

# CREDIT HURT, ELLIS HOLDS

**Charges \$122,500,000 in  
Bonds Sold Without  
Calling Tenders**

**NIXON MAKES REPLY**

**Hon. Duncan Marshall Heard  
in Reply at Legislature  
Night Session**

Charging that the Hepburn Government to date had sold bonds amounting to \$122,500,000 without calling for public tender in a single instance, Arthur Ellis, Conservative financial critic, in the Legislature yesterday, claimed the Prime Minister had no excuse whatever for taking such a course, and that nothing he could say would convince him "why there should be in the hands of one man the right to sell bonds of Ontario to whomsoever he may see fit and at whatsoever price he may see fit."

The investing public, he said, had largely lost faith in the present Government. Nothing had done more to damage the credit of the Province than the repudiation of the original Hydro-Quebec power contracts. The Province, he said, was now reaping the harvest of that "ill-considered and ill-advised cancellation."

#### Instance Cited.

No other Province, he submitted, had either the assets or the natural resources of Ontario. Its credit, he said, should stand the highest of any Province in Canada and its bonds should command the highest price, and yet, in 1935, he added, there was the "startling situation" of two municipalities selling their bonds at a better price.

At the evening session Hon. Duncan Marshall, Minister of Agriculture, took up the cudgel in defense of the Budget.

#### Nixon Disagrees.

Mr. Ellis and Provincial Secretary Harry C. Nixon indulged in a heated exchange of words at this juncture when the Conservative critic endeavored to trap his opponent into a declaration that, with its outstanding resources and assets, Ontario should get better prices for its money than any other Province. Mr. Nixon agreed to the suggestion at first, but Mr. Ellis began to press the point, and the former "smelled a rat."

"If you are going to refer to the first loan of Mr. Duplessis in Quebec, let me say there were different considerations there," said Mr. Nixon.

"My honorable friend," cracked Mr. Ellis, "first said Ontario should get a better price, and then he sensed something coming, and changed his mind. Let him answer my question. Does he agree that Ontario should do better than any other Province? No, he won't answer now. If he does I'm going to catch him napping."

#### Quotes Prices.

In December, 1936, said Mr. Ellis, the Hepburn Government sold an issue of \$20,000,000 worth of bonds bearing 3 per cent. interest and payable in 1951 at 99.75. These bonds are now selling at 93¾ to 94¼, he declared. "I would ask you to remember these figures," he told the House.

"In October, 1936, the Province of Quebec sold an issue of bonds of \$15,000,000 bearing the same rate of interest and payable in the same year. These bonds are selling today at 95½ to 96½. Is there not something wrong with the financial standing of Ontario when bonds of the Province of Quebec are selling at two points higher than an exactly similar issue of the Province of Ontario?"

"In June, 1936," continued Mr. Ellis, "the Hydro-Electric sold bonds guaranteed by the Province of \$10,000,000 with interest at 2½ per cent. payable in 1944. These bonds are now selling at 96½ to 97½. I would ask you to remember these figures. In October, 1936, the Province of Quebec sold an issue of bonds of \$12,000,000 at the same rate of interest and payable in the same year. These bonds are selling at 98 to 99. Why is it, I may ask, that the bonds of Quebec are selling at 1½ points higher than the Hydro-Electric bonds guaranteed by Ontario?"

#### Toronto Bond Issue.

Proceeding with his bond sale argument, the Conservative critic said that in January, 1937, the Government had sold \$20,000,000 worth of serial bonds. "I am glad to say," said he, "that for the first time this Government has sold serial bonds. It never should have sold anything else but serial bonds."

"Absolutely wrong," put in Mr. Nixon.

"Then if it's absolutely wrong," clicked Mr. Ellis, "why did you sell twenty millions' worth?"

Hon. Mr. Marshall, Minister of Agriculture, took up the cudgels in defense of the Hepburn Budget in the Legislature yesterday, and roused applause from the Liberals when he replied vigorously to the attack made by the previous speaker, Arthur Ellis (Cons., Ottawa South), financial critic for the Opposition.

The Cabinet Minister carried the fight to Mr. Ellis by quoting from an editorial in the Ottawa Journal, in which the Budget surplus and taxation reductions were highly praised. In this editorial was a comment to the effect that "much Government determination for the public good" was shown by the Budget.

"I would just as soon take the opinion of this newspaper as take that of the honorable member who spent so much time asking us for information," said Mr. Marshall, referring to the frequent questions which Mr. Ellis asked the Premier and his colleagues. At the outset Mr. Marshall remarked that rarely had he heard a speaker evince such a great thirst for information as had Mr. Ellis, "and I have never seen a man so much in need of it."

"The policy of Conservative Administrations of the past was: 'We have the money and we'll spend it,'" said Mr. Marshall. "Our policy is we have a surplus and we'll give it back to the people. My honorable friend says it was bad budgeting to have so large a surplus. I never heard of a person being criticized for budgeting on the right side of the ledger."

Mr. Marshall admitted that the Government had spent less money than the previous regime, but argued that the Liberal Administration had got more for its expenditures. He took the case of his own department as an example. The Henry Government, he said, closed one experimental farm at Hearst, the Kemptville School for Girls and the New Liskeard Experimental Farm. The present Government, though spending less money, had reopened these institutions and in addition, had opened a school at Ridgeway.

The Provincial income tax was stoutly defended by the speaker. The inequalities that existed under the municipal income tax system had been abolished entirely and the tax rate was now collected from those best able to pay, no matter where they resided. As far as succession duties were concerned, Mr. Marshall said, that if it was bad business to collect money from estates of wealthy people who died, then he was all in favor of this kind of business.

"The two most equitable taxes known are the income tax and the succession duty tax," declared the Minister of Agriculture. "It is a sound principle and one that was long ago recognized in the Mother Country."