

INCOME LEVY NOT EQUITABLE, CLAIMS HENRY

All Citizens Discriminated Against, Is Thrust in Tory Attack

Punctuated by sharp clashes between the Treasury benches and the Opposition, the Ontario Legislature yesterday continued debate on the income tax bill, but no progress was made.

For over an hour Hon. George S. Henry alternately criticized the measure and taunted the Government with demands for a showdown on Hepburn Administration's deficit for the full fiscal year.

Hon. David Croll and Hon. Paul Leduc took up the fight for the Government and a political battle royal was waged on the floor.

At the outset, Mr. Henry admitted he agreed with the principle contained in the taxation of incomes, but he charged that a Provincial levy would drive industry out of Ontario, and that it discriminated against all citizens of the Province.

He urged that Federal subsidies to the Provinces be increased, and declared that the only fair income tax was one levied on all citizens of a country.

Debate adjourned at 6 p.m., with J. J. Glass (Liberal, Toronto), speaking for the Government.

Earlier in the afternoon the Address in reply to the Speech from the Throne was moved and seconded by A. St. Clair Gordon and J. Harry Marceau.

Reimbursement Measure.

Today a measure respecting the reimbursement of municipalities under the income tax bill is expected to be introduced.

An unconfirmed report last night stated that those municipalities which had not collected an income tax would also receive a grant from the Government under the new legislation.

A resolution providing for the reimbursement of municipalities for revenue lost was placed on the order paper by Hon. David Croll. He would not comment on the report that his Government intended to give financial aid to municipalities which had not previously imposed the tax.

Discrimination Charged.

At 4.30 Mr. Henry moved that the House adjourn debate on the Throne Speech. Immediately he took up the debate on the income tax bill and launched his attack, which lasted more than an hour.

"Generally speaking, I have always considered an income tax a just one," he said, declaring that such a tax sought to reach a source where there were taxable funds.

It was a step in advance, he believed, that the municipal income tax be eliminated.

"In fact, we had given the matter study for many years. Not that the Province intended to collect it, but we believed that municipal taxation of incomes should be done away with.

"I have never reached and have not yet got to the position where I think Provincial income tax is a proper one.

"The Western Provinces have it, true, but the Eastern Provinces of Quebec to the Maritimes, as I understand it, have none.

"This tax is a discrimination against the people of this Province compared to Quebec and the Maritimes. It will have the effect of driving industries into another Province where, in effect, they will get more favorable consideration.

Would Raise Federal Subsidy.

"I have said that municipal taxation of incomes is not an equitable nor a fair one. I will go a little further. There is growing up a system of taxation against large industries which actually do not belong to those municipalities," he said.

Many large firms were not connected merely with the municipality of location, but were Provincial and national in scope, he said, charging that the imposition of taxation upon the basis of municipal boundaries was unfair. This was especially so regarding educational costs, he said.

"Those who reside within the confines of a city are in a preferred position," he continued, declaring that in the suburbs taxation was residential, upon which the entire cost of administration was based. In the city, however, 50 per cent. of the assessment was on business.

Reiterating his charge that the levying of a Provincial tax was discriminatory and unfair, he suggested:

"The Government will agree with me that there should be a drastic revision upward of the subsidy from the Federal Government."

Subsidies Compared.

Ontario's expenditures had increased from about \$1,500,000 since before Confederation to about \$50,000,000. Similarly, the Federal Government's expenditures had grown from about \$14,000,000 to \$350,000,000, he said.

Ontario once received about 8 per cent. of its expenditures from the Federal authorities, but it had dwindled to .91 per cent., he said.

"Mr. Speaker, may I ask if the honorable member ever advocated an increased subsidy while in office?" interrupted J. H. Clark (Liberal, Windsor).

The question had always been a live one during his regime, Mr. Henry answered. He did not now wish to reduce the question to party politics, he said.

The Opposition Leader swung immediately into an attack on the financial situation of the present Government.

\$30,000,000 Deficit?

The charge levelled on the previous day by the Government that one reason why it had levied the income tax was because the Henry Government had left a \$30,000,000 deficit behind.

"That is a tacit admission that the deficit (of the Hepburn Government) is \$30,000,000," said Mr. Henry.

"Oh, no!" called Hon. Paul Leduc.

"I'll leave it to the House to decide," retorted Mr. Henry.

"You are going to have to wait for the Budget speech. Make up your mind to that now," Hon. David Croll interjected.

Mr. Henry—Will we really get it then?

Mr. Croll—Oh, yes; this is a different kind of Government.

"At Least \$24,000,000."

Mr. Henry: "At the rate of a \$2,000,000-per-month deficit, the total will be at least \$24,000,000." For the five-month period ended April 1 the Government had admitted an ordinary expenditure of \$15,000,000, he said, and charged: "Yet my honorable friends are talking about rigid reduction and drastic economy."

The Henry Government, declared Mr. Croll, had left huge deficits which the new Government was still caring for.

Mr. Henry leaped to his feet again and shouted: "When we left office we had reduced ordinary expenditure by \$11,000,000. I challenge the Government to show any such figures."

Mr. Croll was on his feet and shouted just as loudly: "Our deficit will be at least \$2,000,000 less per month than yours was at any time."

The argument became hot for a moment, and finally Mr. Henry said: "My honorable friend says that, but he shows a five-month deficit of \$10,000,000."

The Opposition Leader then launched a sarcastic attack on "Mr. Walters." He was understood to refer to Chester Walters, Controller of finances.

"I think the Government should take charge of the lord high executioner who wanders around this building giving statements to the press," he said, later calling him the "poohbah of the Treasury Department."

"I find him rather a genial person," Mr. Henry said in reply to a question. "I imagine so do every member of the civil service."

Back again to the income-tax debate, Mr. Henry declared that Premier Hepburn had issued a statement claiming the Province would raise \$15,000,000 through the bill.

Fighting mad again, Mr. Croll rose to demand that the Opposition Leader name the day that any such statement had been issued.

A clipping from the Windsor Star was produced wherein an estimate of \$20,000,000 was given. "Your favorite paper," said Mr. Henry, sending the clipping across the floor of the House by messenger.

Mr. Croll—This is an editorial. Where is the Premier's statement?

Hon. Leopold Macaulay—That ought to hold you for a while.

After some argument, Mr. Henry

said: "Now we have got it (the estimate) down to five million—perhaps we'll get a Government member to say they will get nothing at all."

The Opposition Leader would up his speech with a warning about relief matters generally. Relief would never end unless a change was made, he said, nor would "cheaters" be purged from the lists unless inspectors were appointed who were representatives of the taxpayers, anxious to see that expenditures were curtailed. "Inspectors who merely looked for their pay cheques" were useless, he said.

Glass Defends Measure.

During the last twenty minutes of the session Mr. Glass spoke to the measure.

All afternoon, he said, he had heard critics condemning the new tax and demanding lowered taxation. There was no suggestion from the Opposition, he declared, that the Government should wipe out relief, that it should eliminate necessary social services maintained at Government expense for the Province's welfare.

The Henry Government had done nothing toward reduced tax, but, on the contrary, had mortgaged the future by piling debt upon debt.

He had heard, too, criticism because the Government was taxing the higher incomes.

"I would hate to suggest, Mr. Speaker, that some of the Opposition to this bill is motivated by such thoughts," Mr. Glass said.

There was a rumble of protest from the Conservative ranks while Mr. Glass added: "I do not suggest it, but I have certainly heard of no opposition from the Liberals."

He could see no reason why those who enjoy the luxuries of life to the fullest extent should not pay in proportion in order to help the poorer citizens, he said.

There was no reason, he continued, why net rentals should be treated differently from other incomes. If an individual received \$5,000 a year from net rentals, why should he not pay the same as a man who received \$5,000 from other sources?

The House adjourned at 6 p.m. Debate on the income tax bill will be continued today and legislation regarding the reimbursement of the municipalities will likely be introduced.