

Leger Says Cabinet Would Balance Budget By Taxes

Continued from Page 3.

Deficit on power commission for year 1925...	85,508.10
Deficit ordinary account year 1925...	812,094.61
Add deficit at Nov. 1, 1924...	329,889.04
Total ordinary floating debt Oct. 31, 1925...	1,141,083.68

CAPITAL ACCOUNT	
Bonded indebtedness at Oct. 31, 1925, unfunded capital expenditure...	\$32,848,909.32
Power Commission...	231,878.38
Permanent roads...	1,512,171.00
Permanent bridges...	100,622.81
U. N. B. grant...	20,000.00
Vocational buildings...	29,441.88
	\$1,595,818.47
Less amount receivable from revenue by N. B. Elec. P. Commission...	1,115.61
	\$1,597,697.86
Total capital liabilities...	\$34,248,607.18

SUMMARY

Total capital liability...	\$34,248,607.18
Total ordinary liability...	1,141,083.68
TI liability...	\$35,389,690.86

"What has been the total increase of debt in 1925?"

Bonded debt: In 1924... \$30,737,909.32

Liability for capital expenditure... 1,087,201.01

Deficit 1924... 687,889.04

Or a total increase of debt during year 1925 of... \$32,290.56

"The burden of a debt is measured by the proportion of the amount of revenue received required to pay the interest. By applying this rule we find that the ordinary revenue last year was \$3,067,810.89; the interest payable this year is calculated at \$1,814,401.08 or over one-third of the ordinary revenue."

"It may be interesting to know that in 1920 with a population of 231,878, there is a deficit."

ORDINARY EXPENDITURES.

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

Public Works—	
Ordinary bridges	\$224,083
Road patrol	148,818
Miscellaneous	81,951
Education department	5,704
Education vocational	1,120
Legislation	1,176
Workmen's compensation claims	5,407
Election expenses	13,000
King's Printer (publicity advertising)	9,916
School books	12,946
Enforcement expenses	5,284
Prohibition act enforcement	19,948
Provincial Hospital	18,817
Jordan Sanatorium	16,842
Interest	46,821

"The capital balance shows the expenditures charged to capital account in the year ended the 31st of October, 1925, as follows:

Electric power development	\$238,889.10
Permanent bridges	53,222.81
Permanent roads	1,403,289.79
St. John and Quebec Railway	288,000.00
Grant to University of New Brunswick	25,000.00
Vocational School building	29,441.88

NET COSTS EXAMINED.

"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	10,798.29
Prohibition enforcement	34,089.21
School books	24,589.01
Valley Railway operation	289,470.00
Factory inspection	1,939.39
Vocational education	82,988.38
Public health, including hospitals	76,860.78

PUBLIC WELFARE AID.

"In view of these figures, keeping in mind the services for which the money 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, 1925	\$1,727,186.00
Sinking funds accumulated during 1924	556,976.64
Less bonds redeemed during 1925	53,454.91
Sinking funds at 31st of October, 1925	\$2,230,707.73

CRITICAL YEAR PASSED.

"Whatever differences of opinion may exist between the honorable 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."

FINANCIAL POSITION.

"The Frederickton Daily Mail in its issue of Feb. 1 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."

"An item in the list of capital assets which will be likely to cause some astonishment, is an addition of \$1,403,289.79, 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 \$500,000 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 \$248,515.83 was expended on ordinary roads and \$236,961.43 on the patrol service, bringing the total expenditure on the highways up to \$2,000,000 in round figures. There was no justification for this enormous expenditure and the result of the election clearly indicated that it did not have public approval."

RAILWAY INVESTMENTS.

"The sum of \$8,024,422.28 set down as railway investments, is represented by the Saint John and Quebec Railway. My predecessor in office, however, had not foreseen a deficit."

"On the contrary he had counted on a surplus of \$10,098 of the ordinary revenues over the ordinary expenditure, which is the exact sum of an outlay by the province of \$6,044,884.21 and \$1,244,481.77 tied up in the New Brunswick Coal and Railway, better known as the Central Railway, and now under lease to the C. P. R. It is pleasing to note that no accidental expenditures were made during the year on either road. The amount expended on permanent bridges during the last fiscal year was \$53,222.81, which is about the average of recent years."

"The present government besides a deficit of \$687,889.04 on the ordinary transactions of the year, the largest we believe in the history of the province, must provide for a deficit of \$289,470.00 on the operation of the Saint John Valley Railway, and in addition face a bank overdraft amounting to the sum of \$1,403,289.79, not to mention the large overexpenditure 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."

"Reference has been made to the Saint John and Quebec Railway. Our friends on the opposite side of the House have been particularly vocal in their criticism of its construction. It is not up to me, and I do not intend to be carried off by it, 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 had always been a part of the plan for the development of the province. I believe, yet, that the rest of our people, endowed with railway facilities, were willing to make the present sacrifice, 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 ARE SERIOUS.

"Leaving aside this digression 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, and more a deficit of this magnitude, is a circumstance of a very serious and far-reaching character. Unless we adopt a strong stand, I fear that this large deficit is about to become chronic. In my mind there is but one question before us, and that is, how to meet this deficit. It is not a question of whether we will or will not, but one of how we will meet it. I am free to admit that an examination of the various items making up this large deficit has not entirely convinced me that the major part of it is composed of extraordinary and abnormal expenditures not likely to be repeated in the future. As we exist at present 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 us to examine the other side, our provincial assets. What have we? There are three things I hope. Never perhaps in the history of this province has there been as big a backlog of able-bodied 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 experienced."

"With a mixed population of 231,878 souls, of which 121,111 are of French Acadian descent, we have a happy, well disposed and as a whole, well educated people, 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."

TANGIBLE ASSETS.

"I have spoken of moral assets, and 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."

Saint John and Quebec Railway investments	\$6,846,000
New Brunswick Coal and Railway investments	1,244,481
New Brunswick Electric Power Commission	3,780,462
Farm Settlement Board	150,000
Dominion of Canada, balance at credit of province	629,299
The Limerock property	10,000
Over 7 million acres of crown lands valued at	60,000,000
Investments in permanent bridges	5,847,623
Investments in permanent roads	7,448,171
University of New Brunswick	500,000
Land in connection with university—860 acres—	20,000
Educational building fund	300,000
Legislative Assembly building	150,000
Agricultural building and land	25,000
The Queen Hotel	25,000
Liquor warehouse property	60,000
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... \$80,235,690

Total capital liability... \$4,248,607

GEOPHYSICAL ASSET.

"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 geographical 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 streams. Industrially it has a strategic location for shipping products to the market of the world."

"On the 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 be profitable to the farmer."

"I may incidentally add that the total value of New Brunswick held crop for the year 1925 is \$25,556,000, as compared to \$18,000,000 for the year 1924, the largest of the Maritime Provinces."

POTATO CROP VALUE.

"This year's potato crop is valued at \$7,235,000, as compared with \$3,028,000 last year; hay and clover at \$10,890,000, or 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 the government thereof."

"I have already given you the estimated value of our crown land of timber resources. Fisheries come next in importance among the natural resources; and in the value of its fishery resources, our water power, 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 the past have given to the province a reputation for the quality of their products, and a friendly spirit of emulation so beneficial to our province."

MINERALS IN PROVINCE.

"As to mining, I believe that New Brunswick is rich in minerals, although we must admit that yet but little has been done. I believe that no experienced prospector has so far wandered into our wilds in search of minerals, and that yet I believe they are there awaiting the conquest of man."

"I now wish to say that the game of the province is not that of a hunter's paradise for sportmen."

"In fact, I have no hesitation in saying that New Brunswick is a 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 scenery; in our forests, our fields, our fisheries, our water power, 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 the past have given to the province a reputation for the quality of their products, and a friendly spirit of emulation so beneficial to our province."

MANY ASSETS ARE A BURDEN.

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

"It is to be noted that many of the liabilities which I have enumerated are not revenue producing, or, in the contrary, many of them are now a real burden attached to the finances of this province. It is an error to say that none of them—the relics of past administrations—can be said to be of an incubated and operated enterprises."

WHAT TO DO.

"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 program? Our program, generally speaking, is to meet the liabilities as far as possible, and as much as the exigencies will permit, the burden of material products, yet I do not wish to create the impression that there also could be no limit to our assuming liabilities and financial obligations."

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