

March 15

House Unanimous On Income Tax Right

Premier Hepburn won yesterday in the Ontario Legislature the backing of the entire Assembly for his motion declaring that the Province had prior right over the Federal Government in the field of income tax.

Division bells clanged for the first time in the current session for the vote, in which the result was in little doubt, as members of the Conservative Opposition joined Government speakers in support of the motion.

True, the support was conditional in certain phases, but the Premier secured his aim—that of a unanimous House vote on a matter which is designed to be an important feature of Ontario's presentation to the Rowell Commission.

Croll Reopens Debate.

The debate on the motion, adjourned on Friday, was reopened by David A. Croll (Lib., Windsor), former Minister of Welfare and Municipal Affairs, who emphasized that the Province by necessity must secure additional funds to bolster relief grants to municipalities, particularly since Federal appropriations have been shorn by Ottawa.

At the outset it was pointed out that neither Mr. Hepburn nor members of his Government questioned the Federal Administration's legal right to collect income tax.

The only Opposition voice raised in the adjourned debate was that of L. M. Frost, Victoria, who told the Government in critical mood that its position would be much stronger had it not, prior to the election, abolished the amusement tax and cut the automobile license fees. Its action, he claimed, was in a measure an admission of financial power and stability that did not match well with a demand for a greater share of income taxes.

Calls for Readjustment.

He emphasized that the Province had a right to an equitable share of the income tax. There should be, he said, either a readjustment in the taxes or a readjustment in Government responsibilities borne by taxation.

"The Dominion should either assume a greater part of all relief or certain amounts derived from income taxes should be returned in compensation to the Provinces that must bear the load," he said.

Mr. Frost argued too that the Provinces, in the spirit that brought about Confederation, must have a due sense of responsibility in the national sense and not lend themselves to a situation that would bring about nine separate and strong Provinces and one weak Federal Government.

He advocated strongly a change from the present two income tax collections to collection under one jurisdiction with provision for equitable returns to the Provinces.

Municipalities Affected.

Municipal interests were strongly tied in the motion affecting income tax, in Mr. Croll's opinion, as relief costs were not properly charges upon the municipalities. Each municipality in Ontario should support the spirit of the resolution as they could not carry additional burdens and relief costs were already increasing, he said.

"We are no more reaching the solution to the relief problem than a fireman who is trying to put out a fire with an eye-dropper," said Mr. Croll.

He claimed the last three years were "golden years for the Provincial taxpayer," and in support of

his claim, cited that the Government had relieved them of educational and hydro costs, repealed the amusement tax, reduced the auto-license fees and had made a one-mill return to the municipalities.

"That tax was intended for the municipal taxpayers and was never intended for the municipal politicians," said Mr. Croll. "But on going around the Province we already find a tendency of municipal politicians to play the old shell game."

They were, he claimed, attempting to shuffle their budgets around, to keep the tax rate down to the old level and assume credit for it, instead of placing the credit on the one-mill return granted by the Government.

Queried About Windsor.

Hon. T. A. Kidd, Conservative Whip, interrupted Mr. Croll to ask why, when he was Mayor of Windsor, the city collected only \$2,000 in municipal income tax.

Mr. Croll replied that Windsor was in an odd position, that if Windsor imposed the tax, people just moved to Walkerville or Sandwich, where the municipal income tax was not collected. "But, he added, "we did the next best thing, the thing that should have been done here, in this Toronto area years ago, we amalgamated and now they all pay."

Mr. Kidd then pointed out that Windsor had applied for 100 per cent relief payments from the Province and the Dominion. Mr. Croll declared that he had opposed giving 100 per cent relief on the ground that it would break down people's morale. The Council, he said, finally did vote for 100 per cent relief, but it was on record that he had opposed the motion.

Mr. Croll recalled that the Henry Administration had spent considerable money on relief, but had added it to the Provincial debt, whereas the Hepburn regime adopted a pay-

as-you-go plan, and "that's when the shoe began to get a little tight."

He branded suggestions that Premier Hepburn and Premier Duplessis of Quebec were "ganging up" on the Rowell Commission as "silly talk." He claimed it was the duty of the Premier to protect the interests of the citizens of the Province.

"I do hope that in spite of all the talk of ganging up," he said, "the Premier will persist in his efforts to present the problems of his people until these voices grow weary with their carping criticism."

The Province, he held, is being driven to action by the municipalities, and he urged strongly "that before any further money is passed back to the municipalities there should be limitation placed on municipalities so far as taxation is concerned."

This, claimed Mr. Croll, should be based in relation to their debts and general conditions of their financial structures. Last year, he continued, the Province spent more on relief than it did on education, and he emphasized again that relief was a national problem.

Looks for Results.

"I think the motion will get results if we are able to present a solid front of municipalities and the Provincial Government," said Mr. Croll. "The Dominion is bound to take action."

He suggested that the Premier was overlooking a "sure bet" in respect to education. "I think," he said, "the time is overdue when the Province should take over at least 50 per cent of the cost of education."

Turning back to the position of his own riding and city, Mr. Croll claimed it would appear that Windsor would have to raise additional taxes to meet its relief bill, due to the Federal Government's decision on relief grants.

He pointed out that the city had a bill before the House dealing with refinancing. He said he wanted to assure every one the city would keep its word about refinancing in spite of the additional load.

Upholds Provincial Powers.

History did not altogether support the contention that "a strong central government" was the primary design of the framers of the British North America Act, Hon. Eric Cross, Minister of Welfare, declared.

"We have certain powers under that act and this Parliament is supreme as long as it stays within the limits set for the exercise of those powers," he said.

"The Rowell Commission should not be expected to solve all our problems. It will, however, be useful in finding many facts. If it ascertains the rising costs of government in relation to the Government income, it will have accomplished a great deal."

Says Invasion Admitted.

The right of the Provinces to impose income taxes was established as far back as 1866, a year before Confederation, Mr. Cross contended. And when the Dominion first proposed an income tax, Sir Thomas White had admitted it was "an invasion of Provincial rights," but had attempted to justify this as "a public necessity," Mr. Cross said.

"How are the Provinces going to function if the Federal Government breaks down?" Hon. Leopold Macaulay interjected.

The effect on the Dominion Treasury, if the Provinces were granted first rights in income taxes, should not be viewed with alarm, Mr. Cross answered, as after all, "we would only be getting back about the same as was taken away." He went on to suggest that Ontario could shoulder a larger share of social services and other costs, thus relieving the municipalities, if rightful sources of revenue (the income tax) were returned to it.