

He knew it now, said Mr. Hepburn. He knew, he said, that the financial position of the Mail and Empire was not too good.

To answer charges levelled by Mr. Henry, the Government Leader turned to methods of finance used by his administration.

He favored the system of calling tenders on loan issues, he said, but he had not always found that it worked. Recently, he had gone to

five banks with a loan, and they had all offered them the one price, 3%, he said. "This indicates clearly there was collusion among them," he charged.

"My honorable friends opposite have accused this Government of paying Wood, Gundy & Company for advice."

Mr. Henry—My charge was that brokers made big profits because they got their own price. They got an overriding profit over and above the profit made in the ordinary market.

#### Lowest Rates.

Mr. Hepburn—We haven't paid any one for financial advice. Notwithstanding, we have borrowed money at the lowest rates in the history of the Province. The former Government not only paid for financial advice, but for legal advice.

In one issue floated by the Tory Government, there was paid \$40,000 for financial advice, \$13,500 for newspaper advertising and \$2,499 for legal advice."

Another issue increased eight points within a few days of being sold and speculators could have profited \$3,000,000.

In 1934 the capital expenditures of his Government had been reduced \$24,000,000 and ordinary expenditures \$6,000,000. The Treasury Department had been reorganized at a saving of about \$5,000,000 and the Budget estimate of last year would be exceeded by \$7,300,000.

Mr. Hepburn—That's the improvement in the financial position. That's why interest rates are going down.

Mr. Price—What is the debt now?

Mr. Hepburn—Well, it's \$180,000,000 more because of your faulty administration.

#### Cites Maladministration.

"One charge I can properly be charged with is underestimating the inability and lack of financial judgment of my predecessors," said the Premier.

He would, he said, quote instances of maladministration in the Henry Government.

There was a Provincial Savings Bank at Bay and Adelaide Streets. For the first three years a rent of \$14,000 annually was contracted for by the former Government; for the next two years this was \$15,000 annually and for the next five years was \$17,500 annually, he charged. All this, he said, was for rental in one office building.

On July 13, 1934, he had taken over the office of the Treasury. He had found, he said, that no inspection had been made for two years—in an office handling millions of dollars. "There sits the Treasurer, and I charge him with inefficiency," he declared, pointing to Hon. George S. Henry.

#### Accusations of Graft.

"Then let us take the Highways Department. If the thing is wrong at the top, it is wrong all the way down. We find that the chief accountant had misappropriated \$2,000. Was he fired? Oh, no. He was reinstated in office. I suppose he knew that the then Premier was not paying his gasoline bills of the day."

"And one of the junior clerks knew that his boss had misappropriated some money. So he decided to do the same. He had stolen \$1,300. And when he heard that the auditors were on his trail, he signed a confession and committed suicide," he said.

"My friend had accused Mr. Slaght and myself with contributing to the death of the late Hon. J. R. Cooke, who was killed in a motor mishap. Let me tell my friend that, due to the inefficiency in his department, right under his own nose, he contributed to a situation which led to the death of this young man.

"And when I took over the Provincial Treasurer's Department I found it the most inefficient of all public services. It was reeking with graft and corruption. The former Deputy Provincial Treasurer, appointed on the recommendation of the former Attorney-General, had stolen \$2,385.

"All this was known to the Treasurer of the day and should have been referred to the Attorney-General.

"Another lad stole \$179, while another took \$2,594.

"The little fellow was reinstated. The other made restitution—he gave a note and paid \$50 on it. He was still in the employ of the department when I took office.

"But what about the friend of the former Attorney-General? There are two Orders-in-Council dealing with him. Just before he resigned an Order-in-Council was passed recommending that W. Martin Turnbull be granted an allowance of \$2,000 for special services rendered. This thief had a premium placed on his dishonesty."

The Premier then read a letter of recommendation to the House, which had been signed by E. A. Dunlop for Turnbull. The letter spoke of painstaking and faithful service, and said he had reorganized various departments, bringing them into correlation with the Treasury.

Mr. Price—Mr. Turnbull was a chartered accountant of outstanding ability. He was not a friend of mine, but he came well recommended."

Mr. Hepburn—And he left the same way, apparently."

These were some of the things which his Government had to clean up when it entered office, he said.

The Premier turned to the Succession Duties Branch. It so happened there was an instance where \$200,000 succession-duty-free bonds had been offered to the Province at par. The Government had refused.

Later these bonds were sold at 1½ points under par to a broker, said the Premier.

One month and four days later the bonds were bought back by the Government from the brokers on an order from Mr. Henry.

Mr. Henry rose to protest, but the Premier kept on speaking.

"The point I want to make is this—and it affects the public Treasury. The Treasury instructed that these bonds be bought back at 108. In other words, a premium of \$16,000 was paid. I want to know who made the \$16,000."

He contrasted this with the Spencer Estate, from which his Government had collected \$660,000.

Mr. Price—When I came into the Treasury I collected large amounts, but I didn't advertise in the press.

The Premier—Well, I'm going to advertise one now that you won't like.

## BENNETT 'SMALL' AND 'BUMPTIOUS,' SAYS HEPBURN

### 'Could Walk Under Freight Car With His Hat On'

Bluntly denying that he had attended a dinner in the "notorious" Gatineau Club after pleading sickness to avoid a dinner sponsored by Prime Minister King, Premier Hepburn yesterday assailed Maclean's Magazine, the Toronto Mail and Empire and former Premier Bennett.

Displaying all his old-time spirit and fire, Premier Hepburn rose in the Provincial Legislature just as it opened. He spoke on a question of personal privilege.

He read from a clipping from the magazine, dated Jan. 15, 1936, signed by "A Politician With a Notebook." It dealt with the Ottawa conference of Premiers.

#### Contradicts Article.

The Premier emphatically contradicted the article and trusted, he said, that such a "reputable magazine" would withdraw when it knew the facts.

The article read:

"When Mr. King, on the eve of the conference, gave a dinner at the Country Club for the Premiers, Mr. Hepburn was conspicuous by his absence. Mr. King tried bravely to make the matter less conspicuous by a little speech of regret, telling that Mr. Hepburn's physician kept him in at nights. The strategy would have worked had Mr. King's other guests not known that at that precise moment Mr. Hepburn was a little farther out on the Aylmer road, at the Gatineau Club, where there is a little more jollity."

To attend the Ottawa conference of Premiers he had flown back from Miami, although his physicians had warned him that he was suffering from acute bronchial troubles, and had warned him not to go out at night, and to avoid places where there was heavy smoke, he said. He reminded the House that he was not a smoker himself.

#### In His Hotel Room.

On the night that Prime Minister King had tendered a banquet to the Premiers, Mr. Hepburn continued, he had remained in his hotel room. With him were Chester Walters, Hon. David Croll, Senator Frank O'Connor and Arthur Slaght, K.C., and other delegates to the conference.

Those, said Premier Hepburn, were the facts concerning the night mentioned.

The Premier turned to an editorial comment in the Mail. He would not bother, said Mr. Hepburn, with the Mail, for it was "the official organ of the Tory Party, and filled with bias," he said.

Former Premier Bennett he described as "so small that he could walk under a freight car without removing his silk hat."

He was not surprised that such remarks should come from a "bumptious, disgruntled Tory like R. B. Bennett, who was still smarting under defeat," he said.

"I suggest that his friends opposite, if he has any friends, subscribe to certain tabloids published in Toronto, and send them to Mr. Bennett. He might read them and get his chin out of the gutter," Premier Hepburn said.

"I imagine there are plenty of skeletons in his closet, grinning and rattling, because I think that even skeletons have a sense of humor," he said.

The galleries, and even the Opposition, roared in laughter as Premier Hepburn completed his sally against the former Prime Minister.

## Gallery Well-Filled For Hepburn

**S**TANDING room in the galleries of the Provincial Legislature was at a premium yesterday when Premier Mitchell Hepburn occupied his seat for the first time this session.

Until now only a few scattered dozens of citizens have occupied the gallery seats, but with the return of Mr. Hepburn the crowds jammed their way in long before the session started.

Fearful of losing their seats during the evening adjournment a dozen or so people brought their dinner along with them and munched sandwiches while they waited for the night session to open.