

"Didn't that report suggest a change of policy?" asked Mr. Macaulay.

"I say I didn't agree with the views put forth to me."

"It wasn't Dr. Hogg who talked to you?"

"No."

"I cannot see why Dr. Hogg should not have been consulted, rather than one of the other engineers."

"The discussion had merely to do with the Chats Falls situation. The general power situation wasn't discussed."

"Then my honorable friend didn't have the report he was going to get?"

"I was getting my information from the Hydro Commissioners."

Quotes Press Stories.

Mr. Macaulay said that the Premier's statements with respect to the Beauharnois negotiations certainly did not tally with press stories. On May 3, he said, the Telegram had announced that the Premier was going to reorganize the Hydro Commission and would make a new contract with Beauharnois. On June 23, the Star had forecast the retirement of Chairman Lyon of Hydro, and had added significantly that, while a Beauharnois contract would be undertaken, the announcement about it would not come until after the election. These stories had been written by responsible journalists, he said, and with some authoritative basis, undoubtedly.

"What basis?" demanded the Premier.

In reply, Mr. Macaulay said the reporters had probably talked to members of the House, and possibly some Cabinet Minister might have dropped a hint now and then; and prominent Liberals, close to the Government, might have broken confidence. And then, he said, Beauharnois power bonds were going up.

"There is an old slogan of the stock market," he said. "The ticker tells the story. These bonds, I say, were firm, when all the other stocks were going down. They kept moving up, point by point, in spite of insistent denials from the Premier that no negotiations were under way, or any contract was in the wind."

Denies Prior Negotiations.

"I never at any time or in any way carried on any negotiations with any power companies directly or indirectly until after the elections," Premier Hepburn replied.

He again referred to Dr. Hogg's statement and declared that negotiations had not been entertained with the Beauharnois company until after Dr. Hogg was made Chairman of the Commission.

He declared also that he resented the "mean and unwarranted insinuations."

"Talk about mean suspicions," said Mr. Macaulay. "We are the ones to hurl that at you on the ground that you hoodwinked the public at the elections." He charged again that the Government had changed its policy in September and obtained a mandate in October to go back to Niagara for power.

"Who got us into this mess?" demanded the Premier.

Hogg Statement Quoted.

"I didn't suggest there was a mess," replied the Opposition Leader. "You wanted to play politics on the back-to-Niagara policy."

Premier Hepburn then read extracts out of Dr. Hogg's statement, to the effect that there had been no negotiations, either directly or indirectly, until after he had been appointed.

"You won't take the word of Dr Hogg?" he asked.

"Will you take the word of The Globe and Mail?" returned Mr. Macaulay.

"Oh, no," said the Premier. Mr. Macaulay then held up an editorial of Dec. 13, from The Globe and Mail.

"Who wrote the article?" asked the Premier.

Mr. Macaulay said he did not know.

"Then how can I say whether I believe it or not? There are irresponsible men on newspapers," said Mr. Hepburn.

Mr. Macaulay then proceeded to read from the editorial, which was headed, "No Need for Deception." He read: "It was hardly to be expected that the re-writing of the Quebec contracts and a right-about-face by Mr. Hepburn on Hydro policies would go unchallenged by the Opposition and Mr. Macaulay has risen to the occasion promptly."

The Globe and Mail, said Mr. Macaulay, "which has taken my honorable friend into camp, was sincere in its attitude to the revision of the contracts. They don't criticize him for signing them. This editorial criticizes the Government for its deception in the way the deal was put over."

He continued to read: "We be-

lieve his criticism is justified when he accuses Mr. Hepburn and his Government of deception on an important public issue during the election campaign. There is no denying the fact that the power shortage in Ontario, along with the C.I.O. issue, were responsible for an early election."

Challenge to Unmask Made.

"I suggest, continued Mr. Macaulay in addressing the Premier, "no one knew better what was going on behind the scenes in the camp than your great ally, Mr. McCullagh, whom, I presume, approved of this editorial and who gave that great radio speech on the eve of the election, 'Unmasking the Politicians.'"

"I challenge Mr. McCullagh to unmask them now to the disadvantage of the Liberal politicians. Here's the soldier-in-arms who has rescued you from many a tight corner in the past."

"I am quite capable of getting out myself," retorted Mr. Hepburn.

"You needed him in the past, and you may need him in the future," the Opposition Leader warned.

Mr. Macaulay then read again that section of the editorial which stated: "There is no denying the fact that the power shortage in Ontario, along with the C.I.O. issue, were responsible for an early election."

"Wouldn't you think," snapped the Premier, waving his arm over the Liberal benches, "that my colleagues know more about the election causes than any one else? It was a succession duty issue."

"Let's get back to The Globe editorial," smiled Mr. Macaulay. "This editorial accuses you of dishonorable political tactics—"

"That doesn't prove a thing," said Mr. Hepburn.

"It does to my mind," said Mr. Macaulay.

"You have a suspicious mind," snapped the Premier.

"Oh, it all will come out some time," said the Opposition Leader. "You can't close the door on it and keep it there for ever. It will slip out some time—when you least expect it."

Rather than cast aspersions on the honesty and fairness of his motives, the Premier, submitted Mr. Macaulay, should acquiesce in his earlier request for a committee of investigation—at which there might be subpoenaed to appear and tell their stories, such people as Mr. Lyon, Dr. Hogg, Mr. Henry, President of Beauharnois, legal negotiators, "and Bethune Smith, Treasurer of the Liberal Party."

Suggests Impropriety.

"What are you trying to infer there?" clicked the Premier.

"Nothing," smiled Mr. Macaulay, "but Mr. Smith, while Treasurer of your party, was negotiating at the same time for one of the Quebec companies. And I think that's quite improper."

"Do you think he should have to give up his private practice?" asked Mr. Hepburn. "Make a charge if you want to."

Unless there were an inquiry, said Mr. Macaulay, all the unrest over the Hydro situation could not be settled, and Hydro would never operate free from political influence. "There must be an investigation of what went on before and after the election," he said, "if the air is to be cleared of uncertainty and distrust."

"I am willing now to appoint

any kind of a committee to make any kind of an investigation. We have nothing to hide," declared the Premier.

"All right," said Mr. Macaulay. "Let's have a committee," adding that Dr. Hogg should be called.

"You can even have Johnny Aird here, too," interjected Premier Hepburn. "He's a pretty good negotiator."

Mr. Macaulay then suggested that the bill should stand until after there had been an investigation.

"Oh no," broke in the Premier. "We have got to have these agreements validated." He explained that the Beauharnois bondholders were awaiting the validation action, and that Dr. Hogg was critically ill and could not attend for some time. He pointed out that he was quite ready to appoint a committee.

Mr. Macaulay said there was no advantage in having an investigation after the contracts were validated. Premier Hepburn said he was ready to name a committee tomorrow, but that the bill could not be held up.

Conant Counters Objection.

Attorney-General Gordon Conant claimed there was very little in what Mr. Macaulay said that had anything to do with the merits of the bill. His objection to the clause outlining price commitments higher than the figures named in the contracts, if Ontario ever bought additional power in Quebec and at a figure in excess of the \$12.50, was not valid, he claimed. The experience of the past few years, he held, would not be an inducement for Ontario to attempt to buy any more power from Quebec.

"He is setting up a man of straw," he claimed.

"If it is a straw man, why don't you take it out?" suggested Mr. Macaulay.

Mr. Conant claimed that all the clause did, in effect, was to limit to a certain extent future sources of power for the Commission. He compared, in a general way, clauses in these contracts with clauses contained in the contracts signed by the Conservative Administrations. These, he held, at least did not jeopardize the whole future of the Hydro enterprise.

"I have studied the old contracts as a lawyer, and, I may say with some justification, as a man of business, and they certainly would have ruined Hydro," he said.

Challies Quotes Beck.

In continued references to the old contracts, George H. Challies (Cons., Grenville-Dundas) pointed out that they were ratified by the same engineers, who now, with the exception of F. A. Gaby, formerly Chief Engineer of Hydro, were asking the House to validate the new ones. He claimed, too, that Sir Adam Beck, "the inspiration of Hydro," in 1923 and 1924 warned of power shortage, and, blocked from the St. Lawrence, had advised getting power from Gatineau at \$15.

He pictured, too, what might have