

# HON. MR. RICHARD

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"New Brunswick is to be congratulated upon the improved financial status revealed in a statement issued by the Provincial Treasurer."

Quoting further, in reference to the Public Debt, the Gazette has this to say:

"A good deal of the borrowed money was spent, and is being spent, on the reconstruction of permanent, hard-surfaced roads, these expenditures may validly be regarded as an investment which will return dividends through increased tourist traffic. Visiting travellers last year got some realization of the magnitude of the provincial Government's improved highway program, and when the road-builders' work has been completed according to plans, New Brunswick will be more attractive than ever to the motoring tourist."

## The Net Debt

The total net debt today stands at \$66,433,682.69. It is true that it has been increased considerably during the last two years, but this increase is due to hard-surfacing programme. Compare the increase which was made by the late administration in the years 1929-30, an increase of \$12,021,732.59 for roads, which did not even have the semblance of permanent character.

There has been an item of \$529,299.39 which has been on deposit with Ottawa for many years which has been shown in the Capital Balance Sheet as a Capital Asset. In 1934, it was decided to use this amount for Sinking Fund purposes to meet Sinking Fund requirements for that year, under the Motor Vehicle Law.

The auditors, however, continued to leave this amount as a Capital Asset in the Capital Balance Sheet and also include same in the Sinking Funds which was incorrect for when it was taken from the Capital Assets and placed in Sinking Funds, it should no longer remain as a Capital Asset.

The result is that the Net Debt in 1934 should have been increased by \$529,299.39 which would reflect in each subsequent year. This, however, was not rectified until this year and you will note this amount no longer remains as a Capital Asset in the Capital Balance Sheet, the result being that the Net Debt has been increased by \$529,299.39 this year, whereas it should have been increased in 1934 and reflected each year since.

With the surfacing of the main arteries of the Province we believe that the additional revenues derived from gasoline, motor vehicle fees, etc., will eventually bring enough revenue to pay the debt service charges for this all-important capital expenditure. The wisdom of this policy was recognized by the former administration as early as 1930 when an Act was passed authorizing the expenditure of an initial \$10,000,000, for the construction of hard surfaced roads. Had that policy then been carried out, and that sum properly expended, this Province would be in an enviable position today. Why was this policy not carried out? Instead the late administration

increased our Public Debt, from the time of the passing of that measure to the year 1933, by \$27,234,517.24. This was done by the construction of supposed permanent highways which failed in their purpose, by the acquisition of expensive machinery and the bonding of ever-recurring deficits.

## Sinking Funds

Our friends opposite say that we have not maintained a proper contribution to the Sinking Funds. They were the ones, who in 1932 on account of their orgy of expenditures were forced to reduce the Sinking Funds requirement to one-half of one per cent, and this percentage was continued until they went out of office. We have maintained that percentage and during the last fiscal year we placed to the credit of the Sinking Funds, out of Current Revenue, from where it should be taken, the amount of \$315,593. Compare this with the record of the late administration. They did not contribute one single dollar from the current revenue to the Sinking Funds. This statement may appear as an exaggeration, but figure the deficits from the year 1926 to 1935 inclusive, and these amount to \$4,051,607.56. The total amount contributed to the Sinking Fund during the same period, excluding \$529,299.39, a capital asset on deposit at Ottawa and converted into a current revenue, and you have \$3,979,406.61, that is to say \$72,200.95 less than the amounts they bonded the Province for to cover the accumulated deficits. What is the purpose of the Sinking Funds? It is a reserve accumulated to pay a debt due at a future date and to be used when the eventual day of payment comes. Imagine a farmer trying to discharge in ten years a \$1,000 mortgage on his farm by mortgaging the same farm to a second mortgagee annually in the sum of \$100 to pay the first mortgage? It could be done but the farmer would find at the end of ten years that his farm was still mortgaged for the sum of \$1,000 to Paul instead of Peter. Our friends opposite would want us to increase our contributions to the Sinking Funds—Would they want us to adopt the methods they pursued?

Our first objective, when we came to power, was to balance our budget, to reduce a deficit of \$703,116.84 which we inherited in 1935, and eventually to show a surplus. I was severely criticized last year when I offered an apology for not fulfilling a promise made in 1936 to balance the budget at the end of the fiscal year of 1937. When I made that apology, during the last Session, I was too conservative. The budget was actually balanced in 1937. I hope now that my friends opposite will be good liberals and give us credit for this achievement.

To restore the credit of the Province, our first objective was to balance our budget and this has been accomplished. The first surplus shown since 1929. We shall now consolidate our position and aim towards our second objective, that of amortizing our Public Debt by a more adequate provision to the Sinking Funds.

## Credit of Province

At this stage I should reply to

some of the criticisms made with reference to the credit of the Province. That is the unbiased opinion of others, especially our leading financial publications. Permit me to quote the Monetary Times in a recent issue:

"Much credit is due to the Government of New Brunswick for the financial showing made for the fiscal year ended October 31st last, when a surplus of \$29,090 of ordinary receipts and expenditures was reported, which as stated in a previous issue of the Monetary Times, is an improvement of \$322,819 over the estimate which indicated a deficit of \$293,729."

"The fact of a surplus in the public accounts of a government these days is something that calls for comment, for, while some other Provinces have been able to achieve the same result yet balance budgets for some years have been and still are something to attract attention. New Brunswick's achievement is all the more noteworthy in that it is the first surplus in eight years."

"Not only the people of New Brunswick, but those of other provinces right across Canada, will be glad of the success of this little province down by the sea, which has played such an important part in the history of the Dominion, a part which is not always recognized as it should be. Since taking office the Government has directed its attention to the improvement of the provincial finances and the improvement of the general economic situation. That they are making substantial progress is evident."

This financial publication also has pointed out that the surplus had been achieved after having set aside from ordinary revenue the sum of \$315,593 to be applied towards reduction of public debt; and that the Province had the right to be proud of its achievement.

Let me also quote the New York Sun, one of the leading dailies in the United States, under date of January 17, 1938:

"Province of New Brunswick has maintained an enviable credit record. The Province of New Brunswick, akin to the State of Maine in geographical characteristics and natural resources, has maintained an enviable record even during recent difficult years thanks to the economic stability of the people and the fact that the Province did not participate to as great an extent as the rest of Canada in the expansion of the 1920s."

Let me quote also from the Globe and Mail of Toronto, of January 13th last, speaking of the Government of New Brunswick:

"In the last two years the Government provided old age pensions which alone cost the Province more than half a million dollars a year. It restored free school books, increased assistance to vocational schools, and launched adult learning classes, established a new department to administer federal and municipal relations, set up a fair wage board and vastly extended agricultural services."

"In view of all these increased services, it would appear that praise is due the people of New Brunswick whose taxes have helped the Government to bring about this more desir-

able state of affairs. They are treading the path of financial comeback in splendid fashion. Alberta could do worse than put in a Government pledged to a similar program as that which the Dysart Government sponsored and made good on."

Former New Brunswickers who have left these shores and are scattered throughout the Dominion, reading the home papers and comparing the cry of 'blue ruin' with the opinions of these well known publications must smile to themselves and come to the conclusion that the folks back home have not ceased to play politics, even to the detriment of their native Province.

I have given opinions of others. What are now the facts? Figures are still very impressive. During the period dating from January 15, 1930 to May 15, 1935, the last issue sold by the late administration, the average cost to the Province for their financing amounted to 4.80 per cent; compared with an average cost of 3.41 per cent for the financing done by the present administration.

The administration has also been criticized for having sold bonds privately. On this subject permit me to quote from the Financial Post of October 2nd, 1937:

"A better price can usually be secured through private sale than through sale of an issue to a syndicate for public offering. There is little under-

writing or marketing expense involved where sale is made directly to institutional investors and for this reason the institutions can afford to pay a higher price than a syndicate which undertakes to sell the bonds to the public."

Criticism is also levelled against the administration for having financed in the United States market. This is a revival of the old slogan "No truck nor trade with the Yankees." Now let us look back over a period of years and see how much truck and trade the late administration had in floating loans in the United States currency.

Previous to 1935 there was outstanding an amount of \$25,196,000 floated in United States currency, out of which \$22,896,000 was issued by the Conservative Administration.

Comparisons may also be made of the financing done by other Provinces in the United States. Our sister province of Nova Scotia has total loans outstanding payable in American currency, amounting to \$40,574,000 and taking the distant Province of British Columbia, I find that they have loans outstanding payable in United States currency to the total amount of \$68,713,800.

## Comparative Statements

I submit herewith a statement showing the expenditures in each department, with a comparison of expenditures for the previous year:

STATEMENT SHOWING EXPENDITURES VARIOUS DEPARTMENTS				
Department	1937 Actual	1938 Estimate	Increase	Decrease
Attorney General	\$ 182,238.53	\$ 176,515.00		\$ 5,723.53
Legislation	76,984.86	74,005.00		2,979.86
Executive Council	11,975.14	12,200.00	\$ 224.86	
Boys' Ind. Home	34,683.73	33,000.00		1,683.73
Jordan Mem. San	115,218.78	120,000.00	4,781.22	
Provincial Hospital	306,834.40	311,075.00	4,250.60	
Tuberculosis Aid	83,895.75	100,000.00	16,104.25	
Motor Vehicle Law	1,236,573.84	1,215,653.00		20,920.84
Dept. Agriculture	240,644.18	264,947.00	24,302.82	
Dept. Lands & Mines	425,925.24	404,350.00		21,575.24
N. B. Bureau of Information & Tourist Travel	46,027.67	55,200.00	9,172.33	
Dept. Prov. Sec'y-Treas.	175,458.91	165,952.00		9,506.91
Dept. of Pub. Health	153,355.56	164,868.00	11,512.44	
Dept. of Pub. Works	1,199,575.68	1,166,560.00		33,015.68
Dept. Municipal Affairs	16,409.65	22,600.00	6,190.35	
Dept. of Education	790,071.41	837,843.00	47,771.59	
Old Age Pensions	501,519.44	553,000.00	51,480.56	
PUBLIC DEBT:				
Interest, etc.	2,034,981.58	2,533,056.00	498,074.42	
Sinking Fund	208,028.00	272,778.00	64,750.00	
	7,840,392.35	8,483,802.00	738,615.44	95,405.79
Estimated 1938			\$8,483,802.00	
Actual Expenditures 1937			7,840,392.35	
			643,209.65	
Increase in Expenditure over 1937			\$738,615.44	
Decrease in Expenditure over 1937			95,405.79	
			\$643,209.65	

(Continued on Page Four)



"All right, Mr. Referee, Let's Go!"

"At the end of the second period, with the score 6-5 in favour of Essex Centre, Mr. Picobac realized with a sudden shock that his pipe was empty and cold. He refused it for the final period leisurely, with frequent pauses for post mortems on the course of the game so far.

"Picobac is great stuff at a hockey game," said he, tamping the Burley flakes firmly into the bowl. "It's a steady burner, and a mild . . . cool . . . sweet smoke in the time of stress. But with a score of 6-5 a man's pipe burns under forced draught."

He was searching his inner clothing for a match when the teams came back on the ice. He was still searching when they lined up for the face-off.

"Hey," yelled Mr. Picobac desperately, "somebody give me a match!"

Somebody passed him a box. The delicious fragrance of fresh-lit Burley spread through the air and Mr. Picobac's tension relaxed. His pipe was lit.

"All right, Mr. Referee," he shouted. "Let's go!"



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"It DOES taste good in a pipe!"

**Picobac**

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"There is a magic phrase that stops arguments, ends ill feeling, creates goodwill and turns enemies into friends. 'Here it is: I don't blame you one bit for feeling as you do. If I were you, I should undoubtedly feel just the same!'"



"So try to understand the other person. Try to be sympathetic. Three-fourths of the people you meet are thirsting for sympathy. 'Give it to them. Give it to all of them—even to the most bigoted, unreasoning and antagonistic among them. 'Love your enemies!'"



"An answer like that will soften the bitterest critic. There is only one condition. You must be sincere when you say it. And you should be—because it is perfectly true. You really would feel that way if you were the other person. You couldn't help yourself. Heredity and environment would dictate your feelings."



"What a pleasant place this old world will become when we all learn that simple lesson! 'So remember, put yourself in the other person's place . . . show sympathy and understanding—and watch the magic work!'"

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