

Wednesday, March 18<sup>th</sup>

# SURPRISE AMENDMENT ON HOME BANK BONDS IS SPRUNG BY RANEY

**Leader of Progressive Group Moves in Condemnation of 1919 Transaction on Provincial Securities and Failure of Public Accounts Committee to Make Adequate Investigation Into Commissions**

## SENSATIONAL TURN TO BUDGET DEBATE

**Premier Ferguson Assails Ethics of Former Attorney-General — W. E. N. Sinclair Attacks Government's Financial Showing, Says 4.4 Beer Seems More Important Than \$8,000,000 Deficit**

Hon. W. E. Raney, Progressive Leader in the Legislature, sprung a sensation in the Budget debate last night, introducing a resolution condemning the 1919 bond transaction with the Home Bank, and "regretting the failure of the Standing Committee on Public Accounts of last year to make any reference to this transaction." The Ferguson Government, as a result, abandoned any attempt to close the debate with the usual wind-up from the Prime Minister.

Besides regretting the failure of the committee to make reference to it in its report, Mr. Raney's amendment "condemns the transaction between the Treasury Department and the Government and the Home Bank in September, 1919, whereby the Government sold a \$4,000,000 issue of Provincial bonds to the bank at the price of 94.48, thus enabling the bank to make a profit of \$94,800 under circumstances involving corresponding loss to the Province."

The amendment also regretted the failure of the said committee "to make any adequate investigation of the alleged payment by the bank of \$42,400 by way of special commissions on the said transactions as shown by the books of the bank."

### Raney Riles the Ministry.

So vigorously did Mr. Raney attack the subject that he was forced on one occasion to withdraw a comment which was interpreted by Provincial Treasurer Price to mean that he had been a party to covering up an illegal transaction. Amid the thunderous pounding of Conservative desks, Mr. Raney withdrew, but not without a tilt with the Prime Minister, who severely criticized his qualification that, "under compulsion," he must withdraw.

Mr. Raney brought a brand-new feature into the year-old discussions of Home Bank commissions, and that was the declaration that shortly after coming into office Peter Smith had reported to the Premier (Drury) that he had reason to think there was something irregular about that \$4,000,000 loan. A little later on he had come back to the then Premier and said that it seemed to be all right.

### Prods Hornets' Nest.

Mr. Raney was promptly taken to task by A. Belanger (Liberal, Russell), A. C. Lewis (Conservative, Northeast Toronto), and later by the Prime Minister for withholding this information from the Public Accounts Committee of last year at a time when they had publicly invited any light that could be thrown on the subject. Nor, declared the Premier, had Mr. Drury mentioned it in evidence, although, he said, he was cross-examined in regard to the matter—a statement which Mr. Raney disputed, declaring that that feature of the trial was not gone into when Mr. Smith pleaded guilty to the charge of receiving \$15,000.

Premier Ferguson took former Attorney-General Raney severely to task for a technical, if not an actual breach of faith, in introducing his

amendment to the Budget resolution. Agreement had been made, he said, between the three leaders to complete the Budget discussions last night—an arrangement which the amendment made impossible of accomplishment.

### Will Not Go Unchallenged.

"He must appreciate the fact," said Mr. Ferguson, speaking of Mr. Raney, "that no Government is going to sit here and allow the amendment that has been made to go by without discussion. If you insist upon it, of course this debate will go on, and I will know it is of no use in the future to make any arrangement with my honorable friend regarding the conduct of the House. Surely he does not think I am childish enough to let him spring an amendment like that at the last moment. Surely he doesn't think a resolution challenging the good faith of the Government, a charge of complicity in a dishonest transaction, is to pass unnoticed, except by the silent vote of the members of this House."

### Is Not Intimidated.

Mr. Raney—I am not intimidated by the Prime Minister's language, nor by the approval it has from a certain section of the House. He is free to close this debate tonight or continue it. I know his code. I ask no quarter from that side of the House. He has 76 members; we have 14, but we are not going to yield one foot on our rights.

Instead of the Premier then following Mr. Raney as had been intended in the arrangement made between the leaders, W. Finlayson, Simcoe East, the Chairman of the Public Accounts Committee of last year, arose to speak for the Government.

### Mr. Sinclair's Address.

Mr. Sinclair opened with a criticism of the short time allowed members of the House for examination of the bulky Public Accounts volume between the receipt of the book and the Budget debate. He thought, with all the details available to the department some weeks ahead of the delivery of the statistics, there might be some system of distributing the information.

Although Provincial Treasurer Price had taken credit for the reduction in the size of the Public Accounts, thereby saving \$10,000 of public funds, Mr. Sinclair, after perusing it, expressed the opinion that the Government might better spend the \$10,000 and let the members have the information that had been pruned out with a view to saving space. He went on to illustrate that, whereas the expenditure of \$864,000 had this year been shown on less than four pages, \$4,000,000 of expenditure the year before had been itemized over twice that space.

Mr. Sinclair twitted T. A. Thompson, Conservative member for North Lanark, with attributing much of the commercial success of the United States to the Monroe Doctrine, which, Mr. Sinclair said, when, he

went to school, had nothing to do with the tariff. While the Liberal Leader did not see any call for tariff references at all in the Legislature, he suggested, as one time-saving device, that the Monroe Doctrine be eliminated from consideration.

### Commissions Not Fully Ventilated.

He passed again over the Home bank commissions of 1919 to say that the matter did not rest in the right place as yet, and that surely it was the duty of the Government to investigate the matter to the full. He must emphatically deny that the fullest of opportunity had been given the Public Accounts Committee to investigate the subject, and declared that the responsibility for lifting the veil rested with the Administration.

Regretting the limited discussions that had taken place on the all-important Budget debate, Mr. Sinclair said that it would seem that 4.4 beer was of more importance than the \$8,000,000 deficit. He went on to show how expenditures had grown from the days of the old Liberal Government from \$6,000,000 to \$50,000,000, and how public debt had increased from almost nil to \$350,000,000.

Like every other public man, he said, he was sorry that there had been any necessity for arrests from among the ranks of public servants. The Provincial Treasurer, however, had said that, due to the audits instituted, the revenues of the Province had been increased, which had left the distinct impression in the

mind of the Liberal Leader that some "leak holes" must have been found. In view of that situation he called upon the Provincial Treasurer to give a clean bill of health to those departments which had been found in good condition, in order that no suspicion should rest in improper places.

### Assuming Undue Credit.

Mr. Sinclair again expressed the view that Mr. Price had taken too much credit to the Government for the increase in revenues shown in the public accounts, in view of the fact that last year was a 12-month year and the year previous a 10½-month year. Said Mr. Sinclair: "The increase is due only to the extra six weeks; the money just came in."

On the subject of the deficit Mr. Sinclair was vigorous in his declaration that the Government had to either cut down expenditures or increase revenues in order to balance the Budget. There was no use looking out the window, said the Liberal Leader, and, seeing the beer wagon or the automobile going by, saying to oneself, "Well, I get a tax on that."

He hoped the Provincial Treasurer's sinking fund would materialize as had been heralded, and, in regard to the statement of Provincial assets, averred that the people of the Province and their ability to pay were the only real asset behind Provincial credit. He accused the Provincial Treasurer of being unkind to the Savings Office Department, and asked why had the farmers not got the benefit of 5 instead of 5½ per cent. money in view of the decrease of 1 per cent. in interest?

Mr. Price replied that conditions had not been satisfactory on the former basis, and that the comparison did not hold.

Mr. Price was a wizard of finance, declared Mr. Sinclair, if he could estimate \$2,300,000 of revenues from a beverage tax which was to begin on an unknown date. On how many months did Mr. Price base his calculations?

### Banking on Thirsty Weather.

Mr. Price said that he presumed the people would drink more soft drinks in the hot weather than in winter, and Mr. Raney asked: "What about the beer?"

Mr. Price—That is a soft drink. The Treasurer's reply to all Mr. Sinclair's probings as to what was proposed in the O.T.A. amendments was: "Wait for the bill," and the Liberal Leader had to leave it at that.

On the proposed gasoline tax of three cents per gallon, Mr. Sinclair estimated that more than a third of the commercial and pleasure automobiles of the Province operated