WHERE IS THE ECONOMY OF NEW ADMINISTRATION ASKS HON. MR. BAXTER IN REPLY TO BUDGET SPEECH

FORMER ATTORNEY GENERAL EXPOSES THE FALLACIOUS FINANCIAL STATEMENT MADE BY THE CARTER-FOSTER GOVERNMENT

New Administration Will Have Upwards of Three Quarters of a Million Dollars Revenue to Expend During their Portion of Current Year—Receipts Fall Short of Late Government's Expenditures Last Year by Only $4,000, Yet Carterites Predict Deficit of $148,000 — "Continue Your Investigations, the Farther You Go the Greater Financial Integrity of Late Government Will Be Established," Says Hon. Mr. Baxter — Challenges Government Members to Point to One Single Item in Public Debt Under Late Government that is Not Justifiable—Scathingly Criticizes Liberal Members for Putting Party Before Country on Transcontinental Railway Issue —Vigorously Defends Former Administration's Conduct of Affairs—No Carnival of Graft as Existed Under the Discredited Government that Went Out in 1908—Points the Way to New Administration to Increase Revenues by Advancing Stumpage Rates—The Alleged Over-Expenditure "Bomb" Exploded.

(Continued from page 1)

Praises Mr. Robinson.

Hon. Mr. Baxter in opening expressed his appreciation of the address of Hon. Mr. Robinson, which he said was clear in expression and moderate in tone. It was not to be expected that the opposition would concur with the whole of the presentation of his honorable friend.

It contained many things that it was necessary to discuss and it was his duty to put before the house and through the house to the people of the country the views of the opposition with regard to some of the important questions involved. He thought he could assure the house and country that there was ample justification for every action of the late government and that investigation of conditions would find that the finances of the province had not suffered nor were the accounts imperfectly kept under the government which recently went out of office.

His honorable friend had taken his text from the sessional debates. He thought that the text of his honorable friend "that the ordinary expenditure of the province should be kept within the ordinary revenue" was quite appropriate for his monetary sermon. Before his honorable friend had concluded his address however he managed to present estimates of the current revenues, practically as great as any previous year in the history of the province, but a table of estimated expenditures which could not be kept within the amount of the estimated revenues.

No Explanation Given.

He desired to direct the attention of the house to a statement of the ordinary receipts and expenditures from the close of the last fiscal year until May 10th last. That statement had been published in the press as a mass of figures without explanation but not without comment. In fact to judge from the newspaper reports one would say that persons with the least knowledge considered themselves the best commentators.

That statement places the ordinary receipts to May 10 at the amount of $512,860.28 and the ordinary expenditures up to that time at $769,597.59, an alleged deficit of $256,737.31. From that supposed statement the deduction had been drawn by such persons as he had referred to who thought that it would advance the political cause they espoused that the administration under the old government had been bad, that they had spent more in proportion to their revenues. In fact that they had depleted the revenues for the year to such an extent as to make it impossible for the new administration to properly conduct the affairs of the province.

Case Fallacious.

But examination showed that their case was fallacious, abundantly fallacious, obviously fallacious, and that their criticisms were such as could only come from the pen of ignorance or the hand of misrepresentation. He desired to point out that the 10th of May did not exhaust the financial year of the province. There were other receipts to come in. The province had yet to receive one-half of the Dominion subsidy which would amount to $318,988.08. Again the province had only collected the sum of $70,000 in territorial revenue on ordinary account. His honorable friend had laid estimates on the table to the amount of $540,000 as the total anticipated revenuerevenue from this source for the full year which must of necessity mean that there is still $470,000 to come into the provincial treasury from that source. The province also had not as yet received the fees from railway taxation. The house had been informed that the railway tax was not to be changed and he was prepared to accept the government's estimate of this tax which amounted to $53,000 which amount was not payable until a later date.

Incorporated Companies.

The government had estimated the taxes on incorporated companies for the year at $65,000 and as yet only $6,155.22 had been received from this source, leaving a balance of $58,844.78 to come into the treasury. The fees from the provincial secretary's office had been estimated at $20,500 of which amount $8,939.72 was still to be paid. From succession duties the government expected to receive $50,000 and only $13,400 had already come in, leaving a balance to be paid to the amount of $36,600. From motor vehicles the government estimated the receipts at $55,000 of which amount $33,465 was yet to be reecived.

From these leading sources alone the revenue yet to come into the treasury amounted to $980,528.58 and taking the total estimated revenue of $1,564,365.15 and deducting therefrom the revenue of $512,860.28 already received hon. gentlemen would find that there remained the sum of $1,051,504.87 yet to be paid in to the province. If the former government had spent $700,000 in round figures of the total revenue of one million and a half of dollars for the year his honorable friends of the government would have the opportunity of expending upwards of three quarters of the million dollars from May 10 until the close of the fiscal year on October 31 next.. It was idle therefore to have statements published and commented upon with a desire to convince the people that the old government had been reckless in their expenditures and had left the finances in such a state that the new administration would be unable to maintain the public services of the country.

Spoke for Themselves.

He wanted to say that the items which went to make up the expenditures of $700,000 from the close of the last fiscal year under the old government spoke for themselves. The expenditures in connection with the administration of justice, for agriculture and for the auditor general's office were about normal while the same was true with the expenses in connection with the executive government and education, while the expenditure on account of contingent account under the former government from the close of the fiscal year had been in proportion to the increasing demands. The expenditures in connection with the public works department might be an exception to the rule but no one could claim that they were in excess of the amount of work required though they might form very little more than the normal amount.

The expenditures in connection with the provincial hospital, for school books and for stumpage collections were also proportionate while the interest charges under the old government for the half year were placed at $194,000 half of the years estimated interest.

In view of these facts he felt satisfied that honorable members would feel that there was not disposition on the part of the late administration to pour out the money so that the new government would not enjoy it. The former administration did not think that the province would have a new government and therefore there could be no possible motive in spending the revenues lavishly as had been charged.

His honorable friend had informed the house that the government had brought in representatives of the firm of Price, Waterhouse and Company to make an independent of the finances of the province.

"I am very glad that my hon. friends have brought in auditors to report on the finances of the province," said Hon. Mr. Baxter.

Finances in Excellent Shape.

"If the circumstances were otherwise I would not be able to express myself in that way. But when we know as we do that we left the finances of the province in such an excellent condition and that there was no transaction during the years of the late government and its predecessors in political harmony with it that can cast a personal reflection on any member of the opposition I say we welcome the auditors' investigations. Their report will demonstrate the falsity of the canvasses of the irresponsible newspapers and irresponsible men against the late government. I do not say that there are possibly not some items the propriety of judgment of which might be questioned. That will happen in the case of my honorable friends of the government as well as we may reasonably differ on that score, but what I speak of is the integrity of the late government, and I say the further the auditors go the further financial integrity of the late government will be shown."

When referring to the matter of audits, Hon. Mr. Baxter said that he might invite the attention of his honorable friend to other audits of the finances of the province. He might ask him to go back to the dying days of a former government in 1908 when the mantel of power and oppressive duties of office had been cast upon his shoulders when other tried to escape the odium. They had cast a burden on his honorable friend's shoulders which was not fairly cast. He wanted to say to the house that he regarded his honorable friend as a man of high principle and high character and he would be sorry if anything should fall from him to the contrary. But he (Robinson) had not been fairly treated on that occasion. There was evident in the Crown Land Department something for which he (Robinson) was not personally responsible but a state of affairs created by others who had been associated with his honorable friend. When the government of which he (Baxter) was a member went from office there was no member of the ministry who had to send back to the province a letter back dated but the true date of which was disclosed on the envelope refunding therein monies improperly taken out of the chest of the province. Almost from the day that Hon Mr. Hazen had gone into power such a course was rendered impossible by reason of the provisions of the splendid audit act which his honorable friend (Robinson) did not seem to understand or if he did seemed to seek to condemn.

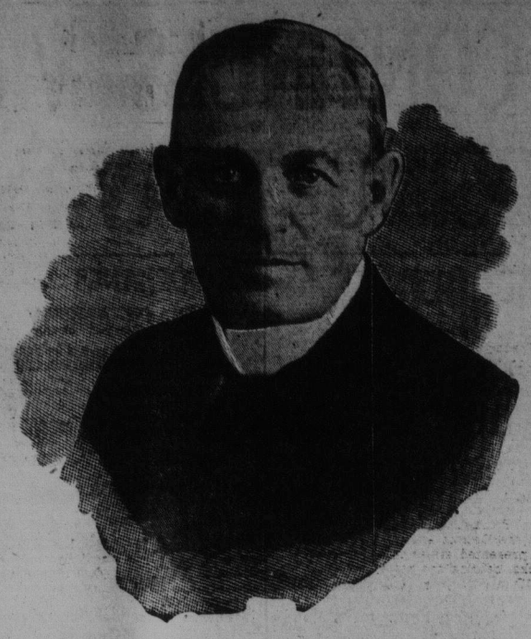
Their Own System.

His honorable friends had quoted figures prepared by a set of highly trained specialists who in finances, as was true of specialists in other lines had a scorn for any system of business that was not their own production. He knew the various firms and he was satisfied that the province could not call in two firms who could agree on the technical questions. It was only natural therefore that the system of these accountants should differ from that pursued by the auditor general. But he wanted to state to the house that under the former government the province had been given a plain open and clear statement of just exactly how the finances of the province stood. There was nothing to conceal. The supporters of the party opposed to the former government had every access to the financial documents of the province. The management of the finances under the former government had been in the hands of one of the ablest provincial secretaries who ever sat in this house, a man with infinitely more knowledge and with infinitely more wealth of expression than he.

His former colleague had rendered the province excellent service and one thing was certain that when the late government went out of office they had spared the province the spectacle of a lieutenant governor being asked to make restitution to the provincial treasury of large sums of money which he had improperly taken while a member of the government, the interest on which amounts he had not yet paid into the provincial chest. He hoped that his honorable friends opposite by the exercise of political sympathy would be able to induce that man to pay the interest, which in morals, if not in law, he ought to pay back to the people of the province.

Wonderful Debt.

His honorable friend had made the debt increase in a wonderful way. He had watched him build it block by block and he wondered if he would ever reach the pinnacle. He also wondered in view of his honorable friend's amazing figures whether the province would be able to induce financiers to loan them money in the future. At any rate his hon. friend had figured the debt to amount to $20,663,960.86. In making up that amount he had taken the provincial debentures which had been issued to the amount of $9,100,646.66 and he wanted to call his hon. friend's attention to the fact that there were several places in the accounts where he could have received his information. He (Robinson) had also taken the amount of $8,412.50 advanced from the consolidated revenue, as well as the amount of $1,700,000, the provincial debentures for the construction of the St. John Valley Railway, which amount his hon. friend had stated in his speech had been concealed. He would point out to his hon. friend that this indebtedness was clearly exhibited on page A 49 of the provincial accounts, which he thought were in proper shape and would clearly afford any man the knowledge of what was the public debt of the province. To these items his honorable friend had added the guaranteed bonds of the Valley Railway to the amount of $4,250,000 as well as a contingent liability by guarantees to the amount of $2,013,000, making a total for the items he had mentioned of $17,072,059.16. But his hon. friend had gone further and had added the estimated increase in debt to provide for the construction of the valley railway to the amount of $1,000,000 and in this connection he thought that for the exhibition of the amount of debt it would be reasonable to figure only that existing at the present time.



HON. J. B. M. BAXTER.

Many Additions.

He (Baxter) might estimate the debt for some years in advance and it would approach a very considerable sum if the present administration continued at the pace it had commenced. Not content with adding the estimated debt for the completion of the Valley Railway his hon. friend had also added the amount of $500,000 for permanent bridges already contracted for, as well as $763,321.73, the amount of the estimated defict on ordinary account. If his (Baxter's) addition was correct, taking his hon. friend's own figures, the total debt would reach $19,335,380.89, but his hon. friend claimed that it amounted to $20,663,960.86, a difference of about $1,300,000.

He did not exactly know how his hon. friend had brought the amount up to the larger figures. However the best conclusion he could come to was that he (Robinson) had fallen into the unfortunate difficulty with regard to the bonds already issued for the Valley Railway, that he put the amount in the statement once thinking it ought to have been there and a second time to make sure that they would be there.

Liabilities Removed.

Hon. Mr. Baxter then referred to the fact that his hon. friend had kept in the accounts of the guaranteed securities the amount of $896,000 in respect to the International Railway. That was a liability which had been undertaken by the predecessors of the former government, but he was pleased to know that the province was now clear of this undertaking as arrangements had been consummated by which these bonds are taken up. In view of the arrangements which had been made for relieving the province of this liability, why should his honorable friend now calculate it as part of the public debt? The removal of this liability would take nearly $1,000,000 off the amount of debt as compiled by his honorable friend. The contingent liability in connection with the New Brunswick Cold Storage Company he (Baxter) also viewed as very remote. This liability had been originally created by reason of the bonds guaranteed by his hon. friend's (Robinson's) predecessors and he believed that a portion of the bonds had been guaranteed by an order in council of the government of which his honorable friend (Robinson) was the leader. That undertaking of the predecessors of the late government had been carried out by Hon. Mr. Hazen when he assumed the reins of power when that gentleman had found that he could not without the violation of the fundamental principles of government handed down by the highest authorities refuse to carry out the lawful undertakings of his predecessors in office. He (Baxter) had occasion to look into the law very carefully when the matter of carrying out the previous government's obligations with respect to the cold storage had occupied the attention of the Hazen government and he had found that the law was clear that the government was bound by the acts of its predecessors, provided they had been entered into without fraud or unfair dealing He was satisfied that there had been no fraud or unfair dealing in connection with the action of predecessors of late government in undertaking the obligation with respect to the cold storage company and the Hazen government had carried out its predecessors' obligations in this connection, although they deemed it unwise to do so from the standpoint of the interests of the people of the province. And so it would have been unwise had not the Canadian Pacific Railway Company with its recognized business methods put new life into what was a failing institution and had made it a paying concern.

Violated Recognized Principle.

But what did honorable member find today with respect to the administration being bound by the acts and engagements of its predecessors entered into without fraud or unfair dealing. Although the late government had entered into a contract with a responsible contractor for the erection of the Perry Point Bridge and although the order in council had the full sanction of His Honor the Lieutenant Governor and had been made in the utmost good faith and without fraud, the new government had ruthlessly violated the sound principle he had stated to the house. Even before his honorable friend the leader of the government had been sworn in and before he had been able to find the gentlemen who would act with him in conducting the affairs of the province, he had written hasty instructions to the contractor that his contract was to be considered annulled. "I say that if the Perry Point bridge contract had gone on, it would have added to the debt of the province, but it would have been a most proper debt, as the bridge would have provided the people with the facilities that they honestly deserve. The fulfillment of the contract would have been the only proper course to have pursued and while I do not attribute the cancellation of the contract to political reasons or partisan reason, I say the work was not proceeded with as it should have been because the government was sadly in ignorance of this important principle which should have guided their decision in the matter," said Hon. Mr. Baxter.

The Increase in Debt.

His honorable friend had pointed out that the increase in the public debt from October 31, 1908, to 1917 under the late government amounted to $3,274,527.17 and he told the house that this increase was made up of $2,107,165.17 to cover the cost of permanent bridges as well as $416,588.63 on account of the new bridge across the reversible falls at St. John. That represented the amount of approximately $2,500,00 out of $3,270,000 which went directly to defray the cost of permanent structures throughout the province, leaving approximately $750,000 to be accounted for in other directions.

It would be noted that much more than two thirds of the expenditure went into permanent structures, and he would ask the people of the province to judge whether or not these structures were needed. He would also ask the members of the new administration if they would say that the policy of the old government in building these structures was unwise. If they took that stand how could they justify the bond issues for permanent work already passed by the house?

Needed Public Services.

He trusted that the new government would go on and would give to the people of New Brunswick these much needed public services. Permanent bridges were preferable in some cases to the doubtful expediency of ferries which would not be running during a considerable part of the year.

"Aside from the increase in the debt to provide for the construction of the necessary permanent bridges let us see what are the other items in the increase under the late government," said Hon. Mr. Baxter. The $212,000 in connection with the New Brunswick Cold Storage Company, which his honorable friend had included in the debt as having been made under the late administration was a direct result of the legislation of the predecessors of the late government. No one for a moment would contend that the late administration was in any way liable for that increase. The same was true of the increase of $175,000 for the subsidy for the International Railway—one of the many legacies of the old government which had to be paid after the Hazen administration had come into power. There was also the item of $15,000 for wharves and grain elevator at St. John for which the late administration was in no way directly or indirectly responsible. The creation of this obligation resulted from the policy inaugurated about 1892. What had the province to show for it in the shape of a tangible asset? The province could claim that it had given assistance to a worthy undertaking. The matter of having assistance given to the elevator at St. John was one of the early acts in which he (Baxter) had taken part, because he felt in common with many others that the future of the port of St. John depended to a great extent on the amount of assistance that could be secured. But how was the payment carried out. The government of Hon. Mr. Blair had not engaged to get any right title or interest in the structures. Their course had been similar to one's action in giving a man money to build a house and then neglecting to taken security for the loan in the shape of a mortgage. But what did the government do in order to give the financial assistance to the erection of the structures? From the time of Mr. Blair they had issued bonds. It was not good business methods when there was no asset to show for the expenditure. He thought that the amount should be paid out of the ordinary revenues of the province and that it should not be made a part of the permanent debt of the province.

The remaining items of the increase in the debt under the late government were: Jordan Memorial Sanitarium, $31,000; Bishop Scote property, $12,000; Normal School annex, $66,998.25; Farm settlement Board, $150,000; the Imperial government and Belgian Relief Fund, $120,041.86 and discount on bond issues, $61,301. He would ask the house fairly if all the capital expenditures directly or indirectly attributable to the late government were not absolutely justified? If hon. members thought they were not he would be glad to have the items pointed out.

Back in 1908.

Mr. Robinson Was Wise.

His hon. friend in computing the increase in the debt had shown fairness in commencing on October 31, 1908, in view of the fact that the late administration was only in power for a portion of the fiscal year which closed at that time. But he also showed considerable wisdom in starting at that date because if he went farther back he would find that earlier in 1908 the Hazen government was forced to bond the province to the amount of $215,781.40 for deficits on current account under its predecessors as well as to the amount of $13,388.02 to cover the deficit in connection with the surveyor general's department. Only two years previous to that the old government had provided for the over-expenditure on Provincial Hospital account to the amount of $22,502.31 and for over-expenditure on public works to the amount of $197,065.97.

Hon. gentlemen would thus notice that from 1906 to 1908 nearly $450,000 was added to the permanent debt of the province to make up for the incompetency of the government which went out of office in 1908.

That Alleged Deficit.

His honorable friend had said that that the late government had failed to keep the ordinary expenditure within the ordinary revenue. He had said that the report of the auditors showed that there had been a deficit on ordinary account under the late government to the amount of $763,321.73. When his honorable friend said that, he would ask him to refer back to the statement which he (Robinson) had presented on the bonded debt. He had given the house the items of the debt, including the bonds issued by the province, the bonds guaranteed by the province and he had added the probable amount required for the completion of the Valley Railway and the amount for the erection of the permanent bridges already contracted for.

Was there any other capital debt outstanding than the bonds included in the statement which his hon. friend had presented to the house? The $763,000 must be in one of two places. Either it must be part of the public debt already existing or it must be owing to some persons or corporations outside the province. Now, unless the government could bring forward the person or corporation to whom the money was owing, they must admit that it was included in the bonded debt, which his honorable friend had calculated. The amount was one place or the other, and it was simply sheer absolute nonsense for his honorable friends to talk about their having to bond the province to wipe out this alleged deficit. "You can't poke that sort of stuff down a man's throat when he gets it plainly on paper and analyises it," said Hon. Mr. Baxter. "I don't care how many auditors you may bring forth, the facts are plain. If we had a deficit as my honorable friend charged, and our ordinary expenditures were more than our ordinary revenue, then the amount is either in the bonded debt at the present time or it is owing to some persons or corporations. If my honorable friends cannot produce the persons or corporations to whom this money is owing, then they got to admit that it is in the public debt already existing and it is folly for them to say that they will have to bond the province for this. I say, Mr. Speaker, that we did keep our ordinary expenditure within the ordinary revenue, and that after paying all accounts we were able to show a surplus to the people of the province of New Brunswick.

The Valley Railway.

Referring again to Hon. Mr. Robinson's exhibition of the capital debt, Hon. Mr. Baxter said that his honorable friend would have had no difficulty to have found a correct statement of the debt in the auditor's report on Page 49 A. It was still technically

(Continued on page 6)

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Another Girl's Experience.

New Castle, Ind.—"From the time I was eleven years old until I was seventeen I suffered each month so I had to be in bed. I had headache, backache and such pains I would cramp double every month. I did not know what it was to be easy a minute. My health was all run down and the doctors did not do me any good. A neighbor told my mother about Lydia E. Pinkham's Vegetable Compound and I took it, and now I feel like a new person. I don't suffer any more and I am regular every month."—Mrs. Hazel Hamilton, 822 South 15th St., Newcastle, Ind.

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