

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

wholly on city streets, although they were to pay the gas tax for the upkeep of outside Provincial highways. He went on to quote statistics showing that the total revenues from motor vehicles with the new taxation would exceed by nearly \$2,000,000 the whole cost of the highways, maintenance and interest on capitalization.

He thought the Hydro expenditures had not been properly itemized, and went on to criticize the position of the Secretary for Northern Ontario, F. H. Keefer, K.C., M.P.P., whose position and remuneration, he claimed, were for the purpose of looking after Conservative party interests in the North country.

When he questioned the legality of some \$600 of travelling expenses paid to Mr. Keefer, Mr. Ferguson said that the larger amount was in respect of Mr. Keefer's trip to Washington, where he had ably represented Ontario on the Chicago waterway diversion issue. Mr. Sinclair said that if that information had been set out beside the item he would have not questioned it, although still doubting its legality. Like Sam Clarke (Liberal, West Northumberland) he twitted Mr. Keefer on his Christmas festivities with the Danes.

#### Members Dealing With Government.

While dismissing the case of Whip William Ireland, West Hastings, in the matter of the sale of some \$20 worth of "biscuits and cheese" to a Government party as something entirely inadvertent, Mr. Sinclair passed severe censure on Hon. James Lyons, Minister of Lands and Forests and George W. Ecclestone, Conservative member for Muskoka, for business dealings of concerns controlled by these members with the Government. When he questioned reason for the delayed explanations of the last two gentlemen, in view of Mr. Ireland's prompt statement on the floor of the House, Mr. Ferguson said: "Of course it is obvious. A shareholder of a joint stock company is not liable. Mr. Ireland's case was entirely different."

Mr. Sinclair proceeded, however, to question the ethics of the matter, and Mr. Ferguson retorted that if he continued he might arouse protests from his own side of the House. Mr. Sinclair said that the case of Z. Mageau (Liberal, Sturgeon Falls) had been so small as to be worthy of no consideration, and Mr. Mageau afterward said that his sale to the Government had been that of lumber, upon which the Government would otherwise have had to pay \$10 or more per thousand feet to get the material to the desired point.

But Mr. Sinclair reviewed the items in public accounts opposite the names of George W. Ecclestone, Ltd., and Marshall, Ecclestone Company, which totalled some \$6,000 or \$7,000, and quoted the incorporation statistics of the George W. Ecclestone Company to show that of the total capitalization of 400 shares the member for Muskoka held 396. In the Marshall, Ecclestone concern Mr. Ecclestone was also President and held 159 of the 205 shares. He submitted that, although technically Mr. Ecclestone was in a correct position as a shareholder, still the original exemption was intended to apply only to minority shareholders.

#### Hon. Mr. Lyons's Interests.

Dealing with the case of Hon. Mr. Lyons's company, the Lyons Fuel and Supply Company of Sault Ste. Marie, Mr. Sinclair made humorous reference to the Minister holding one share, although he was President, some 363 shares being held by Angelina Lyons, his wife. When he made reference to the holding of shares in trust by George W. Goodwin, Mr. Lyons got up to explain that these were shares originally held by Mrs. Goodwin, bequeathed to her children, still of juvenile age, held by Mr. Goodwin in trust.

Premier Ferguson—My honorable friend is hard to satisfy. One honorable gentleman holds too many shares and the other apparently holds too few to suit him.

Mr. Sinclair proceeded to twit the Minister upon the heralded expansion of his company and expressed regrets that, in view of the ruling of the Prime Minister on the subject—that henceforth Government members should refrain even from accepting Government business—the Lyons concern was to secure less business.

The incident concluded with a controversy as to whether the Government had unduly delayed answering a question which the Liberals had put on the order paper respecting the business with the Lyons firm. Mr. Sinclair asserted that, although he question might not have been on the order paper until Friday last, the Government knew of it before, and the Minister's "penitence" was tardy.

#### Mr. Raney on "Promises."

Enumerating some of the "good spots" in Government activities, and praising Provincial Treasurer Price's Budget as "the best presentation of the affairs of the Province, in point of clarity, for 20 years," Mr. Raney, in opening his speech, said he would like to mention other things the Government had attempted. One was the attempt last year to eliminate the Progressive group as a separate Opposition; another was the Judicature Act, and then there was the attempted elimination of the Ontario Temperance Act.

At this moment, said Mr. Raney, the House was awaiting the bill that was to be the seal at once of the Prime Minister's broken promises and of his defiance of the will of the people.

Fourthly, Mr. Raney declared, the Government had attempted and achieved the reintroduction of party patronage in its most extreme and absolute form. Until the appointment of Mr. Ramsden there had never been a Liberal member of the Hydro-Electric Power Commission, even though that body was supposed to be non-partisan, but within 48 hours of the present Government assuming office the Prime Minister had demanded Mr. Ramsden's resignation, on the plea that the Government wanted to reorganize the Commission. Mr. Ramsden had been dismissed out of hand when his resignation was not forthcoming, and after 20 months the vacancy was still unfilled. Thus one member, Mr. Cooke, was carrying out in most partisan fashion the administration of a \$250,000,000 plant. So far as the ridings of the 34 members of parties opposite the Government was concerned, the patronage was in the hands of the defeated Conservative candidates, in whom the electors voted no confidence.

#### Would Put Tammany to Shame.

Then there was a system of party discipline in the Government ranks that would put Tammany Hall itself to shame, Mr. Raney observed. The mind of the party was made up by the Prime Minister, and his followers were compelled to vote as they were told under pain and penalties of party discipline.

"Patronage, the party Whip, indemnities and the liquor trade—these are the elements, the good traditional Tory elements, upon which the Government is relying at this moment to maintain its grip on place and power in this Province," Mr. Raney declared.

Turning to the inquiry of the Public Accounts Committee and the conviction of the ex-Provincial Treasurer, Mr. Raney twitted the Government for its lack of criticism of Mr. McGarry for a much more flagrant transaction with the Home Bank in 1919 than that to which Peter Smith pleaded guilty. He referred to the sale of \$4,000,000 of Ontario bonds to the Home Bank in September, 1919, at 94.48, which in turn was sold by the bank, without even taking delivery from Mr. McGarry, to a firm of Toronto brokers at 96.85, a profit of 2.37 per cent., or \$94,800. The Toronto brokers turned the bonds over a few days later at 98.12, or a profit of 1.27 per cent., equalling \$54,800. This transaction was, Mr. Raney declared,

a scandal for months in brokers' offices and on the streets of Toronto, apart altogether of the graft features of it, yet it was passed up by the Chairman of the Public Accounts Committee and the present Provincial Treasurer "without batting an eyelash."

#### Forced to Withdraw Remark.

In the course of a cross-fire of words between the Provincial Treasurer, W. H. Price, who defended the work of the committee, and Mr. Raney, the latter observed that he knew "how keen the Provincial Treasurer was to cover up the trail that led to the people who got the \$42,000 from the Home Bank before the election of 1919." This remark was resented strongly by Mr. Price, and the Speaker insisted that Mr. Raney withdraw the remark, which he eventually did.

In further comment on the report of the Public Accounts Committee, Mr. Raney told that, a few days after the Drury Government came into office, Hon. Peter Smith, the new Provincial Treasurer, had said to Mr. Drury that there were suspicious circumstances connected with the sale of \$4,000,000 of bonds to the Home Bank by the former Government. Mr. Drury asked Mr. Smith to look into the matter, and to speak to him again about it. Mr. Smith asked his deputy to bring him the department file in the matter of this loan, and had been told there was no file; the same reply he received when he asked for the Home Bank file.

#### Smith and McGarry Conferred.

Some days later Mr. McGarry sent to Mr. Smith the original letter of the Home Bank, offering to buy the \$4,000,000 bond issue, and a copy of his reply, which, he said, he had taken inadvertently from the department. An interview between Smith and McGarry followed, after which the former reported to Mr. Drury that the matter apparently was regular. Mr. Raney mentioned this episode to show the knowledge of the Drury Government in the matter.

The present Provincial Treasurer, Mr. Raney went on, thought there was no tollkeeper prior to Mr. Smith, and had conducted the proceedings before the Public Accounts Committee accordingly. Of course, it was no part of the original program of the Government or of the Provincial Treasurer to investigate Mr. McGarry's administration, he said. Mr. McGarry's denial before the committee had only served to deepen the mystery. Mr. Raney suggested that it was the duty of Mr. Finlayson and Mr. Price to explain to the House and to the public why they ignored certain scandalous transactions in their report.

#### Moves Surprise Amendment.

The former Attorney-General then moved the following amendment, which was the signal for an outburst from the Prime Minister to the effect that it had been arranged that the Budget debate would close last night, but it could not do so by reason of a surprise amendment sprung by Mr. Raney:

"This House condemns the transactions between the Treasury Department of the Government and the Home Bank in September, 1919, whereby the Government sold the \$4,000,000 issue of Provincial bonds to the bank at the price of 94.48, thereby enabling the bank to make a profit of \$94,800, under circumstances involving corresponding heavy loss to the Province.

"And this House regrets the failure of the Standing Committee on Public Accounts of last year to make any reference to this transaction in its report to the House.

"And this House further regrets the failure of the Standing Committee to make any adequate investigation of the alleged payments of the bank on or before the twenty-third of September, 1919, of the sums aggregating \$42,400 by way of