

Debt and Taxation Reductions Attributed to Sound Financing, With Credit Rating Never Higher

**Tumultuous Applause
Greets Premier When
He Presents Budget to
Legislature in His Ca-
pacity as Provincial
Treasurer**

LIABILITIES ALL MET

**Relief Paid Fromordi-
nary Revenue, With
Strict Adherence to
"Pay-as-You-Go" Sys-
tem, Says Hepburn**

The full text of Premier Hepburn's Budget speech will be found on Pages 10 and 11 of this edition.

Giving the results of what he declared was a policy of "sound finance," Premier Mitchell F. Hepburn, in his capacity of Provincial Treasurer, yesterday reported to the Legislature a surplus for the current fiscal year ending March 31 of over \$7,000,000—twelve times as great as the amount contemplated in his forecast of last year. The actual figure of \$7,347,720, based on ten months actual and two months forecast, brought thunderous applause from Government supporters, who heard the Prime Minister describe the excess of revenue over expenditure as an "honest surplus."

This splendid financial statement was obtained after paying all current liabilities and meeting the entire cost of relief out of ordinary revenue, the Prime Minister stressed.

Pay-as-You-Go Policy.

The Government Leader, making his third Budget address since assuming office in 1934, unfolded a story of strict adherence to the "pay-as-you-go" policy; of rigid determination to obtain every dollar due the Treasury, and of unflinching economy in departmental operation without restriction of vital services.

It was a glowing picture that the Provincial Treasurer painted in dollars and cents. In addition to the tremendous surplus, he reported a reduction of \$33,000,000 in the gross debt; of \$26,000,000 in the outstanding debenture debt, and a cut of \$12,000,000 in the outstanding Treasury bills. He told the crowded House and equally packed galleries that this record of wise and sound finance deserved recognition from the people of the Province.

The applause which greeted his revelation of the surplus was only exceeded by the enthusiasm which followed his announcement that, in keeping with the Liberal Government's policy to give the public the benefit of any savings, most of the surplus, if not all, would be handed back to the public in the form of drastic reductions along several major channels.

For the fiscal year ending March 31, 1938, the Prime Minister predicted a surplus of \$2,282,905, placing estimated gross revenue at \$94,849,324.

"An Honest Surplus."

"I know that in the political field there is a constant warring of the various factions who seek at all times to gain an advantage over their opponents; but I am most sadly mistaken if the fact of my today being able to report an honest surplus of over \$7,000,000 to this House does not give the utmost satisfaction to every member, regardless of whether he sits to the right or to the left of the Speaker."

A reduction in the funded debt of \$26,160,855 was also reported by the Provincial Treasurer. By refraining from issuing bonds repayable other than in lawful money of Canada, and by sinking fund and debt-retirement purchases, the Government had reduced the amounts of obligations payable as to principal and interest in London and New York by a sum in excess of \$34,000,000.

"As a result of this and as a result of careful—and I might say wise—purchases of foreign exchange at the proper time, we have to report today the lowest cost of foreign exchange on the public debt for many years past," said Mr. Hepburn.

Sees Credit Due.

A reduction in the gross debt of the Province by some \$33,000,000 was described by the Provincial Treasurer as "taking a great load off the back of Old Man Ontario." He estimated that by March 31 next the gross debt will be \$656,611,588, as compared with total liabilities of \$689,558,513 as of March 31, 1936.

"In being able to announce a reduction in the gross debt of \$33,000,000 in round figures, I submit that the Government deserves no small degree of credit in bringing about a debt reduction in an amount of approximately three times the sum that was promised you in my Budget," declared Mr. Hepburn. "A promise kept by a Government in these days is reason for hope, and it is an assurance of better things to come when the Governmental program comes full circle and the expenditures are kept within the amount of supply voted by the Legislature."

Credit Stands High.

Refuting the charges that Ontario's credit had been injured by reason of the Government's policies, the Prime Minister said that, notwithstanding the continued decline of high-grade securities in the London market, the credit of the Province was so highly regarded that Province of Ontario inscribed stock stood eight to nine points above par, with no holders of the stock willing to sell.

"I often wonder how some ill-wishers of our Government, in the face of such convincing evidence, can have the audacity to continue their unwarranted statements that this Government has destroyed Ontario's credit in London," said the Prime Minister.

"This Government has been blamed for practicing economy, but it is my belief that the citizens will commend us for our policy of pay-as-you-go. If we have been accused of being an economical Government, I accept the charge, and I say that we have followed throughout the fiscal year sound financial policy. Mr. Speaker, let me state for the benefit of this House, and commend to the citizens of this Province, an axiom which I believe holds true in any country in the world. It is this: that sound financial policy and sound government are inseparable. A sound financial policy is never found except in the case of a sound Government, and no Government is worthy of the name of being a sound Government that does not follow a sound financial policy."