

Tories' Financing Warmly Assailed; Censure Is Moved

Debt Mounts Too Rapidly, Bonds Sell, Bearing Too High Interest, and Government Deceives Taxpayers, States Dr. Simpson

HYDRO CRITICIZED; LIBERALS PRAISED

Behind the maze of Conservative bookkeeping lies a \$3,000,000 deficit, the Opposition's financial critic told the Ontario Legislature yesterday. Dr. L. J. Simpson (Simcoe Centre) trimmed a million here and a million there from Premier Henry's figures until finally the Government's claimed \$476,000 surplus had dwindled far below nothing.

Tottering Finance Depicted.

Leading off for his side of the House in the Budget debate, Dr. Simpson drew hearty applause for his picture of a top-heavy, tottering financial structure which Conservatives were attempting to camouflage with a fictitious surplus. Further, he demanded that "Tory" Hydro Commissioners be ousted; promised reduced gasoline and motor taxes under a Liberal regime; denounced "bargain prices" for Ontario bonds sold to brokers, and concluded with the following amendment to the Supply motion: "This House condemns the Government for failure to reduce taxation and deplores the enormous increase each year in the public debt."

Dr. Simpson's speech was followed by contributions to the debate by A. V. Waters (Conservative, Cochrane North), D. J. Taylor (Progressive, Grey North), E. J. Murphy (Conservative, Toronto-St. Patrick), T. P. Murray (Liberal, Renfrew South) and Frank Spence (Conservative, Fort William) and Earl Hutchinson (Labor, Kenora).

Accuses Government.

"I accuse this Government of deliberately attempting to mislead and deceive the taxpayers, who always, ultimately, must pay the shot," said Dr. Simpson at the outset. He denied the Premier's charge that pessimism was the dominant feature of the Liberal attitude toward the Province's present and future. Not Ontario's resources, but Conservative recklessness made his group see the dark side of the picture. "The people are determined," he affirmed, "that their birthright will be wasted no longer through the extravagance of this, the most extravagant Government that ever existed anywhere in the Dominion."

In passing, Dr. Simpson, while "holding no brief for the Drury Government," saw some good points in that Administration's record. It had, he said, called a halt to "the wholesale robbery of the Province that had been going on in the Department of Lands and Forests," and it had killed the "ruinous" Hydro radial policy. In the same connection he denied warmly the frequent Conservative charge that the Liberals were the enemies of Hydro. But, he added, "if we had had more enemies of Hydro's extravagance during the last few years, we would not have had some of the immense purchases of power in Quebec,

the Aird payment and the Northern Power deal, and the great Hydro enterprise would have been in a vastly sounder position and would not have been under the cloud of suspicion that now overhangs it."

He then made his call for resignation of the present Commissioners and appointment of successors free from political connection.

Increase in Debt.

Reviewing ten years' record of the present Government, Dr. Simpson saw the outstanding result as an increase of \$240,000,000 in the Province's capital debt; "in other words, it now takes a third of the total annual revenue of the Province to pay the interest charges on debentures." He recalled Sir John A. Macdonald's words, that: "Granted a full treasury, a strong majority and a small Opposition, and you would debauch a committee of angels." The provisions were there, and he doubted that the Government could qualify as angels.

Comparing Provincial and Dominion records, he observed that Ontario's debt had increased in almost

exact ratio with the decrease—under the Liberal regime—of the Federal obligation. He questioned that relief needs were the main cause; rather had the increase been "largely due to administrative expenditures in the different departments, until today we have the appalling debt of \$592,000,000." The figure was alarming, especially since the public accounts showed Provincial assets with a bare margin over Provincial liabilities. "If this Province were unfortunate enough to have another ten years of Tory rule, our liabilities would be far in excess of our assets." Debts of other Provinces were rising at far less rapid a rate.

The statement of Premier Henry that Ontario's tax policy was merely the sale of services to those who wished to buy was described as "most ridiculous" by Dr. Simpson. He called the attention of the House to a "splendid editorial" in The Globe last Saturday. "It would be well worth your while to get copies and send them to the electors, so that the people may have a true picture of Ontario taxation," he said.

The total Governmental expenditure per family in Ontario had risen from \$9 in 1901 to \$80 in 1931, remarked Dr. Simpson. "One wonders that it has been possible for any Government to find such lavish use for the taxpayers' money."

The Opposition critic quoted from the public accounts to show that, while current liabilities were lower than in 1932, total liabilities had increased by \$19,700,000. Unemployment relief costing \$15,691,000 apparently had all been charged to capital account. He noted the absence from last year's accounts of the "write-off over five years" in the matter of relief. Had this policy been continued in 1933, "according to your own bookkeeping" there would be charged an additional \$635,000. "There would be no surplus, but a deficit," said Dr. Simpson. "And yet the Premier says we have a balanced Budget. It looks as though the surplus was provided by arranging your bookkeeping with that one particular end in view: to attempt to make the public believe that you have a balance when such does not exist."

Deficit Growth.

This calculated deficit, said the speaker, would have grown to \$2,609,000 if, as had been done the preceding year, a fifth of the relief cost had been charged to ordinary account, rather than all to capital. He remarked on the omission of any provision for the Government's debt retirement policy, announced in 1927. As far as he could find out, the entire sinking fund that the Province had invested was less than \$5,500,000.

The actual increase in the liabilities assumed by the Province during 1933 was estimated by Dr. Simpson at \$41,193,653. "What did we get for the money?" asked the speaker.

The January bond issue next took Dr. Simpson's attention. He recalled the \$40,000 payment to the committee of experts, and the silence of the Government on how much of the issue was taken up by the institutions from which these experts were drawn. He questioned that there was much to the Premier's statement about issuance of bonds in small denominations, since, he said, the small investor would not get those securities until brokerage profits had been added to their cost. As for the price, he wondered why

the City of Kingston got 100.03 for its issue, much more than did the Province. Finally, he had no doubt that the bonds "sold at bargain prices, much too cheaply, and that the Province could have easily received very much more money for them. The Government's sole object apparently is to provide a high rate of interest for idle funds in the hands of insurance companies, banks and loaning institutions."

In brief reference to the Highways Department, Dr. Simpson wondered "why the Government should pay the large tax to oil companies for the collection of the gas tax when they must, of necessity, set up the same bookkeeping system in order to take care of their business. I feel that this Government is practically paying salaries of the officials of the oil companies." He promised them that if the Liberals were returned next summer there would be reductions in both the gas tax and auto license fees.

The "mountainous debt" of the Province made business men wonder, said Dr. Simpson, how it ever could be paid. While doubting that the debt ever could be repaid with present policies in force, he said that when the time of payment did come "the ravages of time will have done their work on the capital assets, and nothing but the ruins will remain." The Government constantly was seeking to stimulate a "passion for Ontario bonds. New money is being procured each year, first to pay the interest on the old bonds, and second to pay the annual interest charges on added debt. It would be bad enough to renew the note and pay the interest, but when each time you add the interest to the note, that is back-breaking in the end."

The Liberals would undertake after the election a complete overhauling of the finances of the Province and an honest endeavor to meet the wishes of the people, thus giving them substantial debt reduction.