

Friday, March 16th

BUDGET DEBATE ENDS; MILLER AMENDMENT IS DEFEATED, 67 TO 16

**Government and Liberal
Groups Vote Solidly,
With Progressives Split
and Not Dissenting on
Main Motion**

FINANCIAL CRITICISM BY LIBERAL LEADER

The Ontario Legislature dropped the curtain on its Budget debate at 11.15 o'clock last night, rejecting the Miller-Proulx amendment by a recorded vote of 67 to 16, and adopting, on the same division, the main motion of Provincial Treasurer Monteith that the House resolve itself into Committee of Supply to consider the estimates.

The Miller-Proulx amendment stated that "This House regrets that the Government, notwithstanding increasing revenues, had failed to afford relief to the local municipalities by assuming the total cost of construction and maintenance of Provincial highways."

Decline to Follow Leader.

The Liberal group voted solidly for it, and the Government benchers just as unitedly against it. The Progressive group presented the only broken battle-front, three members, Christopher Gardiner, East Kent; W. G. Medd, North Huron, and F. G. Sandy, North Victoria, declining to follow their Leader, J. G. Lethbridge, in opposing the amendment. This was no surprise, however, as it had been reported earlier in the day that certain group members could not see eye to eye with their Leader's attitude that the amendment, in suggesting future exemption of municipalities from contribution to the "Provincials," was not providing a "square deal" for those counties which already have "sunk" a lot of money in this type of road.

Farquhar Oliver, sole U.F.O. member in the House at the division, got a big hand from Government supporters, when he voted their way on the amendment.

Progressives Surprise.

What did come as a surprise, however, was the lack of team play exhibited by the Progressive group when they permitted the main motion to slide through on the first division without dissent. While "split" on the amendment, they were prepared to a man, it is said, to oppose the motion.

The closing day of the debate was featured by an all-around, and effective criticism of the Government's financial affairs by Liberal Leader Sinclair; Mr. Lethbridge's temporary "arm-in-arming" with the Government against the Liberal highways construction amendment; and the appearance of Hon. William Finlayson, Minister of Land and Forests, as a deputy for Premier Ferguson.

Homuth's "About-Face."

At the outset of his remarks Mr. Sinclair "went after" Karl Homuth, Conservative member for South Waterloo, for the latter's "about-face" stand on old-age pensions. Mr. Homuth contended he had not voted against the principle of old-age pensions. Mr. Sinclair submitted that his amendment asked the very thing for which 1,700 constituents had appealed, and he would leave it to those constituents to tell Mr. Homuth at the next election who was right and who was wrong.

"And, believe me, they will," said Mr. Homuth.

Dissects Budget.

Mr. Sinclair then started in to pull apart the Monteith Budget. The Provincial Treasurer, he said, had, according to a newspaper headline, claimed that the taxpayers' burden was eased by \$5,000,000. But how was this done? Reference had been made to a reduction of \$100,000 in poolroom taxes. This, said Mr. Sinclair, was a Provincial tax on operators only. The masses had not benefited. And, moreover, the tax had been abolished in 1925. Dr.

Monteith could claim no credit for that reduction.

It had been said, Mr. Sinclair continued, that there was a reduction of many thousands of dollars in luxury tax. But this particular item of taxation (carbonated drinks) had been abolished in 1926. The Treasurer now collected a luxury tax of \$282,467, and could not claim any credit for the other saving as against 1927.

There was a reduction of \$350,000 in race-track taxation, but this benefited companies and not the public generally.

Then, Mr. Sinclair went on, there was a reduction of \$2,000,000 in automobile taxation as "an election bribe." But no sooner had the ballots been locked up than a permit tax was added, so that there was far from a \$2,000,000 saving for the taxpayers.

"Long Way From \$5,000,000."

"This," said the Liberal Leader, "is a long way from the \$5,000,000 that the Provincial Treasurer claims as easing the burden of taxation. But he goes further. He says the burden is lightened by \$2,300,000 on account of money not spent. He is taking credit for a burden that was never imposed. And he claims further that \$339,000 was saved on better interest rates. Everybody knows that interest rates were formerly high and are now low."

That \$5,000,000 easing of burden, Mr. Sinclair declared, was imaginary relief. The true facts, he went on, were shown in examination of the departments whose revenue is taxation. And such a census, he said, showed that in 1927 there was \$4,161,751 more taxation than in 1926, the taxation being \$28,406,603 in 1926, and \$32,568,354 in 1927.

Expenses Not Cut.

The Provincial Treasurer, Mr. Sinclair noted, was proud of his surplus of \$359,223. But, said he, though the financial authorities of the Ferguson Government had from year to year been saying that deficits were to be changed to surpluses by the reduction of expenditures, this 1927 surplus had not been obtained by cutting down expenses. The 1924 Budget showed expenditures as \$49,305,439, and now they were \$55,957,001, or an increase of \$6,650,000. A similar comparison showed that revenue in 1923 was \$34,110,212 and now \$55,957,001, or an increase of approximately \$21,850,000.

"Revenue has been increased," said the Liberal Leader, "but this revenue is nothing more than taxation. So what is there to rejoice over. It means that taxation in 1927 is \$21,850,000 over that of 1923. There is an increase of 64 per cent. in four years. How can the people rejoice even if the Treasurer does?"

Hon. Mr. Henry protested that the increased revenue was the sign of better business and prosperity in the land. Hon. Mr. Price pointed out that increased expenditures referred to by Mr. Sinclair involved increases in interest charges.

No Cause for Rejoicing.

On the question of the Provincial debt Mr. Sinclair said there was no cause for rejoicing on the part of the Ferguson Government that during its tenure of office the debt has increased only \$77,000,000, while in the previous four years under the Drury Government it increased \$193,000,000. The latter Administration had had special developments to make, from which people were now getting the benefits. Since 1923, he said, there had been no reason for the debt to grow fast. There had been no big capital outlays.

"For what this Government has done," said Mr. Sinclair, "the debt has grown fast enough."

Only Real Assets.

And of all the Government's boasted assets, the T. & N. O. Railway and the Hydro were the only real assets worth what they cost.

Mr. Sinclair said that the Government had more for which to be thankful in regard to the present financial condition of the Province than for which to take credit. While a \$359,000 surplus had been recorded during the past year, when the Treasurer had estimated it at \$156,000 only, receipts had exceeded the estimate in that connection by \$2,725,000, and expenditures had exceeded their estimate by \$2,593,500. It didn't look to him like very good financing.

Mr. Sinclair said that the Government was "putting off the evil day" in its debt retirement plan as long as it could. He said that the Provincial Treasury owed the "cheap money" it had borrowed to the Federal Government's policy of tax reduction. By relieving taxation the King Government had made possible more money.

"Election Bribe"

Mr. Sinclair scored the Ferguson Government's amusement tax reduction as an "election bribe," which had been delayed almost a year in going into effect in order that the Treasury could get the last scrap of revenue out of it.

Touching briefly on the question of the development of the St. Lawrence, he mentioned the fact that E. C. Graves (Conservative, St. Catharines) had but recently appealed to the Prime Minister to get on with the work. In Mr. Sinclair's opinion, Mr. Ferguson's silence can no longer be accepted by the people.

"When he speaks next in the House," he said, "he must announce some policy for the people."

Speaking directly to the Miller amendment, which favors total relief of counties from contribution to Provincial highways, Mr. Sinclair said the "time for it" had come. The burden, he said, should be borne by the Province. Gasoline might have to be taxed more. Busses and trucks more, too. At any rate, he said, the farmers of

Ontario could not pay it, and it had to be shifted.

How It Could Be Saved.

In this connection, Mr. Sinclair said that money required could be saved by abolishing the Civil Service Commission, which was purely a patronage affair, costing \$11,112.73 annually. It could be saved by eliminating big legal fees, such as J. Earle Lawson, \$5,605; G. H. Kilmer, \$4,040; F. H. Keefer, \$5,617; Andrew T. Thompson, \$3,800; J. R. L. Starr, \$7,927; McGregor Young, \$5,500; Tilley-Johnston, \$5,000; I. F. Hellmuth, \$5,000; Hearst & Hearst, \$6,664. It could be saved by cutting down the combined salaries of the Strong Man and his Liquor Board aides from \$40,000 to \$15,000.

"At this figure," said Mr. Sinclair, "they would still be able to keep the stream flowing. They are selling a commodity which sells itself and it does not need to be 'pushed' on the people. I think their salaries should be in keeping with their efforts."

Urges Purchasing Agent.

Mr. Sinclair also advocated the appointment of a purchasing agent whose duty would be to check purchases in all Government departments.

"Nowadays," said he, "departments appear to buy anything they see."

In conclusion, Mr. Sinclair pointed to the \$177,000 surplus estimated for this year.

"We are going," he said, "to be down \$5,000,000 on succession duties. But we are going to make it up this way: Gasoline tax increase, \$1,097,058.28, or \$10,070,585.70 more money spent by our people in driving cars, and \$7,000,000 out of liquor control, or \$50,000,000 spent by the people of Ontario for liquor."

"That is to say, \$60,000,000 spent on luxuries by the people is going to make us prosperous. It is a new doctrine. It never did work."

"Drive more miles with your car, and drink lots of liquor. Then the Budget will balance."