

# Challies Admits Overpurchase Of Quebec Power

## Former Henry Minister Urges Naming House Committee to Clear Up Dispute

The frank admission by a member of the Opposition front benches in the Ontario Legislature yesterday that the Ontario Hydro Power Commission had "overpurchased" power from Quebec, and by reason of this purchase Hydro "faces a difficult problem," drew long applause and desk-thumping from members of the Hepburn Government.

The opinion was voiced by Hon. George H. Challies, former Provincial Secretary in the Henry Government, as the House resumed debate on Hydro affairs.

A motion of confidence in the ability of the Hepburn Government and the present Hydro Commission to solve the "very serious problem created by the maladministration" of previous Hydro Commissions, was presented in the House by J. H. Clarke, Liberal, Windsor-Sandwich, immediately prior to the address of Mr. Challies. This was introduced as an amendment to an amendment to the Speech from the Throne, presented on the day following the opening by the Opposition, in which control of the distribution of liquor in Ontario was assailed.

Mr. Challies strongly urged the appointment of a House committee to clear up "contradictory" statements in respect to a 1929 minute of the Ontario Hydro, and also concerning the view of former Hydro engineers over power purchases. This is the second time within a week a Conservative member of the House has urged the appointment of such a committee, this action being suggested last week by Wilfrid Heighington.

"The real crux of the whole Hydro problem," declared Mr. Challies, "arises from the one fact that the Commission overpurchased power from Quebec. But I would like to ask what member of this House has not guessed wrong in the past five years."

"If," the Conservative front-bencher continued, "an adjustment of these Quebec contracts is deemed to be necessary, let us sit down like business men and discuss the question. Let us not do anything to besmirch the good name of the Province."

Before proceeding to the question of Hydro, the Hon. G. H. Challies answered statements of the previous Government speaker concerning liquor store employees. He declared that in his riding a young man with a large family had been dismissed and two men about 70 years of age put into the store—one who had declared he would have to take the cash register home so his wife could explain its operation.

"What store?" asked Premier Hepburn.

The former Provincial Secretary branded statements of Attorney-General Roebuck as "unfair insinuations, half truths and absurd conclusions."

"The nine-hour diatribe of the honorable member from Bellwoods was simply a bad outbreak of political hydrophobia. His wild attack cannot be justified by the most rapid partisan critic of Hydro," he declared.

"Nothing," he went on, "better shows up the absurdity of the Attorney-General's arguments than the studied presentation of the Hydro situation by Chairman T. Stewart Lyon when talking to the Electrical Club—

statements made at the same moment the Attorney-General was talking blue ruin. Last month Mr. Lyon expressed confidence in the stabilization fund and the Hydro being able, with increased revenue, to see it through the lean years. Mr. Lyon also quite properly emphasized the huge renewal and reserve fund of the Hydro which alone produces an annual income of \$2,000,000.

### Compares Statements.

"Can there be any doubt as to who is right regarding the real financial position of Hydro? The Attorney-General, who speaks for political effect in an effort to hurt the late Administration; of the Chairman of Hydro, who, in a calm, considered statement and without regard for politics or parties, was endeavoring very properly to inform the people of this Province that their great Hydro system is not only solvent, but that it can and will recover from the present temporary depression period? Surely it will be admitted that Mr. Stewart Lyon is better qualified than the Attorney-General. Party tactics prompts the Attorney-General's partisan attack—public interest inspired the Chairman's studied statement."

At this juncture Mr. Challies referred to conflicting statements concerning former Hydro engineer recommendations to the Commission respecting power purchases, and demanded that a special committee of the House be appointed to clear the matter up.

"Such a committee," he said, "should be appointed so that the engineers can be brought here. Then we will know where we are getting off at. We on the Opposition can't get this solved with a battery of Hydro officials producing political propaganda for the Government."

The Attorney-General, Mr. Challies maintained, was not familiar with the background of the power situation in Eastern Ontario. He pointed out that at Carlton Place in 1928 power costs were \$62.50, while in 1930, when the Gatineau power was mixed with the Rideau supply the power cost dropped to \$28.89.

"If energy from the Rideau at \$62 can be mixed with Gatineau power and sold for \$28—and if that is criminal, then I belong to that class."

"Does the honorable member from Dundas know that Brockville got its power cost reduction from the Montreal Light, Heat and Power Company long before power was secured from the Gatineau," asked G. T. Fulford, Liberal, Leeds.

"If Gatineau power is cut off," declared Mr. Challies, "the Government will have the biggest fight on its hands down East they ever had. Eastern Ontario is in good shape and has kept Hydro out of politics and will continue to do so."

There was laughter from the Government benches at this statement.

"If we hadn't been hamstrung by a Liberal Government at Ottawa," he added, "we'd have been on the St. Lawrence by now."

### Admits Overpurchase.

"I am prepared to admit," the former Provincial Secretary declared, "that there has been an overpurchase of power." Government benchers applauded this admission.

"But I would like to ask," Mr. Challies went on, "who hasn't guessed wrong in the last five years. If an adjustment of the contracts is necessary, all right. As business men together let us sit down and discuss the question, but let us not do anything to besmirch the good name of the Province."

"I have no brief for Magrath or Mr. Gaby, or any one else connected with the Hydro," declared Mr. Challies, "but I have a brief for the fair name of this Province, and I wish to affirm at once that repudiation of these Hydro contracts or any semblance of a movement to cancel them is against my better judgment and I will certainly oppose such a course."

### Eleven Points.

Mr. Challies summed up his Hydro platform in eleven points—given in conclusion when he completed his survey.

"I dispute," he said, "the blue ruin pessimism of the Attorney-General."

"I believe his legal arguments are just as far fetched and as wide of the mark as his absurd economics."

"I deprecate his irresponsible suggestion that the Quebec purchase contracts can and should be cancelled."

"I believe the repudiation of the Quebec contracts to be fraught with disastrous consequences to this Province."

"I deny his claim that the Liberal Party can be credited for either the founding or the development of Hydro."

"I deny all the imputations and insinuations of 'near criminality' by any one who represented this Province or Hydro in the purchase of Quebec power."

"I believe a fair, free and frank investigation would prove all my opinions to be correct."

"I firmly believe that we are on

the threshold of a business recovery that will not only enable the Niagara system to catch up with the lag in power demand caused by the depression period, but that it will prove beyond peradventure that the power contracts are in the best interests of this Province.

"I warn this House that hands must be kept off the Hydro. The control of its operations should be returned to a Commission free of political bias."

"The heads of departments of the Hydro must be released from the bondage they are now suffering under and permitted to exercise their judgment independent of the petty partisan pleading of the Attorney-General."

"There is no doubt about it whatever," maintained Mr. Challies. "But for the depression the people of this Province would be now blessing Beck, Magrath and Cooke for their foresight in securing from the Liberal Government of Premier Taschereau the right to import huge blocks of Quebec power while keeping Ontario's reserves intact for the future."

### Ellis Speaks

In 1925 the Ontario Hydro Commission was "at the end of its tether" for power and it had only two alternatives—either to buy power from the private corporations or to develop steam power—which would have put Hydro "at the mercy of American coal barons," Arthur Ellis (Conservative, Ottawa South) declared before the Legislature last night.

Eastern Ontario at the time, he charged, was "destitute" for power and the private corporations knew it.

Sir Adam Beck, he said, had used the threat to build steam power as a bargaining instrument against the private corporation.

"Should we have developed steam and bought coal from foreign nations—and ended up in the hands of the American coal barons?" he demanded. Or was it wiser to purchase from the private power interests? Steam development would have placed Hydro at the mercy of the American coal interests, and coal would have jumped a dollar or two in six months, he claimed.

Sir Adam had believed implicitly in, and fought ceaselessly for, the development of the St. Lawrence River.

There was no set policy of the Commission at the time of Sir Adam's death whether to develop their own power, to purchase private power or to develop by steam, he maintained. It was their policy to do what was considered best at the time, he said, either to develop or buy.

### Charges Politics in Hydro.

All three members of the present