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THE KIDD REPORT.

A Lecture delivered before the Vancouver Institute, 15th Oct., 1932.

I. The purpose of the lecture and my position as lecturer.

This is a lecture and not a debate. The Chairman of the Committee whose report I am discussing has generously consented to speak at the close of the lecture, but this fact in no way relieves me from my duty of dealing fairly with the report. My object is to give a fair and balanced view of the Committee's work and, when I disagree with the methods used or the conclusions reached, to give my reasons clearly. To accomplish this object I must speak bluntly, and I hope that Mr. Kidd, who is our guest this evening, will not consider frank criticism offensive.

I realize that I am not without personal interests in the questions discussed in the report and that I am, therefore, exposed to a conflict of interest and duty which may be <sup>an</sup> embarrassing for a lecturer as for a committeeman or a trustee. As a precaution I am going to state the considerations which, if I am to be fair in thought and speech, I must banish from my mind.

1. I am a member of the staff of the university whose abolition is practically recommended in the report. I am prejudiced in its favour and I do not wish to join the ranks of the unemployed.

2. I am Head of a Department in the University which might, not unreasonably, have expected to be consulted by the Committee when its work was in progress. I am quite confident that I and my

colleagues could have given - and would willingly have given - relevant information and pertinent criticism. I think that the Committee would have done better to get our criticism beforehand in the form of advice than to force us to give it subsequently in public in a form which may look like an attack. Our advice which would have been constructive was theirs for the asking. Our criticism, which must appear mainly destructive, is now a duty which we owe to the public who, at one remove, are still our employers. It is thus not by choice that we speak under conditions which are somewhat embarrassing because our motives may be misconstrued.

3. I find it hard to discuss, or even to think of, education in terms of its economic results alone. I can do it, but I feel some resentment in being forced to do it. I do think that the education which is given in our schools and universities does add to the per capita real income of society, but I cannot consider this a question of the first importance. What matters to me is whether we are improving the quality of the men and women of the Province. It is by this test that I judge the achievement of our university and of our primary and secondary education as well. For the purpose of this evening's lecture I am dismissing this larger question from my thoughts.

4. I am naturally harsh in my judgment of men who seek not the truth whether it be congenial or distasteful, but the promotion of some ulterior aim, even if this aim is disinterested and unselfish like that of the missionary or the prohibitionist. I draw a sharp

line between those who try to make us holy and those who try to make us free, between those who try to make us rich and those who try to make us wise, I do not see much ground to fear that posterity will not be rich enough. I do think that there is serious ground to fear that posterity will not be wise enough. But to-night I shall speak of economics alone.

If I do all this in order to be fair you must not reproach me if I am cold-blooded in my reasoning and exacting in the standards which I set for men who have undertaken important public duties.

## II. Is the Report advise or propaganda?

The Kidd report is in form the expression of the agreement reached by five business and professional men concerning the financial position of British Columbia. These men undertook a public duty. Their fellow citizens looked to them for a trustworthy statement of the facts of the case, and for a reasoned statement of the conclusions which they drew from those facts. When I read the report this was what I expected to find. I have come reluctantly to the conclusion that the authors of the report succumbed to the temptation by which they were assailed to state their own opinions and to arrange the facts which they cited as a defence of those opinions. I shall give you, in the course of the lecture, my reasons for this conclusion. What we have before us is in my opinion a piece of propaganda, or a debater's argument in support of the cause which he has elected to serve. It is a statement of the views of a limited class in the community, and of an effort to persuade others that these views are

sound. But this statement has been printed at the expense of the taxpayers, many of whom are in complete disagreement with the opinions which it expounds. I need hardly emphasize the degradation of public discussion which results when a position of confidence is abused and when to highly controversial opinions the label of impartiality is attached. But in fairness I must add, as I have done elsewhere, that I think that if the members of the Committee have put themselves in the position of masquerading as impartial experts, they have done so thoughtlessly and without the sinister intentions which would justify the resentment which is bound to be felt in many quarters.

### III. The Kidd Report and the May Report.

The authors of the Kidd Report have obviously been greatly influenced by the celebrated May Report and they frequently stress their resemblance to the May Committee. This Committee was appointed in England in March 1931 in accordance with the resolution passed in the House of Commons by 468 votes to 21. The report, published in July 1931, cost £75:12:10 in addition to the expense of printing. It sells for 4 Shillings

There is no better way of seeing what was in the minds of the Kidd Committee than to consider their reference to the May Report. Sec. 30 of the Kidd Report reads, "It is interesting to note that the May Committee's report was published just a year ago when the financial position of Great Britain occasioned great alarm. Since that date a balanced budget has been produced and last week it was announced that the bank rate is now 2 per cent., the lowest in existence since 1897.

The conversion of £2,000,000,000 of public debt from a 5 per cent. to a 3 1/2 per cent. basis is in progress. It does not require much imagination to appreciate the benefits to industries and the taxpaying public generally of the foregoing reductions resulting from a balanced budget."

This section bristles with inaccuracies and our first critical problem this evening is to see what inferences can legitimately be drawn from them.

In the first place the section does seem to imply that British Columbia has a bank rate to lower and a large interest bearing debt susceptible of conversion. Thus vague expectations are excited. In the second the whole contention of the Kidd Report is that we must balance our budget by economies. To omit to state that the British budget was improved more by taxation than by economy might be fair in debate but it is hardly a trustworthy <sup>statement</sup> ~~situation~~ of the relevant facts. (Taxes £M. 98. 81 Economies £M. 70).

To say, "Since that date a balanced budget has been produced" does suggest that previous budgets were unbalanced. But in the sense in which British Columbia has had unbalanced budgets Great Britain has had none. Paragraph 1 of the May Report shows that in every year from 1921 to 1931 money was made available for the reduction of debt - normally about £50,000,000 a year. The May Committee argues that appearances were deceptive because non-recurrent receipts or nest eggs were treated as ordinary revenue and because loans to the unemployment insurance fund were not counted as an expenditure. But these loans never equalled the amount set aside for debt reduction. The Committee anticipated that there would be no non-recurrent items left for 1932-33, and wanted no more loans to the unemployment fund and wished to maintain the sinking fund. On this basis a deficit of £ M 120 was anticipated.

It is true that on Sept. 10th, 1931 a second budget was introduced because of the unexpected monetary crisis. Foreign lenders insisted on reduced expenditures. Like its predecessors it

was a <sup>o</sup>balanced budget. It is also true that British budgets had two defects: future liabilities were undertaken without setting aside a reserve fund to accumulate for their payment; and the dead weight of the debt increased faster because of falling prices than it was reduced by repayment.

A balanced budget was not a new thing in England. Was the Kidd Committee justified in saying that the reduction in the bank rate and the debt conversion resulted from a balanced budget? Even the man in the street knows that other important causes were operative. *The balanced budget did not suffice to save the gold standard* Great Britain "went off gold" <sup>on Sept 21st.</sup> and a high bank rate ~~was~~ is no longer required to keep foreign balances in London and to protect British gold reserves from demands by foreign creditors. Drastic restrictions were placed on imports, on investment abroad, on foreign travel, indeed on all transactions which might deplete the London money market. New issues of stocks and bonds were restricted. Money, therefore, accumulated for investment and was practically driven into the government bond market. Under these circumstances the bank rate was reduced and the conversion of the debt put through. A balanced budget was helpful but was not absolutely essential for these measures. In no real sense could they be said to result from it. This at least is the usual view. The Kidd Committee gives no reasons for believing it to be erroneous.

Their omission is to be regretted. Good reasons would have been a contribution to the science of economics which would have been unequalled in the past century. If good reasons exist I hope that Mr. Kidd will state them to-night. If the Committee has given bad

reasons it would at least be free from any suspicion of insincerity.

As it is we are left with two alternatives; either the Committee was extremely ignorant of economics, or it made its statements recklessly without foreseeing the distrust which they would inevitably excite. When I have spoken elsewhere on the Report I have found myself defending the Committee, for I think that its members are honest men and that they meant what they said. The end they had in view may have been relatively innocent. They were obviously preparing the way for the appeal which they make in block capitals in section 31, "OUR RECOMMENDATION IS TO FOLLOW THIS EXAMPLE. AS WE HAVE ALREADY INDICATED, INCREASED TAXATION IS IMPOSSIBLE, AND, THEREFORE, THE ONLY ALTERNATIVE (sic) IS TO REDUCE EXPENDITURE AS RECOMMENDED IN THE SUCCEEDING CHAPTERS OF THIS REPORT."

*But - this example - involved increased taxation of about £2 per head of population.*  
In my view then section 30 is intended as a blurb, or perhaps as salesmanship (an art of which the Committee think so highly that they would have it taught to children of <sup>12 or 13</sup> ~~twelve~~, who would, I suppose, be taught that you may puff your goods as long as you avoid mis representation). Or the Committee may have boasted a little to keep its courage up and section 30 may be analogous to the rum ration issued to infantry going over the top.

#### IV. Differences between the two Committees. The first difference.

Although the Kidd Committee believe that their work resembles that of the May Committee, a critic can distinguish two important differences. The first concerns economics, the second concerns social justice.

The May Report is a document which an economist can understand and which he must take seriously. <sup>well</sup> It deals with the financial situation of Great Britain over a period of twenty years without any undue emphasis on the recent depression. Wage and salary rates are constantly measured by the indexes of the cost of living and compared with the buying power of the pound on the one hand and with the rates in private employment on the other, subject always to the consideration that those who do not benefit from the boom should not suffer in the slump. 28

Under the phrase "sacrifices all-round" the May Report indicates the possibility of taxation which will not be a burden to industry, but says that taxation lies outside its province. We have seen how the Kidd Report deals with economics (or at least with financial history). To prove that higher taxation is impossible it lays down, without any attempt at proof, an economic law, "Taxes of every description are an important factor in the costs of all industries; they affect both the employees' cost of living and the industry itself." (Section 27) The May Report makes no exciting contributions to economic theory.

IV. A. Digression to examine the use of figures by the Kidd Committee.

It is convenient at this point to examine how the Kidd Committee deals with statistics. Like the May Committee it has to explain the growth of education costs. The May Committee, in paragraph 499 shows the expenditure from 1922 to 1931 year by year; divides it between rates and taxes (i.e. between local and national taxation) and relates it to the population of state-aided schools. Paragraph 500 goes on to say that the cost falling on public funds has nearly trebled



1913-31  
in the period. So too has the cost per child.

The Kidd Committee in section 154 says, "The total cost of public education in the province has risen from \$1,917,263 in 1910 to \$10,061,387 in 1931. These figures are taken from the annual report on public schools and include the cost of education to both the Provincial government and the municipal authorities. The increased cost of public education shown by the above figures can only partially be explained by increased population."

The year by year figures are not given. If they had been given it would have appeared that the cost of education more than doubled between 1910 and 1913. The latter year is frequently used as a basis for comparisons as being the last pre-war year. The Kidd Committee takes its revenue and expenditure figures back to 1912 (Para. 4) and its figures for gross debt back to 1914 (Para. 13). The choice of 1910 is thus peculiar. It is not explained.

From 1913 to 1929 (the peak year) education costs rather more than doubled, as against nearly trebling in England. The cost per child educated did not increase very greatly as the school population increased by 90 per cent. The Kidd Committee makes no mention of this relevant fact but makes its comparison with the total <sup>population.</sup> expenditure.

When the May Committee considers teachers' salaries in paragraphs 134 to 155 it relates them carefully to changes in the cost of living. The Kidd Committee does not allow in its calculations for changes in the buying power of the dollar which taken alone would have led us to expect an increase in education costs between 1913 and 1929. Indeed in terms of commodities the cost of educating a child

was almost <sup>17</sup>~~28~~ per cent. less in 1929 than in the average of the three years before the war.

Of course all that the Kidd Committee has said in so many words is that the increase in cost "can only partially be explained by increased population". Well, I have given the rest of the explanation. But, if I am to speak frankly, I must say that I was profoundly shocked by section 154. It seemed to me that the Committee was deliberately using misleading (though true) figures to make the public think not only that economies were possible in our educational system - this may well be true - but that gross wastefulness had grown up in recent years. That suggestion was used instead of direct statement seemed to give an element of treachery to the proceeding. However, I reflected how serious a charge I was mentally making, and I wondered if it were not possible that the Committee had really believed that their figures and their remark gave a substantially true picture, or if there could not be some other innocent explanation. The problem is not unlike that which faced us when we examined the economic arguments about the balanced budget.

If I were debating and not lecturing I should press this dilemma: Did you deliberately when in a position of trust use selected figures and defective economic analysis to deceive your fellow citizens, and make them accept conclusions which they might repudiate if they knew the truth; or were you yourselves so ignorant and so incompetent as to be misled by your own figures and statements? <sup>it so</sup> ~~so that~~ when their shortcomings are pointed out, <sup>you</sup> you are ready to modify the conclusions which you reached on the basis of this defective material?

As a lecturer I must point out a third possibility which I think the true explanation. Many practical men form their opinions more or less unconsciously and look for their reasons afterwards. They do not examine facts and arguments in order to make up their minds but they make up their minds first and look for reasons later, when they wish to convince others. Utterly sure that they are right, sincerely convinced that they cannot be wrong, they <sup>reiterate their opinions and</sup> are not inclined to be critical of any arguments which seem likely to be effective. Ernest Renan in speaking of religious controversies deplored the general unscrupulousness of mankind as to the means used to convince others. The word propaganda has spread from religion to economics and has acquired a more and more sinister connotation. But I am not accusing the Committee of complete cynicism in dealing with the public, I think they were, quite simply, careless about something which in their opinion mattered very little: the arguments used to convince the public of the truth of opinions in which they themselves sincerely believed.

I believe it to be the duty of a university to attack this sort of carelessness; to take a stand for integrity in reasoning and to attack opinions based on unconscious judgment or bias. The whole advance of science - more broadly the whole advance of human thought - depends on integrity in reasoning. We try to teach students to think. Thinking means looking for facts and arguments first and basing opinions upon them. In controversy they must not look for

arguments as one looks for a stick to hit a dog. This is the intellectual phase of education, distinct from its aesthetic, moral or physical phases on the one hand, and from the acquisition of knowledge which is popularly supposed to constitute its aim, on the other. One must grasp this point if one is to understand why we think that even higher education should be relatively widespread and why the education of women is important even if they do not enter business or professional careers. It is a point which it is often hard to explain to business men who are confident that they think very well indeed even when they cannot put their thoughts into words. I am, therefore, not sorry to have an opportunity of using the Kidd Report as an illustration.

However, my explanation, if true, exonerates the Committee. Tout comprendre c'est tout pardonner. Those who resented what they thought a deliberate and treacherous attack were misled by appearances, and perhaps those too were wrong who supposed that the grotesque arguments advanced by the Committee really constituted the intellectual path by which they reached their conclusions.

It is on this charitable hypothesis that I explain the doctrinaire statements of alleged economic principles which appear throughout the report when it is more convenient to speak with the voice of authority than to advance reasons. For instance, take section 192. "It is of the very essence of economy that a state (the context obliges us to take this to mean a province as well) be as self-sustaining as possible in the way of supplying its people with essential food products." How happy for us that our customers have

not discovered this basic truth.

Section 160 contains another example, "The capacity of society, as it is at present constituted, to absorb aspirants whether qualified or not to the scholastic, professional, executive and similar occupations is limited, and our educational authorities should not ignore this very practical aspect of their problem." Here the contribution to economic science lies in indicating the existence of occupations with unlimited capacity to absorb aspirants. It is of these that educational authorities would be glad to hear.

IV. B. The second difference between the two Committees.

The second difference between the two Committees is still more important than the difference in their competence to conduct economic investigations. The proposals of the May Report are based throughout on a standard of social justice. Paragraphs 565 and 566 go to the root of the matter. The concluding words are, "But if a policy of selection is adopted, if economies are only attempted where little opposition is anticipated, if certain classes are called upon in the national interest to suffer serious reductions in their emoluments while large unprofitable expenditure goes on unchecked in other fields, resentment and opposition will be aroused and the eventual result in savings will be negligible; the object of our appointment will remain unfulfilled."

This paragraph shows that the May Committee clearly recognized that it stood in the position of a judge attempting to distribute

burdens fairly and equitably within the community, and also that only by inspiring confidence in its fairness and equity could it hope to persuade people to make sacrifices. The words fair and equitable recur again and again. Whether it is discussing the pay of policemen or of teachers, or the pensions of service men or of the indigent, the Committee is careful to examine when and how the rates were fixed, what the movement of prices has been, and what the position of comparable services is. For such calculations you will look in vain in the Kidd Report.

In the main the May Report justifies proposed reductions of pay or pension on the ground that there is some special privilege to be swept away before all-round sacrifice is asked for. It insists that what it calls the relativities must be preserved. The Kidd Report practically denies that all-round sacrifice is possible (for it would be taxation). It defends its economies as matters of necessity rather than of justice. This line of argument supplies no answer to the universal question, "Why me rather than another?"

#### V. Similarities between the two reports.

While the Kidd Committee has unfortunately not followed either the careful economic methods of its model or its appeal to justice, it has unhappily imitated it in matters in which imitation is dangerous. It has tried to transpose to British Columbia the economic situation of Great Britain by stressing the similar need for a reduction in public expenditure. In doing this (and I think from no sinister motive) the Kidd Committee is led to treat the situation

in British Columbia as if it were chronic when no strong reason for such an opinion is forthcoming.

The situation in England in March 1931 was the result of ten years of serious unemployment. Until the recent depression people had carried on hoping for a trade revival. Many temporary measures were adopted. Money we have seen was lent to the unemployment insurance fund. Rates of insurance were actuarially unsound. Budgets were balanced by net eggs. The depression showed that the situation was not temporary and that new financial policies had to be found. Hence the May Committee, and hence its proposals for reducing salaries which would not have been touched in a temporary depression.

These English conditions have no real parallel in British Columbia. Recent years have been prosperous years with high employment and with rising per capita income. The Province had a high real income. If the finances were in bad condition it was because services had been undertaken without adequate provision for paying for them. There were no privileged services in the sense of the sheltered occupations in England. With us the pay of teachers did not attract men and women of wastefully great ability or wastefully high qualifications. The pay of government services was low in comparison with many alternative occupations.

The present depression in British Columbia is as far as we know temporary. Our plans for unemployment relief, etc., have been based on this supposition. People with fixed (?) salaries enjoy an advantage at the moment, which they have often surrendered

by a temporary salary reduction. But over a ten year period there is no reason (certainly none appears in the Kidd Report) for supposing them overpaid. Presumably business men made provision out of the fat years for the lean years while salaried men were more likely to treat their incomes as permanent. If what we are facing is a temporary emergency the natural measure to propose is one of sacrifice all-round with some special burdens on those who benefit by low prices and some special concession for those who are suffering most from the slump. But the Kidd Committee seems to contemplate permanent rather than temporary changes and either in order to reach the conclusions desired by its members, or, as I think more likely, under the influence of the May Report which spoke of British conditions, the Kidd Committee treats our financial difficulties as if they were of long standing.

The part which the depression plays in creating our present difficult situation is, therefore, greatly understated. Indeed it is used mainly in order to show that we can no longer pay for the services to which we have become accustomed. On the other hand the long series of deficits resulting from wasteful expenditure and inadequate taxation is given full value.

The result of this method of approaching the problem is disastrous to clearness of thought. It forces certain conclusions into prominence: the difficulty of taxation and the necessity of economy. It shuts out a balanced long time view of our financial position.



VI. A reasonable approach to the problem.

The first distinction which we must draw when we consider public finance is between the real income of a society and the revenue of a government. A society must in the long run live within its income. A government may be poor when society is rich and if taxable capacity exists it can increase its income to meet its needs. In normal conditions a government does not say "Here is my income, how shall I spend it." It says, "Here are my commitments, where shall I get my revenue." <sup>In Sec. 83 of the Report the Committee takes this view. Mr. Kidd has since dissented.</sup> Its problem is one of arranging things so <sup>as to avoid it</sup> that no expenditure is undertaken if the tax to pay for it does more harm than the expenditure does good; and what is equally important that no expenditure is neglected if it can be paid for by taxation which will do less harm than the expenditure will do good. Then instead of raising revenue a government may borrow. Such a course may be justified at times when expenditures are urgent and taxes would do great harm, e.g., by checking economic recovery and thus reducing the income of society.

The Kidd Committee reviews our expenditure from the standpoint of our taxable capacity in a depression year. It even appears to judge past expenditure by this standard rather than by the income of society in the year in which it was incurred. Thus our expenditure on education is represented as rising shockingly at a time when it was not rising as fast as our per capita wealth. It is condemned on the ground that our income during the depression is low. This method of reasoning would be valid only if the depression had been foreseen.

I am not attempting to evade the immediate issue. We must decide what to do during the depression when society's income is low. Taxation is not only peculiarly disagreeable but it may retard our economic recovery. If our credit were good there might be something to be said for borrowing to carry on important services. Unfortunately this device has been used to excess in prosperous years and we have to pay interest on past debts in the face of falling prices. Since we cannot borrow we must either economize or tax or <sup>like Great Britain</sup> do both these things. The problem of government finance is still to balance expenditure against taxation but the evils of taxation have increased and a different balance will have to be struck. You see that I am coming to conclusions not very far removed from those of the Committee but by a path which I consider intellectually respectable and without I think creating the distrust and resentment which their method of approach arouses.

By all means let us see what economies can be made and how little we need rely on new taxation. The economies proposed by the Kidd Committee fall into several groups. The first consists in eliminating the wasteful expenditure incidental to party politics. This is well worth doing but hard to do. The Committee suggests that the time has come for a change of heart. For once I think them too optimistic.

The second group of economies consists in lowering the cost of administration by combining departments and eliminating overlapping.

Nothing could be more desirable and the suggestions of the Committee on how this can be done, made after consultation with the civil servants concerned, deserve the most respectful attention.

Closely allied are economies to be made by simplifying our government. Even the retention of the office of Lieutenant-Governor is made to depend on the possibility of getting him to recognize as duties the rights which Bagehot attributed to Queen Victoria. However, an amendment of the B.M.A. Act is a cumbersome process. Provincial legislation alone could reduce the size of the legislature and of the Executive Council. Here some taxation could be obviated with no great sacrifice in service.

Economies in connection with the administration of the social services and in seeing that no money is diverted from the specific objectives of each project are at all time desirable.

From these more or less non-controversial economies we must turn to economies which raise questions of social policy or of social justice. Here the Committee is at its very worst. It is not representative enough to deal with such matters. It contains no representative of labour, none of the indigent classes, no economist and no woman. Of justice it takes no account except in recommending that there may have to be some indemnification for dismissals. (Section 239).

There are other vested interests to consider. The abandonment of the P.G.E. would inflict some hardship on settlers who rely on its continued operation. Their circumstances require study and

receive none. The closing of the university would inflict some hardship on property owners who have invested in the reasonable expectation of its continued operation. Members of the staff who have bought land at the site deserve some consideration. So do investors who have built apartment houses, or who have committed themselves to ventures in West Point Grey.

The effect of neglecting to discuss these vested interests must not be overlooked. It paves the way for those who would sacrifice the holders of provincial and municipal bonds, who have after all actually benefitted by falling prices of commodities. It makes it easier to say, "We will inflate the currency by Dominion legislation, or repudiate our bonds by provincial legislation. Legislation will make either of these courses legal. As for moral obligations, five representative business and professional men have shown us how much to worry about that."

Closely allied to these vested interests are those of employees whose salaries it is proposed to cut. As the May Committee forcibly points out a salary cut to be accepted with good grace must be justified. Salaries out of step with those prevailing outside the government service can fairly be reduced, subject of course to the reservation that earnings over a reasonable period must be averaged. An argument on this basis must be reinforced by a study of the cost of living of the class of employee affected. It requires attention to any assurances which may create a moral

expectancy if not a legal right. The May Committee proposes many reductions but it never abandons its conception of fair wages or of the State as a model employer. It indicates the point at which reductions must stop and all-round sacrifices begin.

The Kidd Committee, without establishing or attempting to establish any equitable basis for its recommendations, proposes to reduce the incomes of teachers by 25 per cent. in the aggregate. As some small incomes could not be reduced at all the larger ones would have to bear very large percentage cuts. But a proposal which I made elsewhere to increase the income taxes, after every reasonable economy had been made, so that the very richest class of taxpayer would be affected in a much lower percentage of his income was spoken of by a member of the Committee as "wild and illusory". It seems reasonable to predict, that in the wise words of the May Committee, "resentment and opposition will be aroused" and that "the object of the appointment will remain unfulfilled".

We have next to consider another class of economy: the definite forgoing of certain services. The Committee would stop free education on the fourteenth birthday and would presumably send bills to parents for one half of the proportion of the cost appropriate to the unexpired portion of the term, taking into account the proper share of interest and sinking fund charges on the cost of the building. It would, therefore, be cheaper to attend school in an old building which had been paid for and most extravagant to attend a school built

when prices were high. After the sixteenth birthday the parents must bear the whole cost.

Curiously little attention is paid to the indirect costs of this change in social policy. In the depression it is not easy to get jobs and a boy or girl (more especially a boy) kept ~~and~~ idle at this critical age deteriorates morally very fast. Criminals are very costly to society and it seems wasteful to manufacture them.

Suppose the depression over. We can then afford to educate these boys and girls if we care to do so. The Committee think it better not to educate them. It is good for the majority to enter industry or agriculture or salesmanship when their elementary education is over: i.e., at the ages of <sup>13, 14 or 15.</sup> ~~twelve or thirteen.~~ How many of you are of this opinion when the education of your children is under consideration? How many do withdraw their children at this age, for the sake of the child? What would you think of someone who did? The Committee's opinion is an unusual opinion. It may be true for all that. What has the Committee to say in support of its contribution to the theory of education? Not one word!

The Committee adds that this early entry of children into industry ( we are of course, though the Committee does not say so, supposing the depression at an end) is good for society. Once more no proof is given. There seems a little evidence to show that only a society with a backbone of peasantry would satisfy the authors of the report. But what if society aims at limiting the number of men-

hours in industry to avoid the financial ruin which comes from producing too much for the market to bear at profitable prices? Might not raising the school age be the best method of accomplishing this limitation? The Committee seems to have come to a conclusion as to what was good for society without bothering about these conjectures. And yet if one really studies the subject this is not an easy thing to do.

There are to be scholarships for pupils of "exceptional promise and ability." What percentage of the youth of the country will be placed in this classification by our five educational experts I do not know. And yet until I know this I can hardly form an opinion either of the merits of the proposal or of its cost. The classification is not known to educational psychology. "Exceptional" is an indeterminate term. Does it mean 1 per cent.; 10 per cent.; or 25 per cent.? Does the Committee itself know what it means? Or is it to be defined by the funds which on some quite non-educational grounds the Committee may think can be made available? If so its social consequence are indeterminate.

Presumably rich parents will remain free to injure their children by keeping them at school after their elementary education is over even if they are of only moderate promise and ability. Why the rich should be allowed to injure their children in this way I do not know. Frankly it is absurd to ask us to consider such "wild and illusory" plans as these, thrown out in a completely irresponsible way. To leave them inchoate is only possible if there is someone who is to be trusted

to work out the detail. But the Committee wants instant action.

VII. The implementation of the Report.

The Committee propose an immediate session of the legislature to make those changes in our provincial constitution which must obviously, to be of use, precede an election. This session is also to give legislative effect to "ALL OTHER RECOMMENDATIONS IN THIS REPORT WHICH MAY REQUIRE THE AUTHORITY OF THAT ASSEMBLY". (Section 54).

To the wretched M.L.A.'s no latitude or discretion is left. They have been told what to do and are to do it. What possible qualifications have the five members of the Committee for arrogating to themselves the functions of the electorate? Unfortunately we are not considering here a comic form of megalomania but a serious proposal made to a legislative body.

It is a dangerous proposal. A large portion of our population even if it does not believe in class war, does think of business men as hostile to them and as utterly unscrupulous as to the means they use to promote their ends. I have indicated how much there is throughout the report to confirm these people in their opinion. Not only is the report as it stands highly provocative but an opportunity was missed for doing something to promote the confidence of different elements of society in one another by substituting discussion for private influence. Nothing could do more to weaken the position of any who wish to persuade the mass of the people that social justice and reasonable good government can with patience be obtained under the



existing constitution of society than to suggest that the legislature without consulting the electorate should embark on extensive changes in social policy which are very objectionable to great sections of the community. Such a proposal is revolutionary. A democrat might call it fascist. It is dangerous to make revolutionary proposals at a time when others have every temptation to be revolutionary too.

Why this dangerous proposal was made the Committee does not tell us. If I may hazard a guess it represents a certain distrust of the electorate, a fear that if the electorate has time to think it may turn hostile. Demos may indeed be a fearful beast, but those who would tame him to their purposes should not begin by showing their fear.

#### VIII. Conclusion. The Advice which might have been given.

Suppose that the Department of Economics had been consulted while this report was in preparation, what advice would it have given? I do not know, but I do know what I individually hope that we should have done. You can judge for yourselves whether it is good or bad, sober wisdom or "wild and illusory" nonsense.

1. We should, I think, have emphasized the importance of distinguishing economies of administration from economies which involve questions of social justice and also from economies which involve questions of social policy. The importance of these distinctions is that when questions of justice are involved the economies should be justified by adequate argument in the report or else de-

finitely left to some body which is able to weigh the considerations raised. When questions of social policy are in issue the legislature should not be urged to act without giving the electorate an opportunity to pronounce its opinion. The test of whether such an issue is raised is not that the Committee should be doubtful of its own wisdom, but whether there is any important section of the public likely to disagree. Disagreement, whether rationally justified or not, means opposition, and opposition to one part of the report weakens it on other points where there may be substantial agreement.

2. If the Committee had recognized that some of its proposed measures were open to dispute and that voters might conscientiously object to them it would have been forced to face the question of what is to happen if some of the proposed economies are rejected. It would have had to say what form of additional taxation would be least objectionable. Even from its own standpoint I think that it would have been well advised to deal with this question. For people are more likely to reject economies if the alternative is vague than if it is precise. ~~and~~ <sup>the</sup> Committee could have counted on a widespread dislike of any form of taxation.

3. Finally we should have emphasized the importance of complete frankness in the use of statistical material and of utter sincerity in economic argument. It is unsafe to allow the public to think that you are trying to hoodwink them. A careless argument is far worse than no argument. The educational advantage of discussion on a high plane is not to be despised. Nothing does more to promote

confidence just as nothing dispels confidence more than selected figures or dubious reasoning. But far above all these questions of expediency and of strategy rises the respect for the truth and integrity of thought without which thought itself can hardly survive. It is no small matter to be able to feel, not merely that one's intentions have been good, and one's efforts generous - the members of the Committee can, I am confident, feel this - but also that in a struggle for good, clean and efficient government one has not given undue weight to the opinions and interests of one's class, that one's own weapons have been untarnished, that one has retained the unqualified respect of friend and foe alike, and that, whether one has won or lost, a contribution has been made to the advancement of truth and to the maintenance of that loyalty and solidarity ~~in society~~ which are essential if (from our troubled world) order, ~~and~~ justice<sup>and</sup> prosperity ~~and harmony~~ are ever to emerge.