

NEW MONETARY PLAN IS URGED TO SAVE YOUTH

H. N. Carr, Northumberland, Terms Self Conservative in Economics, but Would Take Step to Help Morale

SEEN AS 'LESSER RISK'

At the admitted risk of being called a "crackpot," H. N. Carr (Lib., Northumberland) yesterday advocated in his speech in the budget debate in the Ontario Legislature the financing of public works through currency issues.

The proposal came near the conclusion of an address which dealt in scathing terms with the twin problems of unemployment and relief and which, at the same time, advocated the adoption of the Canadian Corps' Association's youth training plan on a more or less permanent basis.

But as Mr. Carr approached the financial problems arising from unemployment he frankly revealed before the House that, while a conservative in monetary matters, when it came to a choice between any risk there might be in adjusting our financial system and ruining the morale of our people he would say: "Let us take the lesser risk and protect our young men and our young women and the calibre of the citizen unborn."

He felt enlistment in the Corps Association's proposed camp plan should be voluntary and that material benefit would result from the preliminary technical training. Men who had received that training, he believed, would be better fitted to enter industrial pursuits as opportunities were provided and would become valuable assets to the nation in times of peace or of war.

"This will, of course, cost money," said Mr. Carr, "but we have already spent hundreds of millions of dollars upon relief. I think I saw a reference to \$900,000,000 in this respect, and we have nothing to show for it except a breaking down of ambition, initiative and independence."

He argued that, if the assets of the nations were considered good and proper security for bonds bearing interest, the same assets should be sufficient and proper security for the honoring of an equal amount of currency for the construction of public works.

"If, when we erect a public building to cost a million dollars, it is considered security for bonds of a certain amount plus interest, I will be glad to have some one tell me, after I am through, why it is not just as good security for currency to the extent of the amount of principal represented by the bonds," suggested Mr. Carr.

DREW DEMANDS ONTARIO CHECK INGLIS SHARES

Believes More Safeguards Needed to Prevent Sale of Those Held in Escrow; Conant to State Position

PROSPECTUS ATTACKED

On the direct request of Opposition Leader George A. Drew, the Hepburn Government, through Attorney-General Conant, will report to the Legislature this afternoon as to what action—if any—can and will be taken to prevent the sale of shares in the John Inglis Company, Limited, now held in escrow by the Bank of Montreal.

Premier Hepburn expressed the belief that ample safeguards had already been taken by the Securities Commission to prevent such sale, but Colonel Drew held otherwise, with the result that Mr. Conant will prepare a considered statement on the situation. The Attorney-General and Colonel Drew were "not very far apart" on the question, the Premier said, and they could "get together" and discuss it.

Mr. Conant said there was a question of how far the Legislature or government could or should go in restraining the transfer of stock in a munitions plant to other than British subjects. For instance, he said, it might be considered unwise or unjustifiable to shut out American capital.

Says Prospectus False.

Colonel Drew charged that the company prospectus on which the Securities Commission must have acted was "a false prospectus" in that it claimed a purchase price of \$250,000 when in reality the assets had cost in the neighborhood "of a million and a half dollars." The facts were not, he said, as stated upon that prospectus, and the Attorney-General and his Securities Commissioner should weigh that angle in any consideration they might give to the case.

There was nothing, Colonel Drew submitted, to prevent the sale of "beneficial rights" in the Inglis stock. The shares in escrow, held by the Bank of Montreal, were "street certificates," and could be freely sold. In fact, he said, President J. E. Wahn of the company had only one share in his name although he claimed to own 250,000 shares.

To support his argument that safeguards had already been established against such transfer, Mr. Hepburn quoted as follows from the report of R. B. Whitehead, Securities Commissioner:

"In June, 1938, application was made to this commission by Mr. Plaxton on behalf of Cameron Pointon & Merritt for approval of the sale to the public of 33,333 of the 58,333 shares above referred to. Following the application the whole situation was carefully studied by this commission and approval given to the sale of such shares through Cameron Pointon & Merritt. In view of the fact, however, that the company would be making munitions of war, the commission was of the opinion that there should be some restriction on the resale price of these shares, and undertakings were secured at that time that said shares would not be sold at more than \$7.50 each. This, incidentally, is one of the rare cases in which the resale price of any stock has been set by the commission since I was appointed commissioner.

4,000 Shares Sold to Public.

"Up to the present time 41,000 of the 58,333 shares which were underwritten have been taken down and paid for, the company's treasury receiving approximately \$246,000. Of these 41,000 shares, 4,000 only have been sold to the public, representing some forty shareholders, none of the said shares having been sold at more than \$7.50 each. There still remain some 17,000 shares to be taken up.

"As a condition imposed by the commission to its approval of the sale of the said shares, it was required that all the vendors' shares above referred to (191,622, less some 7,500 that had previously been pledged) be escrowed, and we have on our file the undertaking of the escrow agent, the Bank of Montreal, that none of the said shares shall be transferred, assigned, hypothecated or otherwise dealt with except with the written consent of the Ontario Securities Commission."

This quotation, the Premier believed, would set Colonel Drew's misgivings at rest, but Colonel Drew promptly disagreed, with the result that Premier Hepburn left it with Mr. Conant to prepare a statement.