

# Roebuck Reveals Conditions Which, He Says, Deliver Hydro "Shackled and Bound" to Quebec

## Sequence of Events Leading to Gatineau

Chronological sequence of Hydro's wearied Odyssey from Beck to Gatineau was a thread in the speech yesterday of Hon. Arthur W. Roebuck to the Legislature.

The sequence:

1925.

Aug. 17—Death of Sir Adam Beck.

Sept. 12—Charles A. Magrath and C. Alfred Maguire join Hydro.

Oct. 25—G. Gordon Gale wires Magrath respecting conversation of two days previously.

Nov. 30—J. W. McConnell, Montreal, writes he had told Graustein that Magrath was ready to discuss terms of purchasing power.

1926.

Feb. 22-March 9 — Alternative plans to purchased power prepared by Hydro engineers.

March 24—Legislature in Quebec proposes act to halt export of power.

March 29—Private wire from Magrath to Graustein indicating willingness to deal, subject to price and terms.

April 1—Graustein offer accepted.

May 3—First mention in minutes of Commission.

May 4—Magrath forwards agreement to Ferguson recommending two Orders-in-Council, one for main agreement and one for supplementary agreements.

May 14—Agreements approved by Order-in-Council.

Relates in Detail Story of Contract With Gatineau and Claims That Proposed Transaction Never Was Before Commission Until Few Days Before Its Approval

## FERGUSON, GABY AND MAGRATH ARE SCATHINGLY MENTIONED

(See also Page 2.)

**N**INE-YEAR-OLD secret contracts of the Gatineau power agreements were uncovered yesterday, while the beginning of an attempt to end their hold over Hydro loomed in the Ontario Legislature.

Five secret clauses, Hon. Arthur Roebuck told the House, were appended in 1926 to the Gatineau papers and accepted by the Hydro Commission and Government of that day. They were read yesterday by the Attorney-General.

"Observe if you will," he suggested, "the most outright betrayal of the power-users of this Province."

The Attorney-General's disclosures, the Cabinet's obstinate silence, and the phrases with which Mr. Roebuck has flayed the \$300,000,000 contracts point to a single conclusion.

### "Gift," He Charges.

Yesterday he raked the genesis of Gatineau and the splendor of the gift "which," he charged. "Magrath, Maguire and Gaby presented to the financiers of St. James Street"—on the preceding day he had declared that its effect was placing Hydro in financial crisis. It is held that the Government, after this unprecedented barrage, can only move to breach the contracts.

Unobtrusively the Attorney-General has questioned their strength in the course of his two-day and still unfinished speech.

"An agreement which was thought to be binding and inviolable"—"if it is binding at all during its term."

Such phrases have been used by Mr. Roebuck.

When he moved adjournment at well after 6 o'clock last night he was examining the legal terminology of the Gatineau agreement.

### Drama of Denunciation.

For six hours the Attorney-General has spoken to a well-filled House and to crowded galleries. The Opposition interrupts only occasionally. Mr. Roebuck offers them little bait in the shape of unsupported statements—prefacing and appending a mass of figures and records. For the drama of cross-fire yesterday was substituted a drama of denunciation.

The genesis of Gatineau and the genesis of the Gatineau agreement roused the Attorney-General's ire.

The development had risen on a site valued during war days in the thousands. The Canadian Pacific Railway had been indirectly interested in one sector which it acquired for \$400,000.

"When Graustein of the International Paper Company actually came to make his bargain he found Mr. Beatty standing pat, as the purchase price was actually \$4,000,000."

"The next turn of the wheel," continued Mr. Roebuck, "is the sale of the three properties of Mr. Graustein (A. R. Graustein), as President of the International Paper Company, to Mr. Graustein as President of the Gatineau Power Company."

"This is where real financing is to be seen," he commented sarcastically. "The purchase price by Gatineau was \$41,776,818."

"We're paying the price." The Attorney-General was angry. "The power-users are expected to pay it."

"Pizzaro's Spanish freebooters found nothing so fabulous as this in the temples of the Incas."

Liberals pounded their desks in approval.

"To put it in another way: the English buccaneers who singed the beard of the Spanish King never brought home a prize which equalled the splendor of the gift which Magrath, Maguire and Gaby presented to the financiers of St. James Street."

### Problem of Niagara.

The Attorney-General re-read his thesis.

"The problems of the Niagara System arise," he said, "entirely out of the purchase by a politically minded Commission of large blocks of unwanted power."

"Sir Adam Beck died in August of 1925," the Attorney-General recalled. "The Gatineau purchase was entered into in May, 1926." Beck's policy, Mr. Roebuck maintained, had been reversed by the purchase, which was "a betrayal of Hydro and an outrage upon the Province of Ontario."

Sir Adam—and the Attorney-General quoted the records—had favored the construction of steam plants to be operated during hours of peak demand until the growth of the Commission's