

Premier's 1935 Forecast and 1936 Fulfilment

(Budget Speech forecast of April 2, 1935.)

(Budget Speech reports March 12, 1936;
10 mos. actual, 2 mos. estimated.)

Gross ordinary revenue	\$73,705,246	Gross ordinary revenue	\$79,014,075
Gross ordinary expenditures	73,311,593	Gross ordinary expenditures	72,147,039
Relief costs	15,000,000	Relief costs	20,363,645
Forecast deficit	14,606,346	Deficit	13,496,609
Revenue increase	\$5,308,829		
Expenditure decrease	1,164,553		

Where the Revenues Came From

Revenue forecast (April, 1935)	Departments	Revenue report (March, 1936) (10 mos. actual)
\$ 550,000	Game and Fisheries	\$ 679,027
1,083,545	Health	1,285,997
2,620,023	Lands and Forests	3,273,561
7,000,000	Liquor Control Board	8,060,000
9,500,000	Succession Duties	11,600,807
850,000	Amusement Tax	2,130,215

Premier's Forecast for 1936-37

Gross ordinary revenue forecast	\$86,415,649
Gross ordinary expenditures forecast	\$73,217,663
Relief cost forecast	12,600,000
Total ordinary costs	85,817,663
Surplus forecast	\$ 597,985

Long-Term Loans Are Now Feasible, Hepburn Declares

Improved Credit of Province Will Permit Issuance of Debentures

THE Province of Ontario will soon enter the long-term money market, it was announced yesterday in the Legislature by Premier Hepburn in the course of his Budget address.

Time Ripe.

"With the credit of this Province improving as it has," said Mr. Hepburn, "now that the time appears ripe we will probably secure some long-term money, for I believe that the time is opportune to make such a move."

The Prime Minister expressed the opinion that conditions were ideal for the offering of such debentures as were necessary for the carrying on of the affairs of the country, because Ontario's financial policy had taken definite shape and was "commending itself to the investing public."

Mr. Hepburn blamed the former Conservative Administration for the fact that during the present fiscal year it would cost the Government \$250,000 for exchange in London or New York because "when bonds payable in foreign currencies were floated, the financial pilot of the day could not see far enough ahead to avoid the Charybdis of foreign exchange or the Scylla of high interest rates." Since his Government took office, Mr. Hepburn was pleased to say, they had not borrowed a dollar payable in other than the lawful money of Canada.

"Furthermore," he said amid a thunder of Government desk-thumping, "as long as the people of Ontario continue to have faith in this Government, as they demonstrated last June, when in less than a week we sold to them \$20,000,000 of their debentures, it will not be necessary for this Government to go and place its neck under the heel of the money-changers of New York or London."

Assails Opposition.

Mr. Hepburn warmly assailed the Opposition for having charged that the Government was adding to the debt at a rate of \$100,000 per day, and that the credit of Ontario abroad was being destroyed. He predicted that, at the end of the present fiscal year, the bonds of Ontario would be selling at the highest point in history.

"There is not now on this market, or any market in the world," he said, "a single bond or debenture of the Province of Ontario that can be purchased at par. And to every investor or holder of any of the obligations of the Province, let me say this: 'Hold on to the investment you have, because it is backed by a solid, economical Government. It is the obligation of the richest, largest and most law-abiding Province in this Dominion.'"

Regarding Ontario's credit in London the Premier said:

"The Province of Ontario owes in England 1946 registered stock bearing interest at 3½ per cent. in the amount of \$2,056,406.30, and 1947 registered stock bearing interest at 4 per cent. in the amount of \$1,547,175.70 and, maturing in 1965, 4½ per cent. registered stock in the amount of \$834,412.54.

"Let me refer to the Province of Ontario 4 per cent. registered stock

maturing in 1947. The records of the sales for June, 1934, show that the highest price paid for a £100 sterling bond was £101¼. It has never been as low as that since June, 1934, and my honorable friend, the former Prime Minister, will know the significance of that date. The stock has kept steady ever since this Government came into power, and has sold as high as £105¼ and the last sale on record was £103¼. The showing with respect to the Province of Ontario 4½ per cent. registered stock, maturing 1945 to 1965, is even better. There was a sale of stock the par value of which was £233 17s 4d. The amount received for the stock was £240 17s 7d. Now, the next sale reported was on Aug. 10 of the same year. Apparently the same stock was again turned over and found ready buyers. This stock, the par value of which was £233 17s 4d, was sold for £246 2s 11d, and that is at the rate of 105¼. The last sales on record of this 4½ per

cent. stock were at an even better rate, namely, at a price of £109 10s for a £100 sterling debenture.

"Would any one want a more complete and convincing answer to the slanderous and libellous statements which were designed to destroy the reputation of this Government in London, England, regardless of whether it also damaged the credit of the Province or not?"

"I read recently some criticism about our having borrowed in Treasury bills, although we borrowed at rates of interest as low as 2 per cent., or less than half the rate paid by the Henry Government. But these Opposition critics neglect to tell their audiences that when the Henry Administration went out of office on July 11, 1934, it left behind it liabilities in the form of outstanding Treasury bills amounting to \$47,535,000, bearing interest at from 4 per cent. to 5 per cent. per annum," said Mr. Hepburn.