

### THE LIBERAL

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#### “NOT FOR PUBLICATION”

Frequently at meetings of public bodies the remark is made by some member that some certain statement made is “not for publication.” While such a request is generally allowed by the press it should be remembered that when a statement is made it rests entirely with the press representative whether or not it will be published and not with the public servant making the request.

“Public Business” is just exactly what the term implies—the business of the public. And the public has every right to know how the representatives they have placed in office are conducting the business relative to the office and their reasons for positions taken in all matters.

Every citizen, as well as press representatives, have every right to attend all meetings of all public bodies and moreover they cannot withhold any information concerning public business from either newspaperman or citizen. What is more, any statement made or opinion expressed at a regularly constituted public meeting immediately becomes public property and can be published by any newspaper.

This is the logical view regardless of the fact that the law looks at it in this way, and any public body that is doing business or discussing public business should not object to having the ratepayers know just exactly what is going on. Public business done behind closed doors does not tend to create public confidence. Moreover, full reports of the discussions by the members are of interest to the ratepayers who pay the bills and are vitally interested in public business—just as interested as those who may be sitting on the public body. Public representatives who are not willing to have the full light of public opinion cast on their views and actions should never enter public life.

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#### WOULD ESTABLISH UTOPIA

The British Government has recently been requested to found and finance an “experimental colony of 100,000 members, managed by engineers, to bring about a state of happiness and well being for all members of the community.” This latter “Utopia” would be called “Eudemonistic,” from a Greek word meaning “happiness.”

To show what the Eudemonistic colony, and later, the whole world would become, Prof. Miles Walker, British scientist, father of the idea, asks you to consider in our civilization a man 60 years old, working long hours every day, in a sewer, because he has no other way to make a living, and compare that man, victim of our “civilization,” with a young man of 23 or 24, willingly volunteering to do disagreeable, arduous work for the new community, working a few hours a day for good pay, devoting the rest of the time to education and pleasure. All of the old to be protected and honored.

In this new land of **Endemonia** engineers, substituting machinery for hard work, would produce wealth and life's necessities with only a few hours' easy employment for each every day, the citizens all employed.

Professor Walker says “the most honor would go to those who performed the most arduous tasks.”

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#### DIFFICULT POSITION OF FARMERS

“It is estimated that at least 50 per cent. of the farmers of Simcoe County will have great difficulty in carrying on their business for another year unless market conditions improve or their creditors offer unusual leniency.” states the annual report of the North and South Simcoe branches of the Ontario Department of Agriculture for 1932.

“Land values have shrunk to at least half their former value and private capital is not interested to any extent in farm mortgages. Farmers who will best weather the storm are those who have not been prodigal of soil fertility; who have constantly maintained a watchful eye on the spread of weeds on their farms and with caution and business enterprise have watched all items of expenditure.”

Low prices for all classes of farm products are causing great concern, not only among the farmers themselves who are hit directly by this condition, but also by town and city people generally, through reduced buying power of the farmers. This is true, not only in Simcoe County, but of York County and generally throughout Canada. Until the farmer can secure at least the actual cost of production plus a legitimate profit, there can be no release of buying power which the industrialist and merchant so consistently long for.

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#### WEATHER MYTHS

Perhaps many credulous persons are now watching for a verification of their weather predictions, based on whether the ground hog saw his shadow in their localities on Ground Hog Day, February 2. And even if their predictions are not verified, they will doubtless offer some sort of alibi for that venerable forecaster.

Then about March 21 these same people will watch for the “equinoctial storm” which is supposed to occur about the time when the sun “crosses the line.”

Of course, no one with any knowledge of meteorology pays any attention to either of these ancient superstitions, but in the popular mind they cling with grim tenacity.

Owing to the erratic habits of the weather, any kind of prediction will come true occasionally, but scientific observers tell us that in the present state of human knowledge it is impossible to predict weather conditions more than a very few days ahead.

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#### WHERE WILL RELIEF END?

The relief problem is beginning to cause a feeling of apprehension not only in this county, but throughout the whole Dominion, and there are many who share this feeling with Editor George Thomas, of the Bracebridge Gazette, who, commenting editorially on relief abuses and where it will all end, writes in a recent issue of his newspaper:

“So-called Relief” is very rapidly changing to plunder. This country has started something it will find hard to stop. There have always been people needing relief and they have always been able to get it if they went about it in the right way. Just now it is not relief—it is debauch. Men who have no need whatever are drawing regular salaries under the name of relief. I have heard of men getting large quantities of tobacco, which indulgent merchants are billing as groceries; of one young man getting a skating outfit billed as clothes; of men with herds of cattle, sheep and other live stock drawing relief; of a single man drawing relief for a wife and three children; of a woman drawing relief and sending away \$5 for a doll's bed; of a man drawing relief for three children, two of whom live in the United States and, as auctioneers would say, “other articles too numerous to mention.” Many think that as only 20 per cent. is paid by the municipality they are only costing it 20 cents out of every dollar got. Where do they suppose the other 80 cents is coming from? It just as surely comes from the same source, but by a roundabout way that makes the outlay greater. The government pays 80 cents of every dollar, but the government has already collected that 80 cents and probably 20 cents more in costs from the same people who are supposedly paying only the 20 cents.

“Where governments participate in relief payments, abuses are usually prevalent. There is always the belief that taxation, paid through a government treasury, has less “pinch” in it, than that which comes directly from the taxpayer, through the municipal treasury.”

And, supplied with the opportunity to “beat” or defraud the government, there are always those who will not hesitate to do so. The abuses cited in The Gazette are almost unbelievable, yet we have all heard or read about quite as glaring cases as those quoted by Mr. Thomas. Undoubtedly, the majority who seek public assistance only do so because they are in dire need, but many others, because of the easy means of obtaining a livelihood or existence, abuse the privilege to such an extent that unless some means is found to prevent the practice, our municipal, provincial and Dominion governments will soon reach the point where they will find themselves unable to stand the tremendous drain on their finances.

## BUSINESS DISCOVERS TAX

Anxious as to the present Trend of Public Finances in Province and Dominion. The Canadian Chamber of Commerce set up a National Committee of Business Leaders to make a Thorough Analysis into Government Budgets and Expenditures. This Article sets out the Facts Discovered in the Researches of the Committee.

Many years ago, that is to say between 1925 and 1929 or '30, government taxation did not seem to occupy as much attention as it does to-day. True, we heard complaints from time to time of the rapacity of public administrations. Occasionally the complaint was heard that Finance Ministers and City Treasurers were “soaking the rich” too heavily and sometimes a warning voice proclaimed the possibility of public bankruptcy. On the whole, however, the people at large were not greatly disturbed by such criticisms, while Governments apparently were not in the least concerned.

During the past two years, however, there has been a marked change of opinion in Canada regarding the expenditures, debts and revenue efforts of Federal, Provincial and Municipal Governments. On all sides now can be heard the insistent voice of business and the people, demanding drastic readjustment all through Government from the national administration at Ottawa down to the least significant of our Canadian villages and hamlets. This change of opinion is easy to understand, as we shall see later. The fact of the matter is that the shoe has begun to pinch in several places and everybody is feeling it now.

For the sake of clearer understanding, let us translate this general knowledge, this personal conviction, into a mathematical analysis of ability to pay. From 1925-1929 or '30, the ability of the Canadian people to pay taxes coincided with and even exceeded, the mounting revenues levied. Taking 1929 to equal 100, the indices for previous years were:

1925—77.73
1926—83.35
1927—86.40
1928—94.25
1929—100.0

#### Up Go Taxes and The Burden

Meanwhile taxes mounted fairly regularly during the same years from 83 to 100, expenditures from 87 to 100, and debts from 95 to 100. Since 1930-31, however, the ability to pay in relation to taxes, expenditure and debt has been a different story. Tax yields in 1930-31 fell 9.6% below those of a year previous but ability to pay fell 21%. Real taxes, therefore, instead of declining in harmony actually increased 14.4% in the year. The ordinary expenditures of all Governments had increased on the other hand 5.4% which made the real increase 33.4%, while Government debts increased 8.6% resulting in their real appreciation being 37.4%.

These figures may seem startling but consider the first nine months of

1932. Government debts and ordinary expenditures have shown further increases. Despite new taxes and higher rates, revenue shows a slightly further drop. Our ability to pay meanwhile has decreased to a marked degree. For the first nine months of this year the index of ability to pay a fixed number of dollars stood at only 45.3% of 1929. In plain language, general business activity had not quite ½ the volume of 1929, at prices averaging 30% lower. The figures below show how our ability to pay has trended downwards since 1929:

1929—100.0
1930—79.04
1931—56.27
1932—45.30
(nine months)

During this period, public debt and expenditure have been slightly up and revenue from taxes slightly down. No wonder we find that the “shoe pinches in several different places.”

#### A Miniature Maze

People naturally want to know a great deal more about our Government expenditures and debts. “Are we spending much more than we did in pre-war days? Let us have the facts and figures.” Very well, if the reader can screw up the courage to following through a miniature maze we can set out precisely what he wants to know.

Less than thirty years ago, in 1904 to be exact, the total expenditures of all Governments in Canada amounted to the reasonably large figure of \$120 million. In nine short years to 1913, expenditures had more than doubled and stood at \$275 million. We do not wish to appear astronomical in the way we set out figures but in 1931 our Federal, Provincial and Municipal bodies saw fit to spend \$920 million. Adjusted to population, these figures mean that expenditures per capita were \$19.08 in 1904, \$36.72 in 1913 & \$88.68 in 1931. During the period under review population increased 78%; government expenditures 666%. But that is not the whole story for it does not include Dominion Government Capital Expenditure nor special outlays for railway subsidies, war and demobilization, although pensions and debt charges are included.

#### A Few Comparisons

The significance of mere figures, however, is generally hard to grasp. We shall jot down a few comparisons, therefore, to make things clearer, more understandable. Before the war, in 1913, the current expenditures of all Governments in Canada amounted to \$275 million. This equalled 50% of the farm value of all field crops in that year. In 1931, however, Governments expended a sum not less than

216% of the value of all field crops—\$920 million as compared with \$425 million. Some may feel that we are ever-exaggerating by taking a poor agricultural year so we shall point out that the average value of all field crops for the 5 years, 1927-31 (which include three years of good prices), was \$866 million while public expenditures in 1931 were \$920 million.

In 1931 the total amount of income assessed against all individuals was \$815.7 millions but Governments spent \$920 millions or rather more. If all individual incomes had been expropriated above the moderate exemptions of \$3500 for married persons and \$1500 for single persons, our public bodies even then would have been short \$100 million!

#### “Alice-In-Wonderland”

“But,” it is remarked, “the Governments are spending more than they are receiving through taxation.” We must sorrowfully agree by pointing out that public administrations of this country have been spending annually \$134 for every \$100 of revenue. By categories: Provincial Governments have spent \$152 for every \$100 revenue, Municipal Governments have exceeded every \$100 of income by \$24, while the Federal Government has run behind approximately 35% every year.

“How in the world have they been able to go behind at this rate?”

“Because the people of Canada have lent them money to do so. When Canadians did not have enough money, the Americans and Englishmen and even Frenchmen lent money to our Governments so that they could carry on and distribute their largesse among us all to the extent of \$134 for every \$100 we gave them. The interest alone on our federal public debt in 1930-31 was greater than total Consolidated Fund expenditure for 1912-13—\$121¼ million compared with \$112 million. Our total Dominion Government revenue for 1912-13 would not nearly cover the interest bill for our national debt and that does not include provinces and municipalities. We can contemplate what will be our debt service charges by 1950 at this rate—but perhaps we had better leave that alone!”

#### How Our Debt Now Stands

This spending more than receiving is quite interestingly revealed in per capita expenditure and taxation. Let us put the per capita expenditures set out earlier in this article side by side with per capita taxes for the same years:

Per capita \$ expenditures	Per capita \$ taxation
1904—19.08	15.98
1913—36.72	31.20
1931—88.68	66.6
(approx.)	

The effect of such financial practice or malpractice, is dramatically revealed in the increase of gross public debts. It is informative to read through some more figures. Between 1913 and 1931 the Dominion increased its gross debt by \$2,127 million. In addition, the principal and interest was guaranteed on bonds for the C.N.R., Harbour Commissioners, etc., amounting to almost \$740 million. Our Provinces owe over \$1,000 million more to-day than they did twenty years ago. Even the increase in municipal debt is staggering at \$1,000 million. In 1913, we Canadians owed less than \$150 apiece for Government account. To-day our individual obligation is well over \$500. This computation does not include a side item of \$1,276 million which represents the Canadian National Railway long term debt to the public as ascertained for December 31, 1931.

Let us endeavour to grasp the significance of these debts a little more clearly. The \$5,300 million of gross government debts (disregarding other items) is a sum greater than the total capital invested in all manufacturing in Canada. The increase in our industrial capitalization was 210% between 1913-1931; the increase in total assets of Chartered Banks was 100%; total bank deposits 103%; total external trade 64.4%; increase in field crop acreage 63.8%. Our public administrations, however, increased their debts by 392% during the same period.

#### Where's Money For Trade?

For almost 30 years, Dominion, Provincial and Municipal Governments have taken almost 65% of all our bond money while business has enjoyed the remaining 35%. In war time, of course, business was hardly able to raise any bond money at all. Between 1923 and 1929 business got a better break but in 1931 and last year, our Governments have practically monopolized the bond market—to pay for public services and to balance budgets.

It may be countered that business has not been asking for funds these past two years. That is almost entirely true but business will need money in due course sooner or later, and meanwhile our public bodies have taken up a dangerously large portion of our available assets. It would seem that our reserve finances are

low and it is doubtful whether we have enough for adequate economic progress if there is any business stimulation during the next 18 months. We have had to lend our Governments so much of our savings from past good business years, to cover budget deficits largely, that it is not unreasonable to suggest that there will be a mighty scramble for money when business does turn the wished-for corner.

#### What Shall We Do?

It may be quite fairly asked, “Now, where is all this discussion leading us?” It seems quite inevitable that any thinking citizen reading these facts of public finance and comparing them with the more familiar facts of everyday business, must come to the conclusion that Federal, Provincial and Municipal Governments are definitely overspending. If that conclusion is fully endorsed, it is logical that the people should insist upon a drastic retrenchment by all public administrations. It is not important to ask how and why all our governing bodies have so extended their activities that even \$1,000 million a year is insufficient to maintain them.

It would seem quite clear that we cannot afford to contemplate any possibility of keeping up the present rate of public expenditures. It is a burden we cannot possibly carry without disastrous consequences. Many functions may be desirable and we may, in fact we shall find many who will loudly oppose the curtailment of any service, however small.

#### Are We Getting Value?

The public may well ask if we are receiving full value for the \$166 million we spend on education to-day in comparison with the \$96 million which met our requirements ten years ago. Have our Governments been justified in increasing legislation and overhead expenses by \$34 million in ten years so that now our bill for this item alone is \$118 million? Are the people getting fair value from the doubling of expenditures on natural resources this past ten years so that now we spend nearly \$19 million on their development? How is it that immigration and colonization cost us \$14 million in 1930-31 when there was practically no immigration and colonization, whereas in 1921-22 less than \$4½ million was apparently sufficient? Public charity and welfare stood at \$64½ million last year in comparison with \$27¼ million ten years previous but the special unemployment relief included only constituted a moderate fraction of the total. Are we getting value for the \$140 million and more per annum we are now spending for the protection of persons and property which compares with \$115 million in 1921-22? Are our Governments giving this country \$140 million worth in communications, \$18 million worth to agriculture, \$16 million worth of health and sanitation and \$8 million worth of recreation which was what these items respectively cost us in cash last year? Every classification shows an increase of from 25-200%. Governments are spending over 30% more on public services to-day than they did only ten years ago. Are we getting one billion dollars worth of value from these services.

This greatest of all questions, now squarely before the Canadian people, demands a forthright answer. When the people have given this question their consideration, let them express their conclusion in a manner fully adequate to the circumstances.

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