

Mar. 4

NIXON ASKS HENRY TO CLARIFY ORDER ON HYDRO PROBE

Again Urges Inclusion of
Beauharnois and Aird
Payment

SAYS ACTION JUSTIFIED

Claiming that Hon. Mr. Justice Middleton was "quite in error" in placing the interpretation he did upon the visit to his office of Mitchell F. Hepburn, Provincial Liberal Leader, and himself, and on any remarks they may have made there, Hon. Harry C. Nixon, Progressive Leader, assured the Legislature yesterday that "in all this matter" he had no apologies to make, no regrets to offer, not one action but that he would repeat, and that he was prepared to stand or fall "before the great court of public opinion" when the Hydro inquiry was all over as to whether he and Mr. Hepburn were justified in taking the action they did to secure counsel before the Commission.

"This action of ours was at least successful," he said, "and our counsel has already more than justified his presence there."

Directing Premier Henry's attention to the interpretation placed upon the Order-in-Council setting out the scope of the Middleton Commission, Mr. Nixon said:

"It appears that the Madawaska deal is not under inquiry at all, so is not 'sub judice' in this House and the Premier was quite in error when he called my friend from Glengarry to order the other evening. It is merely to inquire the propriety of the payment, and I wonder if the intent of the Premier and the Government is being carried out. If it is, it puts them in a very ridiculous light after all the protestations that the Premier has made in the House, as to the policy that actuated the Government in giving a Commission on these two purchases of power assets. I suggest to the Premier that the Government should forthwith amend the Order-in-Council, making it very clear that the Madawaska deal is to be inquired into, and I again repeat my saying that the third matter be added: namely the Beauharnois contract and the payment of \$125,000 to John Aird Jr. These two matters are so closely correlated that during my short visit to the inquiry the other morning, my friend Tilley was talking Beauharnois almost as often as Madawaska."

Henry, as Director Of Two Companies, Severely Criticized

Progressive Leader Flays
Premier's Connection
With Insurance Firm
and Dairy Company —
Mr. Henry Protests
Innocence

PRICES OF MILK CAST INTO DEBATE

Severe criticism of Premier Henry for occupying a place on the directorate of the North American Life Assurance Company and the Farmer's Dairy Company was expressed in the speech of Progressive Leader Hon. Harry C. Nixon on the debate in the Legislature yesterday.

"I have always held the view," he declared, "as did, I think, Mr. Ferguson, that Ministers of the Crown, and particularly the Premier, should not hold positions on the directorate of these great corporations, coming, as they do, almost daily under Government regulations and supervision, with frequent sharp conflicts between the corporation's interests and the public's interest, and, I believe, Mr. Bennett resigned all his directorates. I say, Mr. Speaker, that this Legislature, with this example before us, would be justified in placing itself on record in this matter by resolution. It is not fair to the departmental officials who have to administer the acts that are supposed to control these corporations and protect the public to have their boss sitting as President or director on the board of the company."

Company's Financing Reviewed.

Mr. Nixon declared that he had never heard that the Prime Minister was a director of the North American Life until Premier Henry himself had "protested his innocence of the charge of being a 'scalawag' and making \$50,000 out of the raid on the treasury of this company." This reminded him of the quotation, "The lady doth protest too much, methinks." He declared that the Premier should tell the House the date on which he became a shareholder and the date he accepted a position on the directorate. He also asked if any consent had been required by the Department of Insurance for the mutualization of the company. He quoted from the Journal of Commerce an article relating to the mutualization of the company, and concluded this phase of his objection with the statement.

"I note that we have on the order paper at Ottawa a resolution asking for an investigation of this whole thing, and I have no doubt but that Premier Bennett will grant this request and that our Premier will have an opportunity to tell his little story under oath, before the committee of the House at Ottawa."

Mr. Henry's Explanation.

In opening his speech on the debate, Premier Henry referred to his own statement on the matter in the House last week. "To my surprise," he said, "my honorable friend brought the question up again today. Apparently he does not take my former statement seriously. I said that I had two shares which I held for about a year and sold in a retirement of the guarantees. I was not one of the original guarantors of the company."

The Premier said the stock held by him was not in the same class as that mentioned by Mr. Nixon. Some stock transferred to him in trust later qualified him for a position on the board of directors. Then, when the control of the company passed, and it became mutual, the qualifying shares

were returned to the original owners and he (the Premier) bought some shares.

Premier Henry also discussed the financing of the Farmers' Dairy, declaring that in recent years it had been paying only a small dividend, the rest of its earnings going into plant.

Prices of Milk Questioned.

Regarding the Farmers' Dairy, Mr. Nixon gave what, he said, were details of its financing, asking the Prime Minister to correct him if he was wrong in any particulars.

He said that common stock was given as a bonus with preferred shares carrying a 7 per cent. guarantee. A stock-split in 1927, of ten shares for one, and a payment of \$64 a share to obtain control in the 1929 merger with the Eastern Dairies, resulted in each share, for which nothing was paid into the treasury of the company, now bringing a return of \$640.

"And it is the attempt to pay dividends on this huge volume of watered stock which enables the dairy companies to say that they are only getting a moderate return on the market value of their holdings," declared Mr. Nixon.

Mr. Nixon illustrated this point by a suppositious case of two farmers, one of whom sold a \$10,000 farm 20 years ago, came to the city, and invested it in dairy stock. He would now have \$64,000 for common stock, as well as 100 shares of preferred stock.

"It is because of this watered stock," he said, "that it costs the Toronto dairies twice as much to distribute milk as it does in some of the largest cities in the United States, where they can show a nice profit on a net spread of 4½ cents. Contrast this with the spread that our distributors require here of 8 or 8½ cents."