

Increase Planned In School Grants, Aid to Sanatoria

**Expanded Agriculture Program Also Promised by
Hepburn as He Predicts Still Another Surplus
in Coming Year — Municipal Subsidy to Be
Continued With No Further Taxation**

BURDEN ON REAL ESTATE TO BE LIFTED

The text of Premier and Provincial Treasurer Hepburn's Budget speech in the Legislature yesterday is printed on Pages 18 and 19.

Flushed with the triumph of a \$3,000,000 operating surplus for the current fiscal year—the second outstanding surplus in a row—Hon. Mitchell F. Hepburn announces:

1. The continuation of the one-mill subsidy to the municipalities;
2. A marked and expensive extension of activities in three of the main departments of administration, Agriculture, Education and Health, without the imposition of a single cent of additional taxation;
3. The setting up of a new governmental goal of combating present distressing slum and housing conditions by lifting the burden from real estate with sound economic policies.

Predicts Third Surplus.

In the fourth Budget presentation since he assumed in 1934, the dual role of Premier and Provincial Treasurer, Mr. Hepburn yesterday informed a crowded Legislature that not only had his new \$3,000,000 surplus been achieved after passing back to the people \$18,000,000 in benefits, but that sound, sane, careful administration would insure for the year ahead a third successive surplus, of \$288,000—this, notwithstanding the mounting obligations to which his Administration was committed.

In ordinary revenue the Government collected \$97,845,752 for the year closing on March 31. Ordinary expenditure, exclusive of \$9,725,000 for unemployment relief and the administration thereof, which is again charged against ordinary account, totalled \$85,107,050. For the year ahead, revenue collections (as forecast) will be \$99,592,330, as against \$99,303,652 for expenditure. In actuality, the situation resulting falls just a few hundred thousand dollars short of "the hundred million dollar Budget" so lustily condemned recently by Opposition Leader Leopold Macaulay as a condition with and from which the public would sooner or later, he said, grow tired and demand release.

The gross debt of Ontario, during the past twelve months, the Prime Minister reported, has mounted by \$25,221,519—although the highways extension program, accountable for the increase, cost approximately \$35,000,000.

Roads Called Investment.

"In expending \$35,000,000 for this construction," Mr. Hepburn explained to the House, "we have not burdened the Province, but rather we have put her in a favorable position. In my considered opinion there is no investment that this great Province can make in material things that will yield the returns by way of attracting tourists, by improving the living conditions of farmers, by increasing the value of their farms, and by improving transportation facilities, as well as

increasing the revenue of this Province, that will compare with the investment in modern highways. The Middle Road, alone, from Toronto to Hamilton, will probably bring two million dollars in gasoline tax next year. Here we have exchanged our wealth in the form of dollars for capital—that is, wealth producing additional wealth—and will undoubtedly enjoy a very profitable return on our investment."

What of the future, to which the Prime Minister points with unflinching confidence and optimism?

What about the farmer—"the man on the back concessions?" How is he to be looked after? The present minimum requirement of three standard farms per mile for rural power delivery will be reduced to two—a move that will play a prominent role, it is understood in the 1,800 miles of primary lines to be built in 1938 to accommodate 12,900 additional customers.

Farm Aids Extended.

T.B.-free areas will be definitely extended. Through intensive research and experimental work in institutions and upon the farms losses from bangs' disease and parasitic ailments common to cattle, sheep and swine will be lessened. An Animal Nutrition Laboratory will be installed at the O.A.C., Guelph. Low-grade cheese production will be checked and improved through employment of competent instructors. The present better-seed-growing campaign will be extended. Fruit and vegetable growers will be aided in production and marketing by trained men located strategically across the Province. Establishment of a new branch of the Agricultural Department to assist co-operative movements is under consideration. And last, but by no means least, there will be undertaken an educational program to build up the quality of Canadian bacon to compete on the overseas market with the best that Denmark, for instance, can offer.

In the field of education (the Premier asserted) provision is being made for the appropriation for public and separate school grants of \$475,000 more than was paid during the current fiscal year. That meant, he said, that grants paid to the elementary schools of Ontario in 1938 would exceed by \$1,000,000 those paid in 1936. Substantial increases in grants to high schools and collegiate institutes, and also to vocational schools, would also be authorized. A two-fold purpose was behind these increases, said Mr. Hepburn. "The first, that the burden of local taxation on real estate may be lightened; and the second, that the cost of education may be more equitably distributed by increasing the grants payable to those districts which, by reason of their small assessments, are least able to provide for the financial support of schools."

Sanatoria Share Assumed.

Assumption by the Province of the municipal share of the care of tuberculosis patients was one big item of a varied program which the Health Department, said the Pre-

mier, was contributing "to the preservation and development of the human resources of the land."

"No Government," he stressed, with the proper conception of its duty, considers for a moment that the sole business of government is to produce surpluses and to run on what might be termed a profit and loss basis. The duty of a government is to ensure that every child born within the State is assured of equality of opportunity and is encouraged and helped to grow up to make the most of his or her life, and to have the helpful influence upon the lives of all citizens who make up the organized society of which he or she is a member. This is my firm belief, and with this conviction as my guide, I intend to chart the course of this Administration."

Slum conditions were admittedly bad, said the Prime Minister. "Housing conditions, both in town and country are primarily the result of bad economic policies," he added, "and I long for the day when it will be possible to lift the burden from real estate, so that it will be profitable for a man to own his own home, and for the man, with money to invest, to build homes, which may be rented at reasonable prices; also for those with surplus funds, to advance money on building loans at low rates of interest. That, Mr. Speaker," he asserted amid applause, "is the sure road to a solution of the housing problem in this country."

Spending to Offset Surplus.

It might be asked, declared Mr. Hepburn, why, in the face of the fact that the Province had again balanced its budget, further assistance in the way of reduced taxation and "other blessings of good government" had not been provided the people. In reply, said he, he would point out that the increased expenditures in agriculture, health and education would probably equal the budgeted \$288,000 surplus.

"But apart from that entirely," he said, "we must recognize the fact that at this very time the Rowell Commission is investigating Dominion and Provincial relations with respect to taxation and associated economic problems, and until such time as the findings of this Commission are made known to the respective jurisdictions and dealt with, it is not deemed expedient to break any new ground with regard to the financial relationships between the Province and the municipalities, although it is our considered judgment and firm intention that every assistance possible should be given our municipalities."

Returning to the road along which the Government climbed to its second successive surplus, it