

March 2

Defending Cabinet's Actions, He Calls on Critics in the House to Be Open and Drop Innuendoes

ASSAILS NEWSPAPER

Given a definite charge, Premier Hepburn yesterday promised an investigation into the Government's association with the Lake Sulphite Company, and backed his promise with a broad challenge to any one in the Legislature "to make his charge and be open about it."

The Premier, replying to criticisms levelled by Leopold Macaulay, Conservative House Leader, declared that the Government was not responsible for the Lake Sulphite Company's internal financing, and revealed that it had been already referred to the Securities Commission for a report.

This report he read to the House, and in it Commissioner R. B. Whitehead stated that the Commission had satisfied itself that the Lake Sulphite Company had met all requirements in respect to its representations when it applied for the sale of stock. This, he held, was the sole function of the Commission in this case.

Resents Press Attack.

In an angry mood, the Premier lashed out at the Toronto Daily Star, which he charged had chosen to attack his Government in connection with the Lake Sulphite Company problem solely because he had crossed that paper on the C.I.O. It was the second time he

has referred to the newspaper in that connection during the session, and yesterday he added that he would not be dominated by any newspaper.

"I will tell you here and now," shouted the Premier, "that I am not going to be dominated by the Toronto Star or the Toronto Globe or any other newspaper."

"God help the Government of Ontario if the office of the Prime Minister has to go down to King Street into a newspaper office."

He charged that the Star's reports of the Lake Sulphite Company situation had been deliberately malicious, and submitted data, including a copy of what he said was office instructions to its reporter, as proof of his claim. To the House, more directly, he claimed it wasn't fair to blacken the company during the process of reorganization. The Lake Sulphite matter entered his address directly in a reference to the Government's pulp production policy.

Aroused by Innuendoes.

"The Opposition dealt with the Department of Lands and Forests. There have been a lot of innuendoes thrown around and talk about Lake Sulphite. I say now that if any member wants to stand up and make any definite charge I will appoint a committee to investigate fully. I resent these innuendoes, typical as they are of the Tory type of attack."

The Premier said he would refer to a number of mills which were in financial difficulties when the Conservative Party was in office. He cited eleven in all, to which Mr. Macaulay replied that they were all in receivership.

"Oh, no," Mr. Hepburn replied. He then went on to cite figures for pulp production during the terms of the last Conservative Government and the present Administration. In terms of tons, paper production in Ontario was, he said, 599,000 in 1933, 712,000 in 1934, 781,000 in 1935, 901,000 in 1936 and 1,000,000 in 1937.

"That shows the effect of our policies," Mr. Hepburn declared.

"They talk about Bethune Smith. Mr. Smith is a gentleman I am proud to know, and I will contrast his record with that of the Opposition's General Hogarth."

Cites Pulpwood Cutting Increases.

Quoting figure for pulpwood cut in Ontario, the Premier showed that the annual cutting increased from 181,000 cords in 1933 to 500,000 cords in 1934 and successively upward to 1,500,000 cords in 1937.

"Is that indisputable?" he asked. "That indicates that employment has increased to a great extent, bringing benefits to more and more of our citizens."

As for revenue to the department from pulp and paper operations, Mr. Hepburn showed that revenue was \$1,900,000 in 1932, \$2,258,000 in 1933, \$3,300,000 in 1934, \$3,600,000 in 1936.

"In June we are going to collect \$4,500,000," he declared. "That means 225 per cent more revenue from the same department."

"Time," the Premier argued, "will justify the policies we have adopted in the Department of Lands and Forests."

Points to Foreign Competition.

He pointed out that Ontario had no monopoly on raw pulp, and there was a time, he said, when foreign pulp was being shipped up the Great Lakes to United States ports which were within only a short distance of great accessible and valuable timber areas in Ontario.

"When we came into power we found that great tracts of timber were held by speculators, some of whom I am sure are pretty well known to my honorable friends opposite," he said, explaining that his Government had reclaimed these areas and had redistributed them, insisting that operators, to hold them, must operate continuously.

"We won't allow speculators to

hold these tracts merely for speculation. If they don't operate, then they are returned to the Crown. This record speaks for itself and I am confident that time will tell that the greatest era of development in Northern Ontario has taken place during the life of this Government."

Not Responsible for Financing.

Then the Premier turned to discussion of the Lake Sulphite Company. "We are not responsible for that company's internal financing. The Leader of the Opposition has been asking why the Securities Commission has not investigated this. As a matter of fact we have referred it to the Securities Commission, and from R. B. Whitehead, recently appointed to the Commission, I have received the following report:

"I have gone through the file in this matter with Mr. Brent, and the attached summary which he has prepared appears to set out all the relevant facts.

"It is apparent that the prospectus that was filed and all additional correspondence were clear on the point that R. O. Sweezey Co., Ltd., had underwritten \$3,000,000 worth of the bonds, but apparently the company itself had not taken any action to enforce the fulfilment of the underwriting agreement. It is not the function of the Securities Commission to take any proceedings on behalf of the incorporated companies to require specific performance of contracts that have been entered into with the outside parties.

"The Commission must satisfy itself as to the adequacy of any representations made on any application for sale of stock, and in this case all requirements are satisfied."

"After all," the Premier argued after he read the report, "how far is this paternalism of Government going to go?" And he reiterated the Securities Commissioner's claim that it was not his function to step in and enforce the fulfilment of contracts in private companies.

The Sulphite Company engineer was of undoubted ability, he claimed, but even he did not take into consideration the effect the C.I.O. would have in raising machinery costs in the United States.

Foresees Reorganization.

"It isn't fair to blacken this company during the process of reorganization," said Premier Hepburn, in declaring that he had confidence that it would be reorganized and placed in operation and give employment to many men, with ultimate benefit to Ontario.

He then turned his fire upon the Toronto Daily Star, and picking up Saturday's issue, charged that pictures had been published in the issue with the deliberate intention of attacking the Government by deception. Some pictures associated with Lake Sulphite by the paper had no connection with the company, he claimed. His charges, he asserted, were borne out by instructions given to their reporter in a telegram which was sent to him (the reporter) at Port Arthur and which he had left behind him at Nipigon.

Asserts Ethics Violated.

He read it in part, stating that it ordered him to get in pictures "everything showing waste, mismanagement, penuriousness housing men, signed Richmond."

"Those are the instructions the reporter received from Richmond," said the Premier and then he read a telegram, which, in answer to a question put by Mr. Macaulay, he said had been sent to him by an official of the company.

"Toronto Star reporter violated all fair tactics of decent newspaper ethics stop Failed to obtain permission from those in charge for access to property interview or use of pictures stop Deceived watchman at gate and proceeded to wander at large over property obtaining no authentic information whatsoever from any one in authority stop Proceeded to gain confidence of servants at Sweezey's private home taking pictures of interior while posing as guest of receiver and manager stop. Colored, grossly exaggerated and made many misstatements regarding same including falsity re A. T. Hurter who maintains home for family at Prince Arthur Hotel at Port Arthur stop.

"Two pictures used with article have positively no connection with Lake Sulphite Pulp Company and others are old cuts which greatly deceive and misrepresent stop Story in its entirety a deliberate attempt to reprimand for C.I.O. differences as borne out by telegram forwarded you earlier stop Workmen's living quarters which were unduly condemned are Government approved and wholly within regulations, and are such that local woods' contractors are modelling their new camps after them, showers, running hot and cold water, approved toilets, and steam heat stop Diners which are second to none are of the latest design, food 100 per cent and moderately prices, not a single complaint in this regard stop Hospitalization is of very finest and offered at standard fixed rate for all construction and woods operations in Ontario, fee to men \$1 per month which includes X-ray, electrical treatments and so forth in modern hospital on mill site.

"Wage and employment story totally false stop No labor unrest at any time and all employment made through Provincial Department of Labor at Port Arthur which was absorbed several times stop Over 93 per cent of all labor

employed from Ontario, no fatal accident has occurred during construction to date, which speaks highly of efficiency and management stop Construction mismanagement grossly exaggerated, particulars will follow in special delivery this instant."

"I want to make a broad and open challenge," he said, in a deliberate and striking motion to the House. "If any one here has anything on this Government in regard to Lake Sulphite or in regard to Hydro contracts, let him make his charges and be open about it."