

ated. Interest rates would go up as well, undoing the work of the Ontario Government when it first came into office and battled against high rates of interest in the Province, he stressed.

Quoting from a memorandum dated Feb. 9 of this year, Mr. Hepburn tabled correspondence which showed that up to recent months the Federal Government had no intention of invading this field. He declared that Ontario never would have entered into the Dominion-Provincial tax agreement but for the repeated assurances of Finance Minister Ilsley that the Dominion Government would not interfere with the administration of the liquor laws of Ontario.

"Promises and Threats."

Mr. Hepburn charged that Ontario was induced by promises and various arguments and threats of double taxation to enter into this agreement whereby Ontario vacated the fields of income and corporation tax and the insurance act revenues. He quoted from a letter written by Mr. Ilsley and dated Jan. 31, 1942, addressed to himself. One paragraph stressed by Mr. Hepburn read: "After consulting with my colleagues, I can advise you that the Government's position has not changed in this regard (liquor revenues). It is not the intention of the Dominion Government to enter the field of regulation of the sale of alcoholic beverages or to treat it as other than one belonging entirely to the Province."

Other Issue: to Deal With.

The Opposition objected strenuously to recessing the House for the reason given, that of facing revenue losses of unknown proportions through the Dominion Government's invasion of gasoline and liquor revenue fields. There were many other matters awaiting action that did not require the Treasurer's figures, Col. Drew claimed. He mentioned, among them, education, especially the admission to universities of aliens released from internment camps.

Mr. Conant had said that through the revenue loss complained of Ontario stood to lose \$12,000,000 in income in the next year unless revenues were replenished from other sources. The Government had failed to ascertain what the position of Ottawa was on these lost revenues or what its intention was about making good the deficits. Ottawa had admitted the Province had a just right to be recouped for these losses, but without any indication of its intentions it was impossible to prepare the Budget. The Dominion Budget, he understood, would be brought down in a week or two, by which time he hoped to know what Ontario's position was.

If the lost revenues were not made good, Mr. Conant said, "I'm perfectly frank to say the financial position and autonomy of this Province is seriously threatened. If this is carried to extremes, even within constitutional limits, the whole political structure of this Province may and could be ruined." To budget for 1943-44 under such conditions, Mr. Hepburn said, "would be assuming the role of a fortune-teller."