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C. F. HAYES,
Business Manager

MONDAY, MARCH 14, 1910.

THE SITUATION.

Daily Bulletin, Thursday, March 3.

It has been thoroughly established that the bargain with the Alberta and Great Waterways Company is not as good a bargain as could have been made, and therefore, not as good as should have been made. This is admitted in the offer of the president to revise the agreement, an offer made without pressure other than the criticism which has been directed to the enterprise. It is admitted, too, by the Government in accepting, as it is understood they will accept, the amendment proposing that the offer be accepted. And it has been absolutely proved in the debate. The Company have received the maximum concessions the Government were empowered to grant them and in return the Province has not received adequate assurance that the money derived from the guaranteed bonds will be all put into railway and equipment. The legislative foundation of the Company seems to have been devised if not by their lawyers at least under their supervision and subject to their amendment. The bonds of the Company have been guaranteed for $20,000 per mile for 350 miles, have all been sold, and sold supposedly at par at a time when 5 per cent. bonds should have brought more. As a matter of fact the bonds were turned over immediately on the British market at about 110. The Province got a sum only representing par for these bonds. Somebody got the difference between the commission and the three-quarters of a million dollars representing the difference between par and 110. It has been asserted by a member of the legislature as a matter of his personal knowledge that the bonds were not bought by Mr. Morgan at all, but were merely taken over by him under agreement to divide the spoils with the promoters of the Company, were sold in London and the proceeds duly divided with the promoters. On this whole amount of $7,400,000 lying in the banks the Province is allowed 3 1-2 per cent. interest, and is paying 5 per cent. Somebody must make up the difference. The Company have nothing with which to pay it save the $50,000 paid up capital and even this is declared by the same member to consist of nothing more than a promissory note. The only way apparent that this interest can be paid is that it be deducted from the principal borrowed on the bonds guaranteed by the Province. The agreement with the Company does not provide sufficient assurance that they will operate the railway if they built it, and the specifications do not sufficiently bind them as to the way in which they must build it. They are allowed to ballast with earth only if they see fit to do so. They may establish grades as high as one per cent. They may make curves equal to six degrees. Ties may be as far apart as the contractors see fit to place them, and smaller in size than the standard requirements. The road may be laid with 56 pound steel, new or old. The Company may build half the road and throw up their bargain, collecting $20,000 per mile for the length of line constructed, all sidings included. As the distance to Fort McMurray is in a straight line 230 miles the Company are allowed an extra 120 miles for sidings, and for windings designed to increase the mileage on which the $20,000 per shall be collectable. It is not clear that if they saw fit they could not put in the whole 350 miles between Edmonton and Lac la Biche, or wherever they could find the easiest country in which to build. And the clause providing that the Province may take over the road is declared by lawyers to be absolutely meaningless, for it specifies no manner in which the price for the road could or should be fixed. What is worse, the clause of the Railway Act which does provide this is expressly cancelled by the Act of Incorporation of the Company. The Company are given power to secure Edmonton terminals with $400,000 of the money derived from the bonds, and when these terminals have increased in value to pay off the $400,000 and sell the terminals. Whatever may be the intentions of the Company or whatever these may have been, the bargain looks like one designed to enable a Company of promoters to make money: First, by getting control of guaranteed bonds at par which were worth more than par, and of pocketing the proceeds. Second, to build the poorest kind of a railway that could be built through the country and pocket the difference between its cost and $20,000 per mile. Third, to buy terminals in Edmonton with public money and when these have trebled or quadrupled in value, to pay back the bare loan and sell them.

The position of the members of the Legislature is a serious one, the most serious by far that members of the Alberta Legislature have ever faced. It one of particular difficulty and unpleasantness for the Liberal members. Unless they are prepared to go back to their electors and defend the deal through thick and thin and from every angle and standpoint there remains to them only one course. They must disapprove the bargain or defend it. And if they choose the latter course they are certain to have some defending to do. Nothing that has happened in the history of the Province has in any sense or to any degree so torn the Liberal party with dissension or filled its opponents with enthusiasm. Nothing but decisive and concerted action will save the party before the country. And that action can be taken in only one direction. The public are fully and unchangeably convinced that the bargain is a loose one, one for which the makers should be censured and for which some remedy should be found, if possible at all, before the money or any large part of it has passed out of control of the provincial treasurer. To fly in the face of this public opinion would be madness—not because there is a body of such public opinion, but because the transaction which has produced it is one which cannot on its merits be proven to the public or to the independent section of the public to be in accord with the public interest. Unless this matter is made right by the Liberal members of the Legislature it will be made right by others. If they make it right they will receive the public approval due them for having put the interests of the Province before that of maintaining a seeming but hollow solidarity of the party. If they do not make it right they must be prepared to bear the responsibility for having discredited their party by making it a party, so far as they held power to do so, in a transaction which did not properly safeguard the public interests. They hold the fate of the party in their hands. They may either declare it to be as it has been, the party of the people, or they may, so far as their power to do so goes, involve it in the defence of the indefensible and discredit it thoroughly and for years. The righting of this mistake should be made from the inside.

INVESTIGATE.

The Alberta and Great Waterways transaction should be investigated, thoroughly and promptly. That is the logical and necessary outcome of the criticism which has been made of it in the House and of the situation to which that criticism has led. Nothing less will satisfy or should satisfy the members of the Legislature. Nothing less will set the public mind at ease. Nothing less will do justice to the Government. Nothing less would be fair to the Company. Statements have been made which should be proven or proven unfounded. Suspicions have been aroused which should be dispelled or shown to be justified. Rumors have got into circulation as a result of the discussion which cannot in justice to the parties concerned and in the interests of the public be ignored. Justice to the Government, the Company, the House and the country, demands that a full inquiry should be undertaken without loss of time into the whole transaction and the circumstances preceding and surrounding it. The good faith of the Government has been called into question. The bona fides of the Company has been made the subject of debate. The members of the Legislature have been required to line up in defence or in opposition to the bargain. The people of the Province have been asked to condemn or approve it. Only an inquiry, conducted impartially, without preconceived notions, without malice, self-interest or spite, and designed solely to let the House and the country know the truth and the whole truth about the transaction, can meet the requirements of the situation.

It is in the public interest that this inquiry should be undertaken at once and prosecuted as rapidly as possible. Spring is approaching, and the return of warm weather should see the dirt flying on the right of way. Yet this work should not be allowed to proceed until the matters which have been so freely mooted in debate have been investigated. If some of the statements made are true, the Province would be entitled to cancel the contract, expropriate the Company's and proceed with the work. Whether or not they are true should be settled before the Company have built a stretch of road and thus secured a claim on the money and complicated the situation more than it is at present. It is of interest to the Province that the money lying in the banks should go into the railway as quickly as possible, but it should not go in until all doubts as to the party undertaking the work being allowed to finish it have been settled. The Company have suffered to some extent in reputation by the prorgress of the discussion. It is due them that they be freed from unjust suspicion and unwholesome repute before they begin construction. This aside, the members of the House are far from satisfied with what they have so far been able to learn of the transaction. Neither is the public satisfied with the information now available. Yet all the documents on the Government files are said to have been brought down. Obviously the best, if not the only way to get the further information required, is to start an investigation by a tribunal with authority to compel the attendance of witnesses, to hear them under oath, and to call for the papers. Such inquiry should begin without delay.

STOPPING THE FLOW.

The Federal Government have decided to not renew the bounties on iron and steel production. It is time the connections between these concerns and the treasury were cut. However weakly and unpromising infants they may have been when the bounty brand of nourishment was prescribed for them they have now been fed upon it for many years and should at least have reached the stage where they can stand alone. And if not it would be unjustifiable to longer support them at the public expense. A cry will go up of course that these industries will suffer, temporarily at least, from the withdrawal of the assistance Perhaps they will. The pampered son of a wealthy father no doubt finds it hard fr the moment to accommodate himself to the new conditions when he is sent out into the world to make his own way. But that is no reason why the old man should support him in idleness forever. There is no better reason why the country should continue to keep these concerns afloat with public funds. They should be able to go alone now and the sooner they learn the trick the better for both themselves and the country. For the public money put into them the people have not received any proportionate benefit in reduced prices of iron and steel products. All that we have got out of the investment has been the development of the mines and the work created there and in the factories. But work is not so scarce in Canada today that concerns have to be supported out of the treasury merely to give work, and the capital tied up in concerns of that kind had much better be put into enterprises which could stand on their own feet and make their own way in the world. Besides, our ore deposits are certain to be brought into use without any inducement aside from that of the money that can be made from their utilization as a commercial undertaking and on the ordinary business lines.

HEAD OFF THE "NORTH AND SOUTH" ISSUE.

A sinister phase of the present political situation is the opportunity it offers for the development of a campaign of the North against the South, or vice versa. The circumstance that the Alberta and Great Waterways is a northern proposition, and that many of the critics of the transaction come from the central and southern districts of the presently settled area, makes the danger the more real. This offers a more than usually favorable chance to the unscrupulous in both the North and the South to kindle the fires of sectionalism. In the North it could be said with seeming truthfulness that this is an attack on the North by the South. In the South it could be said with seeming truthfulness that this project is giving altogether too much to the North as against the South. Neither assertion would be defensible, but each might be effective in stirring up sectional feeling which would be the end and the only end aimed at in making them. And just because the present situation makes this danger more real than it usually is, for that reason the right thinking people all over the Province should set themselves resolutely on the proposition that there is to be no sectional issue raised, and that the man raising it thereby ties his own noose. If public opinion sets itself definitely and aggressively in this direction not only will it be impossible to make headway with any such campaign, but the most powerful discouragement will have been given to any idea of trying to start one.

It may be set down as a maxim that the man who raises a cry of North versus South is a traitor to the best interests of his Province and especially to that portion of the Province from which he comes and for whose interests he pretends to be fighting. It is not in the interests of any district or community that the jealousy and antagonism of the other districts and communities should be aroused against it. Yet that and that only must be the result of raising a cry on behalf of the special interests of one portion of the Province as distinguished from and over against those of the Province generally. To demand something more for one section than is given or can be given to others must awaken in the minds of people elsewhere the notion that local greed and not public spirit is the dominating influence in that community. To represent in one district that the people of other districts or the members representing other districts have an antagonism toward that district is the best of all ways for bringing that condition of things about. To cry injustice when there is no injustice is about the surest way of losing the esteem and sympathy of the people of the Province generally and of the men who represent them in the Legislature.

This is the thing Edmonton and the country north of Edmonton cannot afford to lose. And for that reason, whoever started it, we must be the chief sufferers in any campaign of North versus South. It is on the north country that the future of Edmonton very largely depends, and the rapidity with which the north is opened for settlement largely fixes the rate of progress of the city. If it is the business of the Province to provide the railways necessary to open up the North, as has been admitted by the Alberta and Great Waterways arrangement, to whom must we look to sanction their building? Whence come the majority of the members of the Legislature? They come and must for years come from the country lying south of Edmonton and a very large number of them from the country which in a sectional campaign must be considered "the South." These are the men to whom we must appeal from time to time to put the credit of the Province or the money of the Province into enterprises for opening up the North country upon which so much of Edmonton's future hinges. It would be madness from the purely local and selfish standpoint to allow ourselves to be drawn into any controversy, even under provocation, which would cost us their good will or give them cause for hostility or indifference toward the country in which we have so large a stake. Might is not right; but might is not likely to consider right when sectional feelings and communal jealousies have been aroused. And at present the might resides in the country south of Edmonton, not north of it. Whoever, in the South or the North, at this time and on this question, raised the issue of the interests of the South versus those of the North would be striking not only at the general well-being of the Province, but at the future of that particular part of the Province in which Edmonton is supremely concerned. We cannot afford to countenance any campaign which would invite reprisal from that portion of the Province where the voting strength lies, nor even to reply in kind to any sectional cry which might be raised in that part of the Province.

Fortunately there has not as yet appeared any notable indication that a war of this miserable kind is likely to be the outcome of the situation. But it certainly is a liability of the situation, more of a liability than is ordinarily the case or than has perhaps been the case before. For that reason public-spirited people who regard the welfare of Alberta should set their minds firmly on the proposition that the liability must not be allowed to result in fact.

WHERE THE DOMINION GETS THE WORST OF IT.

Certain papers opposed to the Federal Government have been entertaining their readers with the assertion that the Dominion is getting more out of Alberta lands than it is paying Alberta in subsidies on account of the lands. These papers apparently address themselves to people who are not fond of figures nor disposed to look into departmental reports and verify the assertions that are made to them. Should they do so on this occasion the assertion will not travel far, for it does not at all accord with the facts.

The statement is based on information presented to the House of Commons by the Minister of the Interior in reply to questions by Mr. Lake, of Qu'Appelle, on February 10th. Mr. Lake asked two questions:—

First, how much had been received at the land offices of Alberta and Saskatchewan during the term from July 1st, 1905, until December 31st, 1909?

Second, how much had been paid these provinces respectively in subsidies in lieu of lands during that time?

In so far as Alberta is concerned the replies were that during this period the total receipts from the land office had been $3,712,946.50. This includes receipts from homestead entries, payments on purchased lands, royalties on coal, and all payments which were made into the land offices on account of lands. During the same four and a half years the subsidies paid to Alberta in respect of the land clauses of the autonomy bill amounted to $2,109,375.

This leaves a balance in the hands of the Dominion of $1,603,575.50 or about $350,000 per year. But this balance is illusory, for out of it had to be paid the expenses of carrying on the business of the land department, of providing buildings, heating and lighting them, of paying salaries of clerks, agents and homestead inspectors, and all other expenses incidental to the administration of the lands. It costs something to run a department of government, and to blandly ignore this fact is precisely as honest as it would be to say that a merchant who takes in $100,000 per year and who pays rent to the extent of $25,000, has $75,000 profit. Most men would like to do business on that basis, but nobody has yet found out how to do it. A business cannot be run without having outlay as well as income, and so far as the lands of Alberta are concerned the Dominion is about $100,000 per year worse off than if Alberta had to run the business.

Last year the Dominion paid out $1,346,354.49 on account of having to administer the crown lands. Three-quarters of a million of this went into capital expenditure, buildings, etc., and the balance went as running expenses. The capital expenditure was made on account of the Dominion having the land administration and against it nothing can be credited but the receipts of the land offices. It represents an amount which must have been spent by the Province had it had the administration of the lands just as truly as though it had been spent in salaries of officials.

Separate accounts are not kept showing how much of this outlay of $1,346,354.49 was spent in respect of the lands in Alberta. It is fair, however, assume that one-third of the sum went on this account, or $448,784.83. On this basis the Dominion put last year more than 98 thousand dollars more into the administration of the lands and the payment of subsidies than it got out of the lands. That sum represents the amount the Province of Alberta would have lost in hard cash had it had the administration of the lands and had it continued the policy of giving them away as free homesteads.

It must be remembered, too, that the last couple of years have been very favorable ones for the revenue from the lands. The pre-emption and purchased homestead clauses of the lands act have been in force for two years and a large amount of land has been sold under these. It is not known, nor is it at all probable, that a corresponding increase has occurred in the expenditure on account of administration. The conclusion seems unquestionable, therefore, that if Alberta administered the lands and administered them for the purpose of increasing settlement, the Province would have at least in normal years $100,000 less to spend on other purposes than it now has. That sum represents the amount we receive from the Dominion because the Dominion has control of the lands over and above the amount the Dominion gets out of them or the amount the Province would get out of them if the Province had their administration and administered them along the same lines and for the same purpose. If anyone thinks that is a better arrangement for the Province than the present one, he is welcome to the satisfaction he gets from trying to persuade hardheaded business men to his way of thinking. But to assert that because the gross revenue from the lands exceeds the subsidies paid on account of the lands that therefore the Dominion is making money out of the lands, is misrepresentation, direct and deliberate, and must be made with the intention to deceive.

So far as the land alone is concerned the Dominion get the poorest kind of bargain. It is losing money in the business now and must lose more in future. As the pre-emption land and homestead land becomes scarce the receipts from these sources will fall off. As the population of the Province grows the subsidy which must be paid on account of the land, increases until it reaches the sum of $1,175,000 per year. And this subsidy it must continue to pay for all time, though the sources from which it now draws revenue must many of them cease to yield any return at all.

NEWS.

The Mail and Empire rises to condently remark that the Dominion Government, and the Minister of the nterior, in particular, is accountable for the Alberta and Great Waterways bargain. This is something different.

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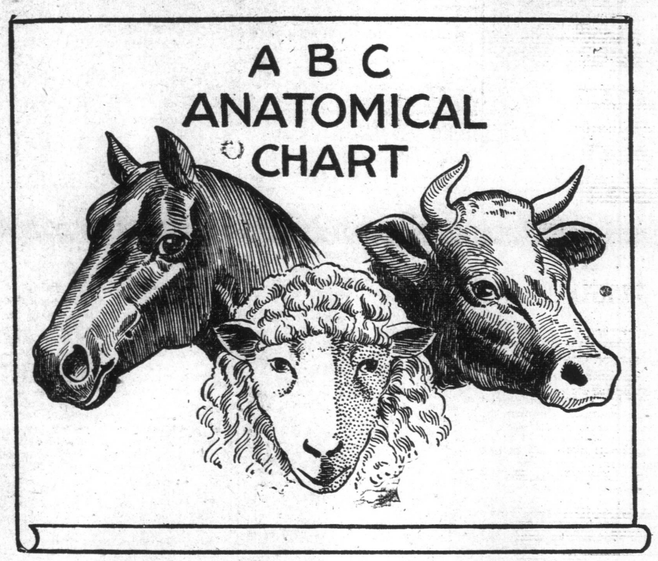

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