

"How Do You Know?" Is Query.

When Dr. Monteith made his brief statement on estimated liquor-sale profits, Liberal Leader Sinclair immediately queried: "Would the Minister give the House some idea how he arrives at that estimate?"

"I will say that I have only one way of arriving at it," replied Dr. Monteith, "and that—to consult the Attorney-General."

Here he paused to smile at Col. Price, holder of that office, and former Provincial Treasurer. "I presume," he continued to Mr. Sinclair, "if you have an interview with the Attorney-General he'll tell you the details."

"Isn't this matter public property?" Mr. Sinclair pressed his question.

"Well," said Premier Ferguson, taking a hand in the proceedings, "we made three-quarters of a million dollars' profit under your system, and so we ought to get three and a half millions all right."

Last Year's Profits.

Dr. Monteith referred to a brief paragraph in the Budget which outlined the activities of the Ontario Government dispensaries for the fiscal year 1926. Sales at the dispensaries totalled \$5,025,798. The cost of stock sold was \$3,800,508, giving a gross profit of \$1,225,290. Operating expenses, discounts to chemists and druggists, delivery expenses, totalled \$482,647. This left a profit on dispensary sales for the year of \$742,643, which, plus bank interest of \$15,827, gave a net profit of \$758,470.

Future Revenues.

Dr. Monteith anticipated that ordinary revenues for 1927 would aggregate \$53,571,000, and that expenditures would reach the amount of \$53,415,000, a surplus of \$159,000, and an improvement over the present deficit of \$971,140. He laid great stress on "the courageous manner" in which the Government is tackling the debt situation, declaring, in this connection, that slightly in advance of \$3,000,000 would be paid off the debt this year.

Supplementary estimates to the amount of \$3,032,759.39 were laid on the table by the Treasurer. In these estimates there is considerable provision for expenditure on Hydro transformer stations and rural distribution lines; a \$10,000 appropriation for services and expenses of the Bilingual School Committee, and a \$30,000 appropriation listed as "additional inspection of public schools."

Dr. Monteith spoke for more than two hours to a crowded House and to crowded galleries. Although it was his first "trial by fire" since being given a portfolio in the Ferguson Cabinet, he acquitted himself well and was the recipient, afterward of many congratulations.

Municipal income tax reductions, assured by the Government, and to be made effective by a Government bill, now awaiting second reading by

the House, got brief mention in the Treasurer's address.

Congratulations All Around.

At the outset of his remarks Dr. Monteith congratulated the new Lieutenant-Governor, W. D. Ross; Hon. W. D. Black, the new Speaker of the Legislature, and Major Alexander C. Lewis, the new Clerk of the Assembly, on their appointments to office. He also complimented his predecessor in office, Hon. W. H. Price (now Attorney-General).

For the benefit of the new members of the House, Dr. Monteith drew a mental picture of the Province's resources, estimating its wealth as follows: Value of Crown timbers, over \$4,800,000,000; property assessed by municipalities, over \$2,600,000,000; value of mineral wealth, \$2,000,000,000; Crown lands, undeveloped, \$230,000,000; fish, game and fur, \$200,000,000; water powers, \$150,000,000; or a total of about ten billions of dollars.

"This, of course, is estimated," he told the House. "The true wealth would be more likely to exceed this amount. This will give some slight impression of the great wealth of the Province that honorable gentlemen have come here to represent."

Where Money Comes From.

Widespread and intensive activities, he said, brought to the Province a huge sum of annual income, which he estimated as follows: Farming, over \$477,000,000; manufacturing, over \$1,397,000,000; mining, over \$87,000,000; forests, over \$103,000,000; fisheries, over \$2,800,000; furs, over \$3,400,000; or a total of more than two billions of dollars.

Dr. Monteith admitted that the gross debt of \$349,000,000 which the Province carried on Oct. 31, 1926, was "an enormous financial load for any Province to endure." Considering further the question of the "steadily growing and mounting debt to which the Province has been subjected through past years," Dr. Monteith traced the debt from 1904, when the first public borrowing was made to finance the construction of the Timiskaming & Northern Ontario Railway, up to "the staggering increases" during the reign of the Drury Government, which, he contended, had "naturally aroused the public of the Province."

"I have no reflections whatever," he said, "on the thousands of well-meaning and conscientious people who voted for the Drury Administration. It was done in good faith, but the Administration, either through inability, inefficiency or lack of honor of public trust, did not live up to the expectations of those who supported it. The whole affair was a huge experiment, and a very disastrous one; and so costly that the people are still paying dearly for this experiment."

Dr. Monteith asserted that the Ferguson Government was called into office "to remedy an intolerable condition." And to show, as he maintained, that the present Administration has "improved the financial status of Ontario," and "given to the people the administration that was expected of it," he launched into an extensive review of expenditures and revenues.

Says Capital Outlay Reduced.

As a result, he stated, of the application of the principle of efficient, economical and sound, businesslike administration which Premier Ferguson had laid down on taking office, capital expenditure of \$25,000,062 in 1923 had been reduced to \$13,867,552 in 1926. He drew the House's attention to the fact that in the four years of the Ferguson Administration up to the end of the fiscal year the increase of the gross debt had amounted to \$58,091,000, whereas under the preceding Government the increase had been \$193,993,000. In fact, he added, the increase of the debt in the last year of the Drury regime had been almost as much as during the whole four years under the Ferguson Administration.

"So far as the capital indebtedness of the Province is concerned," the Treasurer emphasized, "the present Government has fulfilled its obligations to the people, the debt is under control, and capital expenditures rigidly restricted."

After noting that the present Administration "has given its untiring efforts to improving the finances of the Province, and has very markedly increased the revenue from this source," Dr. Monteith switched back to the subject of capital indebtedness.

Retirement of Debt.

"Is it a healthy condition of finance," he inquired, "to allow a mortgage to stand year after year on your house, on your farm, or on your factory, without any effort being made to reduce it or pay it off? This Government feels that sound financing demands some provision for the ultimate retirement of the public debt of any country. Where in the history of the Province back to Confederation has there been any serious attempt to liquidate or pay off this debt? Something never before undertaken in any effective way has been assumed by this Government, and that is—to liquidate the debt."

Dr. Monteith referred to the \$15,000,000 deficit which he said existed when the Ferguson Government came into power, and quoted the following figures as argument in favor of the retrenchment and curtailment policy effected by Premier Ferguson, and the intensive collection of revenue system instituted by Col. Price:

Ordinary revenue, 1923	\$34,110,212
Ordinary expenditure, 1923	49,305,439
Deficit of	\$15,195,227
Ordinary revenue in 1924 (first year of Ferguson Administration)	\$40,540,923
Ordinary expenditure, 1924	49,009,688
Deficit of	\$ 8,468,765
Ordinary revenue in 1925	\$46,602,803
Ordinary expenditure in 1925	51,710,168
Deficit of	\$ 5,107,365
Ordinary revenue in 1926 (last fiscal year)	\$50,841,043
Ordinary expenditure in 1926	51,653,183
Deficit of	\$ 812,140

Deficit Is Smaller.

"You will notice, therefore, by these figures," commented the Treasurer, "that the deficit has contracted to \$812,140. It is an enviable record to show such a decided improvement in the revenue, and the holding down of expenditure." Here, he added, that leaving out interest account and discount on loans, there was a surplus of \$2,193,476 in the year 1925; and in the year 1926, a surplus of revenue over expenditure of \$6,727,371. He also called attention to the fact that in the Budget address of last year a deficit of a million and a half dollars had been forecast, but that the real deficit of \$812,140 was an improvement of almost a million dollars over that estimate.

Dr. Monteith said that the ordinary expenditure of last year was more than a million dollars less than in the year 1923, but that notwithstanding the progress of the times and the increasing demands of the people for extra services, the Government had

maintained a high standard of departmental service.

"Let us ask ourselves," said he, "what has happened the debt since this Administration came into power? What has happened to the deficit during the present regime? It is manifest to the people of this Province the vast improvement which has come to the financial fibre of our Province during the Administration of the Ferguson Government. These are facts that are verified by the departmental files and records. The refunding operations of the present Government have been vastly improved and the whole financial field has been put in order, and all activities pertaining to all departments, have been stabilized financially."

Gross Debt Looms Large.

While admitting that the gross debt of the Province, \$349,115,000, loomed large, Dr. Monteith presented the following "assets," figures to show that the financial obligations of the Province were "possibly not so serious as one at first might think":

Revenue-producing assets, such as: Hydro, T. & N. O. Ry. advances, loans to municipalities, etc.	\$181,851,000
Current assets, such as: Cash in bank, accounts receivable, etc.	22,748,000
Total	\$204,599,000
Net debt	\$144,536,000
Other assets: Roads and highways	\$ 86,558,937
Public buildings, etc.	34,500,000
Total	\$121,058,937

"Thus leaving a balance," said Dr. Monteith, "of \$24,477,063, against which we have no specific assets. Against this, however, we may array the vast potential assets of the Province, which are being made more available year by year on account of the Government's activities."

Serial Bond Issue.

Delving into what he termed Ontario's "success in the money markets," Dr. Monteith stated that during the past year the Province had disposed of its first serial bond issue in accordance with the new debt retirement scheme. This issue was of the instalment type and was for \$21,000,000. The money cost the Province a rate of 4.98, and the first payment of the issue was paid in December of the present fiscal year.