

DEBT COST REDUCTION RIDICULED

Hepburn's Budget Claim Grossly Misleading, Henry Charges

TERMED DECEPTION

Financial Critic Assails Building of Surplus As Unwarranted

Premier Hepburn's recent Budget declarations that the debt charges of Ontario had been materially reduced under four years of Liberal Administration were labelled yesterday by Hon. George S. Henry, Opposition financial critic, as "grossly misleading, entirely deceptive, and false."

"The debt charges of this Province," he told the Legislature, "have gone up, and not down. And well the Prime Minister knows it."

In 1932, he said, the debt charges amounted to \$13,566,000, exclusive of exchange. In 1933, they were \$16,673,000, including an exchange bill of \$1,303,000. No accurate figures were available for 1934, he said, because the Budget statement given by the Premier for that year had been "built purely for political purposes." And no real 1935 statement, he added, was available, because of the change that year in the fiscal year period. But in 1936, he stressed, the debt charges had reached the total of \$21,287,000, "with the exchange bill of which the Premier is always trying to make such a bubble a mere \$185,000." In 1937, he said, the charges had dropped slightly to \$20,543,000, and in 1938, to some \$19,000,000.

Charges Deception.

"But the fact remains," declared the former Prime Minister and Provincial Treasurer of the Province, "that my honorable friend (Mr. Hepburn) was practicing deception that any small boy on the street could detect, when he stood up in the House and stated that while, when he had assumed office it had taken forty-three cents out of every dollar of ordinary revenue to meet the interest on the funded debt, it took only twenty-six cents in 1936.

My honorable friend knows that statement is untrue. The amount of the debt charges is greater now than ever before in the history of Ontario, in spite of what he told the House and possibly the electors of East Lambton during the last few days. In spite of the slight recessions of the last two years, the debt charges are much higher now than when my honorable friend came into office."

Mr. Henry claimed that the Government could take no credit for the buoyant situation in which the Province and the people found themselves today. Simply because highways revenue was up \$6,000,000, and more and more tourists were coming in, the Government could not say "I did it." More people were driving cars than in past years, because they had more money to spend on gas tax, and the tourists were increasing in numbers for the same reason. The Government, he said, had claimed another big surplus, but the function of Governments, he warned, was not

to build up surpluses—rather to reduce taxation, or as an alternative, provide greater services for the public. The Government's job, he said, was to avoid deficits, but it went no further than that. Big surpluses, in his opinion, were "out."

Opposes Subsidy.

Mr. Henry reiterated his opposition to the one mill municipal subsidy which the Government instituted for the first time last year and is continuing. One argument on behalf of that contribution, he said, was that it tended to keep the municipal mill rate down, whereas, he said, there was no guarantee of any such condition. The tendency on the part of the assisted municipalities, said he, was, in the majority of cases, not to lower the mill rate, but just to let it stand. The only way to effect a lower mill rate, said he, was to "quit spending money."

The former Premier referred to the Government's "reversal of policy" in regard to agriculture, claiming that under the administration of the former department head, Hon. Duncan Marshall, the Government had been led into "all sorts of difficulties." Now, probably due to the intercession of the new Minister, Hon. P. M. Dewar, the Government, he said, was "getting away from its policy of giving bulls and high-grade cattle overseas and giving some attention to the man on the land and his problems."

Roads Outlay Cut Surprises.

In his Budget speech, said Mr. Henry, the Premier had stressed the advisability of doing everything possible, in the way of improved highways construction, to cut down the terrible death toll exacted by motoring. And yet, he said, the same speech had contained the astounding information that the Gov-

ernment was cutting down its \$35,000,000 expenditure on roads of last year to \$14,000,000 for the year in prospect.

"Of course," said Mr. Henry, "that can be easily explained. We know full well that last year's highways program was to buy the electorate of the Province with its own money, and to borrow the money with which to do it. Why this, the greatest construction campaign in the Province's history, was actually under way when the election campaign started."

Mr. Henry sarcastically labelled the 1938 motor license plates the "invisible markers," and said they constituted another move on the Government's part to improve traffic conditions and promote driving safety. "The Premier," said he, "tells the House we are doing all we can to prevent accidents, and yet he refuses to withdraw plates that prevent you from establishing the identity of people responsible for the accidents."

It was amusing, said Mr. Henry, to watch the Premier pat himself on the back for abolition of the amusement tax, and for increasing, as the Budget speech claimed, the grants to schools. In the first place, he said, in abolishing the amusement tax the present Administration was in the main merely wiping out what it had inflicted on the public after assuming office. In respect of the grants to schools, he charged that the situation involved was not one of giving more money but of merely paying for what the school boards earned.

Lauds Municipal Control.

Mr. Henry lauded the control that has been exercised through the Department of Municipal Affairs upon municipal expenditures. He said he was satisfied that fewer municipalities would have fallen into difficulties had some of their expenditures been halted by a supervising body which, possessed with a long view of each municipality's affairs, could have recognized when they were going beyond reasonable bounds in expenditures.

Mr. Henry attacked the Premier's claim that revenue in the Treasury Department had been increased to \$50,000,000, leaving the suggestion that the Conservative regime was in grievous error and fault because in the last year of his administration, Treasury Department revenue was stated at \$24,000,000.

"What are the facts?" said Mr. Henry. "The average member in reading this statement would presume that this Prime Minister must be a genius to increase the revenue by more than 100 per cent in three years."

Mr. Hepburn, he said, did not explain, that since his advent in office, he had added to the Treasury Department revenues the returns from the Liquor Control Board, \$10,500,000; the Income Tax, \$6,500,000; the increase in the Corporation Tax, \$2,000,000, and succession duties, \$11,500,000.

"Here is \$30,000,000 in new revenue. So my honorable friend points with pride to what he has accomplished, but he doesn't tell the real story," he said.

Premier Hepburn was not in the Chamber when Mr. Henry opened his address. The member for East York said he regretted the Premier's absence, adding: "But I won't say what he did say one night when I left the chamber, 'He can't take it.'"

He scored the Premier for having, Thursday night, made a "great flourish of magnanimity and generosity," by presenting Hon. Leopold Macaulay, Conservative House Leader, with a copy of the budget speech that was to be delivered on the morrow.

The budget speech, he claimed, had already been in the hands of the press gallery for ten hours and it was his understanding that a verbatim copy of the address was being sold on Sarnia streets before it was delivered in the House.

It reminded him, said Mr. Henry, of the late P. T. Barnum's philosophy relating to fooling the people some of the time.

"Premier Hepburn is new in experience," said Mr. Henry, "but he will learn that showmanship is somewhat of a sham and doesn't carry one very far in the long run."

The Opposition critic complained that the only figures available on the Government's financial condition were contained in the Public Accounts of the year ending March 31, 1937, and consequently, there was no opportunity of comparing figures of the fiscal year just ending with the Premier's forecast for the coming year.

Harkening back to his closing

address in the Throne speech debate Thursday, Mr. Henry referred to an editorial in The Globe and Mail last Saturday, bearing on remarks which he had made concerning "Civil Servant No. 1" and which claimed he had cast reflections upon the Civil Service.

"I am not touchy, and I think members of this House can bear me out. I am not touchy so far as The Globe is concerned for they're hopeless. But the point I want to make is, that I did not refer to the Civil Service," he said.

What he did say, he claimed, was that heads of departments were unable to run their departments without interference from "Civil Servant No. 1," Chester Walters, who is the Pooh Bah of the Civil Service in this Province. I was not talking about the Civil Service, and it is utter nonsense for The Globe to be party to such twaddle. I repeat, you can't have anything unless you get past the gentleman (Mr. Walters) who sits on the third floor of this building."