

ALL CORPORATIONS TO PAY ON CAPITAL, SAYS TREASURER

Deficiency in Revenue of \$2,670,000 Forecast, Despite Imposts

EXPENDITURES GROWING Corporation Levy Extended —Finances of Ontario Analyzed

An estimated deficit of \$2,670,000 for the fiscal year ending Oct. 31, 1931, was announced to the Ontario Legislature yesterday by Hon. Edward A. Dunlop, in his first Budget speech since he took over the Provincial Treasurership of the Province.

The deficit is some \$2,024,000 greater than was reported for the last fiscal year, and is "on the cards" in spite of the Government's efforts to bolster revenue by having increased the prices of hard liquors, and extending its one-tenth of 1 per cent. tax on certain corporations' capital to include all corporations in Ontario.

From the first source the Government anticipates an additional Treasury revenue of \$2,500,000 this year; from the second source, a revenue of \$2,000,000. Both arrangements were also announced to the House yesterday by Mr. Dunlop. The higher "booze" prices are effective from this morning. The extended corporation tax will become operative with proclamation of the legislation which will be introduced later in the session to provide for it.

In Optimistic Mood.

Mr. Dunlop's maiden financial speech—a unique address, by the way, for a Treasurer, in that he spoke from no prepared manuscript, and occupied only 43 minutes of the House's attention instead of the from two to three hours usually demanded by his predecessors in office—proved to be one of the "bright spots" of the session to date, fairly breathing optimism for the Province's future, in spite of the general retrenchment in ordinary revenue and ordinary expenditure that the Treasurer deemed immediately imperative.

No intimation was given by Mr. Dunlop as to the amount of the reduction the Government will make in the per diem tax of Ontario's race-tracks, although the cut is assured, and has been allowed for in this year's expenditures. Definite intimation, however, came from him to the effect that the Dominion Government will not assume the giant share of old-age pensions for some time yet, and that Ontario proposes to carry her obligations in this regard throughout the balance of the year.

Claim was emphatically advanced by the Treasurer that, had the Government no pensions to assume, a balanced Budget would have been in order on Oct. 31 next. A similar "happy" situation would apply, he contended, had the Government declined to go through this year with its debt-retirement-payment policy.

Crowded Galleries.

Crowded galleries and virtually an entire House membership greeted Mr.

Dunlop's debut. Confession that he alone of the Assembly representation of 1904—the year he was first elected to the Legislature—now walked the Legislative corridors and listened to Legislative debates brought deafening applause from Government and Opposition benchers alike, and the unbridled prediction from North Renfrew acquaintances, gathered along the side lines, so to speak, that "Eddie'll be Premier some day, if he don't watch out."

Mr. Dunlop's deficit estimate was based on calculations of ordinary revenue receipts of \$59,985,000, and ordinary expenditures of \$62,655,000 for the current year. Corresponding figures of a year ago were \$57,343,291, and \$57,989,352, respectively.

Gas tax collections this year it is estimated, net the Treasury \$11,000,000—approximately \$250,000 more than the collections last year. Motor licenses at an estimate of \$5,585,000, will top last year's revenue in this connection by some \$630,000. Liquor, as previously indicated, will, if the higher prices now prevailing "work," bring in \$10,000,000, exclusive of permits and fines—the highest revenue since the L.C.A. came into operation in June, 1926.

These three, along with succession duties, are the Government's main money makers, but succession duties this year, are set up for \$9,225,000—a decrease from last year's collections of \$2,000,000.

An interest payment on the public debt of \$13,750,000, and a debt-retirement payment of \$2,700,000, making a total of \$16,450,000—an increase of \$4,500,000 over a similar payment in the last fiscal year—represent the Government's biggest item under ordinary expenditure for this year, and the greatest contributing factor in the \$2,670,000 estimated deficit.

In Days of Yore.

"Of the members who sat in this House when I first made my bow to the Speaker in 1904," said Mr. Dunlop, in opening his speech, "I alone remain." He remarked also that only he of the present members of the House was in the Legislature when the Liberals were in power.

At present, he continued, the world was passing through a period of depression which could be attributed to many causes. The situation in Russia had a serious bearing on the international economic and agricultural conditions. The demoralization of the silver standard had deprived the world of much of the purchasing power of the East. The condition of several debtor nations being unable to pay, and creditor nations unable to collect, placed all nations in a bad condition. Another factor in the international situation was the maintenance of prices at an artificial level by the distributors of the world who ignored the law of supply and demand. Canada had felt the effect of this in respect to wheat and newsprint.

Referring to "cycles of depression," Mr. Dunlop declared that: "Eastern Canada felt this depression less than any other part of the world. None of our banks or financial institutions have shown signs of strain, which is speaking well for Canadian banking laws, and the integrity, foresight and business acumen of the leaders of our banking and financial institutions."

Not a Happy Man.

"The Treasurer of this or any other Government at the moment is not in a very happy position. He is importuned on the one hand to give more generously, and asked on the other hand to retrench—a situation which does not make for a balanced Budget."

He noted that Opposition critics deplored aggregate expenditures, but almost in the same breath advocated measures which would entail further spending. The wisdom of expenditures

should be the criterion applied, he continued, and noted that Calvin Coolidge recently wrote: "Legislators do not want to be extravagant; minorities drive them to it."

Times like the present demanded every retrenchment and economy possible. Capital expenditure was in a different class. "It is the part of wise economy to borrow from the future to provide employment for the present," he urged.

One of the most serious problems of today was that of municipal taxation. This class of levy had increased enormously in recent years. "This Government is doing its fair share to control that taxation and relieve the taxpayer," the Treasurer believed.

Cost of Education.

On education last year \$11,558,000 had been spent. Hospitals, charities and the care of the sick in body and mind had taken \$8,448,305. The Province's share of mother's allowances had been \$1,368,368. Old-age pensions had claimed \$2,120,638. Activities in the range of health and welfare work accounted for \$880,332, of which \$194,000 was for the manufacture of insulin, anti-toxin and other serums, distributed free of charge to the people of Ontario. Had these same people been compelled to purchase these supplies at retail prices, they would have had to pay about \$500,000.

Plight of Farmers.

While the ordinary taxpayer was seriously handicapped by municipal taxation, the Treasurer believed agriculturists were doubly handicapped. This was because the goods which the agriculturist depended on for his livelihood had depreciated, probably to the extent of 50 per cent. Where one carload of oats paid a farmer's taxes two years ago, it now took two loads.

The Government, however, was easing the farmer's burden to a substantial extent.

Capital and ordinary expenditure last year on good roads had been \$28,905,000. When Mr. Dunlop was first elected to the Legislature the total contribution by the Province to the municipalities for roads had been \$22,000 or \$23,000. Today the Government was giving \$1,000,000 for road building for every \$1,000 given at that time. In aids to agriculture last year the Government spent \$2,723,778.

Coming to the announcement of the 1929-1930 fiscal year's deficit of \$646,061, Mr. Dunlop resumed: "This is, I am sure all members will agree, not a very serious situation, considering the depression which existed almost all through the last year."

The Provincial debt was \$471,621,000. Of this \$408,794,000, or 85 per cent., was invested in revenue-producing assets, such as good roads, the Timiskaming & Northern Ontario Railway, or in loans to the Agricultural Development Board, township drainage or tile drainage, or other loans. The revenue from this 85 per cent. was \$27,650,000 gross, or 6½ per cent. to the Treasury.

Hydro Investment.

This revenue was made up, he explained, by \$8,800,000 from Hydro; \$850,000 from T. & N.O.; \$1,600,000 from farm loans, and \$16,400,000 from highways. Regarding Hydro, he mentioned that the total investment was \$175,000,000, which provided a generating capacity of 1,088,000 horsepower. Last year it had generated and distributed nearly 5,000,000,000 kilowatt hours. If one cent per kilowatt hour were saved, the total saving to the public would be \$49,000,000.

For the industrial life of the country, he continued, cheap power was essential. The great distances between large power sites in Ontario and the comparative proximity of power sites to industrial centres in Quebec were mentioned by the speaker. One large