

Hon. J. E. Michaud Moves An Amendment to the Motion for Supply

Opposition Financial Critic Held the Floor in the House Yesterday An Hour and a Half—Criticized the Government for Increasing the Public Debt—Lays Down a Platform For His Policy.

Hon. Joseph E. Michaud, chief financial critic of His Majesty's Loyal Opposition held forth for one and a half hours in the Legislature yesterday and was listened to without interruption. He had prepared a very good piece and he said it well. He indulged in some criticism but it was not very effective. He complained that the present government during its eight years in office had added more to the public debt than had the party now in opposition during the eight years when it had occupied the seats of the mighty. He quoted from the report of the comptroller general in support of his case. He complained that part of the public debt was represented by such assets as garages, gasoline and the wages of chauffeurs, and truck drivers.

In closing his speech Mr. Michaud submitted what might be called a party platform, but it was four points shy of the customary fourteen and he did not stipulate a five year program. He closed by moving an amendment to the motion to go into supply, regretting that the government had omitted to do certain things.

Hon. Mr. Harrison will continue the debate this afternoon and there will be an adjournment for the week-end.

THE OFFICIAL REPORT

Assembly Chamber,
March 9th., 1933.

The House met at 3:40 o'clock. The following bills were given a second reading; an act to incorporate the Calvin Presbyterian Church at Chatham, N. B.; an act to provide funds for the relief of unemployment in the city and county of Saint John; an act granting certain exemptions from taxation to Port Royal Pulp and Paper Company, Ltd.; an act relating to the water supply in Glen Falls, Saint John City and County; an act to amend Consolidated Statutes of N. B. so far as it relates to the city and county of Saint John; an act respecting hydrants in the county of Saint John; an act relating to municipal voters lists in the parish of Lancaster and Simonds; an act to amend the New Brunswick Dental Act of 1929; an act to further amend the New Brunswick Dental Act 1929 an act relating to the registration of William A. Carcaud as a dentist.

HON. MR. REILLY presented the report of the Committee on Standing Rules, and Mr. Atkinson submitted the report of the Municipalities Committee.

Petitions Received

MR. WHITE submitted a petition for a bill to amend the Saint John Assessment Act, also a petition for a bill relating to civic elections in Saint John.

MR. AGAR submitted a petition for a bill to confirm and ratify certain acts for the Receiver of taxes of Saint John. He also submitted a petition for a bill for the extension of water district in Lancaster and Simonds.

HON. MR. LEGER presented a petition for a bill to authorize the town of Shediac to issue debentures.

HON. MR. LEGER introduced a bill for the funding of the floating indebtedness of the province.

Notice Of Enquiry

MR. DOUCET gave notice of enquiry respecting a new block of land for settlement in the parish of Piquetville.

MR. DOWNEY gave notice of enquiry respecting crushed stone bought from Mr. Montgomery of Dalhousie; also as to amount of direct relief money spent in each county of the province in 1932.

MR. COLPITTS gave notice of enquiry as to whether the government had chosen any site for a national park.

MR. MICHAUD moved suspension of Rule 78 to permit introduction of a bill to authorize School district No. 1 in Madawaska to issue debentures.

MR. MICHAUD
Opposition Financial Critic Criticizes
Budget—Lays Down a Policy And
Submits An Amendment.

MR. MICHAUD continuing the budget debate, said, before entering upon discussion of matters contained in the budget speech, he would offer congratulations to the Provincial Secretary-Treasurer for the able manner in which he had acquitted himself of a difficult task. He had run true to form. He accustomed the House in the last few years to look upon the most delightful picture of the Province of New Brunswick. While they were used to that, however, yesterday the Provin-

cial Secretary-Treasurer was too generous with the lipstick and rouge. He had been too generous with the makeup, but he had deceived no-one but himself. He agreed with the Provincial Secretary-Treasurer that there was an abundant supply of fish, but he could not see that the Government could take any credit for that. Neither could the government take credit for the abundance of the crops. All agreed as to beautiful scenery of New Brunswick, but that was about all that was left. We were told that tourists had been well satisfied on coming to this province and they should be as we have done everything for them. Residents of the province, however, were not so well satisfied.

Unemployment

The Provincial Secretary-Treasurer had carefully avoided any reference to the unemployment situation and failed to explain how in certain portions of the province conditions could be remedied. It might be said that the government was not responsible as conditions were due to the world wide depression, but he considered the government was greatly responsible for the situation that existed in the northern part of the province. In 1926 and 1927, we had been told that the long lumber industry could be no longer relied upon. If the government, realizing that situation, had failed to cope with it, then they must share the responsibility respecting present conditions. He recalled the alluring propaganda by the government and its friends in favor of the large pulp and paper mills in the northern part of the province, inducing thereby people to leave the farms and flock in that direction. The opposition had doubted the foundation for the statements made by the government at that time. He submitted that conditions in northern New Brunswick could not be attributed entirely to the world wide depression, but the poor policy of the government had been responsible in a great measure. Formerly, most of the people in the northern part of the province lived off the lumber industry, but the present government failed to provide for the changing conditions and should now be censured. The principal work of the government during the last eight years, had been to spend money obtained from the people. Since the present government came into power, the revenue of the province had increased by \$2,000,000 and this money had come from the pockets of the people.

A Futile Attitude

The opposition had been told that their criticism was not welcome. It had been the policy of this government to justify its actions by the policy of the former administration. This was a futile attitude. Why had they never referred to their own political ancestors in endeavoring to justify the course they had been pursuing? I submit, he said, we are not ashamed of the preceding government when its policy is compared with the present government. The government said the opposition had no policy. He would remind them that it was not up to the opposition to formulate a policy. The government of the day was on trial. When the time came the opposition would have a policy.

Financial Affairs

MR. MICHAUD turned to consideration of the financial affairs of the province and to contrast the financial policies of the present and the former government. The present government claimed to have put the finances of the province in order. In 1925 the ordinary revenue of the province was \$3,675,000. In 1932 the revenue was \$5,795,000. In 1933 the estimated was \$5,632,689, a difference of \$2,000,000 in revenue as between the year 1925 and the year 1933. This meant that the present government had about \$2,000,000 more to spend than the previous government. In the past seven years, this government had had a revenue of \$29,000,000, while the previous government in the last seven years of its administration had a revenue of \$22,000,000, or a favorable difference for the present government of \$7,000,000 for the ordinary affairs of the province. The present government claimed they had provided for a much larger sinking fund than the former government. Why not? They had received a great deal more money to do with.

The Public Debt

In 1925 the funded debt of the province was \$37,000,000, while in 1932 it was \$61,000,000. The government admitted they were responsible for the difference between \$37,000,000 and \$61,000,000. That was hardly a correct picture, because the Dominion government had taken over the Valley Railway and relieved the province of \$6,000,000 of indebtedness. Therefore, in order to get at the true amount of the funded debt in 1925 and 1932, this \$6,000,000 had to be taken into account. The actual increase of the debt by the present government, he declared, was \$30,000,000.



MR. J. E. MICHAUD
Financial Critic of the Opposition

Carefully Worded

The hon. Provincial Treasurer in his statement regarding the debt of the province, was technically correct, but hon. members must have noted how carefully he had worded it. The net debt in 1925 stood at \$2,197,629, and at the close of 1932 it was \$45,943,117. It must be noted, however, that the auditors who certified to the accounts in 1925 were not the same as those who performed the duty in 1932. His hon. friend claimed that the present government had increased the net debt by only \$12,000,000, but he did not regard his conclusion as being correct. A glance at the Comptroller General's report for 1932 showed railway investments amounting to \$1,246,431.77; permanent roads, \$28,223,807.03; permanent bridges, \$10,848,697.83; other capital expenditures consisting of revenue deficits, railway subsidies, buildings and wharves, \$3,397,921.91; and deficit on ordinary revenue account, \$2,225,319.99, a total of \$45,942,178.53. The statement for the year 1925 showed railway investments of \$5,092,432.23; permanent bridges, \$8,547,623.13; permanent roads, \$7,429,171; New Brunswick Power Development, \$3,780,462.72; other capital expenditures, including revenue deficits, subsidies to railways, building, wharves, etc., \$3,205,986.27; and deficit on ordinary revenue account of \$1,141,953.65; a total of \$32,197,629. Now, in order to arrive at a fair conclusion, there must be deducted \$6,000,000 from the net debt of 1925 represented by Valley Railway bonds, assumed by the Federal government. Add to that the expenditures on hydro development not now shown as in debt account of 1932, made the total net debt for 1925 for purposes of comparison only \$22,417,167. That meant that the increase in debt from 1925 by the present administration was over one hundred per cent. The statement of his hon. friend (Leger) would bear him out in that.

Bonds Redeemed

It was only fair to deduct from the total, bonds which had been liquidated, and that would reduce the total to about \$20,000,000. Therefore he was safe in saying that the present administration had doubled the debt of the province during the last eight years. That statement was fully borne out by the interest requirements. In 1925 the total was \$1,040,000, while in 1932 it had increased to \$2,700,000, and, he might add that sinking fund requirements were not included in the total.

The Deficit

The hon. minister (Leger) had stated that by practicing economy the government this year expected to reduce the deficit to \$87,171. To do that, however, his hon. friend admitted that the government was withdrawing from Ottawa the sum of \$529,399, which the province had had on deposit there since Confederation at five per cent, and intended placing the same in the sinking fund. That meant that the sinking fund from revenue was to be reduced by that amount. Withdrawing the deposit from Ottawa really meant that the government was reducing its capital, in order to show a deficit of \$87,000. In the light of that, he saw no reason for the Legislature to be proud of the financial record of the government during the past eight years. Never before had an administration been compelled to resort to such tactics in order to cover up its tracks.

Provincial Assets

The Hon. Provincial Secretary Treasurer, in his statement to the House, had not been altogether frank with himself. He referred to the value of the provincial assets and had stated that there had been an addition of \$27,000,000 in recent years, making a grand total of \$124,565,934. Going back to the assets in the year 1926, it would be found that nothing had been written off for depreciation since that time. There were some business men on the government side of the House, who would hesitate to submit such a statement to their bankers, and they could not be proud of the statement made by his hon. friend.

The Crown Lands

He would point out that the railway investments in 1926 of \$6,342,000 were set down today at \$1,000,000 less than the last sum. The \$529,229 withdrawn from Ottawa was also shown as an asset. The Crown lands of the prov-

ince in that year were set down as worth \$60,000,000. He would like to know if there was a business man or lumberman among his hon. friends opposite who would accept that amount as the actual value of the Crown lands today. Nobody familiar with the value of timber lands today would place the value of those owned by the province at more than \$20,000,000 or \$21,000,000, providing a purchaser could be found. Therefore he held at least \$46,000,000 could be written off of the assets of the province. In spite of that the net debt was now \$45,000,000 instead of \$22,000,000, which was the total in 1925. That summed up the achievement of the present administration during the period of eight years.

Serious Situation

The situation so far as New Brunswick was concerned was undoubtedly serious. The people had been taxed to the limit, and there was no avenue from which additional taxation could be secured. Interest charges had doubled. The value of the assets of the province had been considerably reduced. He was willing to accept the suggestion of his hon. friend (Tilley) and refrain from going into details regarding unemployment in the province, but conditions were admittedly bad, and people could not close their eyes to that fact. True there was world-wide depression, but it was not alone responsible for conditions prevailing in New Brunswick. The situation here was in a measure due to the increase in the debt, and to extravagance on the part of the government. That extravagance had been condoned by hon. members opposite supporting the administration in many instances. Money had been expended regardless of capacity to pay, and interest charges had accumulated over the heads of the people.

Unauthorized Expenditure

It was a most surprising fact that during the last eight years the sum of ten and one-half million dollars had been expended by the government without legislative authority, or the approval of the people's representatives. It had been expended by the ministers with no regard to the constitution or the chosen representatives of the people. Was it any wonder that the interest charges had mounted by leaps and bounds? Was it any wonder that the working capital was no larger than it was eight years ago while the revenue had greatly increased? The ten and one-half million dollars, the items of which were shown in the Comptroller General's report from year to year, had been expended in excess of legislative appropriations, and by special warrant. All had been charged to capital account, without any authority from the House. During session after session, bills had been put through the Legislature against the protest of the opposition, authorizing expenditures made by the government, and hon. members opposite had given them their approval. The expenditures had been bonded, and the interest now had to be paid. The money was not spent on work of a durable nature, as the establishments of provincial garages and the cost of gasoline and auto accessories had all been charged to capital account and the interest payments extended over a period of twenty-five years. In his opinion the money expended in that way, without legislative sanction, was largely responsible for the major portion of the increase in the public debt.

Road Machinery

It could not be denied that road machinery bought for the government and the wages of chauffeurs and truck drivers had all been charged to capital account. There was no doubt in his mind that fifty per cent. of the money borrowed and charged to capital account was not expended on the actual work of the roads. Large expenditures had been made on garages in Fredericton, Moncton, Campbellton, Saint John, St. Stephen and elsewhere, and charged up to capital assets. The money expended for road machinery had been charged to capital account, which meant that people were paying interest and there was nothing to show for it. The total amount expended in that way was \$584,381, and there were miscellaneous items in addition. He believed there was over five million dollars invested in garages, road machines, crushed stone, and so forth charged to capital account, which was a monument to the mismanagement of the present government.

Opposition Criticism

It was all very well for hon. members opposite to say that criticism from the opposition benches was destructive and not constructive. The opposition was justified and it was their duty to criticize extravagance on the part of the government. He wished to point out that in 1926 the House had unanimously adopted a report of the Public Accounts committee calling attention to a large unauthorized expenditure, and urging the government to live within its appropriations. Instead of heeding that report, the government had gone on in the same way, year after year. In 1926, there had been an unauthorized expenditure of \$402,000; in 1927, \$469,000; in 1928, \$2,047,091; in 1929, \$2,600,000; in 1930, \$3,778,217; in 1931 \$89,000; and in 1932 \$210,000. All that had been over-expended in spite of the resolution adopted in 1926. The government had absolutely failed to live up to its pledges, in spite of the opposition protests. It was little wonder that today the province faced a very serious situation. It was the duty of the opposition to co-operate, but they must have assurance that the government would live up to the principles of responsible government. The opposition was ready to co-operate, but they did not want members of the government to go out in the country and say that money could not be expended for necessary public services because of the attitude taken by the opposition.

Ready to Co-operate

He wanted it understood that if the government would carry on the business of the province in a proper way, that the opposition was ready to co-operate with them. During the past three years the opposition had co-operated by opposing large expenditures of public money for the sake of

personal aggrandizement of a particular minister, but had not opposed necessary expenditures. All knew that the world was passing through a revolution and that conditions were serious, and he would tell the government that if they wanted co-operation they must change their tactics. Economy must be practised in every direction. Order must be constituted for chaos in the provincial finances. The government must refrain from increasing the capital debt, except in urgent cases.

A New Platform

The opposition were willing to co-operate in any plan to reduce expenditures to the bald, bare bone. They (the opposition) would co-operate with the government against the imposition of new taxes, and would co-operate in balancing the budget, but not by a juggling process.

They would co-operate with the government in any effort to do away with patronage, and the exploitation of public men by personal aggrandizement.

They were willing to co-operate with the government in an effort to meet the unemployment situation by providing work of some kind for every able bodied man, and by a comprehensive broad and intensive back to the land campaign, and payment of premium for clearing land, instead of direct relief allowances.

They were willing to co-operate

with the government in an intensive organization of co-operative marketing of products of the farm, forest, mines and sea.

They were willing to co-operate with the government in the reorganization of the educational system of the province so as to educate boys and girls for the farm instead of away from the farm.

The opposition would insist towards the rest of Canada for the full recognition of the province as a unit of Confederation, and the fullest and complete compliance by the other provinces on the terms on which New Brunswick entered Confederation.

To enable the reforms which he had outlined to be accomplished, the opposition proposed the formation of a Provincial Advisory Council, representing all classes, races, creeds and shades of political thought, with full powers to meet and cope with the alarming situation that now faced the province. He would say that if the government could not cope with this alarming situation that faced the province, he would advise them to step aside and make room for others who would undertake the task.

Amendment Moved

In conclusion, he wished to point out that it could not be said that his proposals were destructive and not constructive criticisms. He had not attempted to paint the picture any

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