

Disclosures by a Toronto Financier Not Sensational

J. H. Gundy, of Toronto, a Partner of Sir Herbert Holt, Was on the Stand at Ottawa For Three Hours—Relation of Banks With Corporations Being Probed.

OTTAWA, May 23—The story of the Canada Power & Paper merger, its constituent elements and the financial set-up of that embarrassed corporation were outlined to the banking committee yesterday morning by J. H. Gundy, Toronto financier and partner of Sir Herbert Holt in the firm of Holt, Gundy & Co. Mr. Gundy was on the stand for three hours, but there were no sensational disclosures. The committee is going into this matter particularly to ascertain the relation of the banks with the corporation.

There was no profit to them or any investment house in the financing of the company, Mr. Gundy declared, nor to himself, though he has "very substantial holdings."

The constituent companies owed the banks \$14,000,000 when they went in, while the new consolidation at the end of last year, owed the same amount.

Today members of the Committee are in Montreal conducting an examination of Sir Herbert Holt.

CHIGNECTO CANAL WOULD BE TOO COSTLY

Report of Committee Has Been Made Public, Scheme Feasible But No Demand For It.

OTTAWA, May 23—Construction of a canal for coastwise traffic across the Isthmus of Chignecto connecting Nova Scotia and New Brunswick, would cost about \$23,000,000 the commission appointed for that purpose have reported to the department of railways and canals.

But the commission found no general demand for a canal in the Maritime Provinces, failed to see any great stimulation of water-borne commerce likely to result, and expressed the opinion that the canal would be a competitor of the railways.

The view is expressed that the proposal offers no economic advantages at all commensurate with the estimated outlay.

The commission declares: "This would be our opinion even were economic conditions not what they are at present, but, in view of prevailing financial conditions, we are confirmed and strengthened in our belief that it would be unwise to embark upon such an undertaking. Having regard to transport facilities already in the Maritime area as a whole, we cannot see where any interest would suffer were the Chignecto Canal project to be permitted to stand in abeyance until it can be further examined in the light of future developments in Canada's economic situation".

The report was tabled in the House of Commons today. It was signed by Dr. Arthur Survevor, Montreal, the chairman, and D. W. Robb, Amherst, and John F. Sowards, Kingston, members of the commission.

The Route Favored

The commission rendered a unanimous report except in respect to the most desirable location of the canal. The majority favored what is known as the Missisquoi route lying partly in New Brunswick and partly in Nova Scotia, while Mr. Robb, a lifelong resident of the district, held out

SIR W. GRENFELL WAS SPEAKER AT A BANQUET

Famous Missionary of Labrador Listened To With Attentive Interest at Montreal.

Montreal, Quebec, May 23—Sir Wilfred Grenfell, the famous Labrador missionary, was a speaker at a banquet at the Mount Royal Hotel last evening under the auspices of the International Society for Crippled Children. His address, which dealt largely with his work in Labrador, was interesting and witty and was frequently applauded. In referring to Labrador he said that it had the finest salmon rivers in the world and possessed a cataract twice the size of Niagara, where at the present time four and a half millions of horsepower was going to waste. Referring to Newfoundland, he said that the colony had unanimously abandoned self-government established seventy years ago and had accepted government by Commission. He said that of a population of 300,000 people, 93,000 were being fed by the government. In the course of his remarks he stated that one hundred college boys and girls were going to teach in the schools of Labrador this season and pay for the privilege of doing so.

for the Minudie-Laplanche route lying wholly in Nova Scotia. He enumerates the advantages of this route in a dissenting paragraph.

Canalization of the isthmus would be feasible, the commission found, but a lock system would be required as the tidal flow on the Bay of Fundy side would be greater than on the other.

For purely local traffic as between Montreal and the Maritimes, the canal would be an advantage, but for other navigation the time lost in entering and traversing the canal would offset any time advantage.

There was a difference of opinion found among shipping men, those in the coastal trade supporting the project while those engaged in through traffic preferring the present routes.

SWEEPSTAKES BILL MET WITH DEFEAT IN HOUSE

The Vote Stood 105 to 57, Party Lines Were Disregarded in Division.

OTTAWA, May 23—The Fraser bill to legalize hospital sweepstakes was defeated tonight in the House of Commons 105-57 in a division that cut across party lines. It met the same fate last year.

With the whips off, in an open vote, the three party leaders, Prime Minister R. B. Bennett, Rt. Hon. W. L. MacKenzie King and J. S. Woodsworth united in opposing the bill. Every member of the Bennett cabinet, excepting Hon. Maurice Dupre, solicitor general, voted against it.

The bill, which would empower provincial attorney-general to authorize sweepstakes for the benefit of hospitals and charitable institutions, gained its support mostly from Quebec members, the majority from the Liberal benches. It was sponsored by J. A. Fraser, Conservative member for Cariboo, British Columbia, after passing the Senate ten days ago by a narrow margin.

The Division

Opposing the bill were 67 Conservatives, 27 Liberals, eight Progressives, two Independents and one Laborite. Supporting it were 22 Conservatives, 3 Liberals and two Laborites.

Defeat for the bill was engineered by A. M. Carmichael, Progressive members for Kindersley, a retired minister, who moved the six months' hoist early in the day. When the House passed the Carmichael motion, it killed the bill.

All day long the debate lasted with all sorts of arguments advanced.

As a side-issue to the main discussion, views were expressed on a national lottery, conducted by the Dominion to raise revenue. Solicitor-General Dupre came out flat-footed for a national sweepstakes, going the length of suggesting a referendum this fall which he believed would result in nation-wide endorsement. The proceeds could be divided between the Dominion and the provinces on a per capita basis, the solicitor-general adding "I do not think many provinces would refuse to share on the grounds lotteries were more or less immoral".

Mr. Cahan early in the day expressed the opinion the Fraser bill was unconstitutional, beyond the powers of the Dominion House. But he said he would support another bill on the order paper, sponsored by Pierre Casgrain, chief Liberal whip, which would remove lottery promotion from the penalties of the Criminal Code. The Casgrain bill will be introduced later in the session.

Would Alter Laws

Two changes in the law governing lotteries were suggested by Hon. Hugh Guthrie, minister of Justice. Under the existing clause in the Criminal Code when a man wins a lottery prize, it is forfeited to any informer who may succeed against him in court. This was not a suitable provision Mr. Guthrie thought. The winnings should be forfeited to the Crown, not to the informant.

The fine for purchasing a lottery ticket was \$20. This might very well be raised to a larger amount, the minister suggested.

Any raffle is illegal where the prize is of value greater than \$50, Mr. Guthrie told the House. Yet all across Canada raffles were being held in which the favorite prizes were

CONSERVATIVES WILL CONTEST EVERY SEAT

Will Have a Candidate In Each of Ninety Ridings

LEADERS ARE
CONFIDENT

Three-Cornered Fights In Some of the Constituencies

Toronto, May 23—Premier George S. Henry last night told the Canadian-Greek Liberal-Conservative Club here that his party would have a man in every one of the 90 ridings of Ontario by June 19. He predicted that there would be between 225 and 250 candidates in the campaign from all parties by nomination day on June 12. He said that the three-cornered and four-cornered fights showed that the intentions of the opposition groups were to turn the Government out at all costs, whether they could form a suitable administration or not.

John D. Chick, who was chosen Conservative candidate for Windsor-Sandwich, declared that he was speaking on the authority of Hon. Leopold Macaulay, Ontario Minister of Highways, when he said that the Government's beer and wine legislation would be in operation on July 1 if the Conservatives were returned to power.

Besides Mr. Chick there were three other Conservative candidates chosen last night, bringing the total number to 85. The others were Edward G. Boyd, North Waterloo; John H. Findley, South Renfrew and T. J. Mahony, South Wentworth. Rev. George Little who opposes changes in the Liquor Control Act without a referendum entered the Toronto Eglinton riding as an independent.

The Independents, said R. J. Scott, president of the United Farmers of Ontario, will hold the balance of power in the next Ontario Legislature. At an independent party meeting in West Lambton, he declared Canada would be forced to lower its tariffs by means of bi-lateral and multi-lateral trade agreements.

Mitchell F. Hepburn, Ontario Liberal Leader, opening his campaign at Thorold and Niagara Falls yesterday, said that road workers had been given increased pay and relief grants had been increased 25 per cent by the government in an attempt to win votes.

PREMIER HENRY HAS ISSUED A MANIFESTO

TORONTO, May 23—Premier George S. Henry tonight issued his long-awaited government election manifesto, which announced the government's proposal to assume 90 per cent of the cost of the highway system in the province. This would leave 10 per cent for the counties to bear.

The manifesto stated the government was prepared to co-operate with the Dominion Government in providing unemployment insurance "which must be by federal statute worked out in co-operation with the provinces."

A minimum wage for men is another piece of legislation favored by the Ontario administration and the manifesto stated the government "will take the necessary steps immediately to confer with the Province of Quebec and the federal authorities as to the best way to carry this out."

Western farmer whose land was seeded by grain blown over it by the wind from neighboring tracts is raising a mixed crop of wheat, rye and oats. Sounds like the makings of a new breakfast food.

automobiles costing from \$800 to \$1,000. They were an contrary to the law. Even under the \$50 limit they had to obtain the consent of the municipal authorities.

Quebec Election This Year is Now A Possibility

Great Activity Now Being Displayed In Liberal and Conservative Camps in Montreal District; Secret Meetings Held by Liberals — A Rally Planned For Tuesday.

MONTREAL, May 23—The possibility of a provincial election before the end of the year is given as a reason in local political circles for the great activity in both the Liberal and Conservative camps. While the Conservatives are holding caucuses, particularly in the district of Quebec, the Liberals are doing the same in the district of Montreal.

Up to a few days ago rumors of provincial elections in Quebec this year were not taken seriously in Liberal circles, but lately orders have been issued from headquarters of the Liberal party to the effect that the organization must be perfected so as to be able to meet any emergency that may arise. And as a consequence, Liberal leaders have spread the word over the whole district, secret meetings have been held and everything is set, it is learned, for a rally of representatives of all party organizations in the city and suburbs of Montreal, to be held at the Reform Club next Tuesday.

MORRIS MAY NOT ACCEPT THE MONEY

Claimant of the Wendel Fortune Is Shocked By Affidavits

New York, N. Y., May 23—Thomas Patrick Morris, the Brooklyn house painter convicted of conspiracy to obtain the Wendel millions, indicated today that he might not accept any part of the \$35,000,000 if it were awarded him as a result of new affidavits relating to his parentage.

Morris was informed of the affidavits on Welfare Island, where he is serving a 33 months' sentence. Visibly shocked, he shook his head slowly when a lawyer pointed out that the statements, if sustained, would mean a huge fortune for him since, under New York law, an illegitimate child can inherit from its mother.

"I do not think", he said, "I care for their money under such conditions".

The affidavits, sworn to by Mrs. Vernon Frock, of Camp Hill, Pa.; and Mrs. Herbert Miller of Westminster, Maryland, allege that Morris is the son of John G. Wendel and the latter's own sister, Mary Wendel. They assert that their father delivered the child in the Wendel mansion on Fifth avenue.

"I always thought that there was something wrong", Morris said. "But now it looks twice as wrong as ever I thought".

Bernard Sandler, attorney for Morris, said that he would bring the women to New York in his effort to obtain a new trial. Mrs. Frock and Mrs. Miller claimed to be third cousins of the Wendels.

RE-SALE BUSINESS

Dublin, Ga., May 23—Five youths are in jail for stealing chickens, selling them, robbing the buyer and selling the chickens again. Police said one boy confessed the gang stole eleven chickens and sold them to a man working in a grain factory. Then the boys entered the company building, gathered up the fowls and were reselling them when they were arrested.

PULP AND PAPER INDUSTRY VIEWED IN PARLIAMENT

Three Rivers Expert Was Heard by the Committee on Banking and Commerce.

Ottawa, Ont., May 23—Confidence in the future of the pulp and paper industry in spite of its present condition and belief that it would "pull through" were voiced to the parliamentary committee on banking and commerce tonight by C. R. Whitehead, of Three Rivers. Mr. Whitehead, founder of the Wayagamack Company, testified at the night session of the committee.

Mr. Whitehead, who was the man responsible for negotiating the purchase from the Meunier interests of France of Anticosti Island, told the committee of the various elements entering into that purchase. On one point witnesses were emphatic, and it was that save for extremely short term loans they had never borrowed from the banks for capital expenditures. At no time did they consult with the banks on these matters.

Underlying Reason

The underlying reason for the merger of half a dozen Eastern Canadian pulp and paper companies into Canada Power and Paper Corporation was chiefly "the idea of keeping the industry from flying into 1,000 parts", George Chahoon, former president and general manager of the Laurentide Pulp and Paper Company, told the committee. Laurentide was one of the companies which entered the merger.

The merger was not put through with the idea of Tolling International Paper Company in the market, he added. International was conceded its share of the market.

J. H. Gundy of Wood, Gundy and Company, was one the stand for a long while, discussing the merger, which produced Canada Power and Paper and the way it had come about. He with Mr. Chahoon was called at request of Major C. G. Power, Liberal member for Quebec South, who sought to find the connection of the banks with the merger and the effect which financial assistance given by them had in bringing the pulp and paper industry to its present condition.