

first, said Mr. Challies. The delay in forwarding the St. Lawrence project was blamed on the vacillating attitude of the former Liberal Government at Ottawa respecting the demands of the Provinces that Provincial rights in waterways on navigable rivers must be recognized. In this the Liberal Premier of Quebec had supported the Conservative Premier of Ontario. It was fortunate for Ontario that further negotiations would be carried on with a Federal Government pledged to recognize the rights of the Provinces.

Suggests Conference.

"Much," said the member for Dundas, "would be accomplished if an international agreement could be reached on the underlying engineering questions in connection with the St. Lawrence. I, therefore, submit for the consideration of the Prime Minister the advisability of suggesting that Ottawa arrange with Washington for a round-table conference of engineering representatives of the Federal and interested Provincial Governments with similar representatives of the Government of the United States and the State of New York."

"Surely," he declared, "under such circumstances (of power shortage), no serious-minded person in this Province would question the wisdom of the policy of this Government in co-operating with the Hydro-Electric Power Commission to purchase power generated in the Province of Quebec. As a matter of fact, there was no alternative open to those in authority in these matters, because the power policy of the late Federal Liberal Government prevented the release of power from our own share of the St. Lawrence and the Ottawa.

"Our only salvation is power from Quebec," Mr. Challies exclaimed, emphatically, amid applause. "It is only a matter of a few years when we will be faced with a serious power shortage."

He said it was important to note that power from the Ottawa might have been available years ago had it not been for the attempt in 1927 of Harry Sifton to get control of this river under the guise of a bill to extend the charter rights of the Georgian Bay Canal Company. "It is this same Harry Sifton," he exclaimed, "who now poses as the protector of the people from unwise power exploitation. A few years ago he was urging Samuel Insull, the greatest exploiter of 'white coal' in the States, to interest himself

with the Siftons in the exploitation of the Ottawa River powers."

Liberal Power Policy.

Mr. Challies then turned to the power discussion at the recent Liberal convention in Toronto, and remarked:

"A few weeks ago this same Harry Sifton, ably supported by E. C. Drury, former Prime Minister, was foisting upon the Ontario Liberal convention a most extraordinary resolution on the power situation. One paragraph in the platform reads: 'That this convention disapproves of and condemns the policy of the Conservative Party in purchasing high priced power from companies outside the Province.'"

Mr. Challies said that the Hydro engineers are well aware that the price they are paying for Quebec power—\$15 at the Ontario boundary—is reasonable. It compared favorably with the estimated cost of power from the St. Lawrence.

"I have a careful estimate," said Mr. Challies, "of the cost of power from the St. Lawrence worked out strictly on the basis advanced by the Liberal convention, namely, that navigation improvements be financed by power. It shows that Hydro would have to sell power at \$15 per horsepower to break even. I have another estimate by a responsible engineer showing that the price of power from the St. Lawrence on the basis of the Liberal Party formula would be nearer \$18."

Another plank in the Liberal platform declared against the exportation of Canadian power to foreign countries. He said this was a change of heart, as the Liberal Party was responsible for the original exportation

Power Contracts.

After a review of the history of power expansion in Ontario, Mr. McQuibban proceeded:

"Practically every extensive power development in recent years has been based upon some large contract with a big industry, or a distributing unit for power. The underlying principle of taking care of future requirements is sound. It should be practiced in all lines of endeavor. The Commission has its staff. This comprises a very essential part of its duties, but it does not involve the desertion of the great established fundamental of Hydro, which is power at cost."

Maclaren Contract.

Relating a review of power contracts, including Beauharnois, Gatineau, Ottawa Valley Power Company, Maclaren, Quebec, he went on: "So far the cost of power remains a secret as far as the Commission is concerned with its own developments.

"Now, let us examine the Maclaren contract. The first issue of bonds is \$12,000,000, the whole issue is \$18,000,000. Ontario gets its first power in 1933. What does the Hydro contract do? It pays all operation costs of the entire company before depreciation, and in addition one and a half times the interest on the entire issue of \$18,000,000 worth of bonds. The interest on \$18,000,000 at 5½ per cent., at which the bonds are issued, is \$990,000, therefore the profit from the Hydro contract, after paying all operation expenses, is one and a half times \$990,000, which is \$1,485,000. Now, the two contracts provide a total net earning of \$2,177,000. Therefore the Maclaren contract cost the Maclaren company \$692,000 for 66,000 horsepower, which is \$10.50 per horsepower."

Some Cross-Fires.

After cross-fire with Mr. Cooke, the latter wanting to know if Mr. McQuibban ever went to the Hydro to get the figures verified, and Mr. McQuibban retorting that he was making his own speech, the Liberal member continued:

"In addition to this, the company has 54,000 horsepower left. If the entire output was sold at \$10 per horsepower, this company would net a magnificent surplus, and in the final analysis they are to have a plant which is worth \$30,000,000. All told, from Quebec, the Hydro-Electric Power Commission has almost a million of this privately exploited power in readiness to transport across its publicly owned wires. In this item alone the cost to Ontario approximates \$5,000,000 more than if the rate were \$10 per horsepower, which is the price sold to the Quebec interests, in addition to the millions upon millions required to bind and control the current to its destination in Ontario. This cannot help but swell the cost of production, and limit our chances of world competition. We believe, and surely it is sound financial logic, that a power development which does not have to satisfy the dividend appetite of shareholders, who are presumably interested from that standpoint alone, can produce this power much cheaper than the other type. There is a vast difference between power at cost and power plus dividends."

After quoting returns tabled in the House respecting contracts and power export by Hydro—he was not able to figure out prices from these, he said—he went on:

"The Commission is fast becoming a closed corporation. Maclaren, Quebec, Beauharnois and other companies issue their prospectuses, their plan of finance, price of power, and business transactions. They have to do this in order to secure funds from the public. All that Hydro has to do is fill in its cheque and send it to Queen's Park to have it signed. Is there such a situation in Ontario as a surplus of power? Is it a constant feature? Why all this secrecy surrounding it? It certainly would be a strange American company which would contract for a fluctuating load of horsepower which might be shut off at any moment, subject to the

fuse of local demand. If this is explained by an off-peak load, are there any similar conditions in our own Province which could absorb this power to much advantage?

"Veiled in Secrecy."

"There are no items in Hydro to indicate the revenue from this source. The Conservative Party has never been blamed for its easy trade relationships with the United States, but in this case, although suffering from such a dearth of power that we must import from another Province, the Commission exports large quantities of power to keep the wheels of industry humming across the line. Mr. Speaker, Ontario is already weary of all this full-dress parade, of pleasing speeches, of perfumed and benign rhetoric about the activities of the Hydro Electric Power Commission. The whole system is veiled in secrecy. What we demand is to pry off the lid of the Hydro chest and reveal the skeleton in all its details.

"Page 22 of the Hydro booklet states: 'Throughout all the proceedings, the general public must be taken into confidence and kept adequately informed.' This is the code on which they built up their system. Why not follow it? Let all this muddling be cleared away. Where secrecy and mystery begin, then something else is not far away. As for the actions and dealings of the Commission, we should see the one and read the other.

Compensate for Exports.

"In 1929 the items of export to the United States totalled 122,000 horsepower, practically the same as we received from Maclaren, Quebec. It is an iniquitous thing, analysis. We develop 122,000 horsepower at Niagara, export it to the United States, and then go down to Quebec to compensate and buy 122,000 there, bring it to Ontario over extensive and ex-

pensive transmission lines, deliver it to Toronto at a loss probably of 10 to 15 per cent. depreciation. We pay an exorbitant price on the Quebec; by the time it reaches Toronto it is sky-high. This is the policy of this Commission. This is the policy of this Government."

Quotation of an interview by former Premier Ferguson and a statement by Mr. Magrath on this phase brought Mr. Cooke to his feet.

Mr. Cooke—Do you question the veracity of that statement?

Dr. McQuibban—No! Not a bit. That's why I'm reading it.

Mr. Cooke—What's wrong with the statement then?

Mr. Nixon—It doesn't line up with the former Premier's.

Premier Grows Angry.

Visibly nettled, Prime Minister Henry rose at this point with an appeal to "let's get things straight." Did the honorable member (Dr. McQuibban) wish to leave the impression with the House, and with the Province at large, that the situation in the sale of the off-peak power at Niagara was to be placed on the same footing as the purchase by the Commission of the Maclaren power? Was that his statement?

Dr. McQuibban—That is my deduction.

Premier Henry—Then how can you confirm such a statement when 50,000 of that Niagara power was developed under contracts?

Dr. McQuibban resumed his address:

"Mr. Speaker, strange and mysterious it does seem, that this Commission should shed its virtuous mantle of public ownership—the final accomplishment of which is a tale as romantic as any work of fiction—and parade in the full view of the Province and indeed all of Canada, with the accessories of private entanglements. I do submit when this Commission places its part of the contract in its vault, it does so with the full realization of the details as to cost, profits and the financial data of the company with which it is dealing. In this House, Mr. Speaker, very little opposition or criticism have been encountered over these contracts up to the present time. It was a