SPECULATORS BENEFIT AT SETTLERS' COST

R. S. Lake Shows How the Administration of the Timber Lands of the West Are Manipulated to Benefit Speculators at the Expense of the Settlers

Mr. R. S. Lake (Qu'Appelle). Mr. Speaker, the lumber supply of the prairie provinces of the Northwest to which I draw the attention of the House this evening, is a matter of vital importance to the people of those provinces. In the immense area of treeless country constituting a large portion of the territories, lumber may be said to be one of the necessities of existence. After his food practically the first thing which faces the new settler in that country is the question of obtaining lumber wherewith to build his house and farm buildings. Its importance has been recognised by various long and animated discussions in this House, and even at the last session we had a long and searching inquiry into the question whether a combine existed in connection with the lumber industry of the Northwest. Anything that tends to raise the price of lumber is a serious menace to the future settlement of the prairie provinces. For these reasons as well as others I propose to ask that an inquiry should be held into the whole question of the alienation of the timber areas of those provinces, such alienation being a matter that I believe will add most seriously to the price which the settlers of that country will have to pay for that commodity. It is popularly supposed that the Northwest provinces are composed mainly of open prairies. There is a mistaken idea of that kind among the settlers of those provinces themselves. As a matter of fact the whole of the northern portions of the prairie provinces from Lake Winnipeg to the Rockies, contain great stretches of timber capable of supplying the people of the prairies for many years to come. This timber lies chiefly among the many lakes which we find distributed through the northern part of the country and also along the rivers. We find magnificent lumber especially near the sources of those rivers which take their origin on the eastern slope of the Rocky mountains Mr. Stewart, who was superintendent of forestry until quite recently, a gentleman who from his high position is competent to speak with authority upon th matter, at the forestry convention held at Ottawa in 1903, said:

"It is generally thought that the Northwest is all prairie—not generally thought by those who know—but the general public has no idea of the enormous area of the timber in the west, extending along the foothills of the Rocky mountains, and away to the north, and to the north of this province as well. Manitoba is considered a prairie country, but over half of it is wooded. I do not say that it is wooded the same as the Ottawa valley, but west of Lake Winnipegosis, between there and the boundary, there is larger spruce than I ever saw anywhere else except in British Columbia."

I myself have seen photographs showing a stretch of one and a half miles in extent covered with close spruce averaging forty-five feet to the log, and fifteen inches to the stem by actual measurement.

Perhaps the reason why the settlers in the prairie country have not up to the present time realised the immense extent of the timber resources which exist in their province has been the difficulty of communication between the northern and southern portions of those provinces. In the early year the railways ran almost entirely eastward and westward and it became necessary for the settlers to obtain their lumber supplies chiefly from Ontario and British Columbia. This had a most serious influence on the price as the freight rates were extremely high. I have actually known cases were the freight rates actually doubled the price of the lumber. The extension of railway facilities which has taken place in the immediate past is now rendering intercommunication between the northern and southern portions of the provinces very much more easy, therefore the price to the southern settler should be very much lower in the near future than it has been n the past. The shorter haul and the greater competition among the northern lumbermen, will bring down the price to the prairie settlers.

The value of the timber areas is more or less a question of accessibility. When we have railway facilities and means of transportation there will be an unlimited market for the timber of the northern section and, given a short haul and effective competition, we should get low prices—and we should get them in the very near future. What will the settlers of those prairie provinces say when they learn that practically all the timber accessible for many years to come has passed from government control into the hands of private parties for a mere song. Yet, sir, this is actually the case. I have always held that the public domain of any province, of right belongs to the people of that province. I will go further and say that in the case of lumber and coal, especially as regards the prairie provinces, it is of vital importance to keep the control and administration in the hands of the government so that those resources may be used in the interests of the settlers themselves.

I am not dealing with the question of coal at present. The government, in the case of the prairie provinces, should not look on the timber resources of these provinces as a source of revenue, but these timber resources should be so administered as to supply the people of that country with the cheapest possible lumber. This was the view taken by both the Mackenzie and Macdonald governments. Their administration aimed at having the timber resources of the Northwest developed for the very purpose of furnishing the people of the prairie provinces with cheap lumber. In the carrying out of that policy they granted vast areas to parties applying for timber limits, but under such conditions as regards the operating of mills and producing lumber and paying rent, which practically made it necessary for anyone taking up these limits to manufacture lumber on them without delay. These conditions, together with the transportation difficulties, choked off all but a very few of those who applied for those limits, so that out of a total of 699 licenses granted between 1880 and 1906, 615 were allowed to lapse and were cancelled, owing to the failure of the lessees to conform to the obligations imposed on them. No doubt during the course of debate likely to be had on my amendment, we shall have the usual list of licenses which have been issued by the late government, but let me say that whether we consider the policy of the Mackenzie and the Macdonald administrations as likely or not likely to bring about a supply of cheap lumber to the settlers, if the Conservative party should be returned to power, such lands and timber limits as still remain in the possession of the government will be handed to the people of those provinces to use them for the benefit of the people of the provinces themselves. Let me point out to hon. gentlemen who may use the argument that we have been accustomed to, that five-sixths of the timbers lands which are now alienated have been alienated since the present administration came into power in 1896. In recent years great changes have come over the situation owing to the railway development which has taken place, and great changes may be expected in the future owing to the additional railways for the building of which provision has been made, so that we may expect a great future for the lumber industries of the provinces of Alberta and Saskatchewan. With careful and provident administration the advantage of cheap lumber should have been very close to the people of those provinces, but what do we find? This government came into power with the definite promise that they would keep the land for the settler only and that nothing should be done for the speculator. But, as has been the case with our grazing areas, irrigable areas and mineral resources, so it has been with our timber areas. From the returns brought down we find that, not only timber areas which are at present capable of being worked, but those which are remote from settlement, and for which there has been no public demand whatever and which will have value only as settlement and transportation facilities extend, are in the control of persons who are holding them for purely speculative purposes. Not only this, but these areas have been acquired for next to nothing, and are being hawked about for sale at very large prices by those into whose hands the government has allowed them to fall. Well, all the fortunes which will assuredly be made by these lucky holders must ultimately come out of the pockets of the people of those western provinces. Of that there can be no doubt whatever. Since the year 1898 the government has been making changes in the regulations which govern the timber areas of the Northwest, and those changes have been made such as to result in an enormous demand for timber limits. This is due to the fact that the facilities for holding timber limits and making profit out of them have been greatly increased since the present government has come into office. Let me give you an idea of the procedure which is at the present time being carried out in the granting of timber limits, as given by the Minister of the Interior (Mr. Oliver) himself on the 17th of May 1906. In answer to a question put to him from this side, he made use of the following language:

"The person who desires to acquire a timber berth notifies the department and describes it. The application is considered in the department, and, if it does not conflict with some other berth and some other interest, and is approved of, notice is given by advertisement in what is supposed to be the nearest newspaper, and printed slips containing the same information as in the advertisement are distributed as widely as may be to persons interested in tendering for timber limits. The advertisements run on an average, I think, about six weeks before the tenders are opened."

Is it not sixty days, asked Mr. Ingram, and the Minister replied:

"It may run for sixty days and may be as long as six weeks, but I think it is never less than six weeks.

But in many of the advertisements the time given is considerably less than six weeks. At this point, the Minister of the Interior (Mr. Oliver) was asked what procedure was adopted in the opening of tenders. He said the commissioner of Dominion lands opened them. Mr. Ingram asked if he opened them alone, and the minister replied:

"He may be alone or he may be in company, but he is the official who opens the tenders, and the person offering the highest tender is awarded the limit."

Naturally attention was called to the fact that there had been complaints of the abuse of this privilege given one man of opening alone such tenders, and the Minister of the Interior, himself admitted that he had heard of such complaints, for, in answer to a suggestion along these lines he said:

"I have also heard of complaints as to abuses of this privilege, but on inquiry I have found that these complaints were absolutely groundless and that the tenders were let to the highest bidder."

Let us for a moment examine this procedure as stated by the Minister of the Interior. Some prospector sets out to look for a timber limit. After some difficulties and hardships he finds some little timber around some unexplored lake or little known river valley. Then he applies to the department; and if no one has entered a claim, an advertisement is issued offering forty or fifty miles to be chosen out of a much larger area—three times the area or possibly even more than that—and six weeks after the issuing of the advertisement a tender, accompanied by a cheque for the whole amount, has to be in the office. The advertisement, so the Minister of the Interior said, is sent to a Northwest local paper, which may be published 150 or 200 miles away from the location of the timber limit. That advertisement takes some days to travel from Ottawa to where the local paper is published; it has to wait until the issue of that paper appears, and then should anyone chance to see the advertisement he may fit out and undertake a journey of 100 miles or more over a difficult and trackless country, hunt over a large area described in the advertisement, and possibly he may find the timber that has been advertised. He can then examine it, and that done, he has to get back in time to make his tender and to send the deposit to Ottawa before the tenders are opened. In a great number of cases it is absolutely a physical impossibility to do that. Even were the tenders asked for during the summer (the very best time of the year) it, in many cases, would be a physical impossibility for any man to accomplish what it would be necessary for him to do. But when the tenders are called for, as they frequently are in the winter or early spring, it is practically impossible for any man to go over the limits. Under those circumstances, it is no wonder that very few venture to go to the trouble and expense of competing for these limits. I wish to call the attention of the House to the fact that in putting up these timber areas for tender in this fashion, the department of the interior is acting absolutely in the dark; they have absolutely no information themselves as to what is the value of these areas they are offering for sale, and they place no reserve price upon the limit to be sold.

Now, Sir, with regard to the practice of having the tenders opened by an official of the Dominion lands department sitting alone in his office, I submit that this is one of the very worst feature of the whole system which has prevailed in the department of the interior. It is a practice which is utterly opposed to all proper ideas of good administration, and it is absolutely certain to lead to suspicion of collusion between the official and those persons who are tendering. No time should be lost in doing away with this most objectionable feature. It is in the interests of the officials themselves that this should be put a stop to so that they may be relieved of any suspicion of their conduct. It happens that I have some very slight knowledge of the procedure that takes place in the opening of tenders and awarding contracts in some of the great spending departments of the mother country, and I know that the very greatest precautions are taken. Tenders are sealed and guarded with most jealous care by the officials, and a certain number of officials are always present when the tenders are opened and the contracts awarded. In some cases the clerks are changed periodically so that they may not stay too long in the contract branch and be liable to the slightest breath of suspicion that they could be any collusion with those who tender for government contracts. Such an example set to us by the great public departments in England is one which we would do well to imitate. Its adoption here would result in far greater competition and in better values being received by us for the the property of the people.

Now, let us look at the value of these timber limits which are being put up for public tender. I am informed that where spruce is found in merchantable quantities it is as a rule of a very even quality and it runs from 1,500,000 to three or four million feet per square mile. I have estimates of the amount of timber to be found on several different limits, taken at random, and on one of these limits an estimate is given of 3,200,000 lineal feet per square mile; in fact 2½ miles have already been cut on this limit which have yielded this result. Another gives 2,400,000 feet per square mile, another 3,100,000 feet, and so on. This timber has a value on the stump of probably $2 per thousand, and I am informed that the Hudson's Bay Company have a fixed price of $2.50 per thousand feet from which they never diviate in the sales of their timber lands which they themselves own. Of course they do not charge any stumpage fee while the government charges 50 cents. Accessible limits where the logs can be easily floated to the mill and the product shipped by rail or boat direct to the market, are worth at a fairly low estimate at from two thousand up to five thousand dollars a square mile. Let us say that $3,000 or $4,000 per mile represents a fair average price for such limits today in western Manitoba, Northern Saskatchewan and Northern Alberta. I have seen a number of offers of sale of limits, and some of the prospectuses show the value which the lucky holders place upon their limits when they are offering them for sale. I may say without going into detail, that the value placed on them is from $3,000 to $7,000 per square mile. The minister of agriculture recently made a speech in the province of Quebec and he made boast that the present administration had sold their timber limits at a very much higher price than did the Conservative administration, and he seemed to rejoice that the government had obtained for this 6,456 square miles which they had placed in the hands of private parties, a price of $81 per square mile, and this in the face of the fact that the private owners are offering these limits for from $3,000 to $7,000 per square mile.

Then I may say that this estimate includes those tracts which have passed into the hands of men who have purchased them for actual use, and have paid in many cases prices which were fairly well up to their value. But if you consider the average price which have been given by those persons who have acquired the limits for purely speculative purposes, you will find the average sum per square mile falls far below this figure. I have in mind a case where a man bought a berth just about eighteen months ago for the sum of $100, and who is now offering that berth for the sum of $72,000; he says he has already refused an offer of $52,000 for it. I think the offer which was made to him was made a considerable time ago. It must always be borne in mind that these enormous profits which are to accrue to speculative holders must come out of the settlers in that country, who will in consequence have to pay higher prices for their lumber. I would estimate from what has taken place up to the present time that every man who has to purchase lumber in that country will in the near future have to pay $2 to $3 per thousand more for it than he would have to pay if this land were kept in the hands of the government and properly administered, to be leased only to those persons who intend to produce lumber. Let me lay it down as a piece of common sense that any limits not situated conveniently for shipment by railway or water, and whose development will have to wait for a railway, will only be purchased for speculative purposes. Consequently no person purchasing such a berth will pay more than a small proportion of the value which it will eventually be worth when that region has been developed by the railway system.

After a long fight in this house for the prodction of original documents in regard to certain of these timber limits, they were brought down a short time ago and laid upon the table of the House. There are many original documents that have been repeatedly moved for from time to time, and have been refused us. But in three cases original documents were brought down, and it happens curiously enough that one of these documents presents some extraordinary features that call for general remark. There are certain remarkable circumstances in connection with these papers which must be apparent to anybody who makes even the most cursory examination of them. I do not myself intend to go into the details this evening. There are other hon. gentlemen to follow who will elaborate the various reasons for which I intend to ask that further inquiry be made into the matter of these timber areas. I will content myself for the present with presenting the reasons for which I intend to ask for this inquiry, before I move my resolution:

1. That the order in council of the 14th April 1903, which provided for a renewal of all licenses from year to year, while merchantable timber remains upon the area licensed enormously increased the values of timber limits and encourage speculative applications for berths for the purpose of holding for future increase values.

2. That nevertheless the department of the interior continued to put up for public tender large areas of timber lands upon which the prairie provinces of the Northwest would naturally rely for their lumber supply in the future, and this was done without any inquiry as to the value of such areas and without any reserve bid or upset price—a policy which has largely resulted in timber limits falling into the hands of speculators to the detriment and loss of the consumer.

3. That such areas have in large numbers of cases been situated far remote from settlement where the products could not for some time to come be made available to the public owing to lack of transportation facilities, a fact which gave them an entirely speculative value realiseable only on the future development of the country through the extension of railways and settlement.

4. That the selection was permitted of small blocks out of much larger areas, rendering the unselected portions of the belt of very little value to any but the original lessees to whom they would ultimately fall at their own price.

5. That the manner in which tenders were called for prevented any effective competition, in as much as the limits were not properly advertised; that in some cases the time allowed between the publishing of the advertisement and the opening of the tenders was too short to allow of inspection by others than the original applicants; that in other instances tenders were called for at such seasons of the year when examination of the properties by would-be purchasers was an impossibility—all of which combined to prevent effective competition, so that as a result these valuable reserves were alienated for a tithe of their real value.

6. That in some instances tracts of timber situated at considerable distances from each other had to be included in a single tender, thus rendering still more difficult any real competition with those who possessed previously acquired information, more and more remote.

7. That the practice by which tenders when received by the department were opened and contracts awarded by a single official in his private office, has been highly detrimental to the public interest, has created distrust among intending bidders and has tended to discourage legitimate competition.

8. That in case of tenders for timber limit No. 1108 in which the original files had been recently laid by the government on the table of the House, the presence of two tenders in the same handwriting for widely different amounts, the figures in the higher of the two having apparently been added after the remainder of the document had been drawn up, together with other features apparent in the documents themselves, render an investigation highly desirable in the public interests.

9. That the returns brought down by the department show so many remarkable coincidences in the matter of close bidding and under circumstances as to lead to the conclusion that the amount of the tenders must in some way have leaked out, and thus led to the undue advantage of one or other of the persons tendering and that a thorough investigation is necessary to set at rest any suspicion that may have risen. For these reasons I beg to move in amendment:

That all the words after the word 'that' to the end of the proposed motion be omitted and the following substituted therefor:

In the opinion of this house a committee of nine members should be appointed to investigate, inquire into and consider all matters connected with or relating to the alienation, granting, rental, leasing, or other disposal by lease, license or otherwise, since the first day of July 1898 of any timber lands or timber berths forming part of the public lands of Canada, or of rights to the same or to the timber thereon, and to report upon the matters aforesaid to this House; with power to send for persons, papers or records, and to examine witnesses on oath or affirmation.

GRAFTERS FLEECE WESTERN SETTLERS

The latest revelations at Ottawa call for decisive action by parliament in defence of the people. Should parliament because of subserviency to the ruling men, or because of the participation of certain members in the grafting operations, fail to act, then the representative of the Crown may well exercise his prerogative and put an end to the dishonesty under which this country is suffering. There must be in the constitution a defence against roguery. If parliament fails to give us that defence, the high authority to whom is confided the honor of the state would be justified in taking measures of a protective nature.

That the situation is serious—more so than it ever was before—nobody can doubt. Earlier cases of graft, although bad in principal, and appaling by reason of the size, were small compared to that with which we are now faced. In this affair, an area, 2,400 square miles in extent, is involved, and the amount of money of which the country is robbed runs up into the millions. Nor is this the most calamitous feature of the case. The politicians upon whom the government has conferred the timber territory lying between Winnipeg and the Rockies are to get their millions from lumbermen who must charge these huge sums, with interest added against the settler, who ultimately buys the lumber. Thus the Ottawa operation means, first, the treasury is deprived of what belongs to it, and, secondly, that the settler must pay toll forever to the politicians to whom Sir Wilfrid Laurier has granted, for no consideration worthy of the name, the property of the State. The fact that the best timber of the west should have been distributed among men who are not lumbermen, for a small sum, and solely that these persons may get fortunes which they do not earn, is astounding. Such a manoeuver carried through in the neighboring country would land somebody in the penitentiary. At the same time the operation has been conducted with skill and under the form of law. The first chapter in this gigantic exploitation of the public domain is the alteration in the timber regulations, in virtue of which a timber license, instead of being subject to revocation at the end of any year, becomes a permanent franchise. This change in the law was effected when the Grand Trunk Pacific scheme was going through. The moment the rule was relaxed the division of the country began. One batch of politicians seized timber land at a given point. Another batch made its conquests elsewhere. All had the luck to draw prizes. One man got a timber limit for $500 and he is now offering it for sale for a half million. Another paid $7,000, and his acquisition is valued at $500,000. A third gave the country $1,800 for his concession. His haul is worth $150,000. Some of the favorites of fortune have not yet placed a figure on the limits allotted to them. These men are waiting the arrival of the settlers. When the hard working farmer takes up the land in the neighborhood of the limits the expected value will be realised and the Laurier politician will step off with his half million and leave to the lumberman and the saw mill owner the task of collecting it from the pioneers. Cruel and dishonest is this latest scheme for the enrichment of the followers of Sir Wilfrid Laurier. It is cruel because it means the fleecing of poor settlers whose resources are bound to be insufficient. It is dishonest because it places between the settler and his lumber supply men who make huge profits which they have not earned. Three of the middlemen stand to make $1,140,700 upon three concessions that have been given to them for $9,300. The country received $9,300. They sell to actual lumbermen for $1,150,000. This thing is intolerable. Parliament must investigate these transactions and secure redress for the people. It must be declared that Canada will not permit such rascality to pass unchalenged and unpunished. If parliament owing to the strength of the grafting element, fails to interfere the authority of the crown may be exercised. A governor is not supposed to interfere in matters of policy or in the ordinary affairs of administration. But he is within his rights in saving the country from a group of men whose operations are dishonest.—Mail and Empire.

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