

"Consistency Is a Jewel."

The Premier tangled again with the Opposition in the closing minutes of his speech when a neat Parliamentary snare was laid for Colonel W. H. Price. For the benefit of the former Attorney-General, the Premier read—without saying what it was—a 1925 report by the then Provincial Treasurer, Colonel Price. The report advocated an income tax collected by the Dominion and divided with the Province. Two weeks ago, Colonel Price voted with the Opposition against the new income tax law containing this principle.

"What's wrong with that?" the Colonel said warily.

"That's what you voted against," countered the Premier.

"I still agree with it," said Colonel Price.

"Well, then I say, with you, consistency is a jewel."

"Aw, nonsense," broke in former Premier Henry.

The Premier gave the Colonel a little more of the 1925 address, in which he had pointed out defects of a municipal income tax (ruled out by present legislation which the Opposition is now fighting). Then he closed the trap.

"It is too bad, indeed, that my honorable friend, the ex-Attorney-General, has such a short memory, but then people change, and there is nobody can change as quickly as a politician; particularly a defeated politician. In the Mail and Empire—that is the official organ of the Conservative Party, of the Conservative minority in this House—in the Mail and Empire of Feb. 18, 1936, you will read these words—and they are words that should be weighed because one of the words has seventeen letters in it, and I sometimes think that my honorable friend, the ex-Attorney-General, when he gets down to words of seven syllables, does pretty well—here is what the Mail and Empire said, reporting quite faithfully, as it sometimes does when it reports the speeches of my honorable friend opposite:

"Climaxing (I quote) a vigorous attack on the Provincial income tax bill in the Legislature last night, Colonel W. H. Price expressed doubt as to the constitutionality of the section of the bill which gives the Federal Income Tax Department the right to collect the tax for Ontario. It was a delegation of authority from one Government to another, and Colonel Price said he doubted whether it would stand in a court of law."

No Doubts in 1925.

"He had doubts about the constitutionality of the tax in 1936, but he had no doubts in 1925."

"I doubt, as a lawyer, whether one Government can delegate its powers to another," the laughing Colonel put in.

"My honorable friend has been caught with his face in one direction and his feet in the other, and doesn't like it. He reminds us of Humpty-Dumpty's conversation with Alice in Wonderland:

"When I use a word," said Humpty-Dumpty, in rather a scornful tone, "it means just what I choose it to mean, nothing more or less."

The Premier explained why he had brought in the income tax. There was a limit to which any Government could go in supporting the economic structure of the State. That limit was reached when deficit after deficit was plowed back into the public debt. His Government's policy was to pay as you go. It was better to impose a sound tax based on an equality of sacrifice; bearing on all classes in proportion to their capacity to support the cost of government; and accepted in principle by every democratic Government.

"Is there any one who will deny that the administration of the municipal income tax in the Province has been the disgrace it has been, evaded by the wealthy who find places where they can house themselves and escape bearing their fair portion of the tax?"

"Of course, there is, and they are here in this House and as spokesmen of the vested interests, they have opposed the income tax bill, and have done everything in their power to impede its progress."

But the Premier predicted that no Conservative member—unless running in a constituency composed largely of the more favored class—will fight the

income tax before his constituents at the next election.

And the Premier could see no more hope in the meal, sweepstakes and gasoline taxation proposed by A. H. Acres. He came out with particular strength against any increase in the gas tax.

Explains Finance.

"I shall give you a detailed account of my stewardship," the young Premier said, and he began his account by explaining in layman's language what Provincial finance is.

"I shall endeavor to place before you a clear statement showing where the revenue came from and how the money was expended. A State has three ways of obtaining money: (1) By taxation; (2) by the operation of State-owned enterprises, and (3) by borrowing, which implies repayment with interest."

Ontario had borrowed, the Premier revealed, until the funded debt on March 31, 1935, stood at \$586,365,499.17. The Premier did not let this stand as the whole statement. In addition, he said, taxpayers will be called on to pay interest amounting to about \$370,000,000—"so what appears to be a debt on the shoulders of the people of the Province of Ontario of some \$586,000,000 will in the course of time, as and when it falls due, amount to a final total of \$956,000,000."

"This funded debt must be met at maturity, and it will be met and honored in the strict terms of the contract."

Borrowing to produce a great Provincial mortgage was popular, said the Premier, because it was a distant calamity.

"The difference between the system of raising money by loans and that of providing for all expenses by taxation is that, while in both cases the same pressure is made at the time on the comfort of families and the general public, in the former way, that is, by borrowing, there is the formation and growth of a great Provincial mortgage which remains to oppress and enfeeble and impoverish the country. In either way, that is by borrowing or by taxing, the Province may, in the first instance, obtain exactly the same supplies and services, but, by borrowing instead of taxing, the Province obtains those supplies and services at a greatly increased cost. Notwithstanding this fact, however, loans are more popular than taxes, and, just because they are, their double mischief is disguised. The people do not feel that the Government is taking money out of their pockets by borrowing. People think that a loan entails only a distant calamity, although the full weight of it is felt in a present calamity. But this is not perceived by the most of the people, and for the time at least their blindness to the true state of affairs reconciles them to a sore infatuation."

Reduction Shown.

The Premier switched from principles to figures to show how the gross debt of the Province went up by almost \$6,000,000 a month in the last eight months of the Henry regime, and how it had been reduced, even in the early months of the present regime.

The Henry Government "legacy of debt" for the eight months before the election was \$47,621,978, the premier said. The new Government in its first four months had been able to reduce this monthly increase to \$3,502,643. Relief in the winter of 1934-35 upped the increase again to \$3,725,012—or still two million and more below the monthly increase in the gross debt when the Conservatives left office.

And in all that period, the Premier reminded the House, his administration had been carrying on with the Henry Government supplies, tax-raising machinery and commitments which continued long after the Governments had been changed.

The Premier, a few minutes later, gave the Opposition its long-desired answer to Opposition charges that the Government had increased the gross debt by \$100,000,000.

"Considerable curiosity has been expressed by honorable gentlemen opposite as to the amount of the debt increase of the Province of Ontario. Since I last had the honor of addressing this House, according to the Cassandra-like wailings of the Opposition, this Government was said to be increasing the gross debt this year by enormous sums. The increase was stated as likely to be around \$90,000,000 or \$100,000,000. Well, Mr. Speaker, this Government succeeded the most extravagant administration in all Ontario's history. It had to carry on for a long time with the former Government's financial programme, but it has shown marked improvement. In the meantime it has been incumbent on this Government, because of the times in which we are, and because of the depression and unemployment, to combine the elements of social justice with sound economic action. We have succeeded in doing this, as I shall point out to you later on in my address. But let me state to this House and to this Province that not only have we reduced expenditures and increased revenues and shown more prudence in our financing, but we have spent wisely and, instead of wasting money by foolish lending and by embarking upon improvident schemes, we have exchanged the hard-earned dollars of the taxpayers of this Province for either social or economic benefits. We have kept alive and well the people of this Province. We have remembered as John Bright said, that 'the nation dwells in the cottage,' and our vital statistics will demonstrate that the health of the people of this Province was never better than it was during the present fiscal year.

Straining Ears.

"I see you are straining your ears to find out whether we have increased the gross debt by \$100,000,000. Well, gentlemen, we have . . . not. Nor have we increased it by \$75,000,000, nor by \$50,000,000. We have increased the gross debt of this Province from April 1, 1935, up to and including Feb. 29, 1936, by the sum of \$14,245,657.26, and we have actually serviced the increased debt of this Province, increased though it was by over \$61,000,000 in the last year of the Henry administration, at a lower cost than for the previous year."

And the Premier went on to tell

the Opposition that his figures were of Feb. 29, and he believed would be improved when the final figures came in at the end of March. The funded debt, he revealed, had increased only by \$7,495,015, in spite of the "tremendous demands" made on the Government. The Premier arrived at this figure by deducting from his new issues of \$43,000,000 the \$38,000,000 of the debt which was retired during the year.

In his list of items appeared: "\$3,937,000—purchased for debt reduction (having the hard cash in hand, which came in from increased revenues)." There was another \$8,000,000 in the bank in cash on Feb. 29, the Premier reported, to set off against his gross debt increase.

"We have made a good beginning. We are marching to a balanced Budget, and to the pegging, and even the reducing, of the debt."

The Opposition benchers might smile, said the Premier, but not in any year did their two ex-Provincial Treasurers succeed in bringing down a balanced Budget or in reducing or pegging the debt. And the Premier repeated that statement as "a fact" to former Premier Henry, and said that examination of the Public Accounts for the year ending October, 1933, showed that what was claimed as a surplus turned out to be a deficit.