

Wednesday, March 19<sup>th</sup>

# BACKUS MAN BEHIND GREAT LAKES FIRM, FERGUSON DECLARES

**Alleges English River Timber Magnate Has Absorbed Fort William Pulp and Paper Concern That Secured Power From Drury at Loss to Ontario of Nearly \$5,000,000**

**GOT LIMITS. ALSO  
AT SONG, HE SAYS**

Announcement by Premier Ferguson of the revision by his Government of the Drury Government's \$18-per-horsepower contract with the Great Lakes Pulp and Paper Company at Fort William precipitated a brief fracas in the Legislature yesterday. A new contract has been signed by which the company is to pay \$21, comparable, it was stated, to Port Arthur and Nipigon prices.

## Blames Drury Regime.

In the course of his announcement, however, the Premier vigorously assailed the old Government for what he declared to be an arbitrary and unwarranted course in forcing the Provincial Hydro Commission through its appointees, George Ramsden and Hon. Dougal Carmichael, the former of whom he referred to as a "stool-pigeon," to accept a contract which would have cost the Province from \$4,500,000 to \$5,000,000 in the term of the contract.

According to the Premier's information, E. W. Backus, of English River timber limit fame, has acquired the Great Lakes Pulp and Paper Company, and the Premier's intimation to the Legislature was that Mr. Backus had discreetly kept in the background during negotiations between former Premier Drury, former Attorney-General Raney and the company. As a result of those negotiations, he said, Sir Adam Beck, Chairman of the Hydro Commission, was overridden in his contentions as to power price, and the low rate of \$18 given to the company, then represented by A. L. Alsted.

## Price Forced Through?

The Premier described as "damnable" the course pursued by the Drury Government in proceeding, through the Gregory Commission subcommittee finding, and its majority against Sir Adam Beck on the Hydro Commission, to force a price which it knew, he said, would cost other municipalities on the Thunder Bay system thousands of dollars.

Leading up to the announcement of the Ferguson Government's compulsion exercised upon the Great Lakes Pulp and Paper Company to sign a new contract, Mr. Ferguson described the contract which it found to be in existence as "a contract which no Government should permit; that was against public policy; that was a fraud upon the whole hydro development scheme; that was iniquitous, and that was to cost the municipalities involved at least \$60,000 a year for a thirty-two-year period."

Premier Ferguson aroused the ire of former Attorney-General Raney by referring to the "devious" methods employed by the late Government to give the Great Lakes people a rate of \$18 per horsepower.

Mr. Raney—Tell the House about these devious methods.

## At Public Expense.

Mr. Ferguson—Yes, I will. And I will tell the House, too, that you were largely responsible. Don't get excited. It is not the first time you have been found out, and it is not the last time you have been found out. The devious methods were, first, the appointing of Mr. Ramsden on the Hydro Commission to jump this contract through instead of allowing the Hydro Commission to negotiate it. The correspondence shows that the negotiations were largely carried on by the late Prime Minister and the late Attorney-General. You submitted that contract to the Gregory Commission—appointed, as I said, for the purpose of annihilating the Hydro Commission—and the Hydro Commission, at public expense, had to be represented there by counsel endeavoring to save the public from being forced into assuming this great liability. The Gregory Commission revised and drafted a new contract, of which you approved.

Mr. Raney—What of it?

Mr. Ferguson—I say it was the most damnable thing that could be imagined.

When Government members applauded wildly, Mr. Raney broke in with: "Again the end man has given the high sign."

Mr. Ferguson—My hon. friend looks abroad for a high sign, but he doesn't see any high sign these days.

## To "Go After" Backus.

Proceeding, Mr. Ferguson said that this was not the only thing that he was going to "pick off" before he got through, and he proposed to see that Mr. Backus gave back to the people portions of their domain or else gave proper consideration for them.

Hon. Mr. Raney replied to the Premier's statements, repeating the charges of previous sessions that the old Government had permitted the company to get away with a contract

which did not require them to take Hydro power, and which did not compel them to commence construction until Hydro power was brought to their door. In cross-floor question and answer the Premier maintained that the Drury Government had found Mr. Alsted in default, and had not utilized that advantage to straighten out difficulties.

But Mr. Raney stated that all he was interested in at the moment was the Premier's charges as to "devious methods." Perhaps the old Government was right and perhaps it was wrong in its finding for \$18 power for the Great Lakes, but it had been a straightforward business proposition, having had due consideration by eminent engineers, and there were, he said, no devious methods about it.

## Sir Adam Ignored in Deal.

Resuming the floor, however, the Premier declared: "George Ramsden was put on the Power Commission for no other purpose than to force this contract through. What was his statement? 'I am going to carry out the orders of the Government. I am going to carry out the orders of the people who put me here.'"

Mr. Raney—Where did my hon. friend find that?

Sir Adam Beck—Yes, and I can vouch for having heard him say so.

Mr. Carmichael disputed a statement of the Premier that the contract was put through during the absence of Sir Adam Beck.

Sir Adam—I was not there when you executed that contract.

Mr. Carmichael—But you were there when it was decided. But I am not going to wrangle about it.

Mr. Carmichael also questioned a statement of the Premier as to his having taken the say-so of the late Government in his consideration of power matters, stating that he was not accustomed to that kind of procedure. He got his advice from

experts, the same as had all others in the controversy, and acted on his best judgment. Mr. Ferguson maintained that the late Government sent a letter down to the Hydro, instructing that the agreement be ratified, and Mr. Raney challenged him to produce it. Mr. Ferguson said that he could, and that there were other days coming.

## "Backus's Benediction."

Hon. Manning Doherty made formal protest to the Speaker when Premier Ferguson, referring to Mr. Backus's connection with the proceedings, stated that he was sure his honorable friends had the benefit of Mr. Backus's "benediction, if not his benefaction." But Mr. Ferguson countered with the remark that he had said he was sure the old Government had Backus's benedictions; he was not sure it had its benefactions. Mr. Doherty said if that was the standard that the Prime Minister wished to set for the House, he had nothing more to say, and Mr. Ferguson said he was not taking lessons from Mr. Doherty on etiquette.

Again Mr. Raney demanded to be shown the "devious" methods referred to by the Premier, and Mr. Ferguson said that he was sorry Mr. Raney had not appreciated those already outlined.

## Longlac Concession.

"Mr. Backus," he said, "knew he had an undue advantage, and he knew this Government would not permit it to continue, and without any great difficulty he assumed the obligation of \$21 power."

"Why was he so willing? Because he knew you gave him the Longlac pulp concessions which you sold in a falling market, when prices were at bottom, at anywhere from 20 to 47 cents a cord, when it was worth six months before \$2.15, according to your own records, and you sold when the bottom went out of the market. He can well afford to pay \$21 and have an advantage over almost every pulp and paper company in the district."

Before the discussion on Great Lakes Pulp and Paper Co. matters—which arose during consideration of supplementary Hydro estimates—the Premier briefly dealt with the power situation in Eastern Ontario, which he described as serious. In almost every section, he said, there was such a shortage of power that even the options on future power developments had been portioned out.

## Must Get More Power.

"There are only three alternatives," he said. "There is a new diversion of water at Niagara, development of the St. Lawrence, and, lastly, taking hold of the Ottawa River situation. And we are determined that one or other of these shall be undertaken."

"The Ottawa one, perhaps, looks the easiest of the lot, so far as getting at the operation is concerned, although the supply return will not be as large, or so nearly meet our requirements as the St. Lawrence."

Sir Adam Beck is to make a general survey of conditions next week, when the main estimates come down.