

enues are buoyant. There is no excuse in times like these to budget for a deficit. For 1933 we are budgeting for a deficit of \$3,000,000. This is the annual average being repeated. This retards our recovery, and it weakens faith in our credit. The budgeting committee has not done its duty, and a balanced budget for 1933 would have been a bright spot in the financial world."

"The reductions made are largely in capital. That is well as far as it goes, but in ordinary accounts we must go further. Revenues will fall of necessity, and the Government cannot be blamed if the revenues do not come in. But it must budget in keeping with the revenues. Services must be curtailed to do this, but hard as it may be to do, economies must be made."

"I would suggest the following reductions in expenditure, temporarily at least," stated the Liberal House Leader. "I would eliminate the payment to the Teachers' Superannuation Fund of \$720,000. I would eliminate the payment of \$500,000 to the Public Service Superannuation. I would reduce the grant to the University of Toronto by \$500,000, and I would reduce the payments for Crown prosecutors by \$30,000."

"I would also reduce travelling expenses and car allowances by \$500,000. If you look in the public accounts you will see that nearly \$1,000,000 is spent in this way, and in these times it could be reduced by half. I would eliminate for the time being the Ontario House in London, England, at a saving of \$50,000, and I would reduce the staff in service and cut salaries to save \$450,000."

Premier Henry—We have already gone farther than that.

Mr. Sinclair—Then I would put mine on top of that. And I would suspend repairs and alterations to public buildings, and the purchase of new furniture. I would like to see some new furniture in the Opposition rooms, but I would not ask for it now. Of course, there is the chance that I will not always be there.

Could Cut Down.

"This could be done, and many more economies could be suggested. On the whole, \$3,000,000 expenditure could be eliminated, and it should be. Why should we borrow money to keep up an establishment that will not carry itself? The thing is to make the Province pay its way—and I believe it can—without the service. We would be living within our means, and we would have a balanced budget. Nothing less is good financing, and nothing else can give the public confidence."

"As to capital expenditures—these should be kept to a minimum. We should spend only on bare necessities. We must do without other things, as individuals are doing without them. The requirements for today are the balancing of annual budgets, the cutting out of capital expenditures and the cutting out of politics and getting down to business. The situation is not hopeless, and I am not painting a blue-ruin picture. I am just painting it so that the people may see the situation as it is and see a way out."

He reminded the House that this was the fourteenth Budget he had criticized, and that the total deficits under the Drury Administration had amounted to \$24,500,000, while those of the Conservatives had totalled \$14,000,000, while from 1920 to 1932 the gross debt of the Province had increased from \$97,000,000 to \$574,419,393. Of this \$200,000,000 had been under the Drury regime and \$280,000,000 under the Ferguson and Henry Administrations.

Expenses Grow.

During the same period the annual expenditure had increased from \$17,600,000 to \$52,173,086, "which under the old system would be \$65,000,000 at least. Under Mr. Drury it went up from \$17,500,000 to \$49,000,000 and under the Conservatives from \$49,000,000 to \$65,000,000. This is the picture as it is today, and this is a time of almost economic collapse."

Recalling that he had criticized Governments for the past decade for their policies with respect to finance, the Liberal House Leader remarked: "If my warnings had been heeded, we would not be where we are today. I have been a consistent opponent of extravagance."

Stating that at the first of the session he had stressed the need for co-operation, Mr. Sinclair said he was continuing in that spirit, although he had been criticized for it. "I have with me, at any rate, Hon. Vincent Massey, General Organizer of the Liberal Party in Canada. He said at Windsor, 'Partisanship is out of place just now.'"

The Government had commenced to economize. "But it is at least three years too late. The Prime Minister said, 'Conditions' He cited the great wars of the past, followed by depressions. The war has been over for fifteen years nearly, and four Governments have held office. The picture I painted in opening has been created and the Treasury Board has not done its duty over the years."

Mr. Sinclair spent some time on the Highway Improvement Fund, terming it the "joker of Governments." He called upon the Government to state if such a fund actually existed, and, if so, what it was. He dealt with the statute under which the fund was set up, and the contributions which were to be made to it, pointing out that a total of \$240,025,128 was supposed to have been set aside for it over the period of years from 1920 when it was originated.

Sessional papers show that there is a balance in the fund of \$18,840,786, and that the balance in 1931 was \$9,213,630. In 1926 there had been \$26,266,305 added to the fund, and if a similar amount was added in 1933 the fund would amount to \$45,107,000, less some \$10,000,000 due to reduction in expenditures on highways. This would leave some \$35,000,000, he estimated.

Highways Fund.

"What is the Government going to do? Is it going to let the fund increase? If the fund is set aside, the money must be available. And, if it is available it must have been borrowed. The Provincial highways debit is \$7,750,000. But this was not paid out. Cross entries reduce it to \$4,329,196. Capital expenditures on highways is \$6,712,739, and the total expenditure on highways, capital and ordinary, is \$10,578,586. And the highways estimates for 1932 were \$668,000, but it debits the Highways Improvement Fund with \$13,357,563. Why this debit when there was a total expenditure of \$10,578,586, according to the public accounts?"

"And this \$10,578,586 includes the vote in the estimates of \$668,000, leaving \$9,810,586 for the fund, whereas it shows a debit of \$13,357,563, or an excess of \$3,546,977. I would like to know if there is such a fund, and if so, what it is used for. Is it used for something besides highways? The statute says that all road payments should be made out of the fund, but the claim is made that the gas tax goes to roads. But none of it goes on new roads. It all goes into the ordinary accounts, and is paid out to meet current expenses, part of it going for road maintenance."

"In 1932 the gas tax amounted to \$12,341,237, and that of motor vehicles to \$7,376,672, or a total of \$19,717,910. The road expenditure was \$3,865,847, leaving a profit from the motorists of \$15,852,063. People have been fooled by this fund, but it is all over. We know where it goes. They borrow money to build roads, and part of the gas tax goes to pay

interest on the borrowings. It is hardly using us right to conceal such a large fund as this, if there is such a fund. It is rather difficult to explain it other than as a rather clever and ingenious method of fooling the people as to where the gas taxes go. I would like the Government to state if it is only a bookkeeping account set up to borrow from," he said.

After scoring members of the Ontario Cabinet and terming them "self-seekers, with a score of directorates among them." Hon. Harry C. Nixon, Progressive Leader in the Ontario Legislature, yesterday declared, in his Budget address, that the position of Right Hon. Arthur Meighen on the Hydro Commission "was a matter of public comment from one end of the Province to the other."

"I propose to insert in this bill (the Public Commissions Act) a clause that would make it impossible for him, or any one else, to longer direct great corporations, or any one of the half-

dozen hide-out subsidiaries, speculating in stocks whose value is determined and enhanced by contracts and deals made at the expense of the public interest by the Hydro Commission, of which he is the dominating member," declared Mr. Nixon.

The Progressive Leader roundly attacked the extravagance of the present Administration, and its system of cross-entry accounting, which, he said, failed to show a true picture of the actual state of Ontario's position; he criticized the Government for inactivity during the early weeks of the present session, which brought about a consequent last-few-days' rush; and deprecated the attacks made on himself as a former member of the Drury Administration, bluntly telling the Government benches that Cabinet solidarity does not go so far as to make him responsible for personal actions of other former Ministers.

"Damon and Pythias" Analogy.

"One has frequently heard before references to Cabinet solidarity," he said, "and I presume it refers to that Damon and Pythias relationship which we see so beautifully exemplified in the Premier and his Attorney-General. I always knew it applied to questions of legislation and administration, but to say that it makes a Cabinet Minister equally responsible for the behavior or crimes of a colleague is too ridiculous to be even seriously considered."

"I have not," he stated, "brought to your attention the question of Cabinet Ministers sitting on directorates, or I would be busy, because this Cabinet of self-seekers has some score of directorates among them. But I feel if this practice is eschewed and frowned upon by the Premier it would never get too bad in the Cabinet. I think that the Attorney-General in his heart agrees with me. I recall my friend from Dufferin on one occasion, some years ago, mentioning a number of directorates that the Attorney-General had, and the Attorney-General at once stated he had resigned every one when he entered the Cabinet, so he must have thought there was an issue at stake, as I have no doubt directors' fees would jingle as pleasantly in his pockets as in those of any one else."

Finances Believed Uncontrolled.

Mr. Nixon declared that the financial condition of the Province was "in such an astoundingly uncontrolled condition that no one with any sense of responsibility or appreciation of conditions could lightly ask for a mandate from the people."

"Any leader," he declared, "would accept that responsibility only on condition that he would be supported in the most radical overhauling of the machinery of administration, and in the elimination of many so-called public services."

The Progressive Leader paid tribute to the efforts of Liberal Leader Mitchell F. Hepburn and defended him against attacks on Mr. Hepburn's statements on the financial condition of the Province, declaring that, while Government supporters had scoffed at many of his estimates and the magnitude of indebtedness and expenditures, his forecasts had proved correct. He facetiously remarked that the only fault to find in Mr. Hepburn's calculations, when they were not entirely accurate, as in the case of the gross debt, was that the Liberal Leader could not add as fast as the Government could spend.

Hydro Investigation Cited.

"Another instance of Mr. Hepburn's inaccuracy occurs to me," he smilingly stated. "I remember being with him at a meeting when we were protesting against the appointment of W. N. Tilley, K.C., as sole counsel for the Hydro Investigation, because he had been so royally treated by the H.E.P.C. and the Government, and the figure of \$250,000 was suggested as the amount paid him. I will confess that I thought that beyond all sense or reason, and determined to find out. So, I have put a series of questions on the order paper and, while I realize I have not yet anything like a complete return, what I have figures up to over \$315,000 so far, with many bills yet to come in, as he has not been paid for the Hydro investigation, and only a paltry \$10,000 retainer from the O.P.S. In this connection let me suggest to Mr. Tilley that he get his bills all in and paid before the change of Govern-