

regretted, because I think members should be on record whether or not they approved of such deals and the method of putting them through.

Says Information Comes Slowly.

"The Hydro Chairman speaking on my resolution to reveal Hydro salaries compared the first two paragraphs of the speech I delivered on the Abitibi deal in the first debate with that of some other gentleman, whom he refused to name, and claimed some degree of similarity. The speech, as he read it, sounded so good to me that I am almost tempted to repeat it. I heard the three addresses, once over the radio, and twice in persons, and I also had before me the different pamphlets issued by the Financial Post Corporation Service. I do not know how the Chairman expects members here in the Opposition to get information on which to debate intelligently these technical matters, certainly it is only after weeks of close questioning and urging and divisions of the House that public opinion is aroused to such an extent that the Chairman reluctantly divulges some of the information for which we ask.

"He suggests that we should come down to the Commission Building and get our information from the minutes of the Commission. I tried that on one occasion, writing to the Chairman two days before when I would come, and what information I expected to get, but when I was ushered into his beautiful office he would scarcely say 'Good-morning' until his right bower, Mr. Gaby, came in to sit in on our conference. I was so overwhelmed with this situation of having a \$20,000 executive across the table from me and a \$40,000 executive at the end of the table that I actually came away without getting the information I was after, which was how much money had been paid out friend Mr. Tilley. So I do not expect to go back again to the Hydro Building until I go back with walking tickets for my three friends the Commissioners. And I would suggest to the Chairman that he might find a similar reference, if he cares to turn it up, in a speech of my good friend Mr. Hepburn."

Continuing after the adjournment and when Liberal House Leader Sinclair and Hon. Charles McCrea had

concluded their debate on the Murphy-Waldron report, Mr. Nixon said:

"The history of this Abitibi deal has been gone into very fully by previous speakers, in the Premier's address of last Wednesday, so I do not propose to labor that matter further, nor do I propose to go into the question of the unfortunate personal connection which the Premier admitted he had in this deal. I would condemn, however, the secrecy which was maintained in the matter, in my opinion, one of the most damning features of the whole thing. I believe when I placed the question on the order paper that I had more information than any member of his Cabinet, and even at that I debated seriously whether I had sufficient information to justify me in placing this question upon the order paper. I noted, in some editorials, at that time, that I evidently didn't appreciate my responsibility as a member of this House in lightly asking a question with such grave implications as this, but I assure you that it was not lightly asked, nor had I any thought of evading any responsibility, or any penalties, it might bring on me.

Prepared to Resign.

"I had in my desk for two weeks a speech prepared in which I invited this House to censure me for placing the question on the order paper, in which event, I would forthwith resign my seat and fight it out in the constituency of Brant, and I had authority from my friend here from North Grey (Mr. Taylor) to make the same proposition to the Legislature on his behalf should they feel he had overstepped in placing the question on the order paper. We expected the lid to blow off with a vengeance, but when it didn't it was very evident that we would ultimately be in for explanations, confessions, and protestations of innocence, honor and virtue, which we have certainly had in such measure as no one can recall having before.

"Now the Companies Act, Section 95, sets out: '(1) No director shall at any directors' meeting vote in respect of any contract or arrangement made or proposed to be entered into with the company in which he is interested either as vendor, purchaser or otherwise; (2) A director who may be in any way interested in any contract or arrangement proposed to be made with the company shall disclose the nature of his interest at the meeting of the directors at which such contract or arrangement is determined on, if his interest then exists, or in any other case at the first meeting of the directors after the acquisition of his interest, and if he discloses the nature of his interest, and refrains from voting, he shall not be accountable to the company by reason of his relationship existing for any profit realized by such contract or arrangement.' This I submit should be indicated to the Premier to some extent what his course of action might have been under the circumstances.

"From the very first," Mr. Nixon continued, "it was evident that the deal was one of the most astoundingly improvident, or among the astoundingly improvident deals that the Hydro Commission and the Government entered into during the last few years. The prospectus issued at the time showed that the revenue from the 100,000 horsepower to be delivered to the Government, or the Commission, would more than carry the whole works, leaving the Power Service 60 per cent. of their power, or more, to dispose of as clear velvet to their very great profit.

"The most complicated triangular agreements which were entered into among the Commission, as the agent for the Government, the Power Service Corporation, and the Abitibi Pulp and Paper Company, form a veritable jig-saw puzzle, and I do not propose to take the time tonight to attempt to piece it together, but will try to give this matter some attention and draw it to your notice when the discussion takes place, as I presume it will, on the resolution of the Liberal Whip, to have these contracts tabled.

"About the only justification, or the only justification, the Premier gave for this deal in his speech on last Wednesday was that it would prevent, in some degree at least, the great financial loss to the Province that would be incurred were the development to be completed by a private corporation and then the Government required to live up to their contract and take this 100,000 h.p., for which they could only find a market of some 16,000 h.p. The Premier said the Commission would have to pay in the first year \$1,144,000 for 88,000 h.p. Against this the Commission would receive from the International Nickel Company \$208,000 for the sale of 16,000 h.p. at \$13 per h.p., the net result being a loss of \$936,000 for the first year.

"There is one clause in this bill to which I take most emphatic objection," said Mr. Nixon, "even granting that the Government's docile majority will back them up as usual. In this connection I might point out that the public is not taking kindly to the habit they are getting of bolting out of the House and not standing up in these divisions. I would like to quote you a paragraph from a letter which came to me the other day from an observer in the gallery: 'It seems to me that the Tory Party votes as a party, not according to reason or understanding of the question at issue. I believe there should be a law passed to compel every Tory member to keep his seat when an important matter is being voted on. I must say God pity Ontario if it is going to be administered for long by the present Tory Party. I am not writing from a prejudiced point of view, but a point of common sense and reason.'

"But this clause to which I take exception is Clause 3, which says: 'The said Commission is hereby authorized to pay, on such terms as it may deem advisable, or any claims of contractors or other creditors of Ontario Power Service Corporation, Limited.'

Objects to Blank Cheque.

"Surely, to ask this House to give such a blank cheque as that to the Hydro Commission after the experience we have had with them during the last few years is going beyond all sense or reason, and any member who is so strong a party man as to O.K. that is certainly beyond all hope.

"I presume that the chief creditor in this connection would be the Dominion Construction Company, who carried on the major part of the work in connection with the construction. The Premier says 'Contractors and others have large claims against Ontario Power Service for work done and to be done; it seems only proper that the Government should pay these men.' If Ontario Power Corporation quit because it could not go on with the work, why don't the bondholders pay this debt? According to the Premier, the whole transaction was in reality a purchase at \$18,000,000. Why, then, in addition, should the Province be asked to assume all these debts?

"If these contractors had pleased they could have sold the property themselves, as their claims were mortgaged on the property. Why should the purchaser pay the mortgage when he is paying the full price? I am particularly suspicious of leaving the Hydro Commission a free hand to make any settlement they like with their very dear friend J. Homer Black, who sent a letter up from Florida recently, where he was recuperating from the arduous labors of unloading this white elephant on to the long-suffering public, in which he said he did not favor public ownership. Then, why should public ownership favor J. Homer Black?

"This Government gave contracts from which the O.P.S.C. expected to make millions, and that was OK; but when, through circumstances, they find themselves in a position of losing millions, they come running to their very good friend the Government, and the Government proposes to pay their bill to the extent of \$4,000,000; and I think the bill should be tabled in the House before it is paid. Whatever it may be, they will still make millions. We will recall the mysterious and secretive manner in which the Commission paid to John Aird Jr. \$50,000 in connection with the Madawaska deal."

"I say this in conclusion," asserted Mr. Nixon. "If any one doubts that I will oppose this measure, I put myself on record now, two hours or so before the division of the House."

Mr. Sinclair Speaks.

"The Minister of Mines gave a very able speech, but it wasn't hard to see that he put 'the works' on the Tory members. One could see that by the way they applauded," declared W. E. N. Sinclair, Liberal House Leader. "It is the old game, and has been played ever since I have been a member of this House. It will be played a long time after I leave, and as long as the Conservative Party is represented. It is the old claptrap," he declared, in respect to the argument that those who criticized the Hydro were its enemies. Mr. McCrea had been put up to window-dress the purchase and make it appear attractive to the public, the speaker said. "We are arguing over something which has already been consummated. I doubt if you need a bill at all, on account of the wide powers given the Hydro Commission," the speaker declared. The Liberal House Leader said he never had been in favor of giving the Hydro Commission such wide powers that it could almost do as it liked.

Mr. Sinclair considered that there must have been something wrong at one stage of the game, or the situation would not have arisen. If the Abitibi had decided it was a sound financial transaction, then the development should have appealed to the Hydro at an earlier date. "But I'm voting against the bill, as it doesn't make any difference anyway. But I cannot agree with the circumstances leading up to the deal," said Mr. Sinclair.

"I still have faith in the Premier. I hope nothing will happen to shake that faith. I have faith, and people should have faith, in the men who are conducting the affairs of the country," said Mr. Sinclair. He did not intend to go into the \$25,000 worth of bonds which Premier Henry had, he said.

In closing the debate, Premier Henry declared that the set-up for the Abitibi plant in private hands was in a better state than it would have been had the Hydro undertaken the development originally. "Because it couldn't sell the 75,000 horsepower as the subsidiary could to its parent company," he explained.