

harshly, that he had driven a hard bargain, that he had taken off their investment 25 per cent., or \$5,000,000, over the period of investment.

Disputes Suggestion.

"And yet some would have us believe that, in the negotiation of these transactions, there was a suggestion of dishonesty. Because in the last analysis, if this deal is not a good deal, is not a good deal because George Henry had those \$25,000 worth of bonds, the suggestion behind it is that he didn't do fairly for his Province because of that interest.

"This House, or shall I say every member of this party that stands behind the Honorable Prime Minister, the members of the Government to a man, believe that not one iota from his duty did he swerve because two years before, like thousands of other citizens of Ontario, he had made an investment to help develop Northern Ontario and to give a reasonable assurance of safety.

"Whether the people of Ontario march under the banners of Liberalism of Progressivism, or Labor or U.F.O., there are honest men in all these parties, and honest men will agree, and honest men will find no fault with George S. Henry in the discharge of his duty; that he was not failed the people of Ontario in the discharge of that duty.

Urges House Support.

"Mr. Speaker, I ask this House to support this bill because it is a good bill for old Ontario, because old Ontario will benefit, because the transaction will produce increased wealth in the North in which old Ontario will share. A vote to defeat this bill will be adversely felt in a far larger and broader area than perhaps some gentlemen think tonight. To defeat this bill will be to prevent these people who built the enterprise from getting their money; it will prevent the carrying out of the settlement which has been made on the bondholders, and defeat the interests of those who entered into the construction of the plant.

Liberal Leader W. E. N. Sinclair followed Hon. Mr. McCrear just before midnight and the House voted on the O.P.S.C. power acquisition at about 12.15 o'clock this morning.

Premier Reviews History.

Premier Henry rose to move second reading of the bill as virtually the first item of the afternoon's business. Declaring that he had little to add to what he had already publicly stated in respect of the subject under discussion, he reviewed the history of the Abitibi and the Ontario Power Service Corporation and the events leading up to the exchange of Ontario Hydro Commission bonds for those of the O.P.S.C.

Mr. McQuibban—Would the Prime Minister be willing to divulge the terms the private interests wanted to take the enterprise over?

Alternative Proposition.

Premier Henry—They were going to make an alternative proposition to the Ontario Power Service Company, not to the Government.

Mr. McQuibban—Were you not aware of it?

Premier Henry—It was intimated to us if we would stay out of the picture they would take care of the completion of the work.

"Under those circumstances, we proceeded; and, conscious of the advantage there would be to us in acquiring the property, we were fearful lest we should offer a valuation on the bonds on which the bonds would not be turned in so we might get control of the property.

Concluding his brief presentation, the Prime Minister said: "I am not going to debate the matter further. Of all the measures I have proposed to this House from time to time for the past twenty years, there has not been any measure that is of more importance, of greater value for this Province, particularly for the Northern part of the Province. I am firmly convinced that this purchase will go down in the annals of this Province as one of the milestones in our progress and development of a great, prosperous and wealthy community. I am perfectly satisfied, no matter what the purpose is, that this purchase that I am now submitting to the House has every justification, and, therefore, with supreme confidence, I move the second reading of the bill."

Dr. McQuibban followed.

Dr. McQuibban Speaks.

"The pulp and paper companies had pioneered in this respect and had many fine developments serving their own demands. Abitibi Power and Paper Company had several developments situated strategically to serve their large needs in this respect. And we find that there is a sharp division in the Northern fields, the mining companies being supplied from private enterprise, while pulp companies have their own source of power.

"Mr. Speaker, let us face the situation at the time of Hydro's entry into this field. The entire mining area with the exception of Sudbury was under the control of a private corporation whose peak demands were 85,000 horsepower. This included municipal distribution also.

"The Hydro-Electric Power Commission signed a contract for 100,000 horsepower at one crack from a private company promoted as a subsidiary of the Abitibi interests. At this very time, the Abitibi-Corporation had taken on vast commitments, extending their operations into three Provinces.

"The time was not opportune. The mad waters of depression were gaining momentum, the pulp industry was extremely sensitive and its output was being seriously affected. These are matters for a financial expert to determine as to the probability of an industrial enterprise of this magnitude being successful in all its ramifications in view of abnormal times.

"Let us analyze the standpoint of the financial barons. The promoters, whose plan was to produce 285,000 horsepower had a visible contract of 16,000 horsepower with the Hydro-Electric Power Commission. Every major power development has been developed on the concrete basis of actual contracts for the sale of the power. There was little possibility of this corporation undertaking this development with only 16,000 horsepower marketed.

Political Adventures.

"At this very period there must have been some startling political adventures. The financial censors of the bond flotations naturally demanded the highest security on so vast an undertaking. This 16,000 horsepower was not enough to satisfy them. More, the security of the parent company, the Abitibi Power and Paper Company, was not enough. They were not satisfied.

"Had they been satisfied, there would have been no further trouble in promotion, and the Commission would have completed arrangements for securing an adequate supply for future demands, from the great surplus without becoming responsible for a large contract. The promoters were versatile and knew their way about, because they had to secure more evidence of financial strength before these bonds could be offered to the public. They had a beaten track down to University Avenue and Queen's Park.

"Not for one moment do I suggest that Hydro in possession of its complete senses would enter into such an arrangement. Unable to secure a market, the promoters conveniently sell back to themselves, not only to themselves, but, short-circuited under the signature of Hydro, Hydro became the foster parent. The contract was stepped up in the political transformer, and when it came out it had political dropsy.

"Instead of 16,000, it became 100,000 horsepower. The financial censors O.K.'d it, and the promoters were assured of \$18,000,000. This contract might be said to suffer from a healthy political disease, inasmuch as the whole matter became hinged on the security of the contract, and here as in the Quebec situation Hydro was the guilty security

Hydro Termed "Santa Claus."

"Consider such a contract—Abitibi to Hydro, and Hydro to Abitibi, playing tag, gambling with the greatest asset in the entire Northland. It is apparent on the very face of it that Hydro was nothing but Santa Claus. It was evidently a padded contract, with the soft cushion of political conscience taking the rebound.

"Had the Abitibi been able to finance, and the bond dealers willing to accept their financial status, this Government and the Hydro would never have entered into the picture. My honorable friend states that the Government assumes the responsibility against any loss by the Hydro.

No Mining Customers.

"Is it a sane policy to produce a supply of electricity three and a half times as great as the actual demand in the North, to expect that what took a quarter of a century to accomplish could be duplicated almost overnight in the way of mine development? We are told that there are huge deposits of low-grade ore in the North country which are just waiting the advent of Hydro and cannot exist without a very minimum of electrical charge.

"Gold mining is one of the industries that have prospered in these troublous times. Canada has advanced to second place in world production, a record we are justly proud of, but yet having announced in 1930 that Hydro would have an abundance of power to supply every customer, it is some three years now, and Hydro has not secured one single customer in the gold-mining industry.

"This great site should never have left the Crown. This may have incurred some difficulties, but this is the place where legislation is enacted, and a great natural resource such as this is surely the first concern of the governing body, especially with its tremendous relation to the mining industry of the North.

"It should have undergone development to keep pace with the demands of the North, and developed by the Hydro, then my friends would not be on the mat today wrestling with an outraged public seeking to explain the whole matter by a subterfuge patriotism and the ulterior motives of those who dare to criticize.

"Now we come to a bend in the trail; the lane lasted a long time, but we have reached the point where there are a great many bends. We have a power plant by one of the most devious and circuitous routes possible.

Power Site Bartered.

"We have bartered away a power site, one of the greatest in all the world. We provided the pillars of its promotion. And strangest of all, when it came to the financial precipice, we diverted the credit of the Province to its assistance. Is it any wonder the public are up in arms? Just where all these strange wanderings led is a mystery. It is a tangled web the people of Ontario have difficulty straightening out. It is the same strange mysterious power which was present in the Quebec contract.

"Had the whole thing been successful, it would still be under private enterprise. Because it failed, it slipped back to the Province of Ontario. Because it failed, another situation has arisen. May I counsel my honorable friend opposite to be honest about the whole thing. Do not blame the depression. Do not hide behind the charitable skirts of patriotism. Do not heap abuse upon those who dare to point out your errors. Do not create an erroneous opinion of power-starved mines. The mining industry, instead of reaping untold benefit from nature's prodigality at the Canyon, must now bear the overhead of a vast concern muddled by incompetence, which must languish in semi-idleness and entail millions upon millions of loss, in addition to the increased cost of completion, before it can possibly function to anything like its capacity.

Condemns Government.

"I am whole-heartedly in favor of public ownership of this project, but under vastly different circumstances, not the way the Government went about it. It should never have gone through this tangled web, squirming with suspicious transactions which even this Government cannot spirit away. The only people who are pleased at all are the promoters, bondholders and contractors. These three classes of people are with you, anyway.

"I cannot condemn this Government too strongly for its part in this whole series of events. The Government and Hydro know better. They went about the Ear Falls development in a commendable manner and the low-grade camps of Hovey are assured of cheap power. But the moment it plays ball with the promoters of power it loses its identity and helps itself to a meal it cannot digest. Any movement or concern must reflect the strength and greatness of its creators and this Government has developed an incurable complex of muddling and incompetence.