

Bolt From Blue.

The announcement of his withdrawal from the Cabinet was made in the Legislature yesterday afternoon. It came like a bolt from the blue. The Prime Minister broached the matter by telling the members that he had something of extreme importance to bring to their attention. He then read a letter from Mr. Lyons tendering his resignation. He continued to read his reply to the Minister, and then read a statement giving to the House and the public his views in the matter.

Remains as Private Member.

Mr. Lyons followed with a statement explaining his stand. This he supplemented by some remarks. He declared that he would not leave the House before the end of the session. He hoped in the near future to show the House that he had administered his department to make a creditable showing for the Government; that his every effort had been on behalf of the Government, and that the members "who commenced this propaganda" would realize the truth of his statements.

Mr. Lyons to the Premier.

Mr. Lyons's letter to the Premier, dated March 1, read as follows:

"Dear Mr. Ferguson: The numerous questions placed upon the order paper recently making inquiries of a general character in reference to business relations between the Lyons Fuel and Supply Co., Ltd., of which I am a shareholder, and President, and customers that the Lyons Fuel and Supply Co., Ltd., may be doing business with are evidently placed there with the idea of establishing in the minds of the public, by inference, that the position of Minister of Lands and Forests that I occupy is being used to the advantage of the Lyons Fuel and Supply Co., Ltd.

"May I point out to you, Sir, that the Lyons Fuel and Supply Co., Ltd., was established in a small way in July, 1913, I being in direct charge from its inception until 1923. The business commenced as a general fuel business, and has been increased and enlarged from year to year as conditions and circumstances would permit, until it is recognized now as a general wholesale and retail fuel and builders' supply business, with business relations extending from the Atlantic to the Pacific, but trading particularly in Northern Ontario with mining companies,

lumbering companies, pulp and paper companies, municipal corporations, and the general public.

Stopped Sales to Government.

"You will recall that last year, when the question of the advisability of members of the Legislature who were shareholders in joint stock companies doing business with the Government was discussed, I willingly stated on the floor of the House that, as far as I was concerned, I would undertake to see that no further business was transacted by the Lyons Fuel and Supply Co., Ltd., with the Government while I was a member of the House, and I notified the Lyons Fuel and Supply Co., Ltd., accordingly.

"You will appreciate the fact that, where a well-established business has been built up through years of effort with large industrial concerns, to discontinue such a business would bring disastrous results, and you will also realize, I hope, that to comply with the unprecedented requests and submit to the public the business transactions of any established business with its customers would be just as disastrous.

"It is not my desire to embarrass you or your Government in any way, or to retard by any action of mine the progress that your Government is making in re-establishing prosperity and confidence in the minds of the people, and a realization of the necessity of responsible government, and, as I cannot undertake to discontinue the business relations of the Lyons Fuel and Supply Co., Ltd., with its established customers, I beg, Sir, to tender herewith my resignation as Minister of Lands and Forests in your Government. May I express to you my sincere appreciation of the confidence you have placed in me by appointing me to the position, and I have endeavored to reciprocate by serving loyally and efficiently. Yours very truly,

(Sgd.) "James Lyons."

The Prime Minister's Reply.

In reply, Mr. Ferguson had written:

"Dear Mr. Lyons: I am in receipt of your letter of today's date tendering your resignation as Minister of Lands and Forests in the present Government.

"In accepting your resignation, I desire to express the deepest regret that your splendid ability as an administrator will no longer be available to the Province.

"I thoroughly appreciate your view of the situation and your determination that no opportunity shall be given to those opposed to this Administration to cast reflection upon yourself and upon the Government.

"I have the utmost confidence in your integrity, and refuse to believe that you, at any time, or in any way, made use of your position as a Minister of the Crown to further your personal interests, either through your connection with the Lyons Fuel and Supply Company, or in any other manner. The fact that the customers of your business are to be largely found in Northern Ontario among the various business organizations who are more or less dependent upon or have some relations with the Government has rendered your position as head of a department whose activities have chiefly to do with the North country a most delicate and difficult one, and lends itself to those who may desire, through innuendo or contortion, to mislead the public and discredit yourself and the Administration.

"While I regret that these circumstances have arisen, may I say that I fully concur in the conclusion you have reached and the action you have taken.

"The cordial relationship that has always existed between yourself and the other members of the Government will increase our regret that you are no longer to be associated with us. Yours very truly, G. Howard Ferguson."

Mr. Ferguson's Statement.

Stating that he had prepared a statement so that there would be no misunderstanding of his views in the matter, Mr. Ferguson then read the following:

"The principle of the independence of Parliament is one of the most firmly established and most important safeguards of our representative institutions. Originally asserted as a protection against encroachments by the Crown, it has been continued as a check upon Governments representing the authority of the Crown. It is designed to ensure that Governments will not by the distribution of favors exercise undue influence over legislators. The principle comes to us with the sanction of long-established usage and is necessary to uphold the honor, the dignity and the authority of Parliament. Yet it has been found in actual practice that the rule cannot be rigidly enforced without some reasonable modifications. For this reason we have in the law the provision that a member of the Legislature shall not be disqualified by reason of being a shareholder in an incorporated company which has business relations

with the Government. Then in 1894 it was found that the Hon. E. H. Bronson, a member of the Government, had incurred disqualification because he was interested financially in a license to cut timber. The Government of Sir Oliver Mowat initiated legislation to remove disqualification and to continue Mr. Bronson in his seat. A few years afterward it was found that some of the supporters of the Government came under disqualification because, being proprietors of newspapers, they had accepted Government money for advertising. This disability was removed by special legislation. Again in 1914 it appeared that members who in their professional capacity rendered service to the Dominion Government thereby incurred disqualification. The members immediately affected were the member for Grenville and the then Leader of the Opposition, N. W. Rowell. In both these cases relief was afforded by amending legislation. As recently as last session the member for West Hastings learned with surprise that he had incurred disqualification because a purchase of goods had been made from his place of business for Government purposes. The same situation was revealed with regard to the Hon. F. C. Biggs through a sale of property to the Government, and in both cases remedial legislation was enacted. I think it will be recognized that it never was the intention of the Legislature that any of these exceptions should conflict with the principle of Parliamentary independence, but rather that they should make the principle workable and applicable to modern conditions of business. The desire of all who have the public interest at heart will be to maintain the high standing of our Parliamentary institutions and to avoid in every way the possibility of reproach or even suspicion against any member of this House.

Above Shadow of Suspicion.

"The determination of this Government has always been, not only that there shall be no wrongdoing, but that nothing shall be permitted that can be so construed as to create suspicion or shake public confidence in the integrity of the Government or any of its members. It is of the utmost importance that public men should be above the shadow of suspicion.

"There is a tendency today with a certain element of the public and a section of the press, by suggestion and misrepresentation and allegation, without foundation, from motives best known to themselves, to cast discredit upon, and even vilify, those engaged in the public service. It is most deplorable, but none the less true, that this condition restrains many public-spirited, outstanding business men from entering public life and giving the Province and the country the benefit of their ability and training.

Confidence in Lyons's Integrity.

"In the case of Mr. Lyons I desire to say that I have every confidence in his integrity. Owing to the very nature of his private business and the constituency which it serves, and upon which it depends for its existence, the opportunity is afforded for the creation of suspicion. There are three features of this relationship that I would like to draw to the attention of the House.

"Firstly—A great deal of public work, in the way of road construction and otherwise, is carried on under the immediate direction of the Northern Development Branch. Engineers are in charge of these various works. From time to time supplies are required by them, and while they may be within the law and justified in a legal sense in purchasing from the Lyons Fuel and Supply Company, where its prices are lowest, yet, with the head of this company as a Minister of the Crown, it is not only a dangerous, but a highly improper practice.

"When the matter came up in the House a year ago Mr. Lyons gave to his firm instructions that no further goods must be sold by his company for use on these works, and I understand that these instructions have been carried out.