

March 6th

FERGUSON OBJECTS TO "PERSONALITIES" IN BROKER DEBATE

Liberal Leader's Intended Criticisms Are Ruled Out by Speaker

SINCLAIR IS ANGERED

"I'll Tell the People," He De- clares—Can Use Radio, He Says

What Premier Ferguson claimed was an attempt of Liberal Leader Sinclair to inject "personalities" into the Legislature debate yesterday, on second reading of Attorney-General Price's new Security Frauds Prevention Act, was shut off by the Speaker, who ruled that Mr. Sinclair had to speak to the principle of the act and to that alone.

The situation was precipitated by Mr. Sinclair's reference to a former suggestion that the Attorney-General had "relatives" in the brokerage business. The Liberal Leader argued, to no avail, that he was endeavoring to give the House reasons why the public should not expect rigid enforcement of the act from Colonel Price. Premier Ferguson, who was first to challenge the correctness of the Opposition chief's utterances, asked the Speaker for a ruling on the point, and got it. For the time being the incident was closed.

Can Tell the People.

Mr. Sinclair made it quite plain, however, that more may be heard from him on the matter. "I can hire the radio to tell the people, and I'm not scared to say anything on a public platform that I say here this afternoon."

Colonel Price was equally candid on the question. "There will be a Budget debate going on. And my honorable friend can talk of this matter at this time. I have no objections. I don't care what they say about me."

Yesterday's debate was confined to the Attorney-General and the Liberal Leader, with Premier Ferguson as a from-time-to-time injector, supplying most of the "sting" that has characterized former House arguments in which the first two mentioned "big guns" have participated. Colonel Price gave a detailed review of the work and aims of the recent interprovincial conference on the brokerage situation, and handed out a rather stiff panning to the financial press, which, he contended, must share some of the responsibility for the recent stock market crash.

Says Government Climbs Down.

Mr. Sinclair, while approving of the principle of Colonel Price's new act, claimed that it did not go far enough; that all the "new things" in it had been suggested by him at the 1929 session of the Legislature, and that the Government, in adopting them now,

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was plainly admitting its inability to cope with a situation with which it had been confronted for years.

Another lively little incident stirred the usual lethargy of the back-benchers. That was when Mr. Sinclair mentioned that certain members of the House had gone bondsmen for brokers arrested in the recent Toronto clean-up. The utterance was at once picked up by A. Coulter McLean (Conservative, Toronto-Eglinton) and Brig.-Gen. Donald M. Hogarth (Conservative, Port Arthur), who warmly defended their action in going bail. General Hogarth was particularly belligerent in his "come-back," stating that if he wanted "a lesson in ethics and honor" he would not look to the Liberal Leader for it.

The debate on second reading is to be continued by Hon. Harry C. Nixon (Progressive, Brant County).

Discusses New Act.

After a detailed review of the action and recommendations of the recent interprovincial conference on the brokerage question, Attorney-General Price turned to a general discussion of the new Security Frauds Prevention Act. He referred to the very wide powers allotted to him under the legislation, but said that he had always moved carefully in the past, in the investigation of affairs of companies, and would do so in future. It would be very "bad business," he said, were an Attorney-General to rush in and investigate a company merely on the strength of a complaining letter—and he had had, he said, plenty of letters, many of them anonymous, and some of them even threatening blackmailing of the department if it refused to act as their writers demanded.

Colonel Price quoted a recent statement of the President of the New York Stock Exchange to bear out his argument that lack of equilibrium in sales was the "dangerous feature" in stock exchange conditions. For the last three or four years this situation has applied in Ontario, said Colonel Price, with everybody wanting to buy, but few people anxious to sell.

Different When They're Down.

When stocks were up, said he, people could find little fault with them—with the companies selling them, or with the directors of the companies; but once stocks went down, there was a general disposition on the part of the public to run around, crying "investigation," when, as a fact, they themselves might be partly responsible for the situation in which they found themselves.

Colonel Price read a list of some forty stocks on the Standard Stock and Mining Exchange to show what extensive fallings-off there had been in them as compared with the figures at which they were placed on the market. These variations, he said, showed how difficult it was to understand their fluctuations. Some of the mines involved were "good" mines, he said, and it would take more than mere "idle gossip" to cause him to step in and investigate them.

From the Attorney-General the House had a brief story of his department's action in the Baker case, the Brooks Steam Motors investigation, and the Cocos Island treasure hunt expedition. "It was difficult to make people believe they were throwing their money away in these investments," he said, "and in the Baker case there was even a meeting held protesting our interference."

Two Audits a Year.

Speaking of audits, Colonel Price referred to the interprovincial conference's findings that two audits a year would be sufficient. "The weakness of the whole brokerage business, in my opinion," said he, "is that it grew up overnight, so to speak—grew up without proper scrutiny—and with men in it—well, we wouldn't like to buy from them if they were running a cigar store."

Colonel Price said that there was not only a decrease in the value of mining stocks, but industrials had "slipped off" as well during the past three or four months.

On the shoulders of the financial press the Attorney-General was inclined to place some of the responsibility for the losses which the investing public has incurred in connection with the market "crashes." "If these papers persist in answering queries, and telling the public how to buy, and what to do, they must accept some of the responsibility," said he. "It is not sufficient now—after a period of bull markets, and when stocks are down—to come running, saying, 'I told you so,' when, as a matter of fact, they didn't tell us so."

Colonel Price quoted various "answers" from the Financial Post of issues of 1928 to show that this paper had advised readers to hold stocks, and he cited the case of one inquirer who, he claimed, would have been down \$8,000 today had he accepted the Post's advice.

In Good Faith.

"I have no doubt the Financial Post acted in good faith," said the Attorney-General, "but it just goes to show how uncertain is the situation with which we have to deal."

Colonel Price also referred to the case of the D. A. Sheriff Company, which, he said, had been caught by his department selling vendors' stock. And yet the Financial Post had published a big advertisement of this firm which advised the people to buy stock. Had the Financial Post inquired as to the stock of this concern before it took the advertisement? asked Colonel Price. What had happened to the firm? Well, his department had had to step in and put it out of business.

The Attorney-General said that, whether the financial press was partly to blame—whether the exchanges were to blame for not moving faster in their check-up—whether the anxiety of the people to buy and not to sell was to blame—whether the Attorney-General and his department were lax in not doing more than they have done, a condition undoubtedly had arisen which had to be met.

"We are all anxious, I am sure," said he, "to get the brokerage business back on a firm foundation, where the people will again have confidence in it and its methods of trading."

In conclusion, he hoped that every member of the House would study the new Frauds Act and be prepared to give it serious and sympathetic consideration.

Not Far Enough, Says Mr. Sinclair.

Liberal Leader Sinclair stated that any proposed improvements of the act could be discussed only in the light of the existing law; reasons for the existing law; success or failure of the existing law; and reasons for amendments to it. He approved, he said, of the new legislation, but held that it did not go far enough. The Government, he said, knew of conditions in the brokerage market, but had been afraid to act from 1923 to 1928. The Premier, he declared, knew of conditions in 1928, but he had been afraid of the bill of that session, because it "might hurt some one."

"If the 1928 bill was too drastic," said Mr. Sinclair, "what must the Premier think of the 1930 bill?"

Mr. Sinclair claimed that the 1928 and 1929 acts were ineffective in many