

or from Quebec water in the Ottawa River, or by virtue of Quebec water rights in the Ottawa River, for use in the Commission's Eastern Ontario System, then the rate payable under this Agreement during any such time shall be such higher rate; the Power Company and Transmission Company acknowledge that the Commission has communicated to them the terms of the Commission's contracts with:—

"What's this mean?" he asked. "It's in all the agreements, and it means that if at any time before 1970 we have to make a deal to develop the Ottawa River—with the people on the Quebec side, as was the case in the Chats Falls contract—we will have to pay possibly \$25 per horsepower for any necessary additions to our power supply. And if that happens, the price automatically rises in all the contracts."

How, he asked, in the face of this possibility, could the present Acting Chairman of Hydro sit in his seat in the House and justify his argument that under the new contracts the Province was being saved some \$92,000,000. Not until the real story of the contracts was exposed, he said, would the people know whether that amount would be saved or lost.

**Hits "Strong-arm" Tactics.**

For a long time, said Mr. Macaulay, Mr. Hepburn had been getting away with "strong-arm" tactics and methods, but the time to call a halt had arrived. In dealing with half-billion-dollar utilities like Hydro there had to be candor and "political honesty."

"Until these agreements were tabled in the Legislature," he said, "nobody knew these clauses existed regarding the possible rise of price in all the contracts if the Commission contracted for power at a higher rate than \$12.50."

Turning on Mr. Houck, he said: "You knew, Mr. Minister—you must have known—and as long as you live you ought to regret the canard you spread that your actions saved the Province \$92,000,000."

"Some day," Mr. Houck shot back, "I'll table in the House an auditor's statement to that effect. The auditor is working on it now."

"But will the auditor certify that the power you are going to buy from Quebec over the next forty years won't cost more than \$12.50 per horsepower? If you can get him to sign such a statement, then I'll accept it."

"Cheap political talk," cracked Mr. Houck. "He's a friend of yours."

**Cannot Condone Methods.**

"That's beside the point," said Mr. Macaulay. "I'm a friend of the Prime Minister's, too. But I cannot condone the methods—the damnable methods that have brought the Hydro in this Province to its present pass. I can't let friendship interfere with the situation as we find it today. I'm going to hew right to the line and let the chips fall where they may."

"So what my honorable friends say, in alleging that they have made a saving in the Beauharnois contracts, is false by \$15,000,000 alone, and I defy any one in the House to prove where I am wrong," said Mr. Macaulay.

"We come now to the second question. If the Government had said before the election that we have got to make a compromise with these power companies, we are threatened with a power shortage, the load has gone up and we have got to have more power, Hydro would have been out of politics today."

"Instead of that, Premier Hepburn chose to go to the people on a policy of repudiation and cancellation, although his mind was made up on a different course."

**Believes Houck Sincere.**

Mr. Macaulay said he believed that Hon. W. L. Houck was sincere when he went to his electors on a back-to-Niagara power program.

Mr. Macaulay then charged directly that the Premier had made an "agreement with Beauharnois before the election."

"There were no negotiations carried on until after Dr. Hogg (Dr. Thomas Hogg, Chairman of the Hydro-Electric Commission) was appointed after the election," declared Premier Hepburn. "Will you accept my word there were no negotiations with Beauharnois before the election?"

"I am bound to accept the statement under parliamentary rules," Mr. Macaulay replied, "but all the evidence points to it."

"What's the evidence? Name it!" added Mr. Hepburn.

"There was the evidence that there was an agreement," continued Mr. Macaulay. "I have the facts to show that the Hydro policy was changed before the last election. I don't say there was an agreement in black and white. But I do say that the Premier changed his mind on the back-to-Niagara policy and changed the policy before the election."

He charged further that Premier Hepburn refused to reveal the policy because Mr. McQuesten "wouldn't approve of such a policy before the election."

**Refers to Roebuck.**

Mr. Macaulay referred to Mr. Roebuck's resignation from the Government, and to his having been "dropped" from the Hydro Commission.

"If he had stayed on," said he, "he would have had to accept the Beauharnois contract."

"Mr. Roebuck resigned voluntarily from the Commission," said Mr. Hepburn. "He was offered a chance to continue, but refused."

"He would have had to agree to the Beauharnois contract," said Mr. Macaulay. "In his speech the other day, he said that he resigned because of that."

"Let the member for Bellwoods (Mr. Roebuck) speak for himself," cracked the Premier.

**Knew One in Prospect.**

Mr. Roebuck rose slowly to his feet, paused dramatically, and then said: "There was no approach, directly or indirectly, to me regarding a new Beauharnois contract. As a matter of fact, the House, I think, is entitled to some statement from me concerning my position. I had disagreed with the Government on a matter of outstanding policy, as my letter of resignation to the Prime Minister indicates. I felt it my duty to resign from the Hydro Commission, too, notwithstanding the wrench. I had no proof of it then, and I have no proof now, but I knew at that time that a Beauharnois contract was in prospect."

"Then the honorable member knew more than I did," Mr. Hepburn expostulated.

"How did you know?" Major James Clark (Lib. Windsor-Sandwich), demanded of Mr. Roebuck. "What proof have you?"

"I took the course I did with this motive in mind," said Mr. Roebuck. "I had no intention of becoming involved in any way in the change of policy then in prospect."

"That's most unfair," cracked Mr. Hepburn. "What you're saying are mean, contemptible insinuations that you can't back with proof."

"I can back it up this far," smiled Mr. Roebuck. "Subsequent events have proved that I was right."

**Suggests Hogg Has Proof.**

Mr. Macaulay reiterated his claim that the Premier had got rid of Mr. Roebuck because he knew that the former Attorney-General and Hydro Commissioner would not go for a new Beauharnois contract.

"Where is the proof?" was demanded of the Speaker.

"When my honorable friend is looking about for proof, I would suggest that a lot of proof is down in the West Indies or the Bahamas or wherever Dr. Hogg is."

"Where've you accept any man's word?" asked the Premier. "Are all men liars?"

"You spent two months touring the Province saying that we had our hands in the Beauharnois Company's pockets," said Mr. Macaulay. He pointed out that the Premier had got rid of Mr. Roebuck and T. Stewart Lyon, former Chairman of the Commission, "and so that left Mr. McQuesten on the Commission."

**Says McQuesten Would Quit.**

He then claimed that newspapers reported that Mr. McQuesten had swayed the caucus on the power policy and had threatened to resign if there was a reversal in policy.

"I suggest to the Prime Minister that was the reason why the contracts were not announced or why the change in policy was not announced. McQuesten threatened to resign."

"That's absolutely untrue," declared Premier Hepburn with heat, and he claimed that Mr. Macaulay was belittling himself by using information which might have leaked out of caucus. "You know," he added, "that members are sworn to secrecy."

Mr. Macaulay stated again the information was public property, having appeared in the papers.

**Wants McQuesten Stand.**

"I suggest that the member for West Hamilton (Mr. McQuesten) was unsympathetic to the change in policy," continued Mr. Macaulay. "He is still against the change of policy and he intimated in his Throne speech debate address that he would make his stand clear. Why isn't he in his seat today?"

Premier Hepburn explained that Mr. McQuesten was in Ottawa on Government business.

"Oh, I am not suggesting that he is running away," said Mr. Macaulay. "But he hasn't taken the opportunity of making his statement on the policy in the House."

Premier Hepburn stated that Mr. McQuesten had gone into the Hamilton Centre by-election where Hydro policy was a main issue, "and the election showed that the people were satisfied."

Mr. Macaulay warned the Premier that he was "utterly mistaken" if he regarded such an election result as a "blanket approval of policies false or sound, and that such an attitude would lead to his ultimate defeat."

"There has been no public voice on the methods you adopted in fooling the people on the Hydro issue."

**Cites Reorganization.**

What convinced him, said Mr. Macaulay, that there was more behind "the outer facade" than the Premier had admitted was the fact that the Hydro Commission had been reorganized without including a single member of the old Commission. Mr. McQuesten, he stressed, should face the House, as he had promised to do, and state his position, and give the press and the public the benefit of his views as a former Commissioner. It should not be overlooked, said he, that the same Mr. McQuesten had at one time been unequivocal in his backing of Mr. Roebuck's policies. Now, he appeared very silent and very reticent.

The Opposition Leader said he would not say that Mr. Hepburn

personally negotiated with Beauharnois before the election. "But somebody was explaining the new contracts at the time," said he. "Somebody knew before the election what was going on. So I say bluntly to the Prime Minister, maybe Mr. McQuesten knew about it, and that is why possibly he wouldn't approve of any change before the vote. Is that not right?"

"That's entirely wrong," snapped Mr. Hepburn.

**Recalls Report Asked.**

Mr. Macaulay reminded the Prime Minister that back in 1937 he had announced he would get a report on the Province's power needs from a committee that would look into the situation.

"I presume you got it from Dr. Hogg, and long before the election?"

"Yes, I got a report," said Mr. Hepburn. "But it was simply a personal discussion with one of the engineers. I didn't agree with his views."