

"We are told that the Abitibi assets are not worth the bonded debt. Who says so? Is it Mr. Ripley, the head of the syndicate which sold the securities to the value of \$176,000,000 to the public not many years ago? Mr. J. P. Ripley has been a recent visitor to the Parliament Buildings.

"If there is one man in the whole world who has no right to come to the Parliament Buildings, with an agreement which deprives the junior security holders of their rights, it is Mr. Ripley."

He declared that if the government wished to exercise its right to protect the public, it would tell Mr. Ripley to go back and to do something for the people from whom he took \$25,000,000.

"No matter what any one else may say, he has a moral obligation to try and protect the preferred shareholders who relied on his assurances. The time has come for this and every other legislative body to say when the people buy stock upon a prospectus that they can rely on the prospectus, or if not,

that some one must be held accountable for it," said Colonel Drew.

Urges Firm Stand.

He urged the Cabinet to take a firm stand and not allow the man "responsible for having deprived the public to come here and suggest another plan." He pleaded that the security holders be given some rights.

"To suggest it is necessary to go through this procedure and freeze out the junior security holders—to give them no rights whatever—is an insult to this House and to the investors of London and New York markets.

"I have," he continued, "yet to find any reason for the Premier's statement in the House. What is the urgency? Why is the government so concerned about the company being in receivership?"

He claimed there was not under the receivership any loss of dues to the government. Not one cent, he said, was owing to the treasury. He argued, in refutation of a claim in the Premier's statement, there was no reason to believe that one more man would be employed or one more pound of paper produced by taking is out of receivership.

"Why?" he asked. "Because there is overproduction in this and other companies. There has been nothing given here as a reason for the sudden concern of the government to speed up settlement. If there is a reason, why doesn't the government notify the committees representing the investors and then insist that some agreement be made within a reasonable length of time.

"No, behind closed doors, the Government passes the Order-in-Council. Will the Minister (Mr. Heenan) tell me that Ripley's presence in Toronto last Tuesday had nothing to do with the Order-in-Council on Friday? Will any one on the side of the Government suggest that the plan referred to us is not the Ripley plan?"

Colonel Drew saw extreme danger in the power conferred upon the Minister of Lands and Forests under sections of the Forest Resources Regulation Act, "which should never have been conferred on any department of government."

"Upon the recommendation of the Minister," he explained, "an Order-in-Council may at any time be passed 'to increase or reduce the size of the area or areas included in any license, lease, concession, agreement or arrangement.'

"The Minister of Lands and Forests, the Czar of our Northern resources, is answerable to an Order-in-Council and not to this House. The most iniquitous things could be done under that provision without the House knowing anything about them. That is not putting a mere gun at the head of the companies. It's putting a complete arsenal. They

are completely at the mercy of the Minister and the Cabinet."

Colonel Drew warned that he came now to his main criticism. He had read in the press that the prices of the bonds had fluctuated after the Premier made his statement.

"Weeks ago, before the Order-in-Council was passed, it had been talked about in the honorable Minister's department, and any one in the know about it could have made a killing on the market," he charged.

Recalls 17 Years Ago.

He urged the cabinet, with its wide powers to exercise extreme caution on the matter.

"Those who are charged with the responsibility of the control of the forest resources under this Fascist act, those who are charged with responsibility, should remember what happened in the country seventeen years ago. Yes, I know the government of the day was Conservative. Let me anticipate, it was not a Liberal government which was in power. Another powerful paper group was sold under the hammer as you contemplate selling this group, the Riordan interests to Graustein."

He charged that what was done in that instance "bedevilled the paper interests in this country for many years." He declared "Ripley was going to try to be the new paper king."

"I am against government interference in business beyond the absolute minimum," continued Colonel Drew. "But we are not dealing with an ordinary company. We are dealing with a company under the control of an Order-in-Council passed by the Premier and his colleagues on the advice of the Minister of Lands and Forests.

"I suggest there should be no more interference with the rights of the shareholders by this government. The harm has been done so far by the Premier's statement of Friday. Let them work out their

rights in the ordinary way. The function of government is to see that the natural resources are not exploited, not to say which plan is to be adopted."

Before listening to the Ripley plan, "which would make him the dictator of the paper industry," said Colonel Drew, the cabinet would be advised to consider well the promises of the original prospectus, which he had sponsored.

Judging from the indictment levelled against the government by the Opposition leader it was quite evident, said Mr. Hepburn, that Colonel Drew was "of a suspicious mind." What was more apparent, he claimed, was that Colonel Drew was not conversant at all with the facts of the Abitibi situation. True, he said, there had been fluctuations in the bond market as Colonel Drew had argued. The government's purpose in stepping in had been primarily to end that sort of fluctuation. He didn't know anything about the company prospectus which the Opposition leader had "waved so dramatically in the air." It might be that the assets of the company were worth considerably more in 1928, when the prospectus was issued, than now.

The Sturgeon Falls and Espanola plants had shut down, he said, and other depreciatory changes had occurred with the passing of the years.

Various attempts, he said, had been made to reorganize the company after it had gone into receivership. The move made by the government through its Judicature Act of 1937 had ended, he said, in "a complete fiasco." Even "to the suspicious mind" of the Opposition leader, said the Premier, it should be quite apparent that to carry any plan of reorganization through to completion, the natural resources of the province would have to be made available for mill operation. And the company would have to have the government's assurance of that availability. The only thing to

which the government, he said, had committed itself was the turning over of timber to carry on operation, if and when reorganization had been satisfactorily completed.

"Now, Mr. Speaker," he said, "what is there wrong with that?"

Aimed to Stop Rumors.

The government had made the statement of which Colonel Drew had complained, he said, to stop everlasting rumors, to clarify the government's position, and to aid in any reorganization of the company that might start idle wheels turning again, and provide gainful employment.

"There was nothing sinister in

the statement," said he. "Nothing in it to be suspicious about. I deprecate to the fullest extent the sort of innuendoes the Leader of the Opposition packed into his address. I hope he doesn't continue such tactics in this House. I trust he is a bigger man than he has shown this afternoon."

There wasn't a single constructive note in Colonel Drew's address, the Premier declared. Neither Mr. Ripley nor any one else connected with the interests involved in the attempted reorganization, he said, had obtained his opinions on the situation. He had positively refused, he said, to see any of the negotiating interests for fear that they might carry away from a conference unfounded and inaccurate impressions as to the government's position.

"Let the Leader of the Opposition take his attitude of innuendoes," he said. "The government has kept its skirts clean in this affair and is going to keep them clean. There is nothing wrong. And I throw the nasty innuendoes back in the teeth of the honorable member who made them."

Mr. Hepburn asked Attorney-General Conant to state the government's legal position in the situation. "Because if there is anything wrong," he said, "I want to hear about it."

Mr. Conant, when it was suggested by Mr. Macaulay the Moratorium Act's terms might be applied to the situation, as they may be to ordinary mortgage proceedings, declared the cases were not comparable. The act, he said, did not attempt to deal with the claims of priority securities holders.

He pointed out to Colonel Drew that his citations of the company's assets were no guide to present-day values. "Every one knows conditions are vastly different today," he said.

The Opposition, he claimed, in suggesting the Hepburn government was taking sides in the issue, "were drawing upon their imaginations."

"What proposal is referred to in the Order-in-Council if it is not the Ripley plan?" asked Colonel Drew.

"I am coming to that," replied the Minister, as he emphasized that the Government, in committing itself under the terms of the original bonds, "has some right to a prior claim on the assets of the company and has a right to be paid in any scheme in the event of it being sold or foreclosed."

The Government, he declared, said no more than that these rights should be continued under any reorganization of the company. He