

claimed Colonel Drew took the stand that the Government should impose conditions upon the stockholders.

No Action for Long Time.

"I said no condition should be imposed at all," said the Conservative Leader.

"In other words," retorted Mr. Conant, "do nothing at all."

He pointed out there had been no action toward reorganization for a long time and made a scathing reference to the failure to reach a settlement in the courts while a corps of lawyers collected fees.

Mr. Conant declared it was undesirable to leave the situation unsettled any longer, and that Col. Drew would be the first to criticize if further delay were permitted. The assets represented considerable wealth to the province, and "we are determined that the company be placed in a position to operate in a proper way."

"The junior security holders are deprived of no rights by the Order-in-Council that has been passed," he continued. "But they have a very distinct privilege extended to them, the right to place themselves in the position of debenture holders if they so desire."

The people who placed the \$50,000,000 in capital stock had put their money into an investment, while the junior security holders had "bought a speculation," he claimed.

"The Government has taken nothing but a fair and open stand and one calculated to take the company out of receivership, for if it were allowed to go on it would go on for 100 years to the utter disgrace and detriment of this province."

Mr. Macaulay charged that the government was "loading the dice" in favor of the bondholders. In 1937, said he, the government had provided through legislation that any reorganization settlement through the courts should be subject afterward to the government's endorsement. That attitude was accepted by "the street," he said, as ample assurance of fair play for the preferred and common shareholders. It was all right for the government, he said, to claim in its prepared statement of last Friday that the assets of the company today weren't worth anything, but two years ago—he wanted to point out to the House—the stock sold to the public at \$80 a share.

"The Attorney-General talks glibly," he said, "about watered stock. Why, six months ago that stock sold for \$30."

Why, he asked, had the government picked this year to "squeeze out" the junior shareholders when the company assets were of the least value? In 1937 the government had held out hope to them. They had figured that under the sweeping powers given to "The Czar of the North" (Mr. Heenan) and the required endorsement of Queen's Park any reorganization plan completed would work fairly all around, and their position would not be overlooked. Now, without any warning, he charged, the government had "suddenly taken the brakes off" and was prepared "to throw the great empire of timber up north to the highest bidder."

In 1937, he said, the junior security holders had been enticed into a false sense of security. Today the government was deliberately "putting the skids under them."

Suggests Editors Decide.

Mr. Macaulay challenged the Attorney-General to rest the case with the financial editors of Canada—to leave it to them to pronounce on the wisdom or unsoundness of the government's course of action. "By and large," said he, "these gentlemen are unbiased and non-political in their views and writings. Put it up to them, and you'll find there won't be 10 per cent of them will back up and endorse the action of the government in this connection."

Some one, said Mr. Macaulay, had to speak up "for the little fellow" in a time like this. The issuing houses as usual, he said, had all scuttled away from them and were not standing by their guns. Mr. Symington of Royal Securities, who was "cheek by jowl" with Mr. Heenan these days, was not saying anything for the little fellow, he said. Nor were Wood, Gundy & Company, who a couple of months ago were connected with a bondholders' defense company. He wouldn't apologize to any one, he said, for airing his opinions in the House on behalf of the junior security holder. Fair play had to obtain somehow, somewhere.

Mr. Roebuck charged that Mr. Conant, in his reference to lawyers as "crows gathered around the carcass," in the attempt to reach a settlement, had voiced an "insult to

the profession to which we both belong."

"I was only quoting one of your legal brothers," retorted the Attorney-General.

The Toronto member declared not one lawyer's bill had been paid for services on that occasion until after it had been passed by the taxing officer. He revealed to the House that in the action he represented a group of common shareholders.

He expressed hope, too, that the solution of the problem would not be "reduced to a political football." The Attorney-General, he continued, "tells us that the province appreciates the sanctity of contracts," but he believed that the equity held by the junior stockholders could not be ignored any more than that represented in the block of \$50,000,000 bonds.

"Did that apply to your Hydro legislation?" asked Mr. Hepburn.

"Not after you got through with it," snapped back the member, adding that while there were several judgments brought down following the contracts' repudiation bill, the issues never went to final trial.

He declared it was absolutely impossible for the common shareholders to "dig up sixty or sixty-nine millions" to purchase the interests of the bondholders, as was suggested.

Be Careful, He Warns.

"I understand Symington (H. J. Symington, K.C.) and other gentlemen of high pressure salesmanship were in your office. I suggest that you be a little careful in this matter and not leave a lot of sore people in this country and in the United States and Britain."

Mr. Roebuck lauded the operation of the company under the receivership and held, that while returns lapsed in 1938, there was a total

profit of nearly \$13,000,000 since the company went into liquidation in 1934.

"And another important thing," said Mr. Roebuck, "is the preservation of this province's good name as an investing centre.

"Before the statement was made, why did not the Minister of Lands and Forests call in the representatives of the various committees—he knows their names—and see if some solution could not be reached? Why should the department place itself at the disposal of any one of the conflicting interests involved?"

He claimed if the property was put up for sale, that the bondholders would put up a reserve bid of about \$70,000,000, knowing that it could not be met, and would then sell the properties piece-meal.

Mr. Hepburn declared there was nothing to prevent the interested parties reaching an agreement under the Government's action.

"What chance have the junior security holders with this club held over their heads?" replied Mr. Roebuck.

Mr. Hepburn declared the speaker was putting a wrong interpretation on it. There was not, he said, any attempt to "put anything over any one." It was planned simply to give the company one and one-half years to reorganize.

"And if it is not effected by April 1, 1940, the axe will fall," Mr. Roebuck insisted.

"The government," said Mr. Hepburn, "is not taking any sides whatsoever. We are turning the matter over to the courts."

"You are going to alienate the investing public in England," charged Mr. Roebuck. "While the thing could be worked out in an equitable way so that all might get something, including the creditors."