

March 20

Short-Term Loans Attacked by Tory

Hepburn Gambles With Ontario Credit, Charges Conservative Budget Critic

GAMBLING with the credit of Ontario was charged against Premier Mitchell Hepburn in the Legislature yesterday by Arthur Ellis, Conservative member for Ottawa South, in the course of a spirited attack on the Budget.

Hits Finance Plan.

"Misgovernment, maladministration and mismanagement" were other charges hurled against Mr. Hepburn by the Ottawa Tory during an address that brought both the Prime Minister and the Provincial Secretary, Hon. Harry Nixon, frequently to their feet.

"You have failed at long-term financing and have gone back to the short-term," charged Mr. Ellis. "Short-term financing is the height of folly, as you well know. Within the next few years the Government will have to raise \$212,000,000 as a result of your financing policies, and I must say that I do not envy you that task. You hear rumblings of war, and if war comes, what will happen to interest rates?"

To Mr. Hepburn's charge that much of the huge total was a "Henry heritage" from the previous Government, Mr. Ellis replied that only \$79,000,000 of the debt could be laid at the feet of the Conservative administration.

"You, Mr. Prime Minister, and your Government have gambled with the credit of Ontario by issuing Treasury notes and short-term bonds," declared the Ottawa member.

Says Credit Bad.

The Government, he said, had enormously increased the capital indebtedness. From Nov. 1, 1934, until March 31, 1935, Treasury bills to the total of \$51,500,000 had been issued, and the lowest interest rate was 2¼ per cent.

Mr. Hepburn interrupted to remark that when the Government took office they found outstanding Treasury bills and overdrafts of \$47,000,000 at between 4 and 5 per cent.

"I say to this House," proceeded Mr. Ellis, "and I say it with the most profound conviction, that the credit of this Province is not good—it is bad. And it is my firm belief that no one in this House knows it better than the Prime Minister."

In June of 1935, he said, the Government called for tenders for the sale of \$15,000,000 in bonds, and not a single offer was made. "Surely," he said, "that is wholly conclusive proof that the credit of this Province was at a dangerously low ebb when not a single bank or investment house, either within Canada or outside, was willing to put up any bid whatever."

"The act of the investors at that time," interjected the Prime Minister, "was in the nature of disciplining the Government for its attitude on the power contracts, and had nothing whatever to do with Ontario's credit."

Sees Lost Faith.

"Then," replied Mr. Ellis, "all I can say is that it is a sad day for Ontario when the banks and investors find it necessary to discipline the Government. The truth of the matter is that the investing public has largely lost faith in the present Government." Nothing had contributed more in that direction, he said, than the power contract cancellations. The Province was now reaping the harvest of "that ill-considered and ill-advised act." He quoted from British finan-

cial periodicals to support that assertion.

Mr. Ellis then offered the House "the startling information that both the City of Ottawa and the City of Toronto have in the last year sold bonds at a better price than either the Hydro-Electric Power Commission of Ontario or the Province of Ontario itself." And he charged, furthermore, that Provincial issues had been sold by private arrangement, and without tenders being asked.

"That was done," Mr. Hepburn explained, "because the desired price could not be obtained by tender."

"Yes. You couldn't get the price you wanted because you had ruined the credit of the Province," retorted Mr. Ellis. He urged the Premier to abandon short-term loans, which he called "the height of folly."

At this point, Mr. Hepburn quoted market reports showing that all Ontario bonds were above par.

"Does that indicate ruination?" he asked.

"It indicates that you sold bonds at a price lower than you should have," the Ottawa Tory retorted.

"I am only quoting bonds sold by the former Administration," the Prime Minister shot back.

Mr. Ellis then turned to taxation. Mr. Hepburn had promised to reduce taxation, he said, but, instead, had loaded on more taxes, "until there was nothing left to tax."

Mr. Hepburn commented that A. H. Acres, Carleton Tory member, had suggested in the House a tax on all purchased meals. Statistics showed that the 1935 revenue from this source had dropped.

"The people are all coming to Ontario to get their meals," suggested Mr. Nixon.

"If you keep on with your taxation they will have no meals to eat," replied Mr. Ellis.