

the year's operations is a deficit of \$802,749.

Takes Fling at Parties.

"One of the financial critics of the Opposition has undertaken to establish a deficit of \$1,700,000, and another has gone about \$300,000 better, and is satisfied that the deficit is \$2,000,000. This sort of criticism, while not helpful to the Province, is in line with party methods, and so long as such methods prevail we may expect to see Oppositions magnify deficits, and, if necessary for party purposes, create them. We find, however, that a business man's view of the situation is very much different to that of the politician.

"Let us examine the causes which brought about the increase in the expenditure last year," the Prime Minister continued. "First of all, there were certain increases beyond our control, and these amount to \$2,016,492. These uncontrollable increases are as follows:

"Increased cost of carrying the debt incurred in 1919, \$946,944; general election accounts left over, \$608,960; debt to Teachers' Superannuation Fund, assumed, \$460,588, or a total of \$2,016,492.

"These three items account for nearly half of the increased expenditure. Two other items of increased expenditure which are worthy of special attention account practically for the balance of the increase. These outlays are:

"Education, \$1,610,058; maintenance of public institutions, \$705,146, or a total of \$2,315,804.

"The Government accepts full responsibility for increasing the assistance to education, and it looks forward to dealing still more generously with that branch of the public service, believing that we can make no better investment than in the citizenship of our country," declared Hon. Mr. Drury.

All in Five Items.

"These five items of expenditure involved an increased outlay of \$4,332,296, which is within \$84,000 of accounting for the entire actual increase in expenditure last year."

Some Capital Expenditures.

"Last year our capital expenditure reached a total figure of \$56,963,946, of that sum, however, \$22,313,208 was used to pay off maturing debts. We have, therefore, to account for the balance, which amounted to \$34,846,402. The greater portion of this was used in what may be described as self-sustaining investments. We advanced \$18,076,500 to the Hydro-electric Commission to carry on works begun before we assumed office and which must necessarily be completed in order that the investment already made may be made productive. We advanced to various municipalities under the Housing Act \$4,236,708, which comes mainly from a Dominion loan for housing purposes, and which will be repaid with interest. These two sums account for \$22,313,208 of our capital expenditure. Of the balance, \$10,882,296, we spent \$1,607,005 for Northern Ontario purposes, which included advances for permanent improvements of the T. & N.O. Railway, for colonization roads and for Northern and Northwestern development. The interests of returned soldiers called for a capital expenditure of \$445,844. We provided \$655,000 for educational buildings and \$910,000 for public buildings. Our capital expenditure on highways was \$6,664,989, but of this sum \$1,500,000 was spent on behalf of the Dominion Government and will be returned to the Province. We may, therefore, fairly eliminate that sum from our capital expenditure, in arriving at the actual amount, and it brings the capital outlay for the year down to \$9,382,296, as compared with the \$34,000,000 for which some critics of the Government would hold us accountable."

Hon. Mr. Smith's Defense.

Very briefly, Hon. Peter Smith, as Provincial Treasurer, officially "wound up" the debate on the Budget. Hon. Mr. Smith did not go into detail, but contented himself with dealing with certain specific criticisms levelled by Opposition speakers at his methods of financing the Province.

Taking up first Mr. Dewart's charge that loans negotiated by the

Province should be specially earmarked for certain purposes, and used for those purposes alone, the Provincial Treasurer stated that he did not favor the idea.

"As to ear-marking loans, I am not in favor of it," he declared. "It cannot be done."

Moneys borrowed, he explained, had to be pooled. "It all goes into a pot and it all comes out of the pot," he said, amidst laughter.

Regarding sinking funds for loans, as urged by Mr. Dewart, Hon. Mr. Smith stated that he thoroughly approved of such, and sinking funds already were being provided for certain Provincial loans. This summer sums to a total of \$203,000 had been set aside, he said.

Under the Hydro Act there had been borrowed \$64,000,000, and there had been paid to account of Hydro the sum of \$77,000,000.

"Therefore, we still owe ourselves on that account," he said, "some \$13,000,000."

Proceeds from the sale of Orpington Hospital, the Provincial Treasurer said, had gone into ordinary revenue account, for the simple reason that the money to erect that hospital had been charged to ordinary expenditure.

As to charges by Jos. E. Thompson, Northeast Toronto, that Toronto brokers, at the time of the disposal of Provincial bonds, were prepared to pay more than the Government had received, Hon. Mr. Smith said briefly:

"No Toronto broker would have paid 98 for them, for the simple reason that no Toronto broker would assume the liability.

"When I sold that \$16,000,000 loan," he went on, "I had the advice of two of the best financial men in the Dominion of Canada. If I told you their names you would agree with me.

"I have had brokers come and tell me, after a loan had been made, that they would have given me more for it. One broker came to me after the \$3,000,000 loan and told me that he would have given me more than I got for it. I said to him: 'All right, you can have \$3,000,000 more at that price.'

"He couldn't get out of my office fast enough," concluded the Provincial Treasurer, to hearty Government applause.

Questioned by Mr. Thompson as to whether he considered it more advisable to advertise loans than to get together "two or three financial men" in order to get their advice:

"No, I don't think so," was the quick reply. "I had 24 brokers consulting me.

"If you had done your bookkeeping the way I did," the Provincial Treasurer said, looking generally over the Opposition benches, "you would have shown a deficit every year."

MEMBER FROM NORTH

TALKS OF "DOYLE RULE"

MR. MAGEAU EXPLAINS REMARKS ON HIGHLY TECHNICAL SUBJECT

Before the orders of the day were called yesterday in the Legislature, Mr. Z. Mageau, Liberal member for Sturgeon Falls, asked permission of the House to correct the impression apt to be left by a technical inexactitude in The Globe report of his remarks on the Doyle rule, as uttered on Wednesday night.

"The reports of The Globe, in so far as the proceedings of the House are concerned, are pretty accurate," said Mr. Mageau, "and in this case I am not blaming the reporters." The matter, he stated, was very technical, and what he actually had said about his personal experience of the Doyle rule was as follows:

"That my own personal experience as applied to our operations never gave us one single foot more of merchantable timber than the actual log scale by Government dealers, and sometimes less. But we did, as everybody else does, get an overrun by way of cull lumber, and again I say we never got anything over and above what we did expect to get at the time we purchased the timber limit."