

HEENAN DENIES LAKE SULPHITE FAILURE BLAME

Drew Lays Partial Onus on Minister for Collapse of Company; Hits Tactics in Long Lac Diversion Plan

Charged by Conservative Leader George Drew with "a measure of responsibility" in the collapse of the Lake Sulphite Company last year, Hon. Peter Heenan, Minister of Lands and Forests, yesterday in the Legislature lashed out at critics of his department as he accused Colonel Drew of uttering "the most damnable statements ever made on a public platform."

Defending the policies of his department in connection with timber transactions in Northern Ontario, the minister waged a heated counter-attack and mixed denials with accusations of his own against the Opposition Leader.

Debate on the motion to appoint a select committee to investigate recent timber deals was adjourned at 6 o'clock, with Mr. Heenan expected to conclude his remarks Tuesday with a brief summation. Quick passage of the measure, unopposed by the government, was forecast as, immediately following adjournment of the debate, Premier Hepburn promised no time would be lost in naming the committee.

The Premier welcomed the investigation and urged prospective members of the select committee to be prepared to give the question full and complete consideration.

"If there are timber pirates in the north country," he said, "and I rather share the belief of the Leader of the Opposition that there have been, we should find them. This committee can render an important public service by going thoroughly into every phase of the department's operations."

Colonel Drew concluded his address in the debate, which was begun Friday, by dealing at length with the Long Lac diversion project and the Lake Sulphite Pulp Company transactions. In both cases, he charged, the government acted in Cabinet Council without taking the House into its confidence.

The Long Lac diversion project he described as "another example of the amazing activities on the part of this department with its extraordinary wide powers." The original estimate of its cost had been \$250,000, he said, and today the cost was over \$1,000,000 with "another couple of hundred thousand still to be spent."

Colonel Drew charged that the diversion project had been instigated by an American combine headed by Frank Sensenbrenner, with "a dummy company—the Pulpwood Supply Company—acting as a false face for American interests." The company, he said, had no other assets than "the good-will of the minister and the opportunity of getting an export contract," against which the government could enforce fulfilment of its agreement.

He labelled the Lake Sulphite Pulp Company's operation at Red Rock as "an outstanding monument to mismanagement in North-western Ontario."

"The Minister of Lands and Forests knew the Nipigon corporation was being acquired by this company," Colonel Drew alleged. "He asked approval of the transfer, giving his assurance that the company had ample financial backing. And yet, when the company fails, he says it isn't his responsibility. The minister can't bring a child like this into the world, nurture it to such a stage of development and then leave the squalling brat on the receiver's doorstep the minute it fails to live up to his expectations."

"What sort of power do you propose we exercise in cases like this?" demanded the Premier. "I agree that Mr. Swezey was more of a promoter than an executive, and I agree that he was extravagant. But we have no control over the way company officials elect to spend their money."

"I submit that you should either remove the suggestion that the government is sponsoring these creatures of its wide powers, or else increase those powers to exercise stricter supervision over such companies," replied Colonel Drew.

"The selling of stock in the Lake Sulphite concern was as clean as anything I've heard of," Mr. Heenan said in defense of his policy. "In their prospectus they listed their timber resources at capitalization of \$1. There was no stock selling there on the great heritage of our people."

Tempers which had been smouldering throughout the debate flared for the first time when Mr. Heenan made reference to "things going on that I would be uncharitable enough to call blackmail of myself and other ministers," and warned Colonel Drew to "beware of self-styled experts."

"I have received threats from people telling me that, unless I do this or that, certain things will be brought up on the floor of the House," he said.

"My request for a committee and my address was framed on my own initiative," Colonel Drew snapped, "not because of any one else's desire to have it done. I resent the hint that underhand activities prompted this. It is not the result of any one's attempt to carry a personal vendetta onto the floor of the House."

"I could almost tell you who wrote that speech of yours," taunted Mr. Heenan.

"If the minister is looking for trouble, he will find it," retorted the Conservative Leader hotly. "That remark is beneath contempt. The minister will learn when we cross swords in the future, as we shall, that I am capable of writing and speaking my own words. I resent the contemptible suggestion that this is the outcome of any previous attacks on him."

"The Minister of Lands and Forests is afraid neither of the Leader of the Opposition nor of any other man standing in shoe leather," cracked Mr. Heenan, to the accompaniment of Liberal bench pounding.

He went on to criticize Colonel Drew for attacking the government's forest fire protective policy and read editorials from the Port Arthur News-Chronicle and the Fort William Times-Journal which cited the small loss by fire in 1938.

"And yet," he shouted, "the Conservative Leader went about the north country charging laxity. He made the most damnable, wrong statements ever made on a public platform."

"I don't care about a withdrawal," Colonel Drew shot back, "but the minister after twenty years should have learned the common decencies of conduct of this House and I think he should withdraw."

Mr. Heenan withdrew the statement, but only after pondering "whether there is any other word I can substitute that would be just as strong."

BILL TO PERMIT MINE TAX RAISE

Cross Presents Amendment Providing for Increase of 1½ Per Cent in Rate Municipalities May Levy

FOR EXCESS PROFITS

Legislation designed to relieve municipal tax burdens in mining communities by giving power to the municipalities to increase their levies on mines' income, was introduced in the Ontario Legislature yesterday by Hon. Eric Cross, Minister of Municipal Affairs.

The proposed amendment to the Mining Tax Act provides for an increase of one and one-half per cent. in the rate of tax which the municipalities may impose upon mining companies which have profits in excess of an amount on which they pay \$35,000 tax.

Under present legislation, it is explained, a levy of one and one-half per cent on income until \$35,000 is raised, plus a one per cent on profits in excess of the amount on which they pay the \$35,000 tax, is allowed. The amendment proposes to increase that one per cent rate to two and one-half per cent.

Under an amendment to the Embalmers and Funeral Directors Act, introduced by Morgan Baker (Lib., York North), provision is made for an appeal against funeral charges before a county court judge in chambers.

A. W. Roebuck, K.C., (Lib., Toronto Bellwoods), introduced an amendment to the Municipal Act, which, he said, was complementary to an earlier amendment to the Voters' Lists Act. The amendments, he said, were related in their aims to tighten voting regulations in the line of preventing illegal practices.