

### Relief Not Capitalized

In order to summarize the results of the ordinary expenditure and the ordinary revenue I call your attention to the following items:

Gross ordinary revenue .....	\$98,456,000.00
Less: Gross ordinary expenditure before providing for unemployment direct relief, provision for sinking funds and maturing railway aid certificates....	92,406,632.00
Surplus: Before providing for unemployment direct relief, provision for sinking fund, and maturing railway aid certificates ...	6,049,368.00
<b>According to the public accounts of the other Provinces of the Dominion, direct unemployment relief is charged either in whole or in part as capital and not as ordinary expenditure. It is not my intention to charge the cost of direct relief to capital, but to continue, as in the past, to consider it as an item of ordinary expenditure. Therefore, charging back the cost of unemployment direct relief and administration thereof in the sum of... ..</b>	
.....	\$ 9,369,672.00
Provision for sinking fund .....	1,038,655.00
Maturing railway aid certificates .....	85,970.00
<b>All making a total of.</b>	<b>\$10,494,297.00</b>

This shows a deficit on the year of .....\$ 4,444,929.00  
 With the permission of the House, I shall now place on record an interim statement of the gross capital receipts for the fiscal year April 1, 1939, to March 31, 1940, being ten months actual and two months forecast. The estimated total capital receipts are \$17,516,470.

The increase in the gross Provincial debt this year amounts to \$24,482,239. With the permission of the House, I shall place on record a detail statement of the estimated increase in the gross debt for the year ending March 31, 1940. You will observe that, although the gross debt has increased by the sum of \$24,482,239, there are capital disbursements for highways, public buildings, and public works amounting to nearly 26 million dollars.

### Picture's Other Side

In dealing with the gross debt of the Province let me say that the increase in the gross debt from Oct. 31, 1934, to March 31, 1940, amounts to \$81,488,530.75. To call this an increase in the gross debt without showing the other side of the picture and dealing with what might properly be called the investments of the Province, gives an incomplete and misleading impression.

For the period that I have mentioned, namely, Oct. 31, 1934, to March 31, 1940, during which the gross debt shows an increase of \$81,488,530.75, the Province has made capital expenditures, with corresponding increase in capital assets, totalling \$146,308,803.76. For the information of the House I table a statement of these expenditures and I say that, because of this increase, the Province is not poorer, but richer; for in the matter of highways alone we have constructed and paid for approximately 125 millions of dollars of these revenue-producing assets and, as you will see from the Statement of Revenue for the present fiscal year, the revenue from the Highways Department alone will exceed 33 million dollars.

Further, I take this opportunity, when discussing this increase in the gross debt of 81 million dollars, of bringing to the attention of the House some of the investments of this Province in the human resources of the State. During this period under review we have spent on education, in round figures, 59 million dollars; on health 40 million dollars; on agriculture 9 million dollars; on unemployment direct relief nearly 73 million dollars; on mothers' allowances 20 million dollars.

Let me pause for a moment and deal particularly with this item of mothers' allowances. The greatest wealth that this country possesses is its children, and in assisting the mothers, who are for the most part widows, to educate and rear their children and bring them up to be good and valuable citizens of this Province the Government has achieved something that is worthy of the highest commendation. This Government can take credit for having increased mothers' allowances by extending to the mothers with one child the allowance formerly denied them.

Old-age pensions and pensions for the blind amount to \$14,000,000, and there is another item which is in the nature of a rebate to the taxpayers. I mean municipal subsidies. We have returned, since these subsidies were introduced, a sum in excess of 10 million dollars to the municipalities, and this sum has been applied directly in reduction of the taxes paid by the ratepayers of the various municipalities.

A statement showing the various net ordinary expenditures which go to make up the \$226,664,761.85 is, with the permission of the House, tabled for the information of the members.

### People to Judge

I am content to be judged by the people of the Province of Ontario in respect of the increase of eighty-one million dollars in the gross debt of the Province when I am able to report, as I do today, that during the same period we have an increase in the tangible capital assets of the Province of 146 million dollars, and I like to report having contributed to the human resources of the Province a sum in excess of 226 million dollars.

It may rightly be said of Governments that, long after they have disappeared and have been replaced by others, their records will be read and their successes or failures appraised according as they have developed the material and human resources of the organized society for whose welfare they were for the time being, responsible.

The net debt of the Province will very in an amount closely following the amount of the gross debt. The exact amount of the variation cannot here be stated because of the necessity of ascertaining the amounts of certain balances which may be collected or outstanding at the end of the fiscal year. Full de-

tails of the change in the amount of the net debt will be available when the public accounts are brought down.

The indirect debt of the Province will show a decrease of some \$7,852,000 in the present year. The only guarantee given by this Government in the present fiscal year was one to a co-operative association in the sum of \$5,000. All other items entering into the contingent liability account are deductions.

With the permission of the House I table a statement of the contingent liabilities of the Province as at March 31, 1940, showing an estimated decrease of \$7,852,417.47.

### Year's Estimates

Permit me, Mr. Speaker, to present to this Assembly the estimates for the coming fiscal year. In preparing these estimates the greatest possible care has been taken in order that we may clearly set out to the Assembly and to the people of the Province what financial plans have been prepared for carrying on the business of the State during this war period.

Far be it from me to paint any dark picture. I realize, as do we all, that we are in the second phase of the great war. There is no need to emphasize this point today, but, realizing the responsibility that rests upon Canada, a responsibility that must be shared largely by this Province, it is the considered opinion of the Government that Ontario must give leadership to the rest of the Dominion. This richest, most prosperous, most progressive part of the Dominion must not betray any faltering in this time of testing. No greater disservice could be rendered the Dominion or the cause of the Allies than that this Province should forecast a deficit either in ordinary or capital accounts, and no greater disservice could be rendered than by a Government attempting to deceive itself by allowing estimates of revenue to be founded on optimism. We must be sure, and I believe that we are certain—as certain as human foresight makes it possible—that we budget for a surplus for the year on which we are about to enter.