

ATTORNEY GENERAL

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\$1, was \$15,638,500 while at the same time our current revenues are nearly \$7,000,000.

Financial Position

"In 1935, the last year the Conservatives were in power, the debt was approximately \$3,000,000 and revenues roughly \$2,000,000.

"It is quite obvious that today we are actually in a much better financial position with the public debt only slightly more than double the revenues than when the debt was four times as large. The main consideration in public finance is that the debt should not be disproportionate to our revenues and resources. The last Bond issue, a 3 per cent, 15 year one, sold last October almost at par, the equal of any Province in Canada.

"Again may I repeat what I said in my budget speech that bond houses and the investing public must still be confident that our financial position is sound and that after all is the best test that our total indebtedness is within our ability to pay. I would suggest to you, under the circumstances, that alarmist statements by Tory speakers do little credit either to themselves or to the Province.

"In budgeting for expenditures of \$6,900,000 to perform the functions of Government for Prince Edward Island, we realize that it is a very large sum of money. Opposition critics condemn the total but fall in every way to indicate what service in particular they would eliminate or curtail in order to reduce the amounts proposed to be spent: in agriculture, none; public works and highways, none; justice or treasury, none; general government, none.

"In Public Health and Welfare, however, the Opposition leader did suggest we could cut \$30,000 off the \$300,000 expenditure at Falconwood by buying wholesale. The facts were, as indicated by the Minister in the House, that all purchases are now being bought on a wholesale basis with the exception of a few items whose total would be less than \$30,000.

"Most of these did not lend themselves to wholesale purchasing but assuming they did a 10 per cent discount might produce \$3,000.

Beach Grove Expenditures

The only other suggestion was a saving of \$3,000 at Beach Grove for a similar reason. The facts revealed that only \$2,300 worth of goods were purchased at retail for that institution. How in the world we could be expected to save \$3,000 on purchases of \$2,300 is a question we would like these financial critics to answer.

"So there you have the sum total of criticism, a problematical saving of \$3,230 out of a total expenditure of \$6,906,000.

"I think you will agree that a margin of error of less than 1-20th of one per cent reveals how carefully public expenditures are watched and that charges of waste and extravagance are mere empty words without foundation in fact.

"If published reports of Tory conventions are correct, it appears that the Leader of the Opposition and his newly selected candidates are loudly proclaiming as a fact that the Liberal Government intend to impose a 3 per cent retail sales tax if re-elected.

"As a member of the Government and Provincial Treasurer I most emphatically deny that such a step has ever been contemplated or even discussed; and with assured Provincial revenues ample to meet budgeted requirements, it is not and will not be necessary under prudent Liberal administration. I think it is only fair to warn the public, however, that if the cattle lending policy enunciated in the Legislature by the leader of the Opposition ever became a reality, it would take more than a 3 per cent sales tax to meet the deficits that would follow.

Tax Proposal Clarified

"Possibly this matter of sales tax should be clarified. Originally the Provinces were, under the Canadian Constitution, given the power to raise money by direct taxation and this source together with Federal subsidies was intended to be sufficient to carry on the Provincial public services. The Federal Government was given the field of indirect taxation and an overriding power to raise money by any mode of

taxation. "The original intention was that each should keep to its own sphere, but with the largely increased Federal expenditures for wartime purposes in the first and second World Wars the Dominion imposed Income, Corporation and Succession Duty taxes, all direct taxes, and by doing so, sharply affected the Provincial results from those spheres. The dual taxation became a source of considerable resentment and dissatisfaction, especially with two conflicting collection agencies and the double burden of administrative costs.

"This led to the tax rental agreements mentioned before; but it also left Provincial Governments more and more dependent on the Federal Government for the main source of their income.

"When the Federal Government sought constitutional amendments to enable the introduction of the contributory Old Age Pension system, the Provinces sought to remain in some measure their proper independence of action by insisting that as the Dominion had invaded their legitimate tax spheres and so limited the revenues they could collect from them, then the Provinces should be able to enter the Federal indirect taxation sphere and by so doing limit the amount the Federal authorities could collect from sales taxes. Actually, what is being denounced by the Tory party spokesmen is probably the greatest Constitutional victory the Provinces have achieved since Confederation.

"The power to tax does not mean that it must be exercised; and while other Provinces already do so, that will only leave this Province in a preferred position and as long as we remain in power we will see that it does maintain that position.

"In closing may I say that the Liberal Government has in all things acted in your interests; that its policies are dictated by consideration for your welfare and if re-elected on April 26 next will continue to perform the functions of Government as a public trust for the benefit of all.

"On behalf of the Liberal party we solicit your support for the local candidates so as to ensure a continuation of Liberal and progressive policies."

Thumbs Down On Price Control

OTTAWA, April 11 — (CP) — Finance Minister Abbott turned thumbs down in his Commons budget speech yesterday on suggestions that the Government immediately reimpose price controls.

He dealt extensively with the high cost of living, termed it a world-wide problem not peculiar alone to Canada and reiterated the government's view that this is not the time to embark on a program of wide controls.

He said: "If we reach a point where we believe a much wider range of direct controls would be in the national interest we shall use them, but we are not prepared to embark upon a premature program which under present conditions would, in our judgment, create more confusion than stability."

Mr. Abbott reviewed the steps the government already had taken to fight inflation—curtailing

Thumbs Down On Price Control

expenditures, following a pay-as-you-go fiscal policy and curbing the expansion of credit. It would continue to develop and apply those policies. It asked individuals, business and municipal and provincial governments to reduce their expenditures.

He said price increases in Canada during the last year have been "more moderate" than in other comparable countries.

While 1950 wholesale prices went up 15 per cent in Canada, they advanced 19 per cent in the United States, 22 per cent in Australia, 23 per cent in the United Kingdom and 20 to 25 per cent in most of the western European countries.

Mr. Abbott promised that the tighter credit policies, striking at the root causes of inflation and coupled with similar action in the United States, will have "a growing importance in holding prices down."

King Cole Tea

controls on the allocation and use of steel and certain other materials. Mr. Howe had powers to extend those controls when that appeared to be "necessary and desirable."

Greater production would help to conquer inflation, but it was not a matter of people working harder and longer. Productivity also was a reflection of efficient business management and it called for mutual confidence and good working relationships between management and labor.

Individuals and business should try to save more, both to cover the increase in capital investment expected in the country and to restrain the rising trend in consumer spending.

He noted that Trade Minister Howe already is applying direct



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