

of war expenditure for 1918."

"Then where would you put the receipts on January 1 of this year? We got \$2,000,000, and we are not spending money this year. Where would you put that \$2,000,000 in next year's statement? Would it go under ordinary receipts?"

"Yes," replied Mr. Bowman.

"And be laughed at for it?" rejoined the Provincial Treasurer.

"I would show it in ordinary receipts next year the same as I would have shown the total expenditure as ordinary expenditure, and while there would have been a deficit for this present year, no one needs to be ashamed of a deficit, and it would next year adjust itself in connection with this item."

#### Really a Deficit This Year.

Mr. Bowman then went on to explain his reasons for saying that a deficit should have been shown this year instead of a surplus. The ordinary receipts as reported by Mr. McGarry were \$19,270,123. On the other side of the ledger was the ordinary expenditure, including the total amount for war expenditure (including the amount placed in the capital column by the Treasurer) of \$19,051,811.

"In order to arrive at a true statement of the actual results of this year's business, according to the manner in which the financial statements were prepared under the Liberal Administration and by Col. Matheson for some few years after he became Provincial Treasurer, I add to that amount the expenditure on additions to public buildings of \$475,146.26; also the amount expended on Northern Ontario development of \$645,446.15, and the amount which appears in the statement as having been spent on capital account on highway improvement—\$642,208.72, making a total of what I claim is current expenditure of \$20,814,612.17, as against \$19,270,123.71, or a deficit of \$1,544,488.46.

#### Statement Not Clear.

"During the Liberal Administration you could understand the financial statement without difficulty, as well as the public accounts, but the statement as we have it presented to us to-day takes even greater ability than that possessed by a Philadelphia lawyer." Mr. Bowman went on to say that the inclusion of the expenditure on public buildings as current expenditure had always been made by the former Administration and by the first Treasurer of the Whitney Government. The inclusion of the expenditure on highways as current expenditure was justified by the fact that the Government had received a current revenue from automobile licenses of \$1,214,000. The public accounts showed that an item of only about \$82,000 had been set against this revenue in the current statement. "This I have no hesitation in denouncing in the severest terms, and to my mind it is a case of bad book-keeping and there is no justification for it," he declared.

"Investigation of the public accounts," Mr. Bowman proceeded, "discloses the unsoundness and absurdity of treating this \$642,000 as capital expenditure. This amount is made up of grants to various municipalities from one end of the Province to the other, and a large percentage of that \$642,000 was spent, not on permanent highways, but upon repair work. Yet we find the Treasurer charging up as a capital expenditure moneys spent on making repairs to public highways in the face of the fact that the total expenditure was little more than 50 per cent. of the total received from auto licenses."

#### Northern Ontario Development.

Mr. Bowman next turned his attention to the money spent on Northern Ontario development. "In order that the people may have an intelligent presentation of the expenditure it is necessary to have an entire overhauling of the method in which the public accounts are dealt with," declared Mr. Bowman, taking exception to the amounts of \$679,304 as a timber bonus and \$796,604 in timber dues, a total of \$1,475,908. He claimed that that amount should properly be treated as capital receipts, since it meant a disposal of capital assets belonging to

the Province.

#### Deficit of \$300,000.

When receipts of that kind were taken as current receipts, Mr. Bowman thought he was justified in claiming that 40 per cent. of the money which was received from the total receipts from timber dues and bonuses should be set against the expenditure on the development of that part of Ontario. After making all calculations, and even crediting the Government with the extra war expenditure, there was still a deficit of \$300,000, he said.

#### The Liberal financial critic turned

his attention next to the expenditure of the Organization of Resources Committee. He pointed out that the public accounts the Provincial Auditor had added a note stating that they had not been audited by that official.

Mr. McGarry took exception to this criticism, pointing out that both sides of the House had agreed that it would be impossible to check up the accounts in the ordinary way, and an official of the Auditor's Office was appointed to go over them. That official had audited the accounts. Some of the money had been advanced to regimental officers, and they had not accounted for it for some time afterward.

Mr. Bowman replied that he was glad that he had raised the question, and had it cleared up by the Provincial Treasurer.

Mr. Bowman severely criticized the policy of the Government as to Northern Ontario. The Government had had ample time since 1912 to carry out its policy. "The program that has been pursued in the North must force one to the conclusion that the policy which has been adopted since 1912 has been a wasteful and improvident one," declared Mr. Bowman, "and as time goes on one that will prove not in the best interests of the North country. Out of a total of something like \$5,000,000 expended up to the present time, over \$4,000,000 of that amount appears to have been spent upon roads exclusively, and the remainder on various other items and in connection with returned soldiers.

#### A Wasteful Policy.

"I have seen in the North evidences of what time will prove to be the wastefulness of the policy carried on. Miles and miles of roads have been built where there are no settlers and where there will not be for many years. A sound, progressive policy, which undoubtedly would have produced permanent results and developed many prosperous settlers, would have developed a policy not merely of road-building, but would have evolved a policy of development of good townships which were proven to be first-class agricultural lands." The better policy would have been to select certain districts suitable for agricultural purposes in a comparatively small area and of developing them, of building roads, of providing drainage, of providing schools and churches, and of providing all things that are necessary to establish a prosperous community. Such a policy would have developed community centres and would have been better than spending the money on roads which will go to pieces long before they can be of service.

"The Province is face to face with a very large expenditure extending over a number of years in connection with the highways of this Province," continued the Chief Liberal Whip. "I desire to impress upon the Government the importance of carrying on this work on a sound business basis, with the proper organization of competent men who have made an intelligent study of what this Province requires under the conditions we have to contend with, and a system that will give maximum efficiency and prevent waste and loss of much money. I trust that as we proceed in this direction we will get better results than the Province got in connection with the Toronto and Hamilton highway."

#### High Cost of Government.

Mr. Bowman turned his attention also to what he declared was an alarming increase in the cost of