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Toronto, July 31, 1941.

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Col., the Hon. H. A. MacPherson, K. C.

It has many, many millions in reserve, will continue for scores of years, and has been the means of developing a large area of territory and a very long list of low-grade Mines. Henry and McCrea, especially the latter, deserve a monument in respect of this transaction alone.

The exemption from taxation of Ontario Hydro, to which you refer, is, I am convinced, thoroughly unjustifiable and has to be remedied. It is because of this exemption that the Quebec Government is now launching on a wild scheme of acquiring and operating Power Companies. The above has, I admit, little connection with the object of your memorandum.

(2) Your conclusions at the end should, I think, be renumbered. Those which apply against the undertaking at any time should go first, and then the special arguments against going ahead with the undertaking now should follow.

(3) No. 12 of your conclusions is not clearly worded.

Kindest regards,

Yours very truly,

AM/E.

- I should have said that your very natural assumption that whatever saving by theft was effected came out of the Province of Quebec was wrong. It did, but only in minor degree. The Power Companies took advantage of the situation to re-organise, on the ground that they could not meet their interest. In this way they loaded their own loss on the Bondholders, who were mostly in Ontario. The Beauharnois Company, for example, was, in my judgment, a million or two better off after the re-organization than it was before the repudiation. The other Companies, however, did not do quite so well.

A. M.

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