

NEW TAX PROPOSALS ARE EMBODIED IN THE BUDGET

(Continued From Page 2)

Buildings 29,441.33
\$1,898,813.47 1,897,697.86

Less amount receivable from revenue by N. B. Electric Power Commission 1,115.61
\$1,897,697.86 1,896,697.86

Summary—
Total Capital Liability 34,243,607.18
Total Ordinary Liability 1,141,953.65

\$35,385,561.83 35,385,561.83
What has been the total increase of debt in 1925?
The bonded debt was in 1924 \$30,737,909.32
Liability for Capital Expenditure 1,037,201.91
The deficit for 1924 was 587,859.04
Total \$32,362,970.27

Or a total increase of debt during year 1925 of \$ 3,022,590.56

Interest Charges

The burden of debt is measured by the proportion of the amount of revenue required to pay the interest. By applying this rule we find that the ordinary revenue last year was \$3,667,610.99, the interest payable this year is calculated at \$1,314,551.05 or over one third of the ordinary revenue.

It may be interesting to know that in 1900 with a population of 321,263 the amount paid for interest was \$128,213.00.

In 1910 with population, 331,120 the interest paid was \$251,816.00.
In 1916 with population, 351,899 the interest paid was \$351,899.00.
In 1925 with population, 387,876 the interest paid was \$961,432.00.
In 1926 with population, 387,876 the interest payable is \$1,314,551.05.

The per capita amount of interest in 1900 was \$3.99; in 1910 was \$7.76; in 1916 was \$9.99; in 1925 was \$2.47; in 1926 was \$3.38.

Our total capital liability is close to \$100, per head for every man, woman and child in this province.

No Cause For Joy.

The augmentation in ten years of nearly twenty millions to our capital debt is not likely to create much enthusiasm; and to my mind it forcibly brings home the desirability of constant watchfulness of public expenditure. Let us now examine the financial operations of last year. The ex-Minister in his budget speech of last March estimated a revenue of \$3,566,723.00. The Public Accounts which have just been distributed to the members show that he was judicious in his estimate for the revenue reached the sum of \$3,667,610.00 or an increase of \$100,887.99 over the amount estimated. The departments of Lands and Mines and the Provincial Secretary's office being the two principal ones to give surprise in the right direction. Succession duties received exceeded the estimates by \$133,560; Stumpage exceeded the estimate by \$122,710 while the profits of the Liquor Commission were \$130,000 below the estimate of \$450,000. The revenue from the operation of the Prohibitory Act fell \$26,000 below the estimated amount and Amusement taxes \$7,000 below.

The Revenue From Liquor.

Perhaps I may be permitted to say frankly that I do not believe that the limitation of \$120,000 from the estimated profits of the Liquor Commission truly represents a diminution of the consumption of liquors in this province, it is such was the fact, I believe that every hon. member in this house, particularly those on the Government side, I may not have authority to speak for the Opposition side, would rejoice at this fact. We regret the fact that the largest part of liquors consumed in our province never passed through the government liquor warehouse. My predecessor in office however had not foreseen a deficit. On the contrary he had counted on a surplus of \$10,096.00 or ordinary over ordinary expenditure; but Mr. Speaker as I have already said there is a deficit. On the contrary he had counted on a surplus of \$10,096.00 of the ordinary revenues over the ordinary expenditures. But Mr. Speaker, as I have already said, there is a deficit.

Some Over Expenditures.

The ordinary expenditure have exceeded the estimates of 1925 by the sum of \$589,107.45. The largest departmental over expenditures are:

Public Works, ordinary 224,033
Public Works, ordinary roads 142,515
Public Works, ordinary patrol 81,961
Public Works, ordinary miscellaneous 9,704
Education Department 22,178
Education Vocational 1,120
Liquor Commission 1,176
Workmen's Compensation 8,467
Election Expenses 13,000
Kin's Printer (Publicity advertising) 3,918
School Books 12,046
Unforeseen expenses 3,254
Prohibition Act enforcement 18,245
Provincial Hospital 18,817
Jordan Sanatorium 5,499
Interest 48,821

The capital balance shows the expenditures charged to Capital Account in the year ended the 31st of October 1925 as follows:

Electric Power Development 228,889.10
Permanent Bridges 553,522.31
Permanent Roads 1,403,386.79

St. John & Quebec Railway deficit 1924 258,000.00
Grant to University of New Brunswick 25,000.00
Vocational School Building 29,441.33

Cost of Services.
I have examined some of the various services to find the net costs of them. The revenue and expenditure of each service is shown in the statement.

Provincial Hospital, net cost \$101,190.59
Jordan Sanatorium 32,114.64
Boys Industrial Home 10,798.25
Prohibition enforcement 34,089.31
School Books 24,553.01
Valley Railway operation 269,470.05
Factory Inspection 1,933.97
Vocational Education 32,988.35
Public Health, including Hospitals 76,560.75

In view of these figures, keeping in mind the services for which the money is given, surely the people of New Brunswick will not say that their government has shown a want of generosity in its contribution to the public welfare.

Sinking funds at 31st of October 1924 \$1,727,186.09
Sinking funds accumulation during 1924 556,976.64
\$2,284,162.73
Less bonds redeemed during 1925 53,454.97

Sinking funds at 31st of October 1925 \$2,230,707.76

Marks an Epoch.

Whatever differences of opinion may exist between the hon. members of this House as to the policy which a government has pursued in the past or as to the policy which it may be the duty of this government to pursue, in the future, I believe that we are all agreed that the financial year, which closed on the 31st day of October last, was one of an exceedingly critical character and one which will mark an epoch in the financial history of this province.

The Fredericton Daily Mail in its issue of February the 1st truly said that "the financial position of the province at the present time is scarcely likely to arouse much enthusiasm even among those who are naturally optimistic."

The Mail Quoted.

The same newspaper further commenting on the situation said: "An item in the list of capital assets which will be likely to cause some astonishment, is an addition of \$1,403,386.79, which was made last year to the previous heavy investment of \$6,044,884.21 in permanent roads. This expenditure seems to have been made in defiance of authority from the Legislature as only \$550,000 was authorized by that body, which means that practically the allotment for three years was disposed of in one year. The Federal aid to permanent roads having been withdrawn it would seem that the time had about arrived when the province must either cut its garment according to its cloth or else put a stop to permanent road work. In addition to the large expenditure made last year on permanent roads the sum of \$245,518.83 was expended on ordinary roads and \$256,961.43 on the patrol system, bringing the total expenditure on the highways up to two million dollars in round figures. There was no justification for this riotous expenditure and the result of the election clearly indicated that it did not have public approval.

Railway Investments.

"The sum of \$8,092,432.23 set down as railway investments, is represented by the Saint John and Quebec Railway, which is the result of an outlay by the province of \$6,846,000.46 and \$1,246,431.77 tied up in the New Brunswick Coal and Railways, better known as the Central Railway, and now under lease to the C. P. R. It is pleasing to note that no additional expenditures were made during the year on either road. The amount expended on permanent bridges during the last fiscal year was \$553,522.31, which is about the average of recent years. The present government besides a deficit of \$487,119.46 on the ordinary transactions of the year, the largest we believe in the history of the province, must provide for a deficit of \$269,470.05 on the operation of the Saint John Valley Railway, and in addition face a bank over draft amounting to the tidy sum of \$1,841,470.23, not to mention the large over expenditure on permanent roads, all of which will have to be bonded. This it may be said, certainly is not a very cheerful outlook for the new administration."

The Valley Railway.

Reference has been made to the Saint John and Quebec Railway. Our friends on the opposite side of the House have not at all times criticized the advisability of its construction. It is not up to me, and I do not wish to justify it, I had believed that it could show better results if it was connected with another railway further north, but never have I thought that it was constructed with gain as the object in view. Like many other services which are being carried on this railway was constructed to serve an important part of the people of this province and I had always believed and I believe yet that the rest of our people endowed with railway facilities were willing to make the present sacrifices, if not for future gain which we might hope to obtain, at least for the sake of the people which the Saint John and Quebec Railway is called upon to serve.

Deficits Not Popular.

Leaving aside this depression and coming to our finances, I may say that a deficit wherever it may be found is not to be considered lightly. View it as we may, account for it as we may, excuse it by circumstances, extraordinary or by accidental causes,

the existence of a deficit at all, much more a deficit of this magnitude is a circumstance of a very serious and formidable character. And unless we take a strong hand, I fear that this large deficit is about to become chronic. In my mind there is but one question before us and but one course to pursue, to adopt those vigorous measures that will restore equilibrium between income and expenditure. And I am free to admit that an examination of the various items making this large deficit has not entirely convinced me that the major part of it composed of extraordinary and abnormal expenditures not likely in the nature of things and as they exist at the present even under a severe administration to occur again; and, therefore the advice which I have just given cannot be greatly modified. My conclusion is that a financial situation has been created in this province that some day and in the very near future we will have to meet face to face.

Provincial Assets.

This naturally brings me to examine the other side, our provincial assets. What have we. What are our provincial assets. Is there still hope? Never perhaps in the history of this province has there been at the back of an able leader, such an array of talented, trained business men, well disposed members, determined to work for the greater good and benefit of the people of this province. The change of government has given to the people of this province generally a gain of confidence heretofore unexperienced. With a mixed population of 387,376 souls, of which 121,111 are of French descent, we have a happy, well disposed people, apparently satisfied, full of confidence in the future and of progress and activity in the present. This, to my mind, is not only a great moral asset but is productive of the greatest blessings. I have spoken of moral assets, I now wish to enumerate our tangible assets; those we can measure by the standard of dollars and cents. The values which I have placed on each and every one of the enumeration are very fair and viewed from a replacement standpoint far from being inflated or exaggerated.

Capital Assets.

Saint John and Quebec Railway Investments \$6,846,000
New Brunswick Coal and Railways Investments 1,246,431
New Brunswick Electric Power Commission 3,780,462
Farm Settlement Board 150,000
Dominion of Canada, balance at credit of province 529,299
The Limerick property 10,000
Over 7 millions acres of crown lands valued at 60,000,000
Investments in permanent bridges 8,547,623
Investments in permanent roads 7,448,171
University of New Brunswick 500,000
Land in connection with University—360 acres 20,000
Educational building 20,000
Legislative Assembly Building 300,000
Departmental Building 150,000
Agricultural Building and land 25,000
The Queen Hotel Property 35,000
Liquor Warehouse property 50,000
Health Building 7,000
Provincial Hospital property 900,000
Normal School 250,000
Jordan Sanatorium property 100,000
Agricultural schools at Sussex, Woodstock, Fredericton, Boys Industrial Home and other properties of the province 110,000
Sinking funds at 31st of October 1925 2,230,707
Total capital assets \$93,255,693
Total capital liability 34,243,607
Capital assets over liabilities \$59,012,086

Real Assets of Province.

I have passed from moral to tangible assets, I now wish to refer to another class which I would like to term real assets, although some of them perhaps might be better classified, latent or potential assets. Such as the magnificent and splendid geographic position of the province, bounded as it is on three sides by the sea, deeply indented with bays and fine harbors, channelled on all sides by rivers and lakes. Industrially it has a strategic location for shipping products to the markets of the world. In railway facilities New Brunswick is not only better equipped than any other Province of the Dominion, but their extent probably surpasses that of any other country of the world having regard to population. The soil and climate are eminently adapted for all branches of farming, whether it be the growing of crops, the breeding of live stock, the raising of fur bearing animals, the growing of fruits, the production of butter and cheese, or anything else which might pertain to the farmer's avocation. I may incidentally add that the total value of New Brunswick field crops for the year 1925 is \$25,356,000 as compared to \$16,080,000 for the year 1924, the largest of the maritime provinces.

Farmers Praised.

This year's potato crop is valued at \$7,525,000 as compared with \$3,025,000 last year; hay and clover at \$10,699,000 as compared with \$7,140,000; turnips, etc., at \$1,348,000 as against \$570,000.

Evidently the farmers have been active; they deserve the praise of the province and I wish to extend it to them on behalf of New Brunswick and of the government thereof.

I have already given you the estimated value of our Crown land or timber resources. Fisheries come next in importance, amongst the natural resources; and in the value of its fisheries New Brunswick occupies the third place amongst the provinces of Canada; their market value last year was over \$5,000,000, thus showing a steady increase, but it is yet capable of further development.

As to mining, I believe that New Brunswick is rich in minerals, although we must admit that yet but limited development has been made.

No experienced prospector has so far wandered into our wilds in search of the precious minerals. Yet I believe they are there awaiting the conquest of men.

An Attractive Province.

And now what shall be said of our game if not that it affords a hunter's paradise for sportsmen. In fact, I have no hesitation in saying that New Brunswick is the proud possessor of all the resources that assist in making it one of the most attractive provinces of the Dominion. We have a vigorous yet healthy climate; we have riches in natural scenic beauty, in our forests, our fields, our fisheries, our water powers, our minerals, our game, and perhaps above all in the very character of our mixed population, English, Scotch, Irish and French Acadians who live in harmony and in mutual tolerance and who in striving for their own progress and prosperity create that friendly spirit of emulation so beneficial to our province.

Although we have, figuratively speaking, almost unlimited wealth and richness in our natural resources and material possibilities, yet I do not wish to create the impression that there also could be no limit to our assuming heavy liabilities and financial obligations.

It is to be noted that many of the tangible assets which I have enumerated are not revenue producing, on the contrary many of them are now a real burden attached to the finances of this province; and I am sorry to say that none of them—the relics of past administrations—can be said to be an incentive for the encouragement of public owned and operated enterprises.

To Lighten the Burden.

Having established our assets, measured our liabilities and responsibilities, we must provide legislation to meet them. We must determine what to do. And in that respect the question may be asked, what is your programme. Our programme, generally speaking, and for the present, is, to lighten, as far as possible and as much as the exigencies will permit, the burden of future taxation, rendered inevitable by the administration or mal-administration of previous governments; and with that in view, to eliminate, as far as possible and as much as it is in our power, without creating injustice, all expenses not absolutely necessary for the urgent administration of public affairs.

Economy is Needed.

To refrain from indulging in those engagements or enterprises of which it would seem that past governments had not counted the costs; to refuse to add new service which would be a further demand upon the already overtaxed revenue of this province; and generally to administer the affairs with prudence and economy. To protect our natural resources and to keep them for the full benefit of the people of this province by presenting as far as the law will permit their exportation, thereby forcing capital to locate their works within our boundaries. I believe that as long as governments will permit the exportation of raw materials, so long will our youth in quest of work follow the shipments.

Conferences Invited.

We propose to do more. Our programme is one of reapproachment, or drawing nearer to the government all the different classes that compose our population. We do not wish it said that some classes are more favored than others. The farmers, the laborers, the lumbermen, the merchants, the professional men, the industrialists, all, will be given ample occasion and they are invited to present their cause before this government, or some of its members, to expose their grievances, if any, to make known their wants and the line of conduct of the government will be influenced by the conditions established by these conferences.

The cause of the lumber industry has already been presented, and I have reason to believe that the settlement which the government made was well received by all those who are interested in that industry, and who knew the difficulties thereof. And while I am on this subject, perhaps I may be permitted a few observations. All those who have studied this industry from the viewpoint of resources which it offers to the province and who desire that these resources do not cease have already bothered themselves with this question.

The Public Domain.

The facts are that with the present system of cut, it is feared that the forestry resources of the province are gradually being depleted. I know that it is perhaps extremely difficult to determine to what extent the exploitation of these resources should be permitted, but the main object to consider at present is the important point that the resources of the province which should last us for centuries run the risk of being exhausted.

In the past, I am afraid that we have acted too much as if they were to last forever. Those who have examined the problem closely do not perceive that these resources will disappear as the consequence of the exploitation, or the damages ensued by bud worms and by destructive fires.

It would therefore seem to be the duty of the government as well as of the people of this Province to do everything possible to preserve an asset which in the past has furnished the principal source of revenue.

The Pulpwood Question.

Some enthusiasts are advocating strong measures, and would want the government to prohibit the exportation of pulp wood from privately owned lands. The Federal Parliament alone has the right to pass such legislation; and it may be that the time has not yet arrived to place such restrictions. But I believe that the time is opportune to exercise the necessary care so that the cut and destruction will not be greater than the natural growth.

Some again have advocated the problem of reforestation.

I have to admit that I have not given it a good deal of study but it does seem to me, that, in New Brunswick, the problem may be appreciably solved by the elimination of forest fires

I believe that past experiences will establish that the forest, not molested by fires, has naturally taken care of that end.

My conclusion therefore is, that the province should soon exercise some power of restriction of cut so that at no time it shall be in excess of the power of growth.

Farmers as Benefactors.

A few minutes ago I expressed my appreciation to the farmers and justly so, for if these words of Henri IV are true "que ce lui est un bien fauteur de l'humanité qui fait pousser deux épis de ble ou il n'en poussait qu'un seul," that he is a benefactor to humanity who makes two heads of wheat grow where there was only one, the farmers who last year had nearly doubled the value of their production have been real benefactors. Wishing to encourage them to continue their good work, this government is disposed to give them all the help it can possibly afford, and in that respect you will notice that in the estimates a greater sum than was expended last year is provided. It is to be regretted that there is particularly on the part of the young people of this province a tendency to abandon the farm.

Our greatest avenue of hope is the encouragement and education of our young men for the farm. We need them; we want the farmers; we must have them, to cultivate the soil not only with intelligence, but with perseverance.

A Noble Occupation.

Both governments, the federal and the provincial, should do their share in preparing the future farmers so that they may be agriculturists in the fullest sense of the term. Both governments should multiply their efforts to place within the reach of the farmers the best methods of culture, to attract their attention to excite their interest and to encourage them to adopt such advanced methods. The need is great, it is urgent. There is perhaps nothing so noble as the culture of the land. And here I may perhaps be permitted to cite the words of the late Monseigneur Richard, late of Rogersville, justly designated the apostle of Acadian colonization. And so that I may not detract anything from the beautiful sentiments expressed therein I prefer to cite them in the text: "L'Agriculture qui, la surface, semble ne s'occuper que des intérêts matériels, peut devenir, et devient en effet, un des éléments les plus féconds de la grandeur nationale. La patrie aime l'agriculture. Elle l'aime parcequ'elle nourrit ses enfants, parcequ'elle alimente le commerce qui les unit, et l'industrie qui, sans elle, ne serait que le lit aride d'une source sans eau. L'agriculture, en élevant les richesses des peuples adoucit de leur briois, fait plus qu'augmenter leur bien-être, elle élève leur destinée."

Estimates Explained.

I now come to the estimated receipts and expenditures for the present fiscal year. I may say at the outset that careful and elaborate consideration has been given to them.

The estimated revenue is placed at \$3,705,771, or \$38,161 more than the amount received last year. The expenditure is placed at \$4,362,605 or \$207,875 more than was expended last year on ordinary revenue. The increase over last year in expenditure is on account of the following services:

Vocational Education 34,544
Increase in interest \$353,118
Department of Agriculture 2,624
Education 4,365

Total \$39,551

Some Reductions.

It is to be noted that the two largest increases are on account of interest and vocational education over which this government has no alternative. You will notice that the other services are estimated at less than was expended last year:

Less—
Legislation 1,321
Attorney General 10,616
Lands and Mines 664
Public Works 137,059
Public Health 126
Provincial Secretary 48,848

It is evident therefore that we are unable to balance the budget by the amount of \$666,334. And it is also useless to talk of who is responsible for the situation. You readily understand that unless provisions in the very near future are made for decreased expenditure or increased revenue, that we will be creating in this province a condition which will become disastrous to its best interests. A little decrease or increase here and there will not solve the problem. We cannot go on further adding and still adding to our bonded indebtedness amounts which should be met by ordinary revenues. We are already paying about one third of our ordinary revenues in interest and by keeping on at the old procedure it will soon be, that our total ordinary revenue will be absorbed for interest.

Ex-Premier Quoted.

Hon. Mr. Foster delivering the budget speech in 1922 said (at page 40 of synoptic report) "But we are now at the breaking point, and like all business houses and individuals, the revenue is declining and more sources of revenue must be obtained if we are to maintain our position." And he went on indicating the measures that could be resorted to, to surmount the financial obstacles which stood threatening then and which since have taken greater proportions. But like all those who followed him he submitted to the doctrine of "laissez faire" and their successors are now called upon to cope with a serious situation indeed.

Banks to Pay More.

To increase the revenue this government proposes to increase the tax banks from one thirtieth of one per centum to one tenth of one per centum; to increase the tax upon life insurance companies from two to three per centum; upon life insurance companies from two to three per centum; accident and guarantee companies from two to three per centum. A readjustment will also be made of the amusement fees by which this government expects to receive double the amount of revenue. Legislation will also be introduced to place a tax of three cents per gallon on gasoline

sold in this province; to place a larger proportion of the burden for the maintenance of the provincial hospital upon the municipalities having patients therein.

Problem Not Solved.

And yet the problem is not solved. It is of no use to go half way about it. There must be equilibrium between the revenues and expenditures. The department of Liquor Commissioners which heretofore was giving half a million of revenues by the strict enforcement of the provincial law and the perhaps relaxation of effectiveness on the part of the federal officers caused solely by the increased or high duty on wet goods, will gradually decrease. The liquor export tax which was bringing the province about two hundred thousand yearly has of late years been eliminated, and in one sense I am not complaining about it, so that generally speaking sources of revenue have either been eliminated or decreased in their production and very few, if any, have been added to replace them. The logical and only conclusion is that we cannot possibly go on creating either new or enlarging avenues of expenditures without creating either new or enlarging sources of revenues.

Direct Taxation.

Other means, not being available, this government with reluctance will be forced to introduce an act permitting the levy of a tax upon real, personal and income based upon the valuations for municipal or civic assessment purposes, such we regret it, we are driven to it by the situation.

We have been elected to administer the affairs of this province, to save it from the slope to which it has gradually been sliding, and we will, in obedience to our mandate, seize it with a strong hand and endeavor to place it in a sound position. And after a few years of such administration, if we go to the public disliked because we have had to adopt strong and firm measures, we will at least be conscious of having done our duty, conscious of having saved the province from financial ruin. We are indeed sorry to be driven as a last resource to the course of imposing direct taxation. Although distributed all over the province the percentage will be very small, still it is to be admitted, that taxation however disguised is a loss per se and that it is the duty of any government and a sacred duty to take from the people only what is absolutely necessary to the proper discharge of the public service. The people of this province can count on the government adhering strictly to this rule. It is a fact, however, which reposes on solid foundation, that the taxes are often the only door open to the progress and development of the country; and if a nation would decide that from today that no mode of taxation would be imposed, that nation would condemn itself to a stationary state which would leave it behind in our century of concurrence between nations.

Responsibility Grave.

That is not the spirit with which the fathers of Confederation and notably those of this province entered into the union. They never wanted their province to be a burden to the other provinces, but to be ready at all times to take its share in the building of the Great Dominion of Canada. We have arrived at a time when upon us, the living, there weighs the gravest responsibility. If responsibility is duty, that duty is to preserve the province for our descendants in as good a condition as it was entrusted to us by the generation which is now past. To this end fixity of purpose and strength of will are necessary and I have faith that there will be found in our people, if need should be, that sentiment of national patriotism which sustains the zealous endeavours and makes possible the greatest sacrifices.

Sir, I have the honour to move that you do now leave the Chair and that the House resolve itself into a committee of ways and means.

HON. MR. MICHAUD moved the adjournment of the debate which was made the order of the day for tomorrow.

House adjourned at 5 p. m.

NOVA SCOTIA

MADE A BIG

ISSUE OF BONDS

Halifax, March 24—Nova Scotia will receive exactly \$4,971,150 for the issue of \$5,000,000 4½ per cent coupon debentures in the bid of the Bank of Montreal and associates which was yesterday accepted. With eight principals and their associates bidding for the issue, which was to have been either for 4 or 4½ per cent for either 20, 10, 3 or 2 years, the bid of the Bank of Montreal of 99.423 for 2 year 4½ per cent debentures was accepted.

All the bids received were below par, ranging down for the 20 year 4 per cent debentures to \$7.8599, the first time in several years that Nova Scotia bonds have thus sold, and compared with a similar loan floated last September for \$4,000,000 for 2 years at 4½ per cent, there is a difference of \$6,070 per million in favor of the former loan. The September loan was sold at 100.03, representing a premium on the \$4,000,000 of \$1,200, while the new loan at 99.423 for \$5,000,000 represents a discount of \$23,850. Since the amount to be raised is \$5,000,000 net, it will mean that the new loan will be for approximately \$5,029,600 in order to raise the sum required.

A cynic is one who asks the waiter what name they've given the soup today.