

LIBERAL - CONSERVATIVE GOVERNMENT MAKES A GOOD START

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funds of the Province. Do you suppose, if they knew the sinking funds were not provided for at all, that the Government would have sold these bonds at favorable prices, or at ANY price? We are faced with these conditions. We know that further borrowings will have to be made, if we continue, as we propose to continue, the highway improvement work under a modified system, and it will be necessary to borrow sixty per cent. of this expenditure. If we go into the money market with this outside audit, the actual truth, how could we ask any brokerage house to buy our bonds? We have taken up this matter and we have CURED this condition. We have purchased bonds of the Dominion of Canada to the total amount of \$178,000 (the amount found to be short) and these have been deposited where they should be, and where they should always have been. (Applause.) These bonds have been purchased by us at ninety-nine, bearing interest at five per cent, so that they will yield slightly over five per cent.

GOVERNMENT SHORT LOAN POLICY.

I have already referred to the short loans. I will give a brief outline of what we mean by that term. A statute of this Province was passed in the early 'nineties by which the Government was empowered to borrow money from its own citizens at a rate of five per cent, up to a certain amount that was fixed by the statute. The terms on which that money could be loaned by individuals to the Government were very easy. There were no stipulations as to the period for which the money would be received; a citizen might receive five per cent from the very day on which his money was deposited, and that money might be withdrawn at any day afterwards.

You can understand that in this way money could be loaned to the Government on much more favorable terms by way of deposit in Banks and consequently the system became very popular, and the amount of money received has been increasing from year to year; it has passed the half-million mark; and this year, in the Legislature, we had to pass a statute enlarging the limits of the borrowing amount previously fixed. This is perfectly good financing, because we are paying less, by one-half per cent, than we are paying to the Bank. But we now take this view of it, and I believe it will be held to be the sound view: There are two classes of depositors; one class who deposit their money as they would invest in any security, for the purpose of earning an income; and they are perfectly satisfied to leave that money here for a considerable period and regularly withdraw their interest; the other class is composed of trustees and others who simply deposit the money for a very short period and for temporary convenience, until they can find some more permanent investment or until it has been distributed with the estate. Our contention is that the latter class should not receive the same rate as those who place their money in a more permanent way; and the Government propose to make new regulations providing that these short term depositors shall receive FOUR per cent instead of five per cent. This contract will be contained in the deposit receipts which will be given at the time. I submit that in doing this we shall save very much more than will over-balance the loss of interest caused by securing the bonds and taking the money from the Bank to do so. And in doing that we have made ourselves four-square with the world as a province, we have kept faith with our bond-holders in that we have our sinking funds and that in our representations to them we have made good. (Applause.)

THE FINANCIAL SIDE OF EDUCATION

I would like for a few moments to deal with the financial aspect of the various departments of the public service; and first with education just so far as finances are concerned. I spoke on educational matters formerly in the House at this session somewhat in detail, and I will not go over that ground, but I would like to draw attention to the way in which the cost of education has increased during the last few years. In 1903 the cost of education to this Province was \$127,500; ten years later, in 1913, it was \$155,000; and in 1923 it amounted to \$298,000; so that we see even in the last ten years, it has pretty nearly doubled. We all appreciate the importance of education. The importance of the educational system of any country cannot be measured by mere dollars and cents, because even the earning capacity of the country must be proportioned largely to its standard of education. But we cannot help asking ourselves this practical question: Are we getting full value for the money we are expending?

We have all been proud of our system of education and the results which it has produced. Year after year we have had the graduates of our colleges enter the colleges of the world, and in every case they have done so with credit to themselves and to the province from which they came. But are we keeping up with the advances made by other countries? As I have said before that is a question we shall endeavor to solve. We have made provision by which a careful examination of our educational system will be made in comparison with other systems. So far as the financial aspect of the case is concerned, I will say frankly that in my opinion the most serious condition we have to face today in connection with our educational system is the multiplicity of our small schools—the number of schools we have in this Province in which the average attendance is perhaps twelve or under. I am not going to elaborate on this, but I would recommend to the earnest consideration of all our people the School Report for this year, and particularly that part of the report wherein the Superintendent of Education deals with this matter and gives tables which show how much it costs this Province to educate some of its pupils.

This system has a very serious effect not only financially but in other ways. It is costing this Province a great deal more than it should cost to educate our pupils. I am not going to say who is to blame for the conditions. The schools are distributed in a heterogeneous way, some of them placed where they never should have been placed, and this has a demoralizing effect on the whole system. A teacher cannot do his work; he loses ambition with a disproportionately small class, and the pupils lose ambition and lack in industry where the teacher is wasting his time over half the number of pupils he should be teaching. This matter will have to be dealt with. The cost is now almost \$300,000. That is too burdensome entirely and must and CAN be remedied.

PAYMENT OF TEACHERS' SALARIES

During the last year we paid the teachers thirteen months' salary. We did that in order to bring up the accounts to the end of the year. I cannot see any reason, good or bad, why the financial year should end on the 31st of December and the financial school year a month earlier, in November. The month of December belongs to the fiscal year just the same, and having that principle in mind we have paid the teachers up to the end of the year belongs to the fiscal year just as do the other months and having that principle in mind we have paid the teachers up to the end of the year 1923, and as long as we have to deal with this matter we propose to do so at the end of each year. This, of course, has increased somewhat the amount paid out for education, but apart from that the cost of education might almost be termed as uncontrollable. One reason for the increasing cost is that for the last two or three years a greater proportion than formerly of first and second class teachers, and a greater proportion of male teachers are engaged. This, of course, increases automatically the amount paid out. This is due to the fact that up to the end of the war period the demand for labor and the high prices paid for labor, attracted our older teachers, especially the male teachers. Those who did not enlist in the war were attracted into other work by the proportionately high wages paid; but as soon as labor became cheaper we naturally had more of our young men going back to

the teaching profession, with the result that I have mentioned.

There is another matter connected with the increased cost of education. Ever since 1911, up to the past year one-half of our school inspectors—three of them—were paid out of the Federal grant for Agricultural instruction. That arrangement was discontinued by order of the Federal Government during the past year and since that time, and for the future, all our school inspectors will of necessity have to be paid from current provincial revenue. I come to the matter of Public Works. I shall deal with this subject very briefly because it will be dealt with more exhaustively by the Commissioner of Public Works; but I would like again to refer to the storm of last October. I have referred to the outlay for repairs already occasioned, but the outlay made last year was more or less temporary in order to carry on during the Fall season. A great deal of work is yet to be done—permanent work. Very many large bridges, as well as small ones, were destroyed along with other public works, and they will have to be attended to. One thing that we have learned, or perhaps I should say, has been impressed more strongly upon us, is the importance of building works of as permanent a nature as possible; because the bridges built in a permanent way withstood the storm; those not so well built were swept away. So there will be this year, in connection with the Department of Public Works, an increased expenditure from this source. It will be the policy of the Government to rebuild, in as many cases as possible, in a permanent way, because we believe that is the most economical way in the end.

THE ROAD INSPECTORS ABOLISHED

We will return, practically speaking, to the Road Act of 1912. We have already been warned by the leader of the Opposition that we are not taking the right course, but up to the present he does not seem able to outline a better one. The 1920 Road Act, is practically the same as the 1912 Act, except there was a provision in the 1920 Act for Road Inspectors. I think the last four years have fully demonstrated to the people that this Province would be very much better without these Road Inspectors. We promised the people that we would discharge these officials, that we would eliminate them from our system altogether; and we have carried out that promise. (Applause.) The general system under these two acts, since 1911, is practically the same, and I think it has proved nearly as good as we can devise, so long as we adhere to the system of statute labor. It is quite true that we have to depend largely on the efficiency of our Road Masters, and the results will naturally be variable. But it will be our policy to get as high a standard of general efficiency as possible. I may remark in passing that Prince Edward Island is, I believe, the only province that still adheres to the old system of statute labor.

THE GOVERNMENT HIGHWAY POLICY

In the matter of highways we purpose to follow the policy which we laid down when in Opposition; in fact, in a general way, the policy laid down by the Conservative Government in 1919; the policy which the Liberal Government at first adopted, as shown by their resolution in the House in 1920, but which, unfortunately for this Province, and perhaps unfortunately for themselves, they were induced by some evil genius to depart from. We believe that under the circumstances it is a good, wise policy to borrow money for permanent works, but we believe it is only good insofar as these works are of at least sufficient permanency as to outlive the period for which the money is borrowed. That means spreading the cost over a number of years, making it easy of payment each year, and providing that the total cost is made up before the debt falls due. But such a course is only defensible in the construction of work of a certain amount of permanency. The placing of concrete culverts, the building up in a more or less permanent way of the low-lying, swampy places, the reduction of grades—these are of a permanent nature and upon these the borrowed money should be expended, and upon these alone. And that, in a general way, is the policy which will be followed by this Government.

What we condemn in the policy of the Liberal Government was the expenditure of such large amounts of borrowed money on level stretches of ordinary clay roads, elaborately built up at great expense, of material so perishable that in two years or less they have been almost destroyed, the roads going back to their original condition or worse. In doing this they have departed from their original policy and from the policy of common sense and on account of that departure this Province today is very much deeply in debt, and the tax-payers have lost a great deal of money.

With the material we have at hand we cannot expect to build permanent highways in this Province. We have learned to our cost that our highways require a continuous system of upkeep; they require continuous repair, and repair of a different kind from the ordinary roads. They require repair which cannot be done under the old system of statute labor; the last four years have shown that. While built at a great cost, these roads have been neglected and have suffered in consequence. We purpose to establish a limited patrol system of taking care of these highways. That is the only system we believe is practical. But in order to carry that out we must have some extra provision by way of revenue. This extra upkeep cannot be carried out with the ordinary revenue we now have, and we purpose to make provision for that by levying a tax on the gasoline used by car owners. That has been adopted by many provinces and by the United States, and has worked out admirably.

This tax will be paid by those who have a special interest in the upkeep of these highways, and I believe that the saving in the wear and tear of the cars, and in the reduction in the amount of gasoline used because of the improved condition of the roads by our method of constantly repairing them under the patrol system, will more than repay those who pay this tax. Also, we have a great number of summer visitors here. We are glad to see them and we believe they will come year after year in increasing numbers. This Government has taken an interest in the tourist movement and is giving some assistance to it financially. We believe, with the Tourist Association, in the importance of this movement to the Province and the benefits that will accrue from it. We will have an increased number coming; they will want smooth roads, and with the highways that we have constructed we will not have that unless a system of proper upkeep is established. We will get from them a revenue which they will be perfectly willing to pay and which will assist in keeping up the highways, thus benefiting the whole Province.

AGRICULTURAL EDUCATION

I would like to deal with the Department of Agriculture for a few moments. I may say that this to me is a somewhat difficult department. The expenditure in this for the last number of years has increased considerably. In 1913 it was \$18,500; ten years later, in 1923, it was nearly double; and that does not represent the total amount because since 1911 this department like all the other provinces has been receiving from the Federal Government by way of a special grant for agricultural instruction, an amount averaging for this Province about \$30,000 a year. During the last year we have had over \$60,000 expended in this department. I know that this expenditure is questioned by a great many people; especially in the farming communities. The question they ask themselves is this: "Is the Province getting value for all that money expended?" This year we are faced with a difficulty in that department which has already been referred to—the sudden withdrawal of the agricultural grant. For the past number of years numerous expenditures have been based on the expenditure of this grant. A certain organization has been built up and carried on and entwined with the other activities of the Department of Agriculture. You can understand the wrench it has given to this department by the immediate wiping out at one fell swoop of this grant—practically one-half the amount during the past year and more than one-half during the previous years.

It simply means that we must get down to the very barest essentials. We must get down to dollars and cents. There are certain activities which we must carry on unless we close this department altogether. There are some which I believe are valuable and cannot be discontinued. This agricultural grant has been used even in paying our school inspectors. These must be kept on. It has been used for paying other expenses in connection with Prince

of Wales College; and very largely for the upkeep of the Technical School; for School Fairs and Women's Institutes; and all the activities, more or less, of the Department of Agriculture where there was any excuse for terming that expenditure "instructional." We must remodel our system, we must get down to essentials. We purpose continuing our system of agricultural exhibitions; our School Fairs; our assistance to Women's Institutes and we purpose to carry on, as far as possible, our system of Short Courses.

THE TECHNICAL SCHOOL

In regard to the Agricultural and Technical School we have heard and read a great deal about this institution. We all believe in the importance of technical education; there is no question about that. But it is a question, in a small province like this, with limited revenues; just how far we are justified in making elaborate expenditures in this connection. I want to say that as far as I am concerned the expenditure that has been made in connection with the Technical School is absolutely indefensible when the results produced are considered. (Applause.) I believe that we must carry on these activities; but carefully and economically, according to our means as a province. We cannot afford these elaborate expenditures by way of overhead expenses; paying men a year's salary for six months' or less work; paying teachers in that school \$2,000 or \$1,800 a year for a few months' work in the winter. This, Province is too poor to stand that kind of expense. (Applause.)

Another department in which we have a very large expenditure, to which I have already referred, is the Falconwood Institution. This is another instance of where our expenditures have been very steadily growing. There are many causes for this. In the first place the number of inmates has been increasing until the institution is now practically over-flowing. Then again there is the increased price for material, supplies, wages, etc. The cost for the past year was about \$126,000. We found the conditions there acute, which had to be remedied. At the present time, so far as the heating and power system is concerned, the institution is in a better condition and is giving better results than perhaps it ever has in its history. For the first time for many years we have an adequate supply of good fresh water; that has given great concern for a number of years.

MANAGEMENT OF FALCONWOOD

We are entering on this year with the belief that a very considerable reduction will and can be made in the management of that institution. Further than that, it is the intention throughout the year to make a very full and careful review of the list of paying patients, and I believe as a result of that the revenue of the institution will be very considerably increased. I believe also there can be a saving, at least over last year, in the matter of purchasing coal, by paying a little more attention to the quality of the institution purchased.

I wish now to refer briefly to the Administration of Justice. In that department, as you will notice, for the last year the expenditure is within revenue. There will be some small reduction this year in the expenditure on account of the reduction of salaries and also, we believe, on account of the operation of the new Jury Act. Apart from that the expenditures of that department are very largely uncontrollable, and remain very largely the same from year to year.

In the estimates for this year, Interest has reached the figure of \$70,000, and that does not include the highways debentures. The total interest charges approximate \$100,000. We see the condition we are in financially when we note this fact, that the two items of Education and Interest alone will more than take up the full amount of our Federal subsidy—the largest single source of revenue.

We have been blamed by our friends on the other side of the House for not collecting the revenue last year. We are accused of being remiss in that regard, at least by the Liberal press. Our friends are very difficult to please. They say: "You did not collect the revenue"; and they say: "You should not collect the revenue. You have no right whatever to collect the Poll Tax." How are we going to please people who are so difficult and captious? The Poll Tax was their favorite, their fundamental tax, the tax which above all others should be imposed. And now they tell us we should not have collected it! Was it not part of their revenue? We have carried out our pre-election promises in that way. We have repealed the Poll Tax, but we propose to collect the arrears. (Applause.)

It does not lie in the mouths of our friends to say that we have not collected the revenue. Four years is not a very long period; the average memory will extend fairly well over that, and we all remember how they collected the revenue of 1919; how they deliberately—I was almost going to say, maliciously—neglected to collect the important part of the revenue of that year. By neglecting to send out the necessary notices as to income tax, which prevented that tax from falling due, and still they say that we have neglected to collect the revenue and so increased the deficit against them.

THE TAX ACT

When we came into power we found the Tax Act, concerning which we have heard so much boasting—the idol of the late Government—in operation, being operated by their own officials whom they had officially appointed to carry out its provisions. We came in, in the middle of the year, when this official and his assistants were in the midst of collecting that revenue under the provisions of that Act and we allowed them to do what they asked the people of this Province to permit them to do during the election campaign. We allowed their officials, so far as the tax of 1919 was concerned, to finish their work without any interference, and to do it in their own way. That is our answer. If the taxes are not collected the blame is upon these officials, upon the system they established, and not on this Government.

They boast about the Tax Act. We admit that it is a very well drawn Act, and they say that imitation is the sincerest form of flattery. We have incorporated in the new Act such provisions of the old Act as we thought were good. But the Tax Act is not the creation of the late Government; if they accuse us of copying we can refer them to the British Columbia Act, from which it was copied in toto, and adopted in the 1920 Act. So, Mr. Speaker, there is nothing new under the sun. I do not find any fault with it as a piece of legislation, but British Columbia adopted a separate system shortly after, and they now have two tax Acts, as we have done this year. But I find fault with the method of our friends in the administration of that Act. We find that the Assessment Rolls, which are the very basis of this Act, upon which depend the whole success of the system, had not been from the first year properly prepared. The Assessors were to get the names of the people liable under taxes of all kinds, on real estate, personal property and income, and examine these and make returns; and on these returns was based the Assessment Rolls. It depended entirely on the manner in which these Assessors performed their duty and upon the way those Rolls were made up. In the first year they apparently did their duty, but in the later years the rolls were entirely made up in the Treasury. The Assessors come into the office, look over the rolls, sign them and swear to them, and receive for that \$25. We can readily understand whether or not that was a fair method of administering the Act. We can understand why so many of the tax-payers have been annoyed from time to time by receiving incorrect and improper notices and have been asked to pay more than once and how errors have crept in to such an extent. We say that Act has never been properly administered, and under the proposed administration the revenue will be more equitably collected, and very much more largely collected. We will have very greatly increased revenue from the collection of these taxes without any further hardship on the tax-payers of this Province.

THE LAND ASSESSMENT ACT

It has been stated, and re-iterated, that this Government by its present Land Assessment Act, has increased taxation on real estate. That is absolutely untrue. The rate is the same. The system of valuation adopted is practically the same. There is no

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method by which values will be automatically increased, or by which the taxes will be increased; but I will say this, that we hope it will be more fairly administered. I can guarantee that no greater hardship in the way of taxation will be placed on the farmers of this Province. (Applause.)

We believe—we feel assured,—that we will obtain a far much larger increase of revenue from that source, and that without any greater hardship. It was in that part of the administration of the Act that our friends almost completely fell down. We are adopting a system by which we will have the Assessment Rolls checked carefully to date; by which we will get correct and complete returns from every district, and by that means have a proper administration in the Treasury office. We expect to get a very large increase of revenue from that source.

By taxing the land and personal property under the same system, as in the 1920 Act, it was unduly cumbersome, and unnecessarily expensive. The same series of notices had to be sent to all tax-payers. Under the 1912 Act it was not necessary to send so many; they were served by the local collector and in that way a great deal of expense and labor was saved. We have returned to that system so far as the tax on land is concerned, and we hope in that way there will be a very considerable saving in the administration of the Act.

THE MITCHELL SCANDAL

I have gone over the various departments, and our estimates as far as we can ascertain, are complete; but there is one other matter to which I must refer, and it is that unfortunate matter of Andrew Fraser Mitchell. We are confronted with a situation that is very, very difficult; we have demands made upon us by these people who have been deprived of their money, which in the aggregate amounts to between \$15,000 and \$18,000 and the request has come, even from the Courts of Great Britain where this man Mitchell was tried, that these moneys be reimbursed; that the funds of which these men have been robbed should be returned to them. We believe, as I have said before in this House, that that duty primarily falls upon the Federal Government for the reasons which I have already given, because it was the Federal Government that furnished this man's expenses, without which he would not have gone there and carried out his scheme. In pursuance of that conviction we have made a demand on the Federal Government, upon the Department of Immigration at Ottawa, but I am sorry to inform the House that up to the present time I have not received from them any reply. We are in the position that we cannot consider the responsibility of this question—whether provision should be made out of the funds of the Province to provide for this reimbursement, or not. It is a most unfortunate position indeed.

CLAIMS AT OTTAWA

As soon as this Government came into power we had a conference at Halifax attended by the Premiers of the three Maritime Provinces, and, as a matter of fact, by the whole executive of Nova Scotia. At that conference the matter of the claims of the Maritime Provinces against the Dominion Government were fully discussed and a general line of action laid down. The matter has been referred to experienced counsel to prepare the claims for the three Provinces. Arrangements are being made now, and I believe will be completed shortly, to hold a conference of all the Premiers of the Provinces of Canada regarding this matter, at which these claims will be discussed. So far as I am concerned, everything possible will be done in order that this matter will be pressed to a successful issue. We must remember that the conditions are not as favorable as they were some few years ago. The cry for economy is being stressed this year in connection with Federal affairs, perhaps more than ever since the War, as evidenced by the withdrawal of our agricultural grant; but nevertheless if any further efforts on the part of this Government will bring this matter to a successful issue, then I want to assure this House that these efforts will not be spared. (Applause.)

THE 1924 ESTIMATES

The estimates as tabled will show that the revenue we estimate is \$733,046, and the expenditure for the year, \$728,025. Where are we going to get the increased revenue? I have already answered that; we will get it by a proper and equitable administration of the Tax Act; we will get it from a number of other sources; by the collection of all sources of revenue. The expenditures have been kept within the mark of economy—not that economy practised by the late Liberal Government in refusing to pay their proper and honest debts, or by starving the public utilities of the Province. No! We have made ample and proper provision for all these necessities. We have cut down wherever it was proper to cut down, in everything but in the matter of Interest, Education and such items where expenditures are uncontrollable.

I do not think there is anything more that I need to say in support of this motion. The outlook in many respects is not as bright as we in this Province would like to see it. The increased interest charged from year to year is not a bright outlook; but when we compare our condition with other provinces and other countries, I believe that we have no reason for alarm. We have here, provided by Providence, a wonderful heritage, what we believe is the finest piece of green earth in the universe. We are in need of many things; of more population; of improved and extended transportation facilities; of greater assistance by way of subsidy from the Federal Government; but there is one thing that we need more than all these things, and that is a greater amount of optimism on the part of our people. We want faith in the future; greater faith in ourselves and in our Province. And I believe that if we have that; if we encourage it and obtain it to the degree we should, THEN WE CAN FACE THE FUTURE IN THIS PROVINCE WITH COURAGE AND EQUANIMITY. (Loud and prolonged applause.)