

Tuesday, March 2nd

Sales to Contractors.

"Secondly—Then there is the case of sales to independent contractors who have secured their contracts by public tender, and are ordinarily entitled to buy supplies where they wish. There could be nothing inherently or legally improper where the Lyons Fuel and Supply Company sells under such circumstances. Yet there is the opportunity for those desiring to direct criticism at the Minister or the Government which casts suspicion on such transactions, and it is better in the public interest that such sales should not take place.

"There is a third phase of the subject where the Lyons Fuel and Supply Company has been doing business with lumber companies and mining organizations over a long period of years. I think no one would suggest that these business relations should be severed. They began before the Minister occupied any public position and will doubtless continue on a strictly business basis whether he be Minister or not. Yet Mr. Lyons, keenly sensitive of his personal honor, feels that in view of active criticism, intended to injure both him and the Government, he should no longer continue in a position that makes these activities possible."

Lyons Gives His Reasons.

As the Prime Minister concluded, Mr. Lyons rose and said:

"As a result of the statement that has just been made to the House by the Prime Minister, I feel that the honorable members will grant me their attention for a few minutes that I may take advantage of the opportunity to outline my reasons for my part in the action which has been taken.

"After many years of personal effort and close attention I developed, from a very small beginning, a large wholesale and retail fuel and builders' supply business, with well-established connections throughout the Province of Ontario and throughout Canada. The bulk of this business is carried on with business concerns in Northern Ontario. While my family and myself have a controlling interest in the company, other parties have a substantial interest.

"Following the general election of 1923, the Prime Minister invited me to take a seat in his Cabinet as Minister of Lands and Forests, an honor which I appreciated and accepted. I did so believing that, with my knowledge of, and experience in, Northern Ontario, I would be able to contribute very materially to the development of that very important part of the Province.

"Honorable members will recall that, prior to my election as member for Sault Ste. Marie, I had had no Governmental or Parliamentary experience, although I had taken, locally, at the Soo, an active part in political, benevolent and other activities of a public nature there. After entering the Government, the exacting administrative demands of my department absorbed practically my entire time, with the result that the control and management of the Lyons Fuel and Supply Company, Limited, a joint stock company, was entrusted to my son and other paid members of the organization.

Supplied Goods to Province.

"When, last year, as a result of a question by an honorable member of this House, the attention of the House was directed to the allegation that the Lyons Fuel and Supply Company, Limited, had supplied certain goods to the Province, notwithstanding that these purchases were made by resident engineers and others of the Northern Development Branch on a competitive basis, and were not dealt with by me in the department, I readily saw the impropriety of the incident and acquiesced in the position taken by the Prime Minister when he intimated that members of the House who had substantial holdings in joint stock companies should avoid doing business with the Province.

"Honorable members with public experience will realize that, in the administration of a department, it is impossible for one member to have an intimate personal knowledge of the details of routine in other departments; neither time nor opportunity would permit. Each Minister knows generally the routine of affairs of his department, and relies on the faithful administration of his colleagues, and the exercise of their energies, efforts and abilities.

Cunningly Devised Questions.

"Since the beginning of the present session it must have been apparent

to honorable members of this House who read with care the proceedings of the House that efforts were being made by cunningly devised questions to create suspicion against me, and to embarrass the Government by implying publicly that the Lyons Fuel and Supply Company, Limited, had corruptly sold to those who had contracts with the Government, particularly with my department, with firms and persons doing business as Government licensees, or with indirect Government association. I have never for a moment entertained the idea that such dealings would be challenged. If I had I would never have entered the Government. I was satisfied I was within my legal rights. The business of the Lyons Fuel and Supply Company, Limited, could not continue to exist if it were cut off from all its well-established business connections. Its main activities have been, and are, with the lumbering, mining, and pulp and paper, and contracting organizations of the North.

"When in due course the Prime Minister conferred with me as to what had transpired, without hesitancy I emphasized the necessity of continuing those long-established business relations, and to sell to such organizations as it had always done unless the business were to be wound up or ultimately go to ruin. Furthermore, I frankly told him that if I had to choose between the company abandoning its activities or resigning as Minister, it was inevitable that I should resign. I could not afford to throw to the winds the work of a lifetime merely to gratify an ambition to assist in public affairs as a member of the Government.

"Reluctantly, therefore, but without complaint, I place my resignation at the disposal of the Prime Minister, for I am determined that no suspicion shall rest upon the Government from my business connections or from the administration of my department, or from the control of matters peculiarly within my knowledge.

Desires Investigation.

"The occurrence cannot, however, from my personal point of view, stop with the acceptance of my resignation. I desire the Public Accounts Committee to investigate, and investigate fully, every transaction the Lyons Fuel and Supply Company, Limited, had with these firms or persons that could on public grounds be challenged. I will place at the disposal of the committee the books of the company, and the members of the staff, and naturally I shall be ready to be examined on oath respecting each transaction. I have faith and confidence that every dealing will be found to be honest and square.

"Without complaint, I admit that it is sound from a public point of view, and necessary to the proper administration of a department of Government, that nothing should be done or permitted that would justify any one stating that any financial benefits unduly accrued during the carrying out of a public trust.

"As Minister, my relations with the honorable members have been most pleasant, and I entreat none to let personal regard stay his actions to secure information. I was a servant of the State, and the representatives of the people have a right—yes, a duty—to scrutinize my stewardship. My regret is that my lack of Parliamentary experience, and failure to appreciate the complex workings of Parliament and Governmental departments, has brought suspicion and attendant difficulty. I am at the disposal of the Public Accounts Committee, and until its hearings begin I hope that I shall not have to say more."

Not a Mushroom Organization.

He continued to say that the Lyons company was not something of a mushroom organization, which came into being after he became a Minister. It commenced in 1913, said he, with a very humble beginning, and went on until 1923, when it was a substantial firm, able to do business from the Atlantic to the Pacific. He felt that a catalogue of the firm's activities issued in that year would be proof of these remarks, and offered it to the House for consideration by the members.

He proceeded to state that it was difficult to justify in the minds of the public the fact that the company was doing business with the Government without casting suspicion on some one. "As a matter of fact," he said, "having regard for the modern methods of doing business on a competitive basis, I know there is no opportunity for a Minister, even if he so desired, to use his influence in promoting the business of his concern. If the members of the House knew the facts, as no doubt they will in time, they will realize that since I became Minister of Lands and Forests my business has suffered very substantially. I would hate to tell them the exact position as the result of last year's operations, but perhaps before the Public Accounts Committee is through they will know."