

The OBSERVER IN QUEEN'S PARK



In his financial review in the House yesterday Hon. Peter Smith, Provincial Treasurer, completely upset what has almost come to be a Budget tradition. Of recent years Budget speeches have been synonymous with new forms of taxation and increased taxation. Hon. Peter Smith said he had no new taxation to propose. "I have fully decided not to go into the field of taxation any farther," he announced, quite casually. Moreover, he added that so long as he was Treasurer there would never be a Provincial income tax or any direct tax. "We have plenty of revenue to take care of our expenditures, and take care of them well."

This announcement, made in his usual bluff, off-hand manner was heartily applauded — applause which will echo throughout all Ontario. It was something of a reminder of the pre-war days—the "good old days" to which so many folks refer. Hon. Peter could not go any greater distance. Not the slightest gesture did he make toward any drastic relief in the present burden of taxation, but possibly the abandonment of new schemes to get money is about all the country can stand in one afternoon. Incidentally, the Provincial Treasurer said he had a "very substantial surplus," amounting to \$1,064,325.

Like a Cross-examination.

Hon. Peter made absolutely no attempt to thrill the House with a dramatic speech, though, from the Government's point of view, he had plenty of material. He read considerable portions of his two-and-a-half-hour address and made frequent pauses, as though inviting questions. These apparent invitations were eagerly seized upon by the Conservatives, who had so many things to inquire about that at times it looked as though Hon. Peter were under cross-examination, instead of delivering a Budget speech. Ferguson, Nickle, Hill, Lennox, Henry and Currie seemed to have questions at the tip of their tongues all the time, but the Treasurer faced this battery of brains and came out more than even. Then, when he thought the questions should end, he turned to copies of Conservative campaign literature, with which he was plentifully supplied, and read long extracts dealing with the late Government's financing. This method was quite effectual in silencing the inquisitors for considerable periods. Whenever Hon. Peter talked politics, and the occasions were frequent, because he is a politician, it was to the Conservatives all his remarks were directed. He either ignored the Liberal party, or thought the Liberals were nearly of the same mind as the U.F.O. Few interruptions, however, came from the Liberal benches, though Leader Hay obtained several needful explanations. At the same time, the debate was adjourned by W. E. N. Sinclair, Liberal, South Ontario, who in a few sentences claimed the House was entitled to more enlightenment on the public accounts, and who also claimed Hon. Peter had been thinking too much of making campaign literature. And so it looks as though the Budget speech is in for some severe criticism at the hands of Mr. Sinclair.

The Debt and the Hydro.

Outside the announcement of no new taxation, two things stand out above others in the Budget speech: (1) The plan to pay off the Provincial debt, and (2) Mr. Smith's references to the Hydro. Regarding the net debt, which he figured

at \$61,589,000, the Treasurer said: "I am at this time going to make provision to retire the debt of the Province of Ontario. Every Government and every municipality should do something along that line. Ontario is in a good financial position, and is safe for the next four years." He proposed to take a half of one per cent. out of the ordinary revenue each year for this purpose. Next April he would go into the money market and buy nothing but Victory bonds or Ontario bonds with the money, and by this procedure, at the end of 40 years, on a 4 per cent. basis, the total indebtedness would be retired. If a larger interest rate were secured some years might be taken off that term. This method would be applied to all loans for which no sinking fund is provided. The per capita debt of Ontario was now '22, as compared with \$21.30 for Quebec, \$27.53 for Nova Scotia, and \$71.60 for British Columbia.

In 1920, 1921, and 1922 the amount advanced to the Hydro was \$71,448,405, "and yet we have been accused of being opposed to the Hydro." During the darkest financial days the Government had paid out a million a week for the Hydro.

Belief in Criticism.

After Mr. Ferguson had pressed some points rather vigorously, Hon. Peter remarked: "Candidly, I honestly believe the more he goes out and knocks the Government, the better for the Government."

"Then I'll help you all I can," came from the Conservative Leader.

The Treasurer often stopped in the middle of a most serious statement to add a little mirth to the proceedings. He was making taxation comparisons with years back. "In 1904, for instance, they had no motor tax, because they had no motors," he began.

"And no amusements," interrupted Mr. Brackin, Kent.

"My honorable friend from Kent was not in the House then," was Hon. Peter's retort, as he went on with the motor tax.

However, the Budget debate begins next week. Plenty of fireworks are promised, and it may last a month.