

Debt Statements.

Total debt statements of \$592,000,000, as expressed in the Public Accounts, and of \$610,931,000 as cited in a Government prospectus of three months later, were compared, with the comment that they "certainly indicate juggling." Mr. Nixon asked why the payment of \$15,000 to Mr. Tilley for his services at the Hydro inquiry of two years ago were held up until after the close of the fiscal year, expanding on this subject to comment that Mr. Tilley's "feet are still in the deep end of the trough." In this connection he further commented: "To show you the ridiculous limits to which this Administration will go in these matters, we have on the records the payment of \$65,000 to Mr. Tilley for investigating the Dominion Power and Transmission Company, and another payment of \$15,000 to Mr. Tilley to investigate his investigation." Mr. Nixon added a suggestion that such public business might be passed around "to some extent at least."

The difference between special and extraordinary expenses was brought out in an interchange between the Premier and Mr. Nixon. The latter went out with extensive quotations from a speech made by Attorney-General Price when Provincial Treasurer, in which Mr. Nixon said Colonel Price had outlined what should be referred to as capital and what should be labelled ordinary expenses, and took him to task for the inclusion of many of these items in current capital accounts.

The Attorney-General protested, but the Progressive Leader repeated his demand for continuity in public accounts as a necessary basis for comparison. "If this Budget had gone through the acid test of the Provincial Treasurer of 1924, we would have a deficit of over \$15,000,000, and were the Budget of that year treated as this one of today, instead of the \$15,000,000 deficit, there would have been a handsome surplus," he said.

Defends Drury Loans.

As a last premise of his address, the Progressive Leader defended the Drury loans, contending that they were made, compared with the difficulties and high rates of the time, at proper figures and compared favorably with the early Ferguson loans.

The Premier recognized, with a smile, the Progressive Leader's reference to his inability to submit a subamendment to the Budget vote. But Mr. Nixon suggested as a possible amendment the following paragraph:

"That we are thankful, indeed, to a Merciful Providence, that we are at last to have a general election when this outfit of wasters, muddlers, and jugglers will be turned out of office."

January Bond Issue.

Premier Henry's speech was intended as a complete vindication of the Government's financial record, and the mass of figures with which he deluged the House was relieved only by the frequent cross-fire with Opposition objectors. In the main, he did little more than review his previous contentions regarding the debt and the loan, but near the close he revealed information long sought by the Opposition: how much of the January bond issue went to the two banks from which the Government drew its expert consultants.

In this regard, he stated, that out of the \$20,000,000 short-term loan \$8,000,000 was taken up by the Bank of Montreal and \$4,750,000 by the Bank of Nova Scotia; of the \$5,000,000 issue, the Bank of Montreal took up \$50,000 and the Bank of Nova Scotia \$833,000; and of the long-term \$15,000,000 issue, the Bank of Montreal took approximately \$500,000 and the Bank of Nova Scotia \$455,000.

The first part of the Premier's speech was devoted to answers to complaints contained in the speeches made earlier in the day by Dr. McQuibban and Mr. Nixon. Dr. McQuibban, he said, had called for a reduction in the rate on farm loans; but, as it stood, the 2 per cent. leeway

between deposits in the Provincial Savings office and the loans was insufficient to care for the banking administration and the building up of a reserve.

North Ontario Power Costs.

Criticism of the cost of power to Northern Ontario mines had given a wrong impression of the situation, said the Prime Minister. The rate of \$60 to \$70 was an initial price, which diminished in ratio with the volume contracted by the mines. The Premier instanced Hollinger, with an average rate of \$28 for the large volume supplied. The comparison between Northern Canada Power rates and those of the Province showed that the Provincial charge of 32½ was just half that of the privately owned corporation.

The Premier disputed vigorously the claim of Dr. McQuibban, that it had cost the Province \$1,000,000 to float the January loans. The average cost, on the three issues, had been 4.64. Apparently the Opposition Leader had reckoned the Provincial loss on the par value, rather than the sale value. Bonds, he noted, were more readily saleable at a discount than at a premium, for the public bought in the hope that the issues would go to par or better. He could present an itemized statement to show that the cost to the Province was 7 per cent., or \$280,000 on the \$40,000,000 issue.

The bonds, when they reached the market, had sold at 97, and the Province received 96, a difference of \$225,000. Other expenses brought the total cost to \$280,000, or 7 per cent., the lowest cost to the Province in the marketing of bonds in thirty years.

In comment on the Premier's statement that bonds at a discount were considered a preferable buy, Mr. Nixon asked: "How is it that the brokers don't worry about the premium today?"

Mr. Henry replied that the market had improved vastly since January. "Let's get down to a level we both understand," he adjured the Progressive Leader. "If you buy a horse, it may be worth a good deal more or a good deal less after a couple of months have passed."

"I'd never expect the price to improve or depreciate to that extent," answered Mr. Nixon, with regard to the rising prices for the issues.

Tilt With McQuibban.

The Premier and Dr. McQuibban had an interchange on the total amount of bonds outstanding, Mr. Henry claiming, and the Liberal Leader denying, that the \$592,000,000 included the issues to which exception had been taken in the afternoon's debate. Turning to Mr. Nixon, the Premier said that the Progressive Leader had thought he had a bombshell to explode when he discovered a \$19,000,000 bond item in the public accounts. This amount, said Mr. Henry, represented a \$7,000,000 loan for the Temiskaming & Northern Ontario Railway, to care for the line's borrowing from the banks, and \$12,000,000 of the Government's day-to-day credits. A Government encountered times when its sources of revenue dried up, said the Premier, instancing the motor license situation, with additional time allowed for purchase of markers and permits.

In answer to doubts cast upon the actuality of his \$476,000 surplus, Premier Henry twitted Opposition critics with the remark: "It's plain they haven't any hope, at any rate, so far as their speeches show." The practice followed by the Government, he said, had been in vogue for twenty years. Looking back to the previous regime, he found evidences of the very financial juggling of which the Opposition complained, wrongly, today.

"You'll have to satisfy the people of the Province that your bookkeeping's right," commented Dr. L. J. Simpson, Liberals' financial critic.

"Show us your surplus in the Treasury," challenged Mr. Nixon.

Continuing, Mr. Henry defended the inclusion of relief costs in capital account, and recited the long list of Drury Government expenditures which had been so listed, including unemployment relief. Far fewer items, he contended, were charged in the present Budget to capital account.

Premier Returns to Hydro.

Back on Hydro, the Premier challenged Opposition claims that politically connected Commissioners should be removed from office. "Do you believe that this Province, with \$300,000,000 invested in Hydro, should have no representation on the Commission?" inquired the Premier. Dr. Simpson said that his only objection was that the Commissioners in question were tied to the Tory Party.

Premier Henry suggested that "the gentleman from Crown Hill"—ex-Premier Drury—was Dr. Simpson's backer. The Liberal critic arose on a point of order to declare: "If any member suggests that any one else writes or composes my speeches, he's wrong."

Further cross-fire resulted when the Premier turned to Drury Government changes in the Hydro Commission, the retirement of I. D. Lucas, and appointment of George Ramsden, "the only instance of political interference with the Commission." Mr. Nixon clashed with the Premier on the reasons for this change.

"There's been no better man than George Ramsden on the board since then," claimed Mr. Nixon.

Reverting to the January bond issue, Mr. Henry noted that the Opposition wondered why the bonds had not been advertised when it was found necessary to go into the market. In reply, he said that the experts had studied the situation and had seen no indication of an acceptable bid up to the time the issue was floated. There had been no mystery about it, everything was open and aboveboard. The charge was made that brokers were doubling their money on a fifty-day hold of the bonds, but conditions had changed very rapidly since the date of issue, and price advances in similar securities could be cited.

After revealing the two banks' purchases of the issues, the Premier said that the Bank of Montreal not only still held all the short-term bonds it had originally bought, but had since acquired \$2,000,000 more at higher prices. The small investor, he contended, had been adequately taken care of.

In closing, the Premier forecast that his Opposition critics would "soon return to the tall timbers and be forgotten."