

MEMORANDUM ON BEHALF OF
HONOURABLE SENATOR W. L. McDUGALD

The position of Senator McDougald has been clearly defined in the sworn statement made by him to the Honourable the Committee of the Senate on the 9th of March, 1932. (Record of proceedings, page 138 and following.) Senator McDougald was closely cross-examined as to every detail of his statement. (Record of proceedings, pps. 148-185). His evidence has, we submit, in every way been corroborated by the evidence of other witnesses and the documents of record. This is in effect as follows:

THE FACTS

Save for a short interval in the year 1926, Senator McDougald acted as Chairman of the Board of Harbour Commissioners of Montreal from January, 1922, until October, 1930. On the 7th of May, 1924, he was appointed a member of the National Advisory Committee in connection with the development of St. Lawrence Deep Waterways and occupied this position until the work of this Committee terminated by the filing of its report on the 11th of January, 1928. In the month of December, 1926, he was sworn as a member of The Senate of Canada. On the 20th of April, 1928, he was appointed as a member of the Special Committee of the Senate to enquire into the waterways project, with which project for many years he had been intimately connected and in which he has always been deeply interested.

In the year 1923, or prior to his appointment to the National Advisory Board and nearly four years prior to his appointment to the Senate, Dr. McDougald had been connected with Mr. R. A. C. Henry and had agreed to finance that gentleman to the extent of \$10,000 in regard to possible power developments. The Sterling Industrial Company Limited was incorporated on the 5th of July, 1924, certain applications being filed with the Department of Railways and Canals by that company on the 5th of July, 1924, and with the Department of Public Works on the 7th of July, 1924. These applications and the plans filed with them were for the diversion of water from Lake St. Francis on the south shore of the St. Lawrence and lay dormant until the year 1928.

It should here be pointed out that the report of the joint board of Engineers which was adopted by the National Advisory Committee favoured a development on the north shore of the St. Lawrence, thus Mr. Henry states at page 94 of the proceedings "I felt that the report, in effect, contemplated a combined navigation and power development, partly in the river and partly on the north side, and not on the south side as was contemplated in the scheme I was advancing." On the 11th of January, 1928, this report was concurred in by a majority of the National Advisory Committee of whom Senator McDougald was one, he having been appointed to this Committee on the 7th of May, 1924. In concurring, Senator McDougald gave no consideration whatever to any possible rights that might have belonged to the Sterling Corporation by reason of these applications. These rights were limited to the south shore, and it may here be remarked that they were adversely affected by the report in question as a development of power on the north shore would necessarily have precluded any similar development on the south shore.

The first Beauharnois Syndicate had been dissolved on the 4th of April, 1928, and on the 18th of May, 1928, Senator McDougald agreed to purchase