

The Brain Browsers' Guide

Winnipeg, Wednesday, May 13th, 1914

PUBLICITY ON THE C.N.R.

In the light of the information presented to the House of Commons last week by Premier Borden, the government has made out an exceptionally strong case in favor of granting the proposed bond guarantee of \$45,000,000 to the Canadian Northern Railway and unless some flaws are discovered in the statement presented by the Government it will be exceedingly difficult, from a political standpoint, even for the Opposition to refuse the proposed aid. The returns made to the House by the Government show that the C.N.R. owes \$21,262,527 to Mackenzie and Mann for actual construction work done by the Mackenzie and Mann Construction Company. The Company also owes \$14,000,000 for temporary loans and in addition carries a floating indebtedness of nearly \$11,000,000, the total indebtedness aggregating \$46,000,000. With this enormous debt, and the Canadian Northern Railway yet uncompleted, it is plain that aid must be furnished from some source or there will be a financial crash such as Canada has never witnessed. The failure of the C.N.R. would undoubtedly cripple or ruin some of our banking institutions and a large number of other commercial houses in Canada who are large creditors of Mackenzie and Mann or the C.N.R. In order to fortify themselves politically the Government presented the situation to the provincial governments of Nova Scotia, Saskatchewan and Alberta, all of which happened to be Liberal, and in each case Premier Borden received a reply urging him to grant the necessary aid for the completion of the Canadian Northern. The attitude of these Liberal Governments, from a political standpoint, will render effective opposition from the Liberal party in the House of Commons practically impossible. It has generally been believed that Mackenzie and Mann personally have profited to the extent of millions by contracting with themselves for the construction of the C.N.R. lines at exorbitant rates. This supposition, however, according to the investigation of the Comptroller of the Company is erroneous. On April 21 Comptroller Mitchell made the following declaration under oath:

"In connection with construction to date of the lines of the Canadian Northern system, I say to the best of my knowledge and belief and according to the books kept by me, as comptroller, that no contractor's profit or percentage has been received directly or indirectly by Mackenzie and Mann Ltd., nor by any other person on their behalf or for their profit, save and except certain fully paid common stock of the said Canadian Northern Railway Company and of its allied lines, issued to them from time to time, the question as to payment for services, and profits being left over for future adjustment."

If the statement is correct then the construction of the C.N.R. by Mackenzie and Mann is the most remarkable chapter in Canadian development, or else the common stock of the company which they hold is very valuable. We understand that the common stock issued to Mackenzie and Mann is still held by them, so that it cannot account for their great personal fortunes. How, then, could the two railway promoters, in less than twenty years, build a great transcontinental railway without receiving one cent in return for their services and at the same time acquire vast properties in street railways, mines, timber limits and numerous other investments totalling fabulous amounts and become Canada's richest men? Of course, the land grants secured by Mackenzie and Mann would bring them in millions of dollars and the town site property which they acquired in advance of their railway would

also make them large fortunes if it all went to them personally, but this does not seem sufficient to account for the large fortunes which they are generally credited with possessing. At the same time the information furnished by the Government does not show that Mackenzie and Mann have ever put a single cent of their own money into the C.N.R., but that it has all been built on money supplied from the public treasuries of Canada, or by loans raised upon the security of the railway property. On the face of it Mackenzie and Mann appear to have set out to build a railway across Canada with no money of their own and have practically succeeded in doing it, and while so doing have had sufficient spare time to acquire hundreds of millions of dollars' worth of other property. It also seems remarkable, if true, that these two famous promoters, with an opportunity before them of making many millions of dollars for themselves out of their transactions with the C.N.R., have absolutely refrained from touching a single cent, and, as Sir William Mackenzie recently stated, have not even drawn any salary for their services. The history of Canada does not relate any other such remarkable incidents. The next statement we will expect to receive is that no contribution, either directly or indirectly, has ever been made to campaign funds of the two political parties by the Canadian Northern Railway. Mackenzie and Mann, nor anyone connected with them.

The people of Canada have already given to Mackenzie and Mann, or to the Canadian Northern Railway, cash subsidies to the extent of \$21,376,530 from the Federal treasury; \$3,877,250 from the provincial treasuries, and \$70,000 from municipalities. This is in addition to the land grants in Western Canada totalling 4,102,848 acres, in addition to 11,547 acres for right-of-way and 16,517 acres at \$3.00 per acre for townsite purposes. The Ontario Government made a further grant of 2,000,000 acres and the Quebec Government 500,000 acres. The Dominion Government and the various provincial Governments have guaranteed bonds for the C.N.R. for nearly \$200,000,000. These figures indicate that the people of Canada have paid for the Canadian Northern system, and paid a mighty good price for it. It is quite apparent that the Government should have taken over the entire system and operated it as a public utility, instead of leaving it in private hands to be used, as it will be used, to exploit the people of Canada for all time to come.

DISTRESS IN WINNIPEG

Something of the tragedy which long continued unemployment, due to business depression, has brought to many of the laboring people of the cities of Canada, is told in an article published in this issue on "Actual Conditions in Winnipeg." The press generally has suppressed information on this question, minimizing as far as possible the distress which thousands upon thousands of people are suffering in every large Canadian city, and at the same time giving prominence to everything which would give the impression that business is better and unemployment less than it really is. It is laudable, oftentimes, to look on the bright side of things, but nevertheless it is folly to ignore the fact that conditions have arisen thru which many worthy and industrious people have been unable to obtain employment and have as a result been deprived of sufficient food and clothing and have been forced to herd together in overcrowded rooms where

they have become a prey to dirt and disease.

It was known, of course, that there was a great deal of suffering due to unemployment in Winnipeg, and in order to find out the actual conditions a trustworthy investigator was instructed to make an inquiry. The result is set out in the article mentioned. It will be observed from this article that many of those who in March last were in such a pitiable condition, were respectable working people whose distress was due simply to the fact that the breadwinner was unable to obtain employment and high rent and dear food had run away with the family's small savings. Drink, it was found was the cause of practically none of the distress, tho there were cases where men, disheartened by failure to obtain employment, had taken to liquor and become a terror instead of a comfort to their families. We fully expect that we shall be abused and accused of "knocking the country" for publishing these facts, but we are publishing them because we believe that the public not only of Canada but also in the countries from which immigration is coming, should know the true condition of affairs. It is cruelty of the worst kind to induce people by false representations to leave their homes and friends and emigrate to a distant land only to find that work is not to be had and that they are stranded in a country where the climate is severe, where rents are four or five times as high as in the old country, and where food and clothing are sold at high prices.

What is the cause and what is the remedy for this state of affairs? One of the great causes of trade depression in Canada is over-speculation. Up to a year ago a large proportion of the people of this country were crazy for real estate speculation. Instead of the savings of the people being employed to build homes, cultivate the soil and establish industries, they were used to speculate in real estate and to prevent the land being put to use. Meanwhile the money required for building, agriculture and other industries was being borrowed chiefly from Great Britain. During the past year those with money to invest in Great Britain and foreign countries have been less willing to lend it to Canadian borrowers, and Canada has discovered that without borrowed money she cannot, under present conditions continue to prosper. Speculation for the time being is practically at a standstill, thousands of speculators have been ruined or crippled and several, driven to despair by their difficulties, have committed suicide. A great number of the professional real estate men, however, have either secured useful employment or are seeking it. If they can be induced to refrain from starting another boom conditions will soon become normal again and prosperity will once more smile upon us. The regrettable thought is that as soon as good times do return there will be another period of speculation and inflated land values, and another period of hard times will follow. Cannot our statesmen and economists find some means of preventing speculators from repeatedly destroying the country's prosperity? The speculator is a parasite, and should be taxed out of business.

THE NEW STEEL GRAFT

The special favors which Finance Minister White handed out to the steel interests in his budget speech last month have already begun to turn money into the steel treasury. Mr. McCrea, M.P. for Sherbrooke, speaking in the House last week, pointed out that he had some personal experience which would make the matter very clear to the members