

Fiscal Position Sound, Committee Is Informed After Angry Wrangles

**Liberals and Conservatives
Clash in Public Accounts
Committee, and Will Re-
sume Battle Friday**

TWO DIVISIONS HELD

For two and a half hours yesterday Liberal and Conservative members of the Legislature fought bitterly and angrily over the financial condition of the Province since the Hepburn Government took office in 1934.

The financial battle occurred in the Public Accounts Committee. The committee started its sessions with a sharp clash over its investigatory powers, and ended with a quarrel over the next day of sitting. It will meet again Friday morning when the Opposition will question the building of certain sections of the Schreiber-White River Highway. Engineers and Government officials will be called. **Roebuck, Ellis Clash.**

Two divisions featured yesterday's session when Conservative members challenged rulings given by Chairman J. H. Clark (Lib., Windsor-Sandwich). Chief opponents in the clashes were Attorney-General Roebuck and Arthur Ellis (Cons., Ottawa South).

Chester S. Walters, Controller of Finance, occupied the witness stand throughout the session. Highlight of his evidence was a statement that a \$20,000,000 bond issue had been given to a syndicate on a 30-day option, but that some \$5,000,000 of the issue remained unsold. About \$5,000,000 had been taken up by option and about \$10,000,000 disposed of through direct sales, he said. Mr. Ellis charged the Government had led the public to believe the issue had been sold at the lowest rates in the history of the Province.

At the outset Mr. Ellis attempted to introduce the 1936-37 Budget for examination, and immediately ran into a snag. Attorney-General Roebuck protested. "My friend has a very strange sense of humor," he said. "He knows we are here to examine the accounts of 1935-1936, and that we have no power to go into the accounts of 1936-1937. The public accounts for that period are not even printed. There was a Budget presented, that was all, and there was an estimated surplus."

"Then it wasn't a true one?" queried Mr. Ellis.

"I, for one, am willing to accept the Prime Minister's statement," replied Mr. Roebuck.

Reasons Are Asked.

"What are the powers of this committee?" demanded the Conservative. "What are they? What are the limitations on this committee? Does the Prime Minister deny the public the figures upon which he based his Budget? In my view, Mr. Attorney-General, we are not the masses of the people here, but we are their servants. Are not the people entitled to information on the financial condition of this Province? What is your reason for refusing to tell them?"

"We've told you the story," replied Mr. Roebuck.

"That's all it is—a story," retorted Mr. Ellis.

"Yes, a true story," said Mr. Roebuck.

Ruled Out of Order.

The Chairman, J. H. Clark (Lib., Windsor-Sandwich), ruled that the 1936-1937 accounts could not be examined. "Mr. Ellis knew that his motion had no chance of passing

but it gave him a chance of getting headlines in the partisan press," he observed.

Angrily, Mr. Ellis and Hon. George S. Henry replied that such was not the case. The Chairman should not impute a motive to any member, they declared. Wilfrid Heighington (Con., St. David) joined in the fray and reminded the committee that on the previous year accounts as far back as 1923 had been delved into.

Mr. Walters took the stand and testified that bonds to the total of \$122,500,000 had been sold since the Government of Premier Hepburn had taken office. Up until Nov. 1, 1935, the longest term debenture was for five years, he said.

Another Quarrel.

The committee was plunged into another bitter fight when Mr. Ellis asked Mr. Walters if, in his opinion, short-term financing was good public policy. The chair finally ruled the question out of order on the grounds that the committee was not empowered to attempt to determine public policy.

Mr. Ellis then switched to an issue of \$20,000,000 made in January, 1937, and alleged at the time that the Government had announced the issue had been sold at the lowest rate in the history of the Province. Mr. Walters said that a 30-day option on the issue had been granted to a syndicate.

"Was the option taken up?"

"No."

Roebuck Objects.

Attorney-General Roebuck interrupted proceedings again to object to the questioning.

"Are you worried, Mr. Attorney-General?" asked Mr. Ellis.

"No, but you are," retorted Mr. Roebuck.

"Has the option been taken up yet?" Mr. Ellis asked Mr. Walters.

"No, in part only—to the extent of some \$5,000,000," replied the Finance Controller.

"Have they indicated they intend to take up the balance?"

"No." He explained that some \$10,000,000 had been sold through direct purchases and some \$5,000,000 by option.

"Have you sold the balance?"

"No, but we will and at a better price."

Mr. Ellis demanded if the Hepburn Government had sold any bonds by public tender, and Mr. Walters replied in the negative. He agreed that Hydro bonds had been sold by public tender. Hydro bonds, he declared, did not affect the gross debt of the Province, although they were a contingent liability.

Another fight ensued as Mr. Ellis asked the witness if he thought it good policy to call tenders. The chair ruled the question out of order and drew Hon. Leopold Macaulay into the quarrel.

"The witness is of age and he's a bright fellow," he declared hotly. "Let's stop these blockade tactics. Let's have a division on this question."

Before the election the public had been told that any man, woman or child could walk into the Treasury offices and receive any information they liked. Now, declared the Conservative, information-seekers were barred by corporation lawyers and a Liberal majority on the Public Accounts Committee.

A standing vote was rejected, and after a poll the Chairman was upheld 18 votes to 10, with Dr. A. D. Roberts, recently expelled member of the Liberal Party, voting with the Conservatives.

Mr. Walters then explained that when a public authority sought to sell bonds it did so by methods which would gain it the most ad-

vantage. Sometimes this could be done by public tender, at other times by a private arrangement. He had obtained advice as to market conditions from Graham Towers, Governor of the Bank of Canada; from the Canadian Bank of Commerce, and other financial men, he said.

Another division came when Mr. Ellis asked Mr. Walters to detail the outstanding bills of the Province to date which had not been paid. The Chair ruled the question out of order, and was upheld 19 to 12, with Farquhar Oliver (U.F.O., Grey South) and Dr. Roberts voting with the Conservatives.

SEES NEGLECT OF HOSPITALS

**Russell Nesbitt Compares
Sums Spent by Two Ad-
ministrations**

REFERS TO CRITICISM

Continuing his charges that the Hepburn Government had recorded its \$7,000,000 surplus by "starving essential Provincial services" over the last three years, A. Russell Nesbitt (Cons., Bracondale) declared to the Legislature yesterday the reason grand juries were condemning the Ontario Mental Hospitals was to be found in the Government's treatment of these institutions and their mentally defective inmates.

"In 1933," he said, "a Conservative Administration spent over \$1,163,000 on repairs and new construction in these hospitals. In 1936 our friends of the Liberal Party spent \$97,000. Here, I submit, is where a part of the Government's vaunted surplus comes from—at the expense of the insane. Go back to the fiscal year of 1932. In that year the Conservative Government spent \$368,082.26 for repairs and renovating. The Public Works Department spent a further \$778,000 on new construction in the same hospitals, making a total expenditure in that year of \$1,146,267. Conservative Governments spent well over a million a year on these places."