

Dr. Pugsley Optimistic As to Central Railway

With Provincial Elections in Sight, He Tells the Country That He Has the Assurance of the Grand Trunk Pacific That the Road Will Be Taken Over by Them in the Course of a Few Months--Provincial Finances Were in a Bad State, but Increased Subsidy Will Ease the Situation.

In the House on Wednesday afternoon Premier Pugsley continued his budget speech. He was still suffering from his severe cold and did not complete his speech, but will do so to-day, and will be followed this evening by Mr. Flemming, of Carleton, the Opposition financial critic.

The Budget Speech.

The order of the day being called on Wednesday, Hon. Mr. Pugsley, in resuming his budget speech, said: "Yesterday I called attention to the exceedingly satisfactory position of this province by reason of the readjustment of the subsidy and also to the attitude of the leader of the Opposition, who stated that if he had been in Ottawa he would have refused to consent to receive this sum of \$130,000 a year. This sum is equal at 4 per cent. to an addition to our capital of \$3,250,000, which would be a large sum for this province to pay for the privilege of having the hon. gentleman as leader. At three per cent. and I have no doubt that before many years we will be able to float a loan at that figure, it would mean an addition to our capital of \$4,300,000. If the leader of the Opposition is sincere and thinks that we have entered into an unjust arrangement, he owes it to himself and to his party to table a resolution and to express his disapproval of the arrangement we have made. Should he do so, I have no fear of what the verdict of the House and of the country will be. I stated yesterday that we had made a more liberal provision for the public services this year than we did last, and I will call attention to some of the items. One of these is

\$14,000 for Steam Navigation.

which is \$2,000 more than was estimated last year. Last year we gave subsidies to the Grand Manan steamer, to the Seniac, running from St. John to Halifax, to the Deer Island and Campbell's Steam Navigation Co., the Miramichi Steam Navigation Co., to the Fredericton and Woodstock boat, the Max Queen, running to the Grand Lake, Millville ferry, the Dalhousie and Campbellton Co., the Goudria, Point ferry, the steamer Clifton, the Hopewell and Dorchester ferries, the steamer to Red Bank, the steamer to St. John, and the Chatham ferry. In addition to these we have been pressed to give aid in other directions. It is proposed to place a steamer on the route to Shippeagan and Miscou and we have been obliged to assist and we have decided to give them adequate aid. Then there is the Shippeagan Navigation Company, which is asking for help, and so for these and other services we have decided to increase the vote by \$2,000.

Amount for Education.

There is an increase of \$6,000 in the amount given for education, and there is also an increase for public works. We put down the sum of \$190,000 for interest not chargeable to special funds. Besides this there is \$2,200 on account of Provincial Hospital and \$10,000 on public works account making the whole interest account \$202,200. From this we should deduct the sum of \$26,464, the amount of interest we receive on the balance in the hands of the Dominion government. The sum of \$175,736 of additional subsidy, which we are receiving would leave only a balance of \$27,000 of interest to be paid by us even at the comparatively high rate now prevailing. But we could refund the amount of our debt at a per cent. This \$130,000 would practically wipe out our entire interest account. We have put down for agriculture the sum of \$39,825. This includes the sum of \$13,000 for exhibitions, some of which were held during the year just ended. This will cover our advances on that account. Some members have indulged in criticisms of the amounts paid for the encouragement of agriculture, but in my judgment no money that is devoted to agriculture has been better expended than this. We have abundant reason to congratulate ourselves on what we have done.

The Interests of Dairying.

It was my fortune to introduce the first bill for the encouragement of dairying in this province. The Opposition had nothing but ridicule for my proposal, but the result has been in the highest degree satisfactory. In 1906 the total value of the butter and cheese made in New Brunswick factories amounted to only \$25,151. Last year the amount was \$273,000, an increase of 1000 per cent. The conditions of the dairying industry are changing to a considerable extent. Since the introduction of the hand separator, instead of drawing the whole milk to small cheese factories at a large expense, it is becoming the custom to separate the cream at the farm and either manufacture the butter at home or send the cream to large central creameries. This is gradually reducing the output of cheese and increasing the amount of factory butter.

Illustration Orchards.

A large number of illustration orchards have been established, and

these orchards are causing much interest to be taken in the cultivation of fruit. A provincial fruit growers' association has been started and good results are following from the discussions carried on at their meetings. There is one matter that I wish to emphasize and that is the great need that exists for cold storage warehouses for the preservation of fruit and other perishable goods. I mentioned yesterday that a cold storage plant had been established at Sussex and that one was to be established at Woodstock. I am glad to be able to state that a movement is on foot for establishing a large cold storage warehouse at St. John. This enterprise will be assisted both by the Provincial and Dominion governments and will be of incalculable value to the farmers of this province.

Starch Factories.

Another enterprise which we hope to encourage is the establishment of starch factories. Such factories have proved of great value in Aroostook county, Maine, for the utilizing of potatoes that are not of the first quality. We think there is a good opportunity of establishing such factories in Victoria county and in Carleton county, as well as in other parts of the province, and we propose to bonus these factories by the results they achieve and the amount of their output. I am not oblivious of the fact that in the past two or three years there has been an increase in the product of potatoes in the up river counties, but the starch factories would not interfere with this trade.

Provincial Assets.

I wish to call attention to the provincial balance sheet on page six of the Auditor General's report. Among our assets we have put down the New Brunswick Coal and Railway at the sum of \$1,150,000. I do not think that is too high an estimate and as the government owns this railway, its value ought to be placed among our assets. In considering the assets of the province we are not to be taken of either the public buildings or the bridges, because they are not revenue producing, although they are valuable public works. The province owns very nearly 7,000,000 acres, mostly timber lands, for which a low figure would be \$3 an acre, or \$21,000,000 in all. I think that there is a surplus in the Dominion which in this respect could make a more favorable showing. We also might count among our assets the value of our fisheries, which are increasing in productivity year by year. I have noticed some references in the press to what was said in the Public Accounts Committee that the Intercolonial Railway was not placed among the assets of the Dominion government.

I do not see why it should not be placed on the time will come when this road will be a revenue producing asset. We do not count among our assets the forty-six steel bridges the province has built, because they are free to the people. I am proud to say that the only toll bridge in the province was wiped out the other day by the general acquiescence of everyone in the House. A few years ago the New Brunswick Coal and Railway was run at a loss. Now there is a surplus of revenue and this surplus will increase from year to year. There are 69 miles of railway, 50 of main line and nine of branches, fairly well equipped, and I think the line is worth at least \$20,000 a mile. The lowest tender for the Grand Trunk Pacific from Chipman to Moncton, a level line with only one set bridge, was \$20,000 a mile, and this did not include rolling stock.

Sold or Leased to G. T. P.

The Grand Trunk Pacific as now located is to pass right through the village of Chipman, and I have every expectation that our road will be either sold or leased to that great line within a few months, to be operated as part of it. I make this statement knowing its great importance. I say with the utmost confidence from conversation I have had with the Premier of Canada with the Minister of Railways, with the Railway Commissioner, and with the manager of the Grand Trunk Pacific, that this road will be taken over and form a part of the Grand Trunk Pacific. There may of course be annoying delays, but our hopes will be realized in the end. We all feel disappointed that the line is not to be built down the fertile valley of the St. John, but Chipman is only 78 miles from St. John, and if two trains were to part at that point, one going to St. John and the other to Halifax, the former would be on the wharf at St. John ready to be unloaded before the Halifax train had reached Memramook. We do not propose that this railway shall be sold or leased.

At a Smaller Sum Than We Put Into It.

And we have the concurrence of the leader of the Opposition in that view. Last session we had an offer to lease this railway for \$2,000,000 a year, which would be the interest on \$700,000 at 3 per cent. The hon. member from Charlotte moved a re-

solution that this offer should be accepted, and he was supported by the Hon. Mr. Tweedie. I differed from the Premier and took the ground that the property was worth more, and the leader of the Opposition for the greatest pleasure for it fully pointing out that a much larger amount of government money than \$700,000 had gone into the road. He claimed that including Dominion subsidies and provincial subsidies the road had received \$1,200,000 of public money. I often read that speech with the greatest pleasure, for it fully justified as an asset of the province worth \$1,500,000. There was a time when we were sure that the railway would go to Chipman or near it. One line that was located went 20 miles north of Chipman, another went south of it, and had either of these lines been adopted our railway would have been only 78 miles from St. John.

Some hon. gentlemen opposite say that we ought not to be paying 5 per cent. on a part of our debt which is in the shape of Treasury bills, but these gentlemen have not studied the subject. We could sell our debt at 4 per cent. but we do not think it prudent to do so. The present is not a favorable time to make loans. Large amounts of Canadian money are being invested in South America and in Mexico, and there is also a great industrial development in Canada.

The Rate of Interest is Now Higher

than it has been for many years. On Saturday last British Consols 2 1/2 per cent. were quoted at 95 and 5-16th, which would be about three and five eighths per cent. interest on an investment. Our three per cent. loan a few years ago sold at 96 per cent. or about three and a fifth per cent. interest. This shows what a great change has taken place in the condition of the money market in recent years. The great railways are not now issuing bonds, but are borrowing money at 5 per cent. on temporary notes until the money market shall become easier.

Among the liabilities incurred by

the board of works was an advance on what was formerly the by-road account. This advance was necessary because the money collected in the several counties for highways was not available. Of course if the Chief Commissioner had pursued a rigid policy he might have kept down these expenditures, but the public services for roads and bridges must be maintained, and few people realize how great our responsibilities are in that respect. We have in the province

3,838 Bridges of Over Ten Feet Span

which have to be kept up. These bridges have a total length of 384,184 feet, or upwards of 70 miles long, and are scattered all over the province, several miles beyond it. The total length of the roads which have to be kept up by the province is 13,108 miles. I often wonder how it is possible for us to do so much with such limited means. In Nova Scotia the roads are largely kept up by the municipalities, but in the public road or to Ottawa and propose to drive a few miles into the country, you are confronted by toll gates. An Ontario not only the roads but the bridges are kept up by the municipalities, although the government makes a few special grants. We have no toll gates or toll bridges in this province, everything is free. The House adjourned at 5:30.

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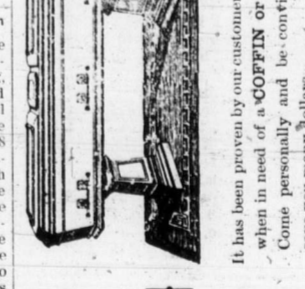
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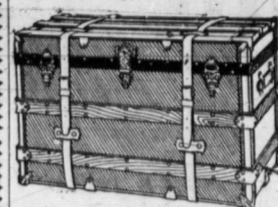
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