

# McQuesten Indicts Maclaren Contract; Party Fund Motives?

**Says Famed Hydro Minute Is "Phony" — Ferguson Signed Maclaren Contract "Because of Earlier Pledge," He Declares**

## "NO THOUGHT" OF REPUDIATION

**F**OR myself I refuse to believe in the honesty of the Commission which approved of this (Maclaren - Quebec) contract."

Hon. T. B. McQuesten, in the Legislature last night, flung this indictment at the Hydro Commission of November, 1930.

Hon. George S. Henry demanded that the statement be withdrawn. The Speaker, in a tense House, ruled that it was in order.

*(Maclaren Power and Paper Company and subsidiaries, according to a statement on The Globe's financial page this morning, report consolidated earnings of \$1,190,328 for 1934, as against \$866,686 in 1933, due to larger deliveries of power by the Maclaren-Quebec Power Company to the Ontario Hydro-Electric Power Commission.)*

### Says Minute "Phony."

Mr. McQuesten continued to charge that the famed Hydro "minute," detailed to the House for the sixth time in as many days, was "phony."

"I submit to you," he said as he opened the huge Hydro minute book on his desk, "that the minute itself was a very doubtful factor. It is a phony minute."

He reviewed the inception of the policy of purchasing Quebec power following the death of Sir Adam Beck in 1925 down to the James Maclaren contract of 1930 and declared former Premier G. Howard Ferguson signed that contract before departing for England "because of an earlier pledge."

### Inference of Party Funds.

That the famous Quebec power pacts were a medium for Conservative Party campaign funds was the plain inference to be drawn from two sentences in the address of the Minister, although at no time did he make such specific charges.

These sentences were:

"The Quebec power contracts (with an allusion to earlier 'sinews of war' looked for from the lumbering interests), involved large amounts, permitting a correspondingly higher toll."

"Here again (in reference to proximity of the date of a contract and a general election) we have the juxtaposition of contracts that occurred prior to 1919."

The Minister said that there were no contracts between 1926 and 1929, but Beauharnois negotiations had ensued as the 1929 election loomed.

Mr. McQuesten further attacked the former Premier by charging "suppression" of the supplementary Gatineau agreements in 1926, was "nothing short of criminal."

The Minister opposed demands of the Opposition for immediate decision regarding the power contracts because too many immediate decisions have been made in the past.

Mr. McQuesten said the Government also awaits the decision of the people in the matter of repudiation of the contracts.

Earlier in the day G. H. Challies (Conservative, Grenville-Dundas) had

warned repudiation would bring serious consequences to the Province.

"About repudiation we have no thought," Mr. McQuesten said. "We wait for the people of this Province to see about this."

### Contracts Reviewed.

Bit by bit the Hepburn Government Minister and Hydro Commissioner reviewed the making of the power contracts, leaving the implication that they might have succeeded timber concessions as the medium for "sinews of war."

The Maclaren-Quebec contract, he said, was not signed until the fall of 1930, when a depression and a decrease in power demand were well evidenced on the horizon. This fact drew from the Minister his statement that he would not believe in the honesty of the Commission.

The Minister and third Hydro Commissioner broke sharply into his implicating comment about the powers that made the Quebec contracts.

Sir Adam Beck had proceeded with care when he was studying Hydro's problem. Reports were asked for and obtained. The Commission itself studied the matters involved.

"Sir Adam was a just man and a business man," said the Minister. "He had some sense of his responsibility as Commission head."

### "Into Hands of Ferguson."

"With Sir Adam's death," Mr. McQuesten charged, "the Commission ceased to function." The power went into the hands of Hon. G. Howard Ferguson. "The records show it," Mr. McQuesten declared.

"Whatever were the motives leading to the three Quebec contracts, they had nothing to do with the merits of the bargain or the true interests of the people of Ontario."

The Commissioner launched into history which ended in an attack by implication on the Government of the contract day. Prior to 1919, he said, the lumbermen of the North were the companies "to which our friends looked for the sinews of war."

The Abitibi connection with former Premier Ferguson, when he was Minister of Lands and Forests, was described in detail.

"The Quebec power contract," thundered the Minister, "involved large amounts, permitting a correspondingly high toll."

In Sir Adam's time there was the difficulty that he and his staff had recommended steam plants. "Then occurred Sir Adam's death. The way became clear. The entire Beck policy of generating power from publicly owned plants was done away with."

"Here again," said the Minister, "we have the juxtaposition of contracts that occurred prior to 1919." There were no contracts between 1926 and 1929. As the 1929 election drew near, "negotiations with the Beauharnois group ensued."

"The Maclaren deal was rushed to completion."

"In many ways," said Mr. McQuesten, "this contract represents the most disgraceful of all the Quebec contracts." It was signed, he explained, when the power demand was already slowing up.

It had been rushed to completion. It was a time when (fall of 1930) storm signals were flying for industry.

"Why was the Premier (Mr. McQuesten made it plain that he was referring to Mr. Ferguson) so interested in these negotiations? If he had been an officer of any industrial corporation, he would have been flung out of office."

### No Excuse, He Says.

"There was no excuse for such a contract," declared the Minister.

"The revenue of the Niagara System increased only \$914,000 in the eleven months ending in September, 1930." Increased cost of Quebec power was quoted at more than \$2,000,000 in the same period.

"And that was the atmosphere," said Mr. McQuesten, "in which they sought to sign the Maclaren contract."

Further there had been a Hydro minute showing that the Commission considered—in view of a Quebec attitude—that cancellation of the contract should be sent.

"In November, 1930," said the Minister, "the Commission was free, and, had it maintained this freedom, the Niagara System would have been saved some \$72,000,000—for power unused and unused still. The forces hastening the contract were too strong."

Business indexes were going down. "For myself, I refuse to believe in the honesty of the Commission which approved of this contract."

Hon. George S. Henry rose and demanded withdrawal.

"Is the member asking that a statement be withdrawn?" the Speaker queried.

"I certainly object to it and ask for its withdrawal." The Speaker insisted that the former Premier repeat the words to the Clerk of the House.

In a tensely quiet House, Mr.

Speaker ruled that the honorable member for Hamilton was in order.

Of Mr. Magrath, he declared that during the five years "in which he was engaged in wrecking Hydro" he had fulfilled Mr. Ferguson's hopes.

"He was continually pulling Mr. Ferguson's chestnuts out of the fire. He is not the first person in public life whom that astute gentleman used in that way. He departed without being missed."

Back to the allegedly secret contracts.

"Did the friends opposite know the terms of the business? Were they supplementary agreements read to them? I want to know, and the public wants to know."

There had been "obvious reasons according to Mr. Magrath."

"Perhaps our friends will enlighten us as to what these obvious reasons are."

"When Mr. Ferguson announced the Government agreements neither of the secret agreements was executed. If they had been announced they would not have been executed."

"I suggest," said Mr. McQuesten, "that there was a suppression of the truth narrowly short of fraud, because he had a duty to publish it."

The secret agreements were analyzed—particularly the agreement protecting the company in case of Quebec action. Power shortage would rise again on a country-wide scope. Quebec—not spitefully—might bar power exports, he said.

### Develop Own Power.

"We should face the situation while we have a breathing space," the Minister suggested. There was plenty of