

CONTINUED FROM OPPOSITE PAGE

# THESE ARE THE FACTS

## of the Dominion-Provincial Conference on the Sirois Report

(CONTINUED)

HON. T. B. McQUESTEN, K.C., ONTARIO MINISTER OF HIGHWAYS AND MUNICIPAL AFFAIRS, (Vol. 2, pages 83 to 87):

"Mr. Prime Minister and gentlemen, before this conference dissolves, the province of Ontario would like to place before it its financial position with regard to the effects of the Sirois report on the province's finances.

Perhaps I might properly preface what I have to say to-day by referring to two points touched upon by the Premier of Manitoba (Mr. Bracken) in the presentation of his argument before the opening session of the conference yesterday. Hon. Mr. Bracken made what I might call a earnest plea to the delegates of this conference, and particularly to the Premier of Ontario, to consider the attitude taken by the late Hon. George Brown at the various conferences leading up to confederation. In bringing Mr. Brown's name into the conference he has suggested that Mr. Brown very properly forgot his own feelings in the matter and joined hands with Macdonald and others in shaping confederation as expressed by the British North America Act.

I consider it rather an unfortunate choice of argument to ask that the Premier of Ontario emulate Brown. I hold that in taking the attitude he has, Hon. Mr. Hepburn has been but living up to the traditions of Brown, and has defended and upheld all that Brown stood for, and is safeguarding the rights and responsibilities vested in the separate provinces by confederation. I prefer to support and adopt the material structure which was created by Brown, rather than attempt to interpret its spirit, as Mr. Bracken has purported to do. If Mr. Bracken's argument were to prevail, history would be degraded, our ideals shattered, and the names of our public men cast into the ossuary of time.

Mr. Bracken was on a better ground when he advanced the idea that provincial autonomy, without adequate revenues for discharging the functions of government for which provinces are responsible, is but little more than a farce. To put the same idea in another way, without fiscal independence there can be no provincial autonomy.

I am prepared to-day to review the financial history of the province of Ontario, particularly relating to the years since the present government has been in charge at Toronto.

### Ontario Balances Budget

Briefly, let me state that we have followed since the 1st of April, 1936, a sound financial policy, as shown by our budgetary position. In 1936-37, 1937-38, and 1938-39, we had balanced budgets. This year we are promised by our premier who is also the provincial treasurer, a balanced budget, a surplus and a reduction in debt.

This wholesome and enviable budgetary position has placed us in a position to carry out a policy of assistance to the 900 municipalities which form the local government administrations of Ontario. For example, the province has assumed the entire capital cost of construction of our great highway system, the financial burden of which formerly rested in part upon the municipalities. The province also contributes in various ways toward highway construction expenditures by municipalities.

In matters of public health, Ontario has made great strides and has, since this government took charge, at an annual cost of millions of dollars, assumed the entire burden of the care of indigent tubercular patients. Public health in Ontario costs the province of Ontario a sum exceeding \$900,000 per month.

Then, in exchange for the income tax, which was formerly collected by a few of the 900 municipalities, we have substituted a provincial income tax, and have assumed the entire cost of the share formerly borne by the municipalities of old age pensions and mothers' allowances.

The annual cost to the government of Ontario for old age pensions, as represented by the present fiscal year, amounts to three and a half million dollars. This includes the province's share of pensions for the blind.

The annual cost to the province of mothers' allowances this year will exceed the sum of five and a quarter million dollars. All of these costs—old age pensions, pensions for the blind and mothers' allowances—are annually increasing in amount. I quite agree with the estimate made by prominent actuaries that they will continue to increase for the next fifty years. It is difficult at this time to estimate the final limit of the cost of these three social services, which, as you are aware, were never dreamed of by the Fathers of Confederation.

We also pay to the municipalities an annual subsidy of one mill, based on the general assessment of the municipalities, and this amounts to a round figure to the sum of three million dollars per annum.

Another function of government that is growing annually is education, and it is estimated that for the present fiscal year the province will spend upwards of thirteen million dollars.

### Compares Relief Costs

One of the services that has cost enormous sums during the past decade is that of cost of relief. Under the present basis of contribution the cost of relief is 40 per cent. of direct relief costs—excluding medical services. Including medical services the dominion contribution is 38 per cent. of the total expenditure. For the present fiscal year, that is, the period ending March 31 next, relief cost Ontario the sum of ten million dollars. Of this the dominion's share will be \$3,800,000, the provincial share \$4,300,000, and the municipalities' share \$1,900,000.

Estimating the cost of relief for the fiscal year which begins April 1, 1941, calculated on the present basis of sharing the cost of relief, and estimated from the best available information, the relief picture in Ontario will be represented as follows:

Dominion share.....	\$2,555,000
Provincial share.....	2,892,000
Municipal share.....	1,278,000

If the Sirois basis be adopted, for the fiscal year 1941-42, the cost is estimated as:

Dominion share.....	\$ 566,000
Provincial share.....	4,237,000
Municipal share.....	1,232,000

Thus it will be observed that by adopting the Sirois basis the dominion would enjoy a saving of \$1,989,000, while the province of Ontario would be called upon to increase its expenditures by the sum of \$2,035,000, and the burden of the municipalities would be practically the same as under the present plan, the difference being less than \$50,000. The officers of the treasury and welfare departments are here, and are supplied with all details with respect to relief figures, and in fact other relief figures, and we are prepared to discuss these matters in detail if and when required. At this juncture I desire to make a statement with respect to the estimated saving or gain to the province of Ontario, as contained on page 36, Book II, of the recommendations of the Sirois commission.

The estimated savings or gain to the province of Ontario, on the 1937 base, is \$5,326,000 per annum. But a careful analysis of the figures indicates that instead of a gain of \$5,326,000, the actual net loss to the province for the 1937 period would be \$6,432,000. Thus it will be seen that the information given on page 96 of the Sirois report as to the expected improvement in the financial position of the province on the 1937 base is inaccurate and not in accordance with the findings of the treasury department of the province

of Ontario. This inaccuracy amounts to the large figure of \$11,758,000. The reconciliation of these amounts is available and can be explained by the technical officers of the treasury department.

With respect to the present fiscal year, the situation is infinitely worse. If the Sirois plan were adopted and made effective for the present fiscal year, which ends on March 31 next, the province of Ontario would be faced with a certain net loss in revenues of the sum of \$17,000,000. This for the present fiscal year alone.

The province will be required to give up annual revenues of.....	\$40,000,000
Deduct from this, expenditure assumed by the dominion, and the one mill subsidy to the municipalities which could no longer be paid, a total sum of.....	23,000,000
Leaves a loss of.....	\$17,000,000

One of the first results of this loss in revenue, brought about by the giving up of the succession duty taxes, would be the loss in revenue to the University of Toronto of the sum of \$500,000. I would refer you to the Revised Statutes of Ontario (1937) chapter 372, section 129, which is the statutory authority for payment from the proceeds of succession duties to the University of Toronto in the sum of \$500,000 per annum.

### Set Education Back 50 Years

But that is just one indication of what the loss in revenues would mean to education in our province. Education in Ontario would be set back fifty years. This would apply particularly to the "little red school house" and to the struggling separate schools, which under present conditions require the same as public schools—annual grants from the provincial treasury.

The splendid work done by the department of health in Ontario in waging a successful fight to stamp out the menace of tuberculosis, which fight is being conducted at an annual cost to the province of upwards of \$3,000,000, could not be carried on, unless revenues from some other source were forthcoming.

This would involve some new type of taxation, but inasmuch as taxes on estates, taxes on incomes, taxes on corporations, and taxes on mining profits, would no longer be available to the province of Ontario, any additional burden of taxation required to raise revenue to continue a reasonable standard of education would inevitably fall upon real estate—upon the farmer, the home-owner and the business man.

I also bring to your attention the fact that municipalities of the province of Ontario will suffer for the present fiscal year by the implementation of the Sirois report, the loss in revenue exceeding \$5,000,000.

Now, if you will add the net loss in revenue to be sustained by the province of Ontario of \$17,000,000 to the \$5,000,000 certain to be sustained this year by the municipalities of Ontario, you have the enormous sum of \$22,000,000—net loss to the province and the municipalities.

This, Mr. Chairman, is only the beginning. These losses are bound to increase, because the functions of government left with the province are, from year to year, increasing in their burdensome character, in so far as the need for revenue is concerned.

### Real Estate Burden Intolerable

No one conversant with the problems of public finance that beset the provinces and the municipalities in Canada to-day will attempt to deny that the burden on real estate at present has reached a point where it is difficult for the farmer to meet his rates and taxes; it is discouraging for anyone to attempt to build a home; and, in fact, daily in Ontario discouraged home-owners are attempting to escape something from their particular will suffer, and the standard of living of our citizens who are in the class of what might be described as the lower economic scale will be akin to a condition of servile dependency.

The real estate owner to-day, who can barely raise the amount of his taxes, will find that for every dollar of taxes he pays to-day in Ontario he will be called upon next year to pay \$1.20. And this is not all. The cost of living is already mounting, and is, generally speaking, ten per cent. higher than it was at the outbreak of the war.

As the Prime Minister has said, "You leave us with the expensive functions of government."

And I hold that the figures I have submitted prove that we will have insufficient funds to discharge these functions of government, that health and education in particular will suffer, and the standard of living of our citizens who are in the class of what might be described as the lower economic scale will be akin to a condition of servile dependency.

Now, Mr. Prime Minister, I have finished with my presentation of the financial effect of the report as it appears to this province, and I am authorized on behalf of the premier of the province of Ontario, the Ontario delegation, and the people of the province, to announce that our association with this so-called conference is over. Some other members may take this opportunity to present their reply to the financial address of the Hon. Mr. Halsey, and to withdraw as we are doing.

We leave it to the rest of the members to continue their efforts to do what we are bound to say would result in a working confederation, as we understand it, and in destroying provincial autonomy and rights. We are returning to our business, and our final word to the dominion is that word which we opened: If the dominion decides to prosecute the war on a basis of cooperation we shall be ready, as we have always been in the past, to cooperate in every known way and to throw the full weight of our great province into the dominion's war endeavour."

RT. HON. ERNEST LAPOINTE, MINISTER OF JUSTICE AND ATTORNEY-GENERAL OF CANADA, (Vol. 2, page 100):

"I read the Ontario newspapers, and this morning I read a statement in a Toronto newspaper to the effect that this commission report was a Quebec report, prepared by and for Quebec, for the benefit of that province. That article urged the people of Ontario to oppose it. My friends who are here know that at the same time in the province of Quebec this report is considered by some as leading to the destruction of provincial autonomy and the sacred rights of the citizens of that province. It has been stated that the French-Canadian race will be enslaved if this report is adopted and accepted."

RT. HON. W. L. MACKENZIE KING, PRIME MINISTER OF CANADA, (Vol. 2, page 112):

"May I say this next. When my colleagues and I considered the calling of this conference there was between us a great diversity of view as to the wisdom of having such a gathering at this time. In saying that I do not think I am betraying any cabinet secret which I am sworn to respect. I for one took the view that it was very doubtful whether it would be wise to have a conference in war time."

HON. ADELARD GODBOUT, PRIME MINISTER OF THE PROVINCE OF QUEBEC, (Vol. 2, page 117):

(The Prime Minister's remarks were given in French, the following is the English translation):

"Should the continuation of this conference constitute a menace to Canadian unity, I would suggest, Mr. Prime Minister, that it be dissolved."



**WRITING IN PRISON**  
P. G. Wodehouse, creator of the unexampled Jeeves, is writing a book about crooks in a room in a German civilian internment camp that once was a padded cell, it is reported. He is shown here with his wife.

### 8th Line Markham

Mr. and Mrs. Murdock entertained Toronto friends on Sunday.

A large number from this line attended the sessions of the Sunday School Convention at Victoria Sq. Mr. L. W. Hoover was confined to his home for a few days last week through illness but we are pleased to know he is now better.

Misses Marion and Thelma Grove sponsored a quilting for their young friends last Wednesday.

Mr. and Mrs. J. L. Byer visited with friends in the Claremont district on Tuesday.

The W.M.S. of Peaches Church held a quilting at the home of Mrs. William Painter on Tuesday.

We are sorry to report that Miss Elizabeth Byer is on the sick list, and we hope she may have a speedy recovery.

Miss Evelyn Spang and friend of Toronto visited at her home here on Sunday.

Quite a number from this locality attended the Young Peoples' meeting at North Markham M.B.C. church on Monday evening. Rev. C. Cullen of Gormley, missionary on furlough from Africa was the speaker and the Henderson sisters of Gormley sang several numbers.

Mr. Peter Byer of Winnipeg who has been spending a couple of months among relatives and friends in this vicinity returned to his home last week. Mr. Byer has not been here for many years and his many friends were pleased to see him and to know that the passing years have rested lightly upon him. He is a travelling representative of a Winnipeg mercantile firm, covering the province of Manitoba.

### ATHA

Our two soldier boys from Newmarket camp were home over the weekend, Joe Tran and Vern Hoover.

A number from here took in the S. S. Convention at Victoria Square, on Thursday.

Mr. and Mrs. A. Carruthers and Ernie were recent visitors with Mr. and Mrs. R. Lloyd of Pickering. Congratulations to Mrs. John Scott who now is a great aunt. Sunday guests at the Byers home

## STOCK TAKING SALE

GOODS SLIGHTLY SHELFWORN  
Goods Not in Our Line will be Discontinued

WATCH OUR WEST WINDOW  
GOODS at HALF PRICE  
or LESS

- Away Below Cost -

## Riches Hardware



**R. A. F. OFFICIAL IN CANADA**  
Air Chief Marshal Sir Hugh Dowding is in Ottawa to pay his respects to the Canadian government and air officials. From Ottawa he will go to Washington and other U.S. cities on a mission connected with plane construction.

were, Mr. and Mrs. Jim Coates, Mr. and Mrs. Joe Byer, Mr. and Mrs. Jacob Meyer, all from Stouffville, also Miss Foskett.

Mr. and Mrs. M. Dunkeld and family, Mr. and Mrs. F. Wagg, Altona motored to Leaskdale on Sunday and spent the day with Mr and Mrs. A. Wagg and family.

On Sunday morning a family here was greeted with a song from a cricket which spent the winter in the warm stable of unthreshed grain. Spring must be around the corner.

### Goodwood

Charlie Plews returned from the hospital a few days ago much improved in health, we are glad to report.

Mr. John Ashenhurst was laid up with a heavy cold for several days.

Mrs. Wesley Plews of Woodville was visiting among friends here for a few days.

Mrs. Gordon Blight of Windsor and Mrs. S. Boynton are spending a few days with the former's parents, Mr. and Mrs. Fred Baston.

### Altona

Mr. and Mrs. Bert Lewis spent Friday in Toronto.

Miss Alma Fretz left last week for Kitchener to attend the Bible School.

Mr. and Mrs. Wm. Malloy of Stouffville had dinner with Mr. and Mrs. F. McNair on Tuesday.

Mr. and Mrs. R. Jones and family of Toronto with her parents, Mr. and Mrs. N. Bunker over the weekend.

Mr. and Mrs. Murray Dunkeld and family, with her parents, Mr. and Mrs. F. Wagg on Sunday.

Mrs. B. Reesor is visiting with her aunt at Tilsonburg for a few days.

Mr. and Mrs. Fred McNair with her parents, Mr. and Mrs. William Reesor on Sunday.

Mr. and Mrs. D. Crosier and Irene, Mr. and Mrs. Wm Malloy had tea on Sunday with Mr and Mrs. Howard St. John.

Miss Verna Millman of Oshawa visited with her cousin Miss Lucille Howsam on Sunday.

Mr. and Mrs. J. McDonald of Kinsale were guests of her father Mr. A. Davis and Esther on Sunday.

Our Sunday School attendance was much lower on Sunday owing to so much sickness in the community.

Sorry to hear Master Kenneth Pilkey has been laid up with bronchial pneumonia, but is slowly improving.

Miss Ruby Tindall is engaged with Mrs. T. Brown, Greenbank.

Measles are quite prevalent in this neighborhood.

At the Horticultural Pot-Luck Supper in Stouffville on Wednesday last, Dave Crosier came second in a guessing contest, winning a lovely bouquet of mixed flowers.

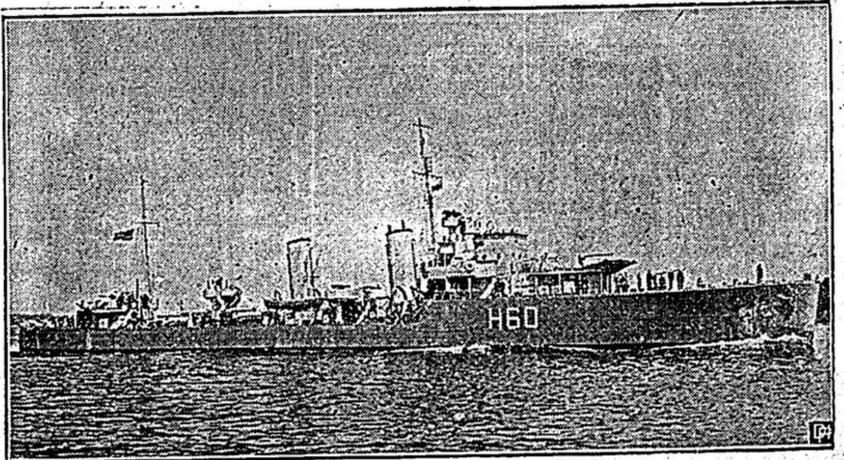
Miss Eva Latcham, Toronto, was home for the weekend.

The regular meeting of Goodwood Institute was held at the home of Mrs. C. Stewart, opening with the Ode followed by prayer. In the business that followed it was decided to buy a war saving certificate. Mrs. Sheehy gave a report on the Girl's Sewing Club and the Institute is to give some help to carry on. Mrs. Ashenhurst then gave a paper on Agriculture, particularly, apples and care of trees. A contest on naming apples followed.

The Y.P.U. held a sleighing party on Monday evening to Lillian Bacon's home, where numerous games were enjoyed.

At a quilting held last Wednesday at Mrs. C. Watson's, two quilts were done for relief work.

Elwood Baston and Claude Watson had a very enjoyable trip to Windsor last week.



H.M.C.S. Ottawa, one of the Royal Canadian Navy's growing fleet of destroyers, is shown as she steams out into the Atlantic on patrol duty.