POOR DOCUMENT

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BAXTER REPLIES TO VENIOT ATTACK ON GRAND FALLS POLICY

Holds Power Development Plan Of Cabinet Is Effort at Putting Money Into People's Pockets

Premier Says in Legislature Duel With Opposition Chief That Government Isn't There to Gamble With Public Funds on Doubtful Facts

EX-PREMIER HITS PENALTY SCHEME

Tells House No Positive Assurance Exists That Work Will Proceed to Finish at Cataract and Valuable Concessions Are Being Given Away, While No Control is Retained

BY JOHN J. DUNLOP
Staff Correspondent of The Times-Star

FREDERICTON, N. B., April 22—"This government is trying to have energy developed at Grand Falls to put money in the pockets of the people and we are not here to gamble with the people's money on doubtful facts."

So declared Premier Baxter in expounding the policy of his cabinet and supporters in reply to a lengthy and vigorous attack on this policy by Hon. Dr. P. J. Veniot, leader of the Opposition, in the House this afternoon.

The two leaders took up the entire afternoon, the Opposition chief speaking for two hours while Premier Baxter contented himself with a half-hour address.

Hon. Dr. Veniot assailed bitterly the bills introduced, but they were ably defended by the premier. Both scored telling points and both were frequently applauded by their supporters.

The bills now go to the corporations' committee tomorrow for minute consideration. George H. Montgomery, K. C., counsel of the International Paper Company, Limited, will attend the sittings tomorrow.

The Premier's rebuttal was to the point. He said he did not propose to follow his honorable friend through his many ramifications, as it would serve little good purpose. Referring to the $16.50 price asked of Frasers in a former report, the Premier declared there were two kinds of horse power, continuous and 12-hour power. The $20 price now asked of Frasers was for continuous horse power or $10 for the 12-hour kind and that, he said, would effectively meet criticism by his honorable friend.

FOUND NEBULOUS STATE

The Government, he declared, had found the Grand Falls project in a nebulous state, but when exact reports were made it was found that they could not depend on from 40,000 to 50,000 horse power every year. As to criticism of this development being for two industries, he said, it was right that it should be so, as both were based on the native products of the province.

BUSINESS APPEAL

He appealed to members of the House to consider this question from a business and not from a political standpoint. He reviewed events leading up to the development and said that if he could have had his way, agreements between the International and Frasers would have been reached long ago and that instead of being the last these bills would have been the first before the House. He would say, however, that every opportunity would be given to every member to consider this question, and so long as there was a desire for honest investigation just so long would he keep the House sitting.

PROVINCE IMPEDED

Hon. Dr. Veniot, he said, had criticized the $50,000 forfeit arrangement, but he would like to point out to the people that this should have been forfeited long ago, but under legislation introduced by the party of his honorable friend the province's hands were tied in the matter and it could not be forfeited even though they so desired.

The Premier praised the business acumen of Archibald Fraser, president of the Fraser Companies, Limited, and said he preferred to stand on his business judgment rather than a host of reports on the development.

OBTAINED BY COMMISSION.

With reference to W. M. Tilley's opinion the Premier declared he never sought this, as charged by Hon. Dr. Veniot. It was secured by the Hydro Commission after attempts were made to secure opinions from Eugene Lafleur and Acme Geoffrion, counsel in this matter for the Veniot government.

The Premier closed with a moving peroration to bring back industrial life to the province.

ASSAILS ARRANGEMENT.

Dealing with the two bills, Hon. Dr. Veniot condemned the arrangement for penalty to carry out the development, saying it put a license on violation of agreements. They might as well say, he declared, to the new company, "There is your $50,000 which we forfeited against your forbears, we give it back to you to play with."

There was no positive assurance, he told the house, that Grand Falls would be developed, and he asked what had become of the Premier's promise in this regard. The province, he asserted, was giving away valuable concessions and retaining no control over the company's actions.

CLAUSE "OUTRAGEOUS."

He termed as "outrageous" the clause providing for a payment of not exceeding $2 per horse power to the company in case the province decided to develop below the Grand Falls. He twitted the government for making available to the company all the plans of the former administration for the development. The acceptance of such plans, he assumed, somewhat threw a monkey wrench into the machinery used to convince the public at the last elections that his government was not justified in going on with the Grand Falls development because of insufficient information.

The opposition leader said he wished to correct a statement made by Premier Baxter that plans and surveys for storage sites in the State of Maine were missing from the Hydro Commission's office. He declared that the former commission never contemplated using any storage in the State of Maine in their development.

Touching the agreements made by his government last year, Hon. Dr. Veniot said it was the heighth of nonsense to say that Frasers were barred. He defended strongly his government's policy in this regard.

TILLY'S OPINION

Respecting W. N. Tilly's opinion, he said, the Premier had told the House he had obtained this because he wanted to make sure of his own opinion that the agreements were too vague. He declared that from the time Premier Baxter assumed office last September he was working for private ownership and yet Tilly's opinion was dated March 13, 1926. The Premier, he said, did not tell the House that Mr. Tilly was the legal counsel for one of the largest private corporations in the world, the C. P. R. He termed as "unfair" statements made by Hon. E. A. Reilly in regard to sums paid H. G. Acres and Mr. Lowery and said he should have been honest enough to tell the whole circumstances in the two cases.

COMMISSION'S COST

His honorable friend, Hon. Mr. Reilly, had talked much of economy in his commission as compared with the Veniot commission and yet he noticed the present commission had cost this province nearly $5,000 for six months as compared with a fixed charge of $9,000 a year under the old commission.

George H. Montgomery, K. C., Montreal, one of the incorporators, arrived today and will be present at the committee sessions.

VENIOT SPEAKS.

Mr. Veniot after some preliminary remarks in reference to pronouncements of Premier Baxter in regard to Grand Falls development, continued as follows:

"The chairman of the Hydro Commission, in dealing with the administration of that body, told the House that they had affected a large saving by reducing the staff by some 64 employes. Not one of these vacancies had been filled," said he, "and yet the service had been good," he added, "thus making a saving to the province of $8,500 a month."

"Surely the chairman of the commission could not be serious when he made such a statement. He must have known that there was no foundation for it. What are the facts? The employes whose services were dispensed with were not regular employes of the commission, because at least 58 of the 64 were temporarily employes only, who had been engaged simply for the purpose of running the transmission lines survey in connection with the proposed development of Grand Falls by the former commission, and when this work ended, there being no further work for them they were no longer employed. And this is what the honorable gentleman calls a 'monthls saving of $8,500 to the province.' I am surprised that the honorable gentleman would attempt to put over such a subterfuge on the House. But it only goes to show what straits our friends opposite are driven in their efforts to discredit public ownership. The attempt to show that the action of the commission was in the interest of economy is only surpassed by their extreme efforts to kill public ownership in the eyes of the public so as to have a better excuse for handing our water powers over to private corporations.

ANOTHER ERROR CHARGED.

"The honorable gentleman also led the house astray when he attempted to show the amount of money paid to Acres and Lowrey as so much salary. Such was not the case, and as chairman of the commission he must have known that the sums mentioned by him were not all paid for salaries to these two gentlemen. Acres was engaged by the commission at $600 a month as consulting engineer and acted as such for a little less than two years, which amounted in salary to about $12,000, the balance of the $23,000 was for the services of other engineers employed by Acres in making out plans, etc., and for expenses while traveling in the interest of the commission. Lowrey was engaged at $200 a month and received in salary about $7,000, the balance of the $13,000 mentioned by the chairman of the commission was for wages and expenses of the crew under him while engaged in making surveys preparatory to the making of the plans, etc. Why not deal with the facts just as they are found.

THOSE ON PAY ROLE.

"But, Mr. Speaker, since the chairman of the commission is so anxious to show how the new commission economised since they took charge why did he not dismiss Acres, Lowrey and Blanchard, three very high salaried officials employed by the old commission to be used only in connection with the development of Grand Falls, and who have been kept on the payroll of the commission notwithstanding that the government had months ago decided that it would not undertake the development as a government measure?

"The chairman of the commission said that he desired to give an honest account of the administration of the commission. Does it look like it in the face of what I have just revealed?

"The chairman of the commission did not satisfy himself in attacking public ownership from the Grand Falls end of the proposition, but he went so far as to give information touching Musquash, which I claim did not bear out his promise to give a fair and honest account of affairs.

REPLACEMENT RESERVE.

"In dealing with the socalled replacemen reserve deficit, when he pointed out that there was a shortage of $11,000 in the Saint John system last year, he could have further enlightened his hearers by stating that that deficit had been reduced from $17,000 in 1924 to the sum he named in 1925, through no effort of the new commission. But that would be giving too much credit to the former commission and my honorable friend is too close-fisted to give credit to anyone much less a political opponent.

MUSQUASH FINANCES

"Then, again, while using what he called the unsound financial condition of Musquash as a battering ram against public ownership, why did he not tell the House of the improved condition of affairs since November last, not brought about in consequence of any work of the new commission, but as a result of the work of the former commission. He could not even be fair when he dealt with the contract made between the N. B. Power Company and the Hydro Commission. He told the House that we were paying the company some $2,800 a month, but he would have given too much credit to the old commission if he had told the House what revenue was actually coming in from this transaction and what further revenue was estimated. He further forgot to tell the House that this company was absorbing all surplus freshet season power at so much a kilowatt hour, which brought in about $15,000 to $20,000 a year, which otherwise would go to waste over the spillway.

"This is another instance of the fair and honest account which the chairman of this non-political commission displayed in dealing with our hydro system.

GRAND FALLS DEALING

"If he was unfair in dealing with the results of the Musquash undertaking, he surpassed himself, if that could be, when he undertook to deal with Grand Falls, especially in connection with the quantities which, he claimed, we had to reserve for this, that and the next thing, under our agreement with the International Paper Company. He led this House to believe that he was quoting from Agreement B when he made the statement that 'the commission had to supply an estimated or probable quantity of 14,000 h. p. for flowage and storage rights demanded by the State of Maine,' and to this he added 'as claimed by Mr. Graustein.' Let me say right here, Mr. Speaker, that neither the chairman of the commission nor Mr. Graustein can find one single word either in any agreement between the International Paper Company and the commission, or in the order issued by the International Waterways Commission that would even hint at the reservation of 14,000 h. p. 'for flowage and storage rights demanded by the State of Maine.' Let me go further and say that if Mr. Graustein made the statement attributed to him by the chairman, he deliberately stated what he knew to be an untruth, and I know Mr. Graustein well enough to be convinced that he would not make use of such a deliberate misstatement, not even to make a point against public ownership.

"Let me point out another evidence of a lack of disposition to be fair on the part of the chairman of the commission. During my speech on the budget I pointed out what was considered to be discrepancies between the partial audit of the accounts of the commission made in October and the final audit of the full year's operations. The chairman did not touch this point and the reason for his not doing so is obvious to anyone who has given this matter any attention. Had he dealt honestly with this phase of the question he could not but have revealed wherein he led the House astray last session and how he deceived the people during the election campaign when he stated positively that Musquash was going behind financially at the rate of $200,000 a year, when the very best their own auditors could show would be $43,000.

"There can be only one object in the desperate attempts at misrepresentation made by our friends opposite in connection with Musquash matters, and that is to destroy any faith the people may have in the policy of public ownership by throwing a scare into the public mind and thus prepare the way for handing over our valuable water power assets to private corporations.

AGREEMENTS.

"The attempt to make the House be-

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