

# Drew Defends Outlay For Provincial Services As 'Wholly Justified'

Whether a taxing agreement or failure to reach unity is the outcome of the Dominion - Provincial Conference, Ontario will be in "an exceptionally strong financial position," and the undertaking of services which this year will create a 21-million-odd deficit are "wholly justified," Premier George Drew declared yesterday in the Legislature.

On the other hand, the premier said in replying to criticism by former Liberal Leader Harry Nixon as Chief Opposition critic, the Government "would be open to far greater censure if it failed in this postwar period to provide for those things needed to ensure us going ahead, such tasks as new roads to open new areas and provide new jobs." The future, he said, was secure, and, after quoting Omar's philosophy as representing Mr. Nixon's beliefs, he said:

"We are not going to take the cash in hand and waive the rest. We are not going to sign on the dotted line merely because the dotted line is put before us. I may say that neither was any other Government prepared to, despite his (Mr. Nixon's) impression that they were and that we should sign any agreement quickly. We will take the cash only if it is clearly in keeping with the needs of this Province in the future."

The Premier's Budget address was almost wholly an answer of Mr. Nixon's criticisms. But first, he said, he believed Mr. Nixon was sincere and fair, was moved by thoughts of Ontario's interests, and with him the Premier joined in tribute to former Provincial Treasurer A. St. Clair Gordon "in whom Ontario had been fortunate."

## "Not Tied to Pattern"

Criticism because Ontario's advances on educational grants varied this year from those in 1945, the Premier said, was without considering that the payments were made from surpluses on year's financing, and also were "not tied to any pattern" because the Government did not wish to "freeze" into any system while a Royal Commission was studying education and would possibly make proposals "for better payment methods."

Ontario, he said, had not budgeted "with a view to a better bargaining position at Ottawa," as Mr. Nixon charged. Revenues were not deliberately discounted: This year's highway gas revenues would lack the \$3,000,000 grant from Ottawa; restriction of liquor production had been anticipated by a \$4,000,000 cut in estimated revenues. Nor had expenditures been over-rated. Highways required much work, not only for reconstruction of wartime ravages but in opening new areas, and every other increase to departments was warranted by postwar needs.

While criticizing costs, he pointed out, Mr. Nixon had questioned the "small allotment" to the new Travel and Publicity Department. The \$150,000 might seem small at first glance, but the department would receive much aid from other departments. Game and fish, highways, lands and forests, education through training courses in resort and hotel management, public works and so on. The department would be a co-ordinating office largely, until it ascertained many things which it would report back to the Legislature next year.

When Mr. Nixon criticized for not "signing up" at Ottawa, the Premier said, he was in the position of not having been present at the conference meetings. On the other hand, he (the Premier) had been and he assured Mr. Nixon that a true spirit of co-operation had existed from the outset, that not one Province had been prepared to sign forthwith, and that even Mr. King, announcing adjournment, had announced that amendments had been made and more were contemplated.

Ontario, he said, wished it clearly understood that "an agreement is profoundly desired and is sincerely expected." But the Budget must not be criticized, he said, because of conference outcome; in any event, Ontario would be strong. He recalled the 1942 agreement under which the Provinces relinquished taxing authority, quoted it as "clearly designating those powers as Provincial powers." Ontario, he said, did not wish double taxation: it nevertheless was in a strong position because if agreement failed, all taxing powers, plus a 1942 Federal pledge of restricted taxing in those fields (income and corporation tax), would give Ontario ample revenues to meet its budgeted expenditures and meet any deficit predicted for this year.

Former Premier Harry C. Nixon introduced an amendment, condemning the Government Budget forecast of a deficit of \$21,065,694 "without provision for revenues to meet increased expenditures" and said that the estimated expenditure of \$200 million during the coming year constituted a "spending spree."

Mr. Nixon said the Budget was produced more for the Dominion-Provincial Conference, to reassemble in April, than as a forecast of what would actually happen in Ontario during the year.

Why, he asked, should the Government estimate that liquor revenue would drop \$4 million within the year? Gasoline taxes and revenue from motor vehicle licenses

also might be expected to go up. It might be found, too, that materials would not be available to carry out the Highways Department projected \$47 million program or the program of Public Works and other departments.

"One can hardly credit," said Mr. Nixon, "that capital expenditure will jump in one year from \$8,600,000 to \$32,300,000. I cannot credit that our cautious Provincial Treasurer will actually put the old Tory spending machine in high gear and let her go headlong down the mountain with the accelerator clamped down on the floor-boards."

Mr. Nixon regarded as significant the statement in the Treasurer's Budget address that it was the intention of the Government on the termination of the Dominion-Provincial Conference to overtake the deficit from future ordinary revenues. "When is this overtaking business going to take place?" he asked. "How will it be affected by increased taxation or reduced spending?"

## Claims Continuity Lack

Mr. Nixon criticized the Government for what he termed lack of continuity of policy in the extra school grants and wondered what the grants would be next year in face of an expected deficit. He charged that the announced surplus of \$6 million was misleading, since it was spent in school grants before the end of the fiscal year. "The Treasurer might as well say he had a surplus of \$127 million if we hadn't spent anything," he commented. If the \$8,800,000 advanced to the schools last year had been duplicated this year, the Province would have a deficit of \$2,700,000, he maintained, adding: "I condemn the lack of consistency and continuity in budget policy which makes comparison of one year with another impossible."

The Government's greatly increased grants to school boards were not benefitting the taxpayer in many instances, he said, citing increases in tax rates in many localities in spite of the additional grants.

As to Ontario's attitude toward Dominion subsidies in lieu of taxation powers, Mr. Nixon declared emphatically that he doubted "if any Government would dare to break away from the Dominion subsidy in future," and added: "I cannot see how Ontario can do other than sign on the dotted line finally."

He had not, he said, denounced the Government "for not swallowing hook, line and sinker, the offer placed before the Provinces at the