

the present case. The government were bound to find funds for the Commission.

Hon. Mr. Beaven acknowledged that there was no special fund for the Royal Commission in 1874, but in 1878 the journals of the house showed that a sum was voted for a Commission then.

Hon. Mr. Davis replied that that did not throw any light on the subject. That was simply answering one question with another. He had shown conclusively that the government in its present action had followed the precedent of twenty years ago, when Hon. Mr. Beaven himself was a member of the government. As to the question of the government having power to make appropriations for special purposes, a bill no doubt would have been introduced last session for that purpose, but the supply bill had already passed the house. What the country really wanted, however, was that the fullest light should be thrown on the matter of the Nakusp & Slokan, and he would therefore have introduced to the Commission a fully explanatory speech he had already made on the question, showing exactly what was the government's position in the matter. He proceeded with his explanation, practically on the same lines as his speech of last March, which was as follows:

The Nakusp and Slokan Railway, he said, was one of the enterprises included in the Railway Act of last session, with the Nicola and Spence's Bridge and the Chilliwack Railway. Under section 2 of that act, the government were empowered to guarantee interest upon an amount sufficient to build and equip the road, but not to exceed \$25,000 per mile, and section 6 limited the amount of the guarantee to "interest on \$25,000, or the cost, whichever was the smaller sum." The measure passed the house without division unanimously, as had also the Shuswap and Okanagan Guarantee Act at a previous session. The act of last session followed closely upon the lines of the act respecting the Shuswap & Okanagan Railway. The public accountants before the house last year showed the cost of the latter road to have reached the limit, i.e., \$25,000 a mile, within a fractional sum—and the government had then guaranteed interest accordingly at four per cent. Practically, the government were authorized last year to do the same with the three roads, i.e., the Nakusp & Slokan, the Nicola & Spence's Bridge, and the Chilliwack road, as with the Shuswap and Okanagan, in 1880—with the variation, however, in the case of the Chilliwack road, that the municipality was to pay one-half. Soon after the house rose last year, the Executive took the enterprises under consideration, and the government took steps to ensure full interest, and, taking advantage of the assistance, at which he had public business to transact, he (Mr. Davis) had gone to the spot, and it did not take long to convince him of the vital importance of the country of immediate construction of the road, to preserve the Kootenay trade, which otherwise would have been diverted to the south, and lost to British Columbia. The projected road would give access to one of the greatest mining regions of the world, the trade of which, without the road, would be drained into the adjoining republic. The Slokan country is situated from twenty to thirty miles to the westward of the Kootenay Lake, midway between Kaslo and Nakusp, and at the present time the ore being taken out of the Slokan is carried to Kaslo and shipped over the Nelson & Fort Sheppard.

The desirability of prompt construction and a commencement made at once, being established—the question arose how to begin? What was the cost of the road and how was the money to be found? Fortunately, he had valuable aid at hand to solve both questions. From a gentleman who happened to be travelling in Kootenay, connected with one of the strongest financial houses in London, he became convinced of the undesirability of issuing interest guaranteed bonds. They were not looked upon as a desirable investment, and could only be sold at a heavy discount. They were injurious to a country's credit—going begging as they did—just as promissory notes with an endorser being hawked about would injure the credit of all parties to it, so was it with this class of bonds, which no one cared much to take. Interest guaranteed bonds can, in fact, only be sold at just such a rate as would give the investor a margin sufficient out of the interest and discount to form a sinking fund which would make good the principal by the time the loan expires. The Victoria & Sidney Railway bonds—endorsed by the government and the city of Victoria—afford a case in point, for with a five per cent guarantee they were considered well sold at 90 or 95. If the interest had been 4 per cent, as in the case under consideration, they would probably have brought no more than 75, and perhaps not that, particularly in hard times. If the \$25,000 of Nakusp & Slokan bonds had to be sold at that price, the discount of 25 per cent. would have amounted to \$231,250, a sacrifice which could not be justified. No company could afford to make such a sacrifice, the government certainly ought not—so it became apparent that some other method of financing must be adopted. To have allowed the project to remain over for a year to obtain further legislation, would have been as injurious, or more so, than to make the sacrifice in money, not only on account of the delay, but because the additional time would meantime have been given to divert the trade, and as it well known when a market is once lost it is a difficult matter to recover it. Vast quantities of ore awaiting shipment, and mines waiting a railway to develop their wealth—the country would not have justified the government in waiting; the people were impatient for the development of this country, and the only way in which British Columbia will benefit by the trade of its development is by this road. To have ascertained by bills of quantities and engineers' measurements exactly what the road would cost, would have meant a year's delay, which the country could not have tolerated any more than they would have countenanced waiting another year's time to consult the legislature in the matter of floating bonds. (Mr. Davis) went to Montreal, and Mr. Van Horne ascertained from his engineers on the spot what the probable cost of construction would be, what the C. P. R., with the facilities which they had at hand, could construct the road for, and that cost was placed at \$17,500 per mile. He, Mr. Davis, pressed upon Mr. Van Horne to build the line, but he did not care to undertake it. He agreed, however, that his engineers would superintend the construction, and that the company would lease the line, paying 40 per cent. of the gross receipts as a rental. He, Mr. Davis, then arranged with the Nakusp and Slokan Railway Company to build the road, and he (Mr. Davis) then concluded an agreement between the Pacific Company and the Nakusp and Slokan, which is now before the house, under which the C. P. R. superintend the construction and agree to operate the line for 25 years under a penalty of \$50 per day. The Nakusp Company pressed for the cost of equipment as well, which the government would have been authorized under the act to allow, but the matter was concluded for the cost of construction only. The company had to put up the sum of \$118,400, being the amount of the Dominion subsidy in cash. To have built the road by interest guaranteed bonds, would have required all of the bonds—for under the act the company were to have "the cost to them of their enterprise." Placing therefore the cost of construction at \$17,500 per mile for thirty-seven miles, the length of the road 37 miles, amounted to \$647,000. Add to this the discount of bonds, which would have been

part of the "cost of the enterprise," cost of organization, engineering, right of way and one thing and another, would have footed up to the \$925,000, and no company could then have been procured, nor now, so far as he knew, to undertake the work, and put up \$118,000—for less than the whole of the bonds, and there was no time to hunt up others, if the work was to be commenced at once. In fact the company had called for tenders for construction, payable in bonds, and the lowest bid was for all the bonds at \$55,000 per mile. Then, the cost of the road, \$17,500, was a smaller cost than the Nelson and Fort Sheppard, which had cost less than the Columbia & Kootenay, which had cost \$22,000 per mile, and was less than the cost of the Victoria and the Sidney railway guarantee. Having, therefore, concluded arrangements in Montreal, he (Mr. Davis) returned to Victoria, and the executive concluded to give the guarantee upon the terms arrived at. Under the railway act of last session, it was provided that if at any time the money received for the forty per cent. gross earnings amounted to more than enough to pay the interest upon the bonds for two years, the remainder should be handed over to the company. Under the new arrangement, however, it was provided that any overplus should remain with the government and be accumulated as a sinking fund. In carrying out the arrangement which had been arrived at with the Nakusp & Slokan Railway, as the government had no authority to do anything else than guarantee interest, it was agreed that the government should ensure the full use of the interest guaranteed bonds and lodge them in the bank subject to being replaced with \$17,500 principal and interest bonds, should the legislature conclude to make the change. An overdraft was to be arranged on the security of the bonds—upon which the company were to be at liberty to draw to the extent of 90 per cent. of certificates of work done, as well as the C. P. R. engineer the government had an engineer also.

The cost of building the road at \$17,500 per mile, was \$647,000. But from this has to be deducted \$118,400—the cash found and deposited by the company with the government—leaving the net amount guaranteed by the government, being the total obligation assumed by the Province, \$528,600. Upon the plan contemplated last year—the S. & O. plan—the total cost would be \$925,000. Deduct from this \$118,400, and you have \$806,600 as the total obligation assumed by the Province. Interest upon the latter sum at 4 per cent. amounts to \$32,264 per annum, which, on the Shuswap & Okanagan plan, the plan unanimously endorsed by all of us, would have to be paid yearly by the government, that is irrespective of the 40 per cent. gross earnings, with nothing to show for the expenditure at the end of the 25 years. Whereas, on the other plan, 4 per cent. on \$250,100 amounts to \$10,004 yearly only; add to this a sinking fund of 2 per cent., which will be more than sufficient to extinguish the principal at maturity, and you will still have less to pay than the 4 per cent. on the plan authorized by the house, and you have a railway fully paid for at the end of the time. So the government, if they then either get enough to pay the principal, or else have the railway free and clear. The latter calculation was at 4 per cent., but the Province could get the money at 3½. He (Mr. Davis) had the difference between the two methods calculated, when in Montreal, and the advantage in favor of guaranteeing principal and interest at the lesser rate was startling. On the \$25,000 4 per cent. basis the money, irrespective of the 40 per cent. gross earnings, costs \$41,645.91 per mile, interest, compounded in 25 years, but on the \$17,500 plan at 3½ per cent. it costs \$23,849.56 per mile in interest. So on the one plan you will have paid out, interest compounded in 25 years for the 37 miles of road, \$1,509,968.77, and nothing to show for it, but on the other case you have paid out only \$38,433.72 and a fully built and maintained railway free of all claim, to show for it. If the Victoria and Sidney railway problem were worked out on the same basis—then 5 per cent. bonds having sold at 90 or 95—it would be seen how much better off the city and province would have been at the end of 25 years had they found principal as well as interest. Those bonds netted about \$70,000, which money the city could have borrowed for 4 per cent., all charges paid, and the interest would have amounted to \$10,800 per annum, or \$4,200 less than is now being paid. At the end of 25 years, without compounding at all, this \$4,200 would amount to \$105,000, and compounded, it would come to more than the cost of the road. To return, however, to the Nakusp & Slokan road, for which, as shown, there would have to be raised \$31,746 per annum to pay interest and sinking fund—that this will be more than recouped is proved from the volume of trade. He wished to draw attention to the provision which it would be noticed had been inserted in the agreement. It had been stated the other day that one reason why earnings of the Shuswap & Okanagan Railway are small is because the C. P. R. had been restricted in their charges to an amount not in excess of the local rates on contiguous sections of the C. P. R. But in the agreement with the Nakusp & Slokan Railway there is besides a provision that the rates shall not be higher without the consent of the government, the additional provision that neither shall the rates charged be less than those on the contiguous lines of the C. P. R. without the consent of the government, thus leaving it to be determined hereafter, whether, in the interests of the miner, but at the expense of the province, a low rate shall be charged—for the benefit of the province the rate shall be higher. As stated already, against the \$31,000 a year to be provided by the government there will be 40 per cent. of the gross earnings, and that these gross earnings will be taken out of the outstaid section quite evident.

He had heard all kinds of foolish rumors about the cost of the road and the class of work and material employed, that it was a cheaply constructed, ill conditioned affair, but these stories carried their own condemnation. An engineer superintending the work, though he supposed this would count for nothing with the hon. gentlemen opposite. Then the C. P. R. have to be satisfied, for they have to operate the road, and under clause 22 of the contract the work of construction is to be done to the satisfaction of their engineer. This supervision, it may be depended upon, would of itself be sufficient to insure that the contractors should not scamp the work.

Another charge is that the company is using old rails. The life of a rail is 25 or 30 years. There are points on the C. P. R. where, on the steep grades it is necessary to replace existing rails with the heavier ones, and it is the rails which for this purpose are taken out—as good or nearly as good as new—that are to be used on this line. There is no good reason why they should not be used, and they can be used, without impairing the permanency of the work. But the most conclusive of all the reasons why the sound construction of the road is insured is that the company have to earn the Dominion subsidy, not a dollar of which they can get if their line is not fully up to the standard required by the department. The road is a valuable enterprise, and at a very moderate estimate can safely be predicted to yield a surplus over interest to the government.

Hon. Mr. Davis continued that Mr. Van Horne was expected to be in town on Monday and would probably appear before the Commission. Continuing, the Premier said that with the best of information at hand he had procured the building of the

road for a sum cheaper than any railroad had ever been constructed in this province, quoting the cost of the E. & N. railway, the Mission branch of the C. P. R., the Columbia and Kootenay, the Sidney railway, bonused to the extent of \$300,000 by the corporation of the city of Victoria, with Mr. Beaven himself as Mayor, for some 15 miles of road, or \$20,000 per mile, interest at 5 per cent. He had, moreover, secured what the country demanded, namely, prompt railway communication with the El Dorado, as it was supposed to be—he could quote articles from opposition papers, saying that the country would not tolerate delay in the matter, or supplemen—and having secured construction at a price far below any other railroad had been or been constructed in British Columbia, and \$118,400 being paid by the company as security that it would be well built, and towards meeting the government guarantee, the government had nothing to do with the way in which the Nakusp & Slokan Railway Co., who had entered into the contract, had put up the money, themselves arranged for the construction of the road. That was their own business, and their Lordships would observe that the formation of a sub-company for the construction of the work under the Nakusp company, was a month or so after the agreement had been concluded between the government and the company, now, his learned friend Mr. Beaven, thought it a very remarkable thing that he (Mr. Davis) did not know, or had not inquired, who were the members or who were the directors of the construction company, or the shareholders of either company.

He (Mr. Davis) thought, on the contrary, that any right thinking man would consider it very remarkable if he (Mr. Davis) had busied himself to inquire into matters which he could or ought to have no concern. If he had acted thus his political opponents might, with some show of reason, have said the thing looked suspicious. The formation of the construction company, and whether the Nakusp company required \$300,000 as deposit or any other sum from the construction company, was entirely their own business. The government had nothing whatever to do with it, and no business to interfere with it. The government looked to the Nakusp and Slokan company only—they had put up the \$118,000, and were the parties responsible to the government, not the construction company. In regard to the contention that the Nicola and Chilliwack railways had not received the same treatment as the Nakusp & Slokan railway, there was not the same urgency in regard to those roads, and therefore the government had not felt justified in dealing with them as at the time. The crux of the whole thing was the urgency. He had nothing more to say just now, but would offer himself as a witness to give testimony on oath.

The Commission adjourned at 5:30 till to-day at 11 o'clock.

#### Members of the Ministry Appear and Give Their Sworn Testimony.

Actuated by No Motive But to Secure the Public Interest.

The sitting of the Royal Commission yesterday was taken up entirely with the examination of the Premier, Hon. Mr. Vernon and Hon. Mr. Turner under oath. Hon. Mr. Davis was first examined. After he had been sworn,

The Chief Justice asked Hon. Mr. Beaven if he wished to put any questions.

Hon. Mr. Beaven replied that he had no questions to put. He was not present as prosecutor, and moreover knew nothing about the cross-examination of witnesses. He would like, however, after the Attorney General was through, to refer to some of his remarks of the day before.

Mr. Justice Burbridge observed that the morning would be devoted to the hearing of evidence only.

The Commission then put the following questions to Hon. Mr. Davis:

1. Are you, or have you been, either directly or indirectly, interested in the Nakusp & Slokan Railway Co.?

Hon. Mr. Davis—Neither directly nor indirectly have I or have I had an interest of any kind.

2. Are you or have you been either directly or indirectly interested in the construction company by which such railway is being built?

Hon. Mr. Davis—No, not in any way.

3. Are you or have you been either directly or indirectly interested in any contract of or with either of such companies?

Hon. Mr. Davis—None whatever.

4. Are you or have you been either directly or indirectly interested in any contract for furnishing materials or supplies to either of such companies or in any way whatsoever?

Hon. Mr. Davis—In no way whatever.

5. Have you or have you had any retainer, engagement, employment or commission by or from the said companies, or either of them?

Hon. Mr. Davis—None whatever except that of the firm of Davis & Co., to which I am belonged, did, I believe, draw the mortgage from the company for securing the Bank of British Columbia, and were paid for it.

6. Have you or have you had any promise of any retainer, engagement, employment or commission by or from the said companies, or either of them?

Hon. Mr. Davis—No.

7. Have you or have you had any consideration of any kind whatsoever from the said companies or either of them, or from anyone on behalf of the said companies or either of them, for or in respect of any business in this commission and proceedings in this inquiry, or for or in respect of the transaction of any public business with such companies or with either of them?

Hon. Mr. Davis—None whatever.

8. Have you had any promise of any such consideration of any kind?

Hon. Mr. Davis—None.

9. Do you believe the arrangements made with the Nakusp & Slokan Railway company for the construction of the Nakusp & Slokan railway to be in the public interest and for the public advantage?

Hon. Mr. Davis—I did and I do.

10. Were you, in advising His Honor the Lieutenant Governor to approve in the first instance of a guarantee of the interest on bonds to the extent of \$25,000 per mile, influenced by your knowledge or belief that the cost of marketing or floating such bonds would be taken into account in arriving at the cost of the railway to the company?

Hon. Mr. Davis—I was.

11. Did you in advising the alternative guarantee of principal and interest on bonds to the extent of \$17,500 per mile honestly and in good faith think and believe that the latter on the whole was the better arrangement for the Province and that it was in the public interest to adopt the latter alternative?

Hon. Mr. Davis—I did. I consider that

I have amply demonstrated that I was correct.

12. Were you in advising or promoting either of the said guarantees actuated by any motive other than to secure the public interest as best you might in the matter?

Hon. Mr. Davis—None whatever. I acted entirely in accordance with what I considered my duty.

13. Is it a fact that the latter alternative, for which until the last session of the legislature there was no legislative authority, was acted upon prior to such authority being obtained?

Hon. Mr. Davis—That is a matter of opinion. I do not think that the Government exceeded its authority in any way. The Chief Justice—The Government, then, reserved the right to substitute that in place of guaranteeing the interest on the \$25,000 a mile?

Hon. Mr. Davis—Exactly. There was nothing to compel the Government to adopt the alternative; it was merely an option.

The Chief Justice—The company had to arrange for its own overdraft?

Hon. Mr. Davis replied that such was the case.

The Chief Justice—Then had the House at last session refused to pass the bill, the Government would not have had to ask the House for indemnity, but the company would have been obliged to be bound by the act of 1883?

Hon. Mr. Davis—Yes.

Here Hon. Mr. Beaven was asked by the Commission if he wished to ask any questions or could suggest any.

Hon. Mr. Beaven—No, I cannot say I can suggest anything. I am not at all conversant with the cross-examination.

Hon. Mr. Davis—Then Mr. Beaven would like to ask some questions about Three Forks?

Hon. Mr. Beaven not asking any question.

Hon. Mr. Davis remarked that he wished to take the opportunity of stating that he had not been so directly or indirectly interested in any way in the Province.

On being asked by the Commission if he had any evidence to volunteer, Mr. Davis said he would just like to refer to the statement by Mr. Beaven that the government had delayed in placing the papers on the subject of the Nakusp & Slokan before the house. The sole object of delaying the papers until the bill was brought down was the desire on the part of the government that the discussion should not be mixed up in the budget debate, but that the Nakusp & Slokan matter should be discussed on its own merits and not mixed with other issues.

They brought the bill and papers down together and produced all the papers for the consideration of the bill. Then they were asked for further papers, some of which the Government did not have in their possession but promised to produce.

In-council formally approving of the agreement between the C. P. R. and the Nakusp & Slokan, perhaps that might have been an irregularity, but he had always considered that the order-in-council approving of the agreement entered into between the Nakusp & Slokan and the Chief Commissioner of Works and on August 18, was an approval of the agreement with the C. P. R.

Mr. Justice Burbridge could see nothing suspicious in the matter of the order-in-council. Anyone working in the interests of the railway and not of the Province surely would have been very careful to see that the act was in operation as a protection to the company. Therefore the omission did not suggest to him that the matter was of much importance to this inquiry. It did not show any corrupt motive but the contrary.

The Chief Justice—Rogies always have their papers in order.

Hon. Mr. Davis, in conclusion, said that he wished, now that he was on oath, to say that what he had stated yesterday so far as related to his own knowledge was the truth.

Hon. F. G. Vernon, chief commissioner of lands and works, was next sworn, and the following questions were put to him by the Commission:

1. Are you, or have you been, either directly or indirectly interested in the Nakusp & Slokan Railway Co.?

Hon. Mr. Vernon—No, nor have I been.

2. Are you, or have you been, either directly or indirectly, interested in the construction company by which such railway is being built?

Hon. Mr. Vernon—No, not in any way.

3. Are you, or have you been, either directly or indirectly, interested in any contract of or with either of such companies?

Hon. Mr. Vernon—No.

4. Are you or have you been either directly or indirectly interested in any contract for furnishing materials or supplies to either of such companies, or in any way whatsoever?

Hon. Mr. Vernon—No.

5. Have you or have you had any retainer, engagement, employment or commission by or from the said companies, or either of them?

Hon. Mr. Vernon—No; not directly or indirectly.

6. Have you or have you had any promise of any retainer, engagement, employment or commission by or from the said companies, or either of them?

Hon. Mr. Vernon—No; never in any way.

7. Have you or have you had any consideration of any kind whatsoever from the said companies or either of them, or from anyone on behalf of the said companies or either of them, for or in respect of any business in this commission and proceedings in this inquiry, or for or in respect of the transaction of any public business with such companies or with either of them?

Hon. Mr. Vernon—No.

8. Have you had any promise of any such consideration of any kind?

Hon. Mr. Vernon—None.

9. Do you believe the arrangements made with the Nakusp & Slokan Railway Company for the construction of the Nakusp & Slokan railway to be in the public interest and for the public advantage?

Hon. Mr. Vernon—I do.

10. Were you, in advising His Honor the Lieut. Governor to approve in the first instance of a guarantee of the interest on bonds to the extent of \$25,000 per mile, influenced by your knowledge or belief that the cost of marketing or floating such bonds would be taken into account in arriving at the cost of the railway to the company?

Hon. Mr. Vernon—Certainly.

11. Did you in advising the alternative guarantee of principal and interest on bonds to the extent of \$17,500 per mile honestly and in good faith think and believe that the latter on the whole was the better arrangement for the Province, and that it was in the public interest to adopt the latter alternative?

Hon. Mr. Vernon—I did.

12. Were you, in advising or promoting either of the said guarantees, actuated by any motive other than to secure the public interest as best you might in the matter?

Hon. Mr. Vernon—No other motive whatsoever.

The Chief Justice—Can you suggest any question to Mr. Beaven?

Hon. Mr. Beaven—No, your Lordship.

Hon. Mr. Vernon on being asked if he wished to make any statement replied that the ground had been so well covered by the Attorney General that he had little to add. The extreme urgency of the need of the road was pressed upon the government on all hands, including even the opposition press, and there was only one way in which it could be built. The government had reason to believe that the bonds of the Shuswap & Okanagan, on which the interest alone had been guaranteed, were not in demand in the London market, and after mature deliberation considered the alternative plan the best and cheapest. Then the C. P. R. were anxious to build a branch from Revelstoke to Arrow Lake, but were not disposed to do so unless the line from Nakusp to Slokan was constructed. Without going into matters already stated, the government considering that the only way of bringing the trade of that part of the country into our own channels of trade, took the course they did. The road was necessary and in the best interests of the Province.

Hon. J. H. Turner, minister of finance, was the next witness.

The same series of questions were put to him by the Commission as to the former witnesses, his replies being exactly similar in tenor to those given by Hon. Mr. Vernon.

The Chief Justice—Have you any questions to ask, Mr. Beaven?

Hon. Mr. Beaven—I fear the Court does not understand my position. I came here in response to an invitation from the Commission and not to appear as prosecutor.

The Chief Justice replied that the Commission were very pleased to see Mr. Beaven present, and would be happy to receive any assistance he might give them.

Mr. Justice Burbridge—We would like anyone to suggest any question that would assist the Commission in arriving at a proper conclusion. Let the questions put to the witnesses have not been exhaustive enough we would like to have it pointed out.

Hon. Mr. Turner, in answer to the Commission, said that he would state that in regard to the first act passed there had been some difficulty in finding out what the cost of the road would be. The government had, however, something to guide it in the cost of the Shuswap & Okanagan, and knew that the cost of that road exceeded by a considerable sum what the Nakusp & Slokan was now guaranteed for. The discount and cost of floating the bonds form part of the cost. In the case of the Shuswap & Okanagan he had gone very carefully into the matter with the late Premier five years ago, as to whether the expenses of floating the bonds were part of the legitimate cost, and also got advice on the subject, and was told it certainly was part of the cost. He knew that a large amount of the bonds of the Shuswap & Okanagan which had been purchased by a firm in London were still in their hands and could not be got rid of at a satisfactory price. It was only the interest that had been guaranteed. In

the present arrangement he had made inquiries in financial circles in London with the result that he was informed that the guarantee of principal and interest by the Province would be a great saving in discount.

Hon. Mr. Davis, when the Finance Minister's examination concluded, explained that, owing to Hon. Col. Baker in Kootenay at present, there were no more members of the government to be examined. The only other witness he might mention was Mr. W. C. Van Horne, who was expected to arrive in the evening, and would likely appear before the Commission on Monday.

Before adjourning, however, he wished to say that the legal services of Davis & Cassidy were for the protection of the Bank of British Columbia. The services of the firm were to settle the mortgage at the request of the bank and they instructed their firm to settle the mortgage for their security and protection. Mr. McPhillips had just reminded him that it was the firm of McPhillips & Co. who had drawn up the mortgage, and not Davis & Cassidy. This was all subsequent to the arrangement for a guarantee.

The Chief Justice—You were acting then for the bank and against the company?

The Commission then adjourned till Monday at 11 o'clock.

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