which would be more in keeping with the Premier's "modesty." The reason for this we learned later. It seems that a delegation of War veterans were asking for a grant, and Mr. Bell told them he could not grant their request because the Government could not make revenue and expenditure meet. They told him they under-

stood there was a large surplus. "Oh," he said, "that was an error." They looked in the Accounts, as given in the second edition, and saw that the "surplus" had greatly decreased! (Laughter).

The same thing happened every year under Liberal rule. The first year they were not quite so bold. They only omitted one item in the sinking fund. The second year they omitted two items, and the third year they omitted three. Of course, the Public Accounts do not show the real deficit. Do you imagine that the Government, with such a record as it has had in the last three years, would like to show a deficit? They will resort to every means to show at least a "modest" surplus. That has been the Bell policy, and it is the Lea Government policy; to show a small "surplus" and yet show large increases in the public debt.

Resuming the debate on Tuesday afternoon, Mr. Arsenault said:

I was mentioning this peculiar document which was circulated in this House and placed on the desk of every member. It is signed by the chairman of the Public Accounts Committee, and the introduction purports to be a message to the Legislative Assembly. I was going to read it, but perhaps that would necessitate the members standing, as when they receive a message from the Lieutenant-Governor! However, it is headed: "Investigation into Public Accounts." I have yet to hear of any similar procedure having taken place under any Government in the past. Our friends opposite seem to have doubted that the Accounts were correct, and they held that investigation to satisfy themselves and to circulate propaganda among the people of the Province on the eve of an election.

CONFUSING THE PEOPLE

If you follow the questions and answers throughout, you will find that the Provincial Auditor is just explaining his method, admitted by him to be a new method introduced last year. The change was made, he claims, in order to make the accounts "clearer." And the net result of his efforts apparently, has been to confuse all the members on the Liberal side of the House, for they have had to hold an "investigation" to find out whether the accounts were correct. Not only that, but he has confused all the people in the Province who will go to the trouble of looking into the Accounts. To my mind it is a wrong time to introduce a new method, just in the last year of their regime.

My hon. friends not only thought it necessary to examine the Provincial Auditor, but they examined his assistant, Mr. Massey. In some places it is stated that Mr. Massey was examined, not as assistant auditor but as an expert, and I believe that the figures as disclosed in the Public Accounts have even confused this gentleman; for in one place when he is asked, "Is it correctly stated on the other side?" he does not answer yes or no, as one would expect him to do. He says: "Mr. Anderson can explain that." So is it any wonder that we have had this year so much trouble over these Public Accounts.

On page 7, part 1, the Public Accounts show the total ordinary expenditure to be \$1,333,366.64; and on the other side, on page 6, they show revenue in which we find two items, motor vehicle receipts, \$145,995 and gasoline tax receipts, \$141,059.30. We know that during the time of the Bell Government, the auto fees were earmarked for the purpose of providing sinking funds and interest on debentures for highway improvement. Therefore I take it that the first duty of this Government, after the moneys came in under that form of taxation, was to provide for those two expenditures. That was the proper action; and they should show those amounts, taken from those funds, in the expenditure column of the Public Accounts, and only allow the

balance to go in the ordinary receipts, as in former years. But no; this year they put the total receipts in the revenue column and did not charge up the amount required for sinking fund.

We find that the amount required to be taken out for sinking fund, highway debentures (page 19) was \$21,250. If they were going to include that amount in their revenue account they should charge against that the appropriated sinking fund and they failed to do that last year.

IMPROPER ACCOUNTING

Take the gasoline tax receipts. The total amount is accounted for in the revenue column, and there is nothing to show that they have taken from that source of revenue an amount sufficient to provide for the sinking fund, as provided by statute. We remember that in 1927 they funded the gasoline tax receipts and borrowed \$100,000 for the purpose of buying these heavy road machines, and those bonds would mature in ten years; so that they would be due in 1937. Unless this Government withdraws from those receipts a sum sufficient to place in the sinking funds, they are not giving us a proper accounting, for the reason that every year those machines are depreciating really more than is represented by the sinking fund, \$8,500; and I maintain that that, at least, is a real expenditure which should be taken out of the gasoline revenue and charged to the expenditure column.

In other words, there is \$21,250 which they should have taken out of ordinary revenue and placed in sinking funds for highway debentures, and another sum of \$8,500 which they should have taken out of gasoline tax receipts and placed in the sinking funds for road machinery bonds. They have failed to do so, and therefore the Accounts do not show that expenditure of \$29,750.

If you take that amount and add it to the \$18,515 appropriation for ordinary sinking fund, you will have a total of about \$48,000. Take their alleged surplus from that and you will have a real deficit of \$32,000.

Even the Premier, while making his Budget speech, agreed to what I have just stated. He said they had made such showing that notwithstanding the fact that his predecessor in office had budgeted for a deficit of \$38,000, he could say that he had come within \$5,000 of that amount.

PREMIER LEA: \$5,000 below that.

MR. ARSENAULT: So that he is admitting a deficit of \$32,000 now.

PREMIER LEA: Not necessarily. I said on his estimate.

OPPOSITION MEMBERS: Oh, oh!

MR. ARSENAULT: The people are not so much interested in what the yearly deficits are, but they watch very closely the increase of debt occasioned by any Government. If the Government increases the debt largely, and cannot defend its actions in doing so, the people will charge that Government with inefficiency. It might be said that the Stewart Government increased the liabilities of the Province. We grant that we did so, during our four years, to the extent of \$413,000; but we showed that we did not have as much money to spend as this present administration has had. Only in the last year of our term did we have an increase in revenue from the Dominion Government, in railway taxation for two years, amounting to \$80,000. That year we showed a real surplus of \$22,000, and had we continued to manage the affairs of this Province I feel that we would have made a much better showing than the present administration.

SPENDING MORE MONEY

Besides this increased subsidy of \$125,000 a year and \$40,000 a year from railway taxation, this administration had very much increased revenues from the automobile fees. I recall during the last year of the Bell Government that those fees amounted to about \$60,000 or \$64,000 a year, while last year they ran up to \$145,000—practically double what we received when we were in office. I recall that in the second year of our regime our receipts from gasoline tax were only between \$27,000 and \$30,000 a year, while last year this Government

received \$141,000. You see there another large increase. Moreover, for the past two years this Government, instead of getting the statute labor performed on our roads, collected the cash from the farmers and fishermen, and from that source they received some \$29,000 a year. These extra revenues, over and above the limited revenues we were getting while in office, amounted to over \$300,000 a year; and they have spent them all. They have received in their four years practically a million and a half dollars more revenue than we did in our term of office, and they spent it all.

They did worse than that. They went behind, notwithstanding these increased revenues, to the extent, not of \$413,000, the amount of increased liabilities during our regime, but of \$738,000—practically double that amount. This, Mr. Speaker, will show to the people of this Province that at least this Government has been very extravagant, that it has spent lavishly in the different departments without giving any better service to the Province.

ROBBING PETER TO PAY PAUL

They have even refused to accept the revenues from the Liquor Commission, because in their great moral rectitude they said that such revenue, deprived from such an unrighteous source, should not be handled at all. But they allowed those revenues to be wasted on an army of officials, running all over this country and doing very little work. It is ridiculous that in a small Province of less than 90,000 people we should require a Provincial Police Force and an army of Prohibition officials, spending lavishly the money of which we are in so much need. Is it to be wondered at that the people are asking, with this conscientiousness? To a good many it appears silly that because these revenues are made in our vendors' stores—they amounted to \$128,000 last year I believe—they should not be expended in the interests of the Province. Why should not this Province receive the money, when we are in need of money? Why give it away to those officials? Why have such a number of them, from the special Magistrate down to the traffic cops? It may appear on the face of it that they are trying to do something, but I think that very much better enforcement of the prohibition and traffic laws could be obtained if you got the services of a few efficient officials, and dismissed the rest.

At times it looks more like a picnic, when you see all those officers of the law gathered together, and not really attending to the traffic laws as they did under our regime. We had a few in each County equipped with motor vehicles, and our people were afraid to speed. But today, if you go around the country and meet cars going at an excessive rate of speed, you will often ask in vain "Where are the traffic cops?" Also in the administration of the Prohibition law, large sums are wasted and the service is very inefficient.

LIBERAL PROMISES

Mr. Arsenault then took up the platform of the Lea Government, beginning with the first plank, which read:

"At the Interprovincial Conference to be assembled this fall we will if returned to power exert our utmost endeavour to press our claims for increased subsidy, and on obtaining increased subsidy a downward revision of taxation."

After reviewing the failure of the Government to secure any adjustment of our subsidy claims, Mr. Arsenault continued: The Premier was very wroth because the Guardian had attempted to show that there was some stupidity on the part of the Liberal Government in 1921, when they went to Ottawa in connection with the Dalton Sanatorium. He said there never was any cash offer made to him, but that a certain amount was mentioned, or rather they asked him: "What have you got in mind? Well now, Mr. Speaker, I think we on this side of the House can surmise what my hon. friend had in mind. Knowing the history of the Liberal Government in connection with the Dalton Sanatorium from its very beginning, knowing that in 1916, in this very Legislature, Mr. Bell and his friends then in Opposition voted against the War and Health Tax and against an expenditure of a sum of \$7,000 to equip the Dalton Sanatorium. We know from their many speeches in the House and during the campaign that the Bell Government and its supporters were opposed to the operation of that institution, its administration; and when the Federal Government took it over as a war measure they were glad. They could smile to see that

the cost of that institution was taken off their hands, and Premier Bell often so stated. We could not afford, he said, to operate the Dalton Sanatorium.

It is true that the Federal Government enlarged the building to such an extent that it was useless as a provincial Sanatorium; but the fear of the Bell administration was that if the Federal Government would tear down the additions and restore the institution to its first dimensions, then the people of the Province would want the Liberal Government to operate it, and this history showed they were not willing to do. They were opposed to it and they would go a long way to see that it was not restored in the condition that it was before the Federal Government took it over. Their attitude and their actions showed that very clearly.

DISMANTLED SANATORIUM

What was the purpose of that conference in 1927? Had the Bell Government been anxious to have that institution restored to such dimensions that they could operate it, they would have had engineers to view the building and estimate the approximate cost. But no. No questions were asked of any contractor or builder. They went to Ottawa and when it was suggested that the Province might have a claim for compensation, naturally the question was asked: "What have you in mind? What do you think it would cost to put it back in the condition in which it was?" And they had nothing to say. They didn't know whether it would cost \$50,000 or \$75,000, or \$100,000. Is it any wonder the Federal Government paid no attention to the Bell Government afterwards. They showed that they were bound to see the Dalton Sanatorium closed, and closed forever. They left it at that. They never followed up this claim. Instead, they dismantled the building, returned it to hon. Mr. Dalton, and then the very structure on which our claim for compensation was founded disappeared, and we have since received nothing.

The people of this Province know that the Bell administration were against that institution. In fact, they were very indifferent to any movement tending to benefit public health. Their votes in the House show it, and it was only after the Stewart Government was placed in office that a programme for the benefit of public health was entered upon and carried out. Today, of course, my hon. friends are continuing the programme that we started. The Women's Institutes have been of great assistance to the Government in this connection. In fact a great interest has been taken by the ladies ever since they attained the right to vote, and public pressure has compelled this Government to do something for public health. So much was this the case that a couple of years ago public sentiment was so strong that a campaign for a new Sanatorium was started, and we have today a splendid institution, of which this Province might well be proud. But the credit is due, not to this Government but to the people. It is true that the Government made a substantial grant towards the erection of the building, but the movement was initiated by our people and not by the Government. It is gratifying to note that our people were so generous and self-sacrificing, and that they over-subscribed the amount that was asked of them. Surely, when they did that well, the Premier has no right to say that the campaign was affected because of the newspaper criticism that was made against the actions of the Bell Government, and of himself as a member of that Government, in regard to the unfortunate affair of the Dalton Sanatorium.

INACTIVE AND WASTEFUL

The actions of the present Government throughout its regime, which is now about at an end, have been simply to collect taxes, to take advantage of the additional revenue from automobile and gasoline tax receipts, and let the people subscribe for public institutions such as the Sanatorium, if they want these institutions. "We will do nothing towards pressing our claims at Ottawa; it is easy for us, because we have unlimited credit, to sell bonds and debentures and from our borrowings pay for our improved roads and the cost of running this Government." That has been their attitude.

As we have no Attorney General in the House it is perhaps unfair to deal with that Department, which at other sessions has occupied quite an amount of time in the debates. I do not think it ever happened before, that the Government had no Attorney General in the House. But is it any wonder? I recall that on many occasions the

speeches of the hon. member from Rustico and other members were directed against the Opposition for no other reason than that we had too many professional men. They had a couple of lawyers in the Government when they took office, but those gentlemen were elevated to the Judiciary. You will agree that at all times, when this House asked legal questions of the leader of the Opposition, as to whether a bill was constitutional, or whether a clause was properly drafted, he was always willing and anxious to assist. He showed his appreciation of his duty as a representative by helping in putting through Government legislation, and many of the acts that have been amended in committee and passed have been made at least sensible, due to the help and assistance rendered by the leader of the Opposition. I know that some of the members opposite appreciate the attitude taken by our leader; but there are others who do not, and who have consulted three lawyers on a certain point and have taken the opinion of the majority—which, of course, agreed with the opinion expressed by the leader of the Opposition.

STIRRING CLASS PREJUDICE

Now there has been some suggestion in this House that we have a Farmer Premier. That is going to be my hon. friend's slogan, I suppose, during the coming election campaign. It is, of course, an honour for any man to be Premier. We like to see men climb up and become leaders in society, and possibly Premiers; but I do not think it is right to suggest to the people that they elect this or that Government because they have a man at its head who belongs to a certain class. We want to keep clear of class legislation in this Province, which has given rise elsewhere to so much strife, discord and disorder. I know that our people will not listen to any such slogan. In fact, if I am to judge them in accordance with their actions in the past, they resent on every occasion any such suggestion. That accounts, in some measure at least, for the failure of the Progressive party in this Province—the "Farmers' party." We have the remnant in this House, in the person of the hon. member from the Fourth District (Hon. Mr. Wright). It promised my hon. friend at one time to be a great thing; it offered a strong allurements, and he fell for it. I remember that in the campaign of 1921 he was on every platform in Prince County, speaking on behalf of the Progressives. I have heard him say that both the Liberals and the Conservatives were all wrong; they were influenced by outside elements, harmful to the public interest; and he predicted that the Progressives would come into the political field pure and free from all influence from outside. The people must have doubted his words. He preached to deaf ears; his was a voice crying in the wilderness; and my good friend had to go back to the fold of the Liberal party because he saw that he would get nowhere. I believe if this Government starts out preaching that it is a Farmers' Government, the people will give them the same hearing that they gave to my hon. friend from the Fourth District. (Applause).

2ND PRINCE BY-ELECTION

Mr. Arsenault then referred to the results of the by-election in the Second District of Prince, which had been a Liberal stronghold since Confederation, and in which Mr. Sharp scored a decisive victory for the Conservative party. The by-election, he continued, was a surprise to a good many of us. We knew this Government had failed; we heard many complaints, but we had no idea that the discontent and disapproval of the electors was so universal and so general on the Liberal side as it proved to be in the Second District. So evident was this to the Government, that the two other seats remaining open in the Province, namely, Charlottetown and Cardigan, are still open. No attempt was made to have those districts duly represented in this House. Yet during the campaign in Second District the Premier insisted that he needed an Attorney General to carry on the affairs of the House.

I thought my hon. friend was a plucky man. Yet he seems to have taken "cold feet" after the defeat of his candidate in Second Prince. He knew what was coming to him; at least he surmised. So he did not avail himself of the opportunity of filling those vacancies in the other constituencies. The strength of this Government has only been tested once; and a good test it was.

PREMIER LEA: Twice.

MR. ARSENAULT: That was at the very beginning. They didn't know you people then. (Laughter). But it was tested once and tested well in the strongest Liberal con-

stituency in this Province, a constituency fifty years in the Liberal fold. (Applause).

AGRICULTURE

It would not do for us to pass over the Department of Agriculture. The Premier is also head of that department; he holds two portfolios and is drawing the salaries of both. In so doing he should pay considerable attention to this department, and I believe he does. But I think his efforts have been lessened by the fact that the duties of Premiership assumed by him have been so onerous. We find in the report of the Department of Agriculture as tabled a chapter devoted to the birds of the Province. He told us a couple of years ago that we had 200 different kinds of birds; but this year he has a very nice article on page 24, on the uplifting influence that birds may exert on the lives of men. It is a very beautiful paragraph, and I think the people of the Province would do well to read that chapter. It concludes:

"Old friends are they who greet him as in the days of childhood to bring tidings of good cheer. This it is ever, years ago and youth passes, the home and woods of our childhood disappear, the head becomes frosted by the snows of time, the friends of youth pass away, but with each returning Spring the old familiar bird songs of our childhood come back to us still unchanged by the passing years."

That is very beautiful; and I am sure the Premier would wish to see wings grow upon him so that he could fly away from the responsibility of meeting the electors. But nevertheless he will have to face them.

In the first plank in his platform regarding the Department of Agriculture the Premier promised to appoint a supervisor of Farmers' Institutes. I do not think that has been done. I believe it would be a splendid thing, because I am afraid those Farmers' Institutes are being neglected. This Government does not pay the same attention to them as we did in our time.

In last year's report of the Agricultural Department complaint was made that the live-stock business was going behind, that the farmers were selling their mature cows and were going out of the dairy industry. To my mind this condition was caused by the action of the Liberal Government at Ottawa in allowing New Zealand and Australian butter to enter Canada practically free of duty. It is claimed that today a good many merchants in this Province are still selling this New Zealand butter, that they have it in cold storage and the effect of this butter in reducing the price will be felt for a considerable time to come.

We find that during this regime the cattle of the Province were tested. You will recall that Mr. J. H. Myers, M. P., while Minister of Agriculture in the Stewart Government, introduced a scheme for having the Province made a disease free area. Petitions were circulated, a general organization was conducted, and the scheme materialized. It cost the Stewart Government a considerable amount of money, but it has surprised our people to discover that the re-examination or retesting of cattle, carried out two years ago under the present administration, cost more than the expenditure incurred by the Stewart Government in organizing the campaign, circulating petitions, having the cattle tested and paying the inspectors' transportation to every section of the Province.

PUBLICITY AT TORONTO

I am afraid we do not advertise sufficiently the fact that we in this Province are a disease free area. This Government, I believe, has not advertised the products of the farm as extensively as they might. In fact I understand they failed in a good many instances. We recall that a couple of years ago the hon. member from Rustico proceeded to Toronto to attend the Canadian National Exhibition. That exhibition cost this Province \$1400, and what products of our farms were exhibited? The hon. member himself admitted in this House that he had taken no Island potatoes with him, but that New Brunswick potatoes were exhibited instead. He thought they were superior to ours at that time of the year, the 15th of August. Now Mr. Speaker, we should never allow that to happen again. We are called "Spud Island" because we certainly can grow potatoes. Market reports from every large centre in Canada and the United States, wherever our potatoes are sold, bear that statement out. We receive higher prices than any other Province in Canada. We have a great product, and when potatoes are displayed anywhere in Canada, Prince Edward Island potatoes should be there.

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