

HON. J. A. McDONALD REVIEWS YEAR'S WORK

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only one. And that is not from the standpoint of the Government. It is unfortunate perhaps that some of the contractors lost money. We could not help that; they made their own prices and they lost money. We did not like to see them lose, but of course we were taking every precaution to see that they did not make too much. We succeeded only too well in some cases. None of the contractors made a decent profit, and some of them, as I said, did not make anything. That accounts for the reduced cost of the work. It shows the difference in the method we have adopted to that of our predecessors in giving the contracts and in looking after the work.

Extensive Bridge Repairs

To take the situation in a general way it is true, absolutely, that when we started in last Spring to take hold of the work that was before the Department we found many things of which we had known nothing before, especially with regard to bridges. We had to deal with these in the best way we could. Bridges had been kept up very largely by a system of patching for a number of years. Last evening we heard the member from O'Leary (Mr. Dennis) read a list of the bridges that had been rebuilt in his district after the Bell Government came into power. I have a very clear recollection of one bridge he mentioned, which was one of the first problems in Public Works that I had to attend to in Prince County after this Government assumed office. The McDonald bridge, which he referred to last night as being rebuilt by the Bell Government, was fenced off when I got there. It was a total and complete wreck. It could not be used. It was a little better before the big October storm of 1923. After the storm neither the fence nor anything else was left and we had to rebuild the bridge entirely. I would like the hon. gentleman from O'Leary to explain how any bridge rebuilt in 1924 could be a complete wreck in 1925. If it were, it was certainly something wrong with their method of rebuilding. (Applause.)

According to the policy laid down by the present Premier when going through the country, we felt that we should undertake a larger proportion of permanent work in connection with whatever highway improvement we would put on. In doing that we considered the very best way of expending the money available, and of developing that policy and giving the Province something that would last long after the period when the bonds given in connection with the work had been paid off. We decided that we would put concrete and steel bridges throughout the country, and a great deal of last year's expenditures ran into this steel and concrete bridge work which will last longer than any of us, and which the bonds are paid off. One of the largest of these was the South West Bridge. You gentlemen who have read the Public Works report can see what that bridge looked like after the storm of 1923; there is a photographic cut of it in the report, and also a cut of what it looks like today. The new structure is a splendid one, and a credit to the Province. It is over 1,000 feet long, with 300 feet of steel and concrete spans on creso-croated piles. It was a very heavy job. To give you some idea of how we had to put down these piles, I may say that some of them were driven 64 feet into the mud. It cost a good deal of money, but it is there to stay.

A number of very heavy bridges of this type were built. It is expensive work, as I said, but we will not have to worry about them for another generation at least, and the money was well invested. God's Bridge, in Lot 6, was of a similar character. This bridge is nearly 900 feet in length with 140 feet of steel and concrete spans. Hawkins Bridge near Alberton is another of these heavy structures with 100 feet of steel and concrete spans, and McDonald's Bridge, in

Lot 11, to which the member for O'Leary referred last night, was replaced with 25 feet of steel span-work and creso-croated piles with concrete tops. There are quite a number of other very large bridges. They are all referred to fully in the Public Works Report, and consequently I need not dwell on them here. In this way, we spent a much larger proportion of highway improvement money on permanent works than usual.

That is our policy all the way through. We purpose to do practically all permanent work with a very small proportion of clay work, and the clay work which we purpose to do will of itself be of a permanent character, because it will be wholly grading and building up of the low places, with very little of the surface type of work which our predecessors have done chiefly, and which can be done more cheaply and efficiently with the road machines.

How the Finances Stand

The finances have been very well dealt with already. They have been gone into carefully and discussed very fully by various members, and varying amounts as to the Public Accounts. The liability today is increasing, of course, but the total increase is on account of highway improvement, and it amounts, as I figure it, to about \$220,000, which is about as close as I can get to the matter. I figure it up in this way: First of all there is an apparent deficit including capital account, of \$25,561. As against that there is a reduction of ordinary debt, through the Sinking Funds, of \$26,450; so that the reduction of debt through the Sinking Funds more than balances the apparent deficit and would leave the net position of the Province on ordinary account about \$1,000 better than it was a year ago. Neither the Leader of the Opposition, nor anyone else, can get away from that statement, because it is shown in the Public Accounts, and any person of reasonable intelligence can understand it.

We may, then, leave Ordinary Account aside in figuring up our liabilities. Now what do we find? We find that on Highway improvement we expended \$382,534, on account of which Ottawa pays \$145,466, leaving the Province to pay \$237,068. That is all the liability; that is all there is. It is the only place where an increase in liability comes in, and that is reduced by \$16,242 from the automobile license fees, which amount was not necessary in connection with the sinking fund and interest. We all know that the automobile improvement work and cannot be touched for anything else. Whatever was not required for interest and sinking fund purposes was used to reduce that liability, leaving a total increased liability on highway improvement of \$220,826. I do not think there is any other way of figuring that correctly. This might look like a very considerable sum in which to increase the liabilities in one year, but as you will see by the Auditor's Report, we still have over \$16,000 of automobile license fees, after taking care of all borrowed money, paying all interest and all sinking funds in connection with highway debentures. So that we may reasonably feel safe in assuming that the auto license fees will continue to take care of all the borrowings on this account, and still leave a balance to the good.

How Some Surpluses are Made...

Talking about finances reminds me that we are still hearing about the so-called surpluses of the Bell Government. It is one of the easiest things in the world to show a surplus on paper. It is always possible in whatever condition the finances are, because there are so many ways of arriving at it. Those gentlemen appeared to have had no ambition, and that was to show a surplus. They didn't seem to care how they did it. Neglecting to pay the teachers their salaries on the 31st of December, and carrying the account over into the next year,—that was one of their methods. Leaving a lot of bills unpaid was another—bills hanging over for three or four years, as we found when we came in. They adopted another most ingenious method for some of their surpluses, as I will explain. In the year 1921 they bought a big ship load of creso-croated piles which they charged up to Capital Account—\$22,766.13. That did not appear in the Expenditures at all. Then, in that same year they sold \$5,412 of them to the Dominion Government. They did not credit that back to Capital Account, but put it into ordinary revenue, and by putting \$6,412 into ordinary revenue they got a surplus that year of \$2,030! (Laughter.)

That was too good a scheme to drop. It had worked out so well, and had given them a surplus so easily, that they decided to continue it. In 1922 they sold \$6,439.50 worth of creso-croated piles out of that big supply, and by doing so and placing the proceeds in ordinary revenue they again got a surplus, this time of \$5,977. In 1921

you see, over and above the amount their surplus, they received \$4,382.50, and in 1922, \$462.50 which did not appear in the Capital Account at all and while these sums were taken from Capital Account material, not a cent was ever credited back. They boast about their surpluses! But let us be fair about these things. Let us, as was done this past year on Dec. 31st, give out to the public an honest, straightforward statement! If we have a deficit, let us be frank about it, and let us not endeavor to make intelligent people believe that we are doing something which we have not done at all. (Applause.) The people have a right to fair play in this matter. They have a right to a full, open statement of the public accounts, and when anybody of men attempt such methods as these gentlemen adopted for the purpose of creating paper surpluses, and then going to the country and asking to be returned to power on that account, they are certainly not dealing fairly with the people. (Applause.)

Tax Arrears.

There are so many matters to deal with that it is rather difficult to pick and choose which are the more important. I would like to refer to the statement of the Leader of the Opposition regarding the amount of taxes collected and carried over, as he put it, in 1923. First of all, the phrase "collected and carried over" is not a fair way of stating the case. It is true that some 1923 taxes were collected after the end of the year, and it is quite possible that part of these may have been in the collectors' hands before the end of the year. But when you say "collected and carried over" the inference would be that this Government collected the taxes and deliberately carried over the money until next year for the purpose of making a showing against the late Government. No such attempt was made; no such policy was adopted; no such practice was carried out. In the ordinary course there will always be a certain amount of taxes not in the collectors' hands at the end of the year, on the 31st of December. Usually a few days are allowed before the books are closed in order to get them in. Exactly the same practice was followed in the fall of 1923 as in previous year, and I might remark that it was under the same officials. The man whom the Bell Government appointed as their chief tax officer was retained in office by the present Government. Does my hon. friend say for a moment that the Provincial Treasurer ever made any suggestion to this man that he should not do his best to collect the taxes? The whole object of the Government that fall, as it always will be, was to get the taxes collected and to get them collected at the proper time. For that purpose we kept on their own official who was a supporter of the Bell Government and who would have no object in the world in allowing the taxes to remain uncollected, or to hold them over if they were collected. I am quite sure no such attempt was ever made by Mr. Rogers, who remained in office until the year's work was completed.

The amount of \$25,000 is not extraordinary, because you will find years when there were larger amounts carried over. For the year 1919 the Bell Government actually collected, in 1920, \$40,000 of Income Tax alone. And yet the Leader of the Opposition complains because \$25,000 was collected by this Government after the end of 1923. Of course, these gentlemen like to talk about Taxes. Taxation is a child of theirs. It always has been. They conceived the Land Tax Act, away back in the year 1893, when this Province was tax free. They kept adding to it ever since under different Liberal governments. It is a strange thing, Mr. Speaker, when you look at the records, to find this, that never in the history of the Province has any tax been imposed or increased except under a Liberal Government. You may search the records of the Conservative party during all the years they have been in office and you will find their policy has always been: "Abolish taxes, and practice Economy." (Applause.)

MR. DENNIS: Who passed the House of Lords Act? HON. MR. McDONALD: That was going rather far afield! I am endeavoring to show the difference between a party that is always regarded to the necessity of putting on taxes and to a party practicing habitually the strictest economy in order to get along with the amount of money available, without further taxation. They talk about extravagance! After they put on this enormous taxation in 1920, and after they received the large amounts of money in return, they hardly knew at first what to do with it. Extravagance was rampant, especially in connection with highways improvement, as the Accounts show.

They were the Apostles of Taxation; but there is one strange thing about their attitude all the way through—how they totally disregarded and still disregard what the people say or how the people vote on this matter. They do not yet seem to realize that the people told them very plainly in 1923 that they condemned their methods, and their taxation scheme particularly. It is strange that even after the election of 1923 and up to the present time, my hon. friends have not realized what the will of the people is in regard to the Bell Government. They still fly in the faces of the people with their statement that the Bell government was the best government that ever existed, notwithstanding the fact that they were told as plainly as bullets could tell them, that the people were sick and tired of the Bell Government; that it was a poor, makeshift of a government. That was why they kicked it out! Yet these men get up on the floor of the House, one after the other, and continue to talk about what great things the Bell Government did! It is a strange thing. I cannot understand how they do not yet realize the will of the people as

expressed at the polls in July, 1923. (Applause.)

The Sinking Funds

I would like to answer the statement of the Leader of the Opposition regarding Sinking Funds and the practice of putting in Deposit Receipts. It has been dealt with already, but a little further explanation will do no harm. He claims that this was the practice of previous Governments and he gave figures, the other night, to show that \$70,000 had been handled in this way by previous Governments. Even his own figures show how unfair he was, because he tried to give the impression that the Conservatives had at some time put \$70,000 of deposit slips into the Sinking Fund. The largest amount in any single year ever treated in that way in the past, according to his own figures, was \$14,000; and he did not tell us that before the next year was over, that amount was probably down to \$1,000. That was simply a matter of economy and convenience at the time, and had no relation whatever to the system practiced by the Bell Government. Previously it was a simple matter of convenience. The bond market, at the time, might not be just right, or for some other reason it might not be advisable to buy bonds at a particular time, and a deposit receipt might be given to carry over the interest for a temporary period. But to make a practice of such a thing, to have \$148,000 in deposit slips, in that way, in one year, is an entirely different matter; and I just wish to repeat that it was not a practice in previous years except as a temporary expedient, and that these deposits were always replaced by bonds later on. But with these people it became a matter of practice, of business; they took bonds out of the sinking fund in large amounts, replacing them with I. O. U.'s. When the Leader of the Opposition tries to make it appear that the Arsenal Government, or the Matheson Government, adopted this practice, he is not fair; that is all I have to say about it.

In regard to the small amount referred to, at the present time, everyone understands that there are occasional reactions in the bond market. A deposit receipt of \$200 is put in, temporarily, as a matter of convenience. It will be replaced with bonds whenever suitable bonds can be purchased, or whenever the amount is sufficient to make it worth purchasing bonds for.

Gasoline Tax

Another matter which has come under discussion, and upon which I wish to say a few words, is the Gasoline Tax. Of course, anything the Government does will be subjected to more or less criticism from the Opposition. I considered the Gasoline Tax last year, when the bill was before the House, it was fully and fairly discussed. We thought we had arrived at a fair and equitable measure, and it has worked out very well indeed. There is no fairer road tax possible than a gasoline tax. It is metred and measured in the man who uses the road. You might regard it in the same way as your electric light bill, or any bill upon which you pay for the service you receive. The whole object of the tax was to repair the damage done to the roads by automobiles.

Last night, the member from O'Leary (Mr. Dennis) claimed that the farmers' cars should be exempted. But the farmers' cars and trucks rip up the roads just the same as the same type owned by somebody else; and there are a good many farmers' cars throughout the country. Even if it were desirable to exempt them it would be practically impossible to do so. The member from O'Leary also pleads for a reduction of license fees to these men; but he should remember that the Bell Government exempted by himself, and passed a statute which is the law of this Province, providing that those auto license fees shall be earmarked, set aside, for a special purpose. They cannot be touched because they form a security for the bondholders who bought highway improvement debentures in this Province.

As to the working out of the Gasoline Tax, I noticed a letter in one of the papers a day or two ago, in which a man claims that he had a right to exempt himself because he was a lobster packer. The Act specifically provides that only bona fide fishermen or farmers, actually using gasoline in the course of their work, are entitled to claim the rebate. The Act is very clear in that regard, and it is an impossibility for any officials of the Department to do anything but carry out the law as it stands. Fishermen, in order to take advantage of the rebate, must obey the law; and if they do not buy their gasoline directly, or do not pay for it, somebody else is not entitled to that rebate. Without the law as it stands is right or not I am not going to say; but it is there, and those are the conditions. I merely mention the fact because this letter has appeared in the Press a few days ago, and might give rise to some misunderstanding.

Prohibition.

Just one word about this Prohibition matter. It is an unfortunate thing that liquor is being drunk in this Province. We want all the better ways to cure this except for medicinal purposes. But that is theory; and we must deal with the conditions. And we find the condition is that liquor is being drunk. It is supplied from various sources. I regard the home brewing as one of the greatest menaces to the body of the worst curses this Province has to deal with today. I believe it is even worse than the bootleg traffic, because generally speaking the bootlegger does not supply young boys or persons who are not in the habit of using liquor. He does not usually start somebody on the drinking road, but the home-brewer does. It is a most unfortunate condition, that in many sections of the Province whole settlements are being debauched by this practice of making moonshine

Concluding Remarks.

Continuing the debate at the evening session, Hon. Mr. McDonald took up the question of supplying crushed lime. He pointed out that the operation of the plant at Milmegash and the hauling of the lime eleven miles to the nearest railway line, would cost at least as much as the crushed stone and



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and drinking it. Young fellows, who perhaps would never get the idea of going to an open bar, at any rate for years to come, until they had become men, are now being brought in touch with this temptation, sometimes on their own farms, or in their neighbors' homes, and are starting to drink, as a result.

I have this to say about the Prohibition Commission, that they have adopted a business-like policy, and they have made it pay. They have made a saving on operation expenses alone of about \$13,000, and in other ways have had reduced expenditures. It is not the extraordinary amount of liquor sold, but the business-like method of handling it, that has proved profitable.

It is evident that some people are going to drink liquor, wherever they get it. There are people, too, who think the Government should not make any profit on the sale of liquor. That is the attitude adopted now by the members in Opposition. They would prefer to let liquor go to the bootlegger for their liquor. That seems to be the attitude that their Commission adopted during the past few years. It is a curious thing, that they are keen to stop the Government supplying good, decent liquor, and quite indifferent to the fact that this would allow the bootlegger to distribute a lot more of his stuff and make a lot more profit.

Concluding the debate at the evening session, Hon. Mr. McDonald took up the question of supplying crushed lime. He pointed out that the operation of the plant at Milmegash and the hauling of the lime eleven miles to the nearest railway line, would cost at least as much as the crushed stone and

profits. They disregarded the fact that the market was advancing, and that the dealer sold his stuff at the railway station, which he had to do, because he was paying cash, and could not afford to take chances.

But these things always have a reaction. The following fall the dealers were paying 75 cents for potatoes. The farmers would not, I remember what they were saying: "You people are making too much money." They started and shipped a great many cars of potatoes from their own sections, but when they got their returns, 36 cents a bushel was the highest price they could get. The transaction had worked out the opposite way, the market was dropping! The dealer, on the other hand, had his stuff sold before it left the station, it was the farmers who lost.

This merely goes to show that we have a place in the business world for the dealer as well as for the grower and for the co-operative marketer. Co-operation is a good thing, but I feel the force of the statements expressed by the lawyer profession and to a certain extent by the doctors, that perhaps the dealers and merchants generally are not supported any better than they should be. First of all, the merchant and dealer pays a very large proportion of some of the taxes, the income and personal property tax, for instance. Cut out the dealer entirely and you are cutting out nearly all the revenue accruing from that source of taxation. It is wise to remember the fact that in many ways the dealer is handicapped where the farmer is not, as he has to stand all losses on shipments, while the loss on a co-operative shipment is borne by a large number of people.

And now, Mr. Speaker, as the debate has lasted a considerable time, and as it is desirable that we should get through as rapidly as possible, I will not take up any more of the time of this House. (Loud applause.)

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