

VENIOT ANSWERS BAXTER STATEMENT

Takes Issue With Denunciation; Says, 'We Have Reached Crisis In Our Industrial Development'

States No Government Should Be Allowed to Barter Away Common Heritage for Sake of Political Expediency

BACKS PAPER COMPANY AGREEMENT

Commission Justified for Consenting to Hold 10,000 to 14,000 Horse-Power in Reserve, He Contends; Prime Minister's Statement Dealt With at Length

'WE have reached a crisis in our industrial development. No Government should be allowed to barter away our common heritage for the sake of political expediency.'

So declares Hon. Dr. P. J. Veniot, former Premier of New Brunswick, in a statement issued here last night in reply to Premier Baxter's denunciation of the contract made by the late New Brunswick Electric Power Commission and the International Paper Company with regard to Grand Falls power.

Hon. Dr. Veniot charges the premier with several misstatements. He declares that Dr. Baxter says the province-company agreement for the sale of power was confirmed by the International Waterways Commission and gave this as a reason for not cancelling it. Dr. Veniot, on the other hand, asserts the Waterways Commission had nothing whatever to do with that agreement.

Dr. Veniot deals at length with the allegation of Dr. Baxter that the International had first option on 10,000 or 14,000 horsepower and with the statement that "until the Paper Company decides how much power it requires no other corporation can be negotiated with." He denies that the province is in any way bound to give the Paper Company the first option on power of any kind and says that even if the company took 15,000 horsepower there would still be 35,000 in the original development alone with the possibility of increasing this another 25,000 as soon as the market demand warranted the extension.

Dr. Veniot declares that the commission was justified in agreeing to hold that much power in reserve for a time for the company because they were considering locating a pulp and paper industry in this province.

"The Premier cannot hide the attempt to destroy the policy of public ownership under the guise of his being unable to cancel the contract. It is the height of nonsense and is resorted to for the purpose of providing an excuse for hedging on an issue of the utmost importance to the province," Dr. Veniot declares.

The former Premier's statement in full follows: "My attention having been called to a statement published in The Telegraph-Journal of November 7th, by Hon. J. B. M. Baxter, Premier of the province, relative to the Grand Falls water power development and certain agreements made in connection therewith between the late government, of which I was the leader, and the International Paper Company, I feel it to be my duty to make reply to the Premier through the same channel adopted by him to reach the public. In all fairness to the electors of this province I think they should be put in possession of both sides of the case.

CRITICISM OFFERED. "Had Premier Baxter divested himself of the spirit of political partisanship, which seems to pervade his every argument touching the question under consideration, his statement would at least have had a semblance of sincerity and consistency, and he had published at the same time and made his criticism a copy of the agreement between the Paper Company and the Hydro Commission, so that the public would have been in a position to judge whether he confined himself to a statement of fact.

ORDER QUOTED. "When Premier Baxter says that the agreement for sale of power in New Brunswick to the Paper Company is 'the conditions of the contract' which the province has granted the right to use water coming from the State of Maine, he states what is absolutely at variance with the facts. As a proof of the correctness of my contention, here is what the order in question sets forth:

"Whereas the said applicant has settled the claim of the following parties in respect of property taken or injuriously affected by the said works, namely: Saint John Lumber Company, Bangor & Aroostook Railroad Company, Van Buren Bridge Company, Grand Falls Company, Limited, and the International Paper Company, and has filed with this Commission agreements evidencing such settlements, copies of which are hereto annexed;

"Where does Dr. Baxter find one word which refers to any agreement for the sale of power in New Brunswick to the Paper Company? Why does not Dr. Baxter publish the order in question?"

QUESTION OF PRICE. "Misstatement No. 2: Premier Baxter states that 'The price which the province shall receive for the power is not fixed by the contract nor is any means of fixing it provided.' The agreement for the sale of power contains and points out how the price of power shall be fixed. In the first place it was the policy of the government to sell power at cost in order to encourage to a greater extent the establishment of new industries in the province, such cost to be fixed by our engineers. The Paper Company was well aware of this policy and when they accept the agreement knew that the price they would have to pay would be governed entirely by the cost of development. But besides this fact, the cost of power is further dealt with in a clause of the agreement as follows: 'The terms of such contract, the price of the power and other provisions of the contract shall be such as are determined upon to the satisfaction

statement that no such condition exists.

RIGHT ABOUT TIME. "As to the time specified in which the Paper Company must act in order to avail itself of the terms of the agreement I may say that Premier Baxter is right that the Hydro Commission shall reserve the power above specified for six months after the date when it shall actually be ready for delivery and that such contract shall further provide that 'if within the six months period the Paper Company shall elect to take such power, the same shall be reserved for a further twelve months period, etc.'

CROWN LAND HOLDINGS. "The government at the time of making this agreement knew that the Paper Company had very large Crown Land holdings in this province, as well as in the State of Maine. The development of Grand Falls had for its primary object the bringing of new industries into the province, as well as the expansion of industries already existing here, thus providing more work for our people and increasing the home market for the products of the soil and the sea. If holding in reserve from 10,000 to 14,000 horse power for the period stated would bring to the province an industry which would mean an initial expenditure of several millions of dollars before being ready for operation, and which would, once in operation, provide employment for thousands of our people, I am sure the public would agree with me when I say that the most severe condemnation if they had acted otherwise. Premier Baxter, who has been the first to condemn the government for lack of foresight. Will the Premier now say that he would have refused such terms, when, in accepting them, he was as we are and the present government still is, to make ample provision for industries already in existence?"

USE OF SURPLUS POWER. "Touching that part of the agreement which deals with the use of primary power for grinding wood, the Premier leaves the impression that if any such power is available, then any surplus power over and above the ordinary market demand, it must be sold to the paper company to the exclusion of all others except that which would be reserved for grinding purposes to the Bathurst Company. There is not a single word in the agreement which indicates that the surplus power must be disposed of in the way Dr. Baxter intimates. The disposal of surplus power, as he calls it—notwithstanding that the agreement does not speak of surplus power—is dealt with in the agreement directly as a matter of policy on the part of the Government. Before any power can be sold for grinding purposes, the Government must declare that it is its policy to place aside a certain quantity of primary power to be sold as surplus for grinding purposes. It is well known that hydro power for grinding purposes requires the use of far greater quantities of power than that for use in carrying on the manufacture of the

finished articles of pulp or newspaper. The policy of the Government was not to sell in large quantities power for grinding wood, especially in its initial development of 50,000 horse power, because we were fully convinced that there was an available market for all the primary power without engaging specifically to sell any part of this power for grinding purposes. When the question of selling primary power for grinding wood was up for discussion with the International Paper Company, it was pointed out that it was not the Government policy to sell primary power for grinding wood, but that any surplus or "off-power" accumulated through a run-off during freshet seasons could be utilized for that purpose, and if, later on the Government found that it would be the proper policy to sell a certain quantity of primary power for grinding wood exclusively, then would the International Paper Company have the option to such power after the provision relating to the Bathurst Company had been carried out.

STILL HAS JURISDICTION. "The Government has still full jurisdiction over the sale or non-sale of primary power for grinding wood, and nothing in the agreement compels the Hydro Commission to sell the Paper Company any part of its power for the purposes referred to by the Premier. It appears to me that he is making a play on words in the hope of convincing some few at least that the late Government did an injustice to existing industries. Any one carefully reading the agreement will readily conceive how the late Government attempted to safeguard the general interests of the province by inserting the proviso that power for grinding wood (surplus) would be available only as a fixed

LET PEOPLE JUDGE. "Let the public judge if Premier Baxter is stating the fact when he says there is no means provided in the contract for fixing the price of power. Why does not Premier Baxter state the very words of the agreement? "Misstatement No. 3—Until the Paper Company decides how much power it requires no other corporation can be negotiated with, states Premier Baxter.

"In order to show how outrageous by false this statement is I will quote the clause in this agreement which deals with this point. Here it is: 'The Power Commission will bind itself (in case the Paper Company shall desire to purchase the same) to reserve as below specified and sell to the Paper Company for delivery and use in New Brunswick primary power generated from the initial development at said Grand Falls in a block, subject to the provisions next below, of either ten thousand or fourteen thousand horse power, as the Paper Company may select. Such contract shall provide that the Paper Company, at any time and from time to time, take such power in any amount within a limit of ten per cent less or more than such block of 10,000 or 14,000 horse power, as the case may be.'

"Does not this clause definitely and absolutely fix the limit of the power that the Hydro Commission binds itself to sell the Paper Company? Why, again I ask, this deviation from the fact clearly expressed in the agreement?"

STATEMENT COMBATED. "Premier Baxter further states 'The Province is bound to the Paper Company to give it practically the first option on the use of power.' This is an utterly false statement with common sense that I can only conceive of his use of such an argument as a preparatory step to handling over the Grand Falls to certain private corporations, and he adopts this means of influencing the public mind in that direction.

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REGARDING AGREEMENT. "Misstatement No. 1: Referring to the agreement between the International Paper Company and the New Brunswick Hydro Commission, touching the sale to the company of primary power for the ordinary uses of industry and for grinding purposes, Premier Baxter says: 'This agreement has been confirmed by the International Paper Company, the International Waterways Commission, and is one of the conditions upon which the province has granted the right to use water coming from the State of Maine.' 'The order of the Waterways Commission contains not one single word in reference to any agreement for the sale of any power for use in New Brunswick to the International Paper Company. The Waterways Commission had nothing whatever to do with the sale of hydro power by the New Brunswick Hydro Commission to the Paper Company. The question of sale of power in New Brunswick was never decided by the Waterways Commission, their attention even was never drawn to this point. They had no jurisdiction in the matter. The only question which the Waterways Commission could and did deal with, as between the Paper Company and the New Brunswick Hydro Commission, was never the agreement by which the Hydro Commission undertook to compensate the Paper Company for any injury done to property, rights or franchises which the province might suffer through the backing of water of the Saint John River within the limits of the international boundary between Canada and the United States. The agreement touching this point, as well as compensation for property in New Brunswick owned by the company and affected with the development of Grand Falls was made a part of the order of the Waterways Commission.

TO INCREASE POWER. "But apart from all this, there remains the means of increasing the power from 50,000 to 75,000 horse power, should the market require it, with but a small extra construction cost, and which, when completed and sold found for the latter extra amount of power, would lessen the cost of production and thus give a cheaper rate to all industries as well as for domestic and other uses.

"Premier Baxter criticizes the terms of agreement under which the Hydro Commission would sell power to the Paper Company. His strongest criticism is directed to the province being bound, according to his view, to give the Paper Company the first option. With this phase of the question I have already dealt, and feel that any unbiased person will agree with me when I made the

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