

The Brain Browsers' Guide

Winnipeg, Wednesday, March 4th, 1914

THE C.N.R.'S. DEFENCE

On page seven of this issue of The Guide will be found a statement issued at Ottawa last week by Sir William Mackenzie, dealing with the question of public assistance to the Canadian Northern Railway system. Sir William's statement is a reply to criticisms which have appeared in the press from time to time, and since The Guide has probably been as persistent as any paper in Canada in condemning the policy of giving land grants, bond guarantees, cash subsidies and loans to Mackenzie and Mann and other railway promoters, we are, in accordance with our practice of allowing both sides to be heard, publishing the C.N.R. president's reply in full. The very fact that the C.N.R. has at last been forced to make a public statement as to its raids on the public treasury is a victory for the people. Hitherto the C.N.R. has made no concessions to public opinion. They have never made any explanations and have never replied to criticism, but have simply gone to the government and used private persuasion to secure the money they have sought from the public treasury. One thing that The Guide and some other papers have insisted on is that Mackenzie and Mann should tell the public what they have done with the money they have already received from the governments and thru government guarantees, before getting any further assistance. And now, for the first time, such a statement is issued. This clearly indicates that Mackenzie and Mann, and the Dominion Government, have at last realized that the public have some rights in the public treasury and the public credit, and that public opinion must be reckoned with. It is also evident from the issuing of this statement, that Mackenzie and Mann are once more seeking public aid for the C.N.R., and that the denials which were made by those gentlemen a few weeks ago were matters of diplomacy rather than statements of fact. In view of this, perhaps it will be pardonable if we do not accept Sir William's statement as a complete and convincing proof that all our past criticism has been unjustified. Sir William says the completed and uncompleted mileage of the Canadian Northern Railway Co. has cost for construction and equipment to December 31, 1913, \$303,319,232. According to the balance sheet of the Canadian Northern Railway Co., as at June 30, 1913, however, the road and its equipment cost only \$221,257,996.74, while advances to lines under construction amounted to \$9,590,268.47. Evidently there is something which Sir William has not explained in his explanation. Sir William places the amount which his company has received from the sale of bonds guaranteed by the Dominion and Provincial Governments up to December 31, 1913, at \$131,222,660, and explains that "statisticians" have charged up a much larger sum against the C.N.R. by including guarantees which have been voted by parliament but not made use of by the railway company. Sir William's own figure of \$131,000,000 odd is quite large enough, however. It does not, of course, include the guarantees which have been given by the governments on bonds which have not yet been sold, but for which the credit of Canada is pledged and which will be sold in the near future. Sir William strenuously denies the charge which has often been made that funds raised on the guarantee of the Provincial and Dominion Governments have been diverted from the C.N.R. and invested by Mackenzie and Mann for their personal advantage in South America or elsewhere. He states that Sir Donald Mann never had

any interest in South America, and any money he, Sir William Mackenzie, invested there came from his own personal resources. This statement, however, is not entirely satisfactory. The charge that has usually been made against Mackenzie and Mann in this connection is that they have enriched themselves at the expense of the C.N.R. by letting contracts for constructing C.N.R. lines to the Mackenzie and Mann Construction Co. and other companies of which they are the chief shareholders, at excessive prices. For instance, for lines in Saskatchewan and Alberta the Provincial Governments gave guarantees of \$13,000 a mile and upwards. Some of those lines, as everyone knows who has travelled over them, consist of very little more than rails spiked to ties laid on the bare prairie. According to the allegations which have been commonly made in the West, Mackenzie and Mann, as officers of the C.N.R., have let contracts for these lines to Mackenzie and Mann, as railway contractors, and have paid themselves a great deal more than the line was worth, securing the money from bonds guaranteed by the Government. Sir William, in his statement, does not deal with this matter at all, altho, of course, he is fully aware of the fact that this is one of the chief causes of criticism against him. Since Sir William has at last condescended to make one statement perhaps he may be induced to make another, and when he does we hope he will deal fully with this question of letting contracts to himself. Another question we should like answered is, where did Mackenzie and Mann get their millions? Both were born poor, and neither was rich when they met and started to build the C.N.R. Sir William states that neither he nor Sir Donald Mann has drawn upon the C.N.R. for salaries nor even for travelling expenses. They have worked for nothing and boarded themselves, and out of their spare cash have acquired the Toronto and Winnipeg street railway systems, great timber limits, sawmills, mines, hotels, and shares in banks and iron companies in Canada, and Sir William has secured large interests in railways and other enterprises in South America. How did they do it? The public have an excusable curiosity on this matter and will look with pleasurable anticipation for an answer.

THE DEFENCE OF CANADA

Christopher West, the author of that remarkable book, "Canada and Sea Power," has recently earned the thanks of all lovers of peace by rediscovering and publishing in a pamphlet entitled "The Defence of Canada," an important, but apparently forgotten memorandum which was prepared by the executive council of that day, based upon a report made by four of the Fathers of Confederation, nearly 50 years ago. This report was presented to the Canadian Government by a commission that was sent to England in 1865 to confer with the Imperial authorities on the defence of Canada and to plan the basis of confederation, and the commissioners were Sir John A. Macdonald, the first premier of the Dominion; Sir George E. Cartier, the first Dominion Minister of Militia; Hon. Geo. Brown, the great champion of the people's rights; and Sir Alexander T. Galt, the first Dominion Minister of Finance. The period at which this report was made was not one without its troubles. The first Fenian raid had occurred only two years before, and in beginning the report the council referred to "the disturbances on the Canadian frontier, the imposition of the passport system, the

notice given by the American Government for the termination of the convention restricting the naval armaments on the lakes and other events which tended to revive the feeling of insecurity." They admitted also that "the position was further complicated by the formal notice given by the American Government to terminate the Reciprocity Treaty in March next."

They pointed out to the members of the British Government that "While fully recognizing the necessity, and while prepared to provide for such a system of defence as would restore confidence in our future at home and abroad, the best ultimate defence for British America was to be found in the increase of her population as rapidly as possible, and the husbanding of our resources to that end; and without claiming it as a right, we venture to suggest that by enabling us to throw open the North-west Territory to free settlement and by aiding us in enlarging our canals and prosecuting internal productive works, and by promoting an extensive plan of emigration from Europe into the unsettled portions of our domain, permanent security will be more quickly and economically achieved than by any other means."

The council showed how this might be done without cost to the British exchequer, and how it might actually lighten the burden of defence about to be assumed by the people of Canada. They said the expenditure for militia had increased recently from \$300,000 to \$1,000,000 a year, and they agreed to train a militia force "provided the cost did not exceed the last mentioned sum annually, while the question of confederation was pending." In their opinion volunteer organization alone was suited to the country, and there was "a decided aversion to compulsory service." Moreover, "the people of Canada are doing nothing to produce a rupture with the United States and having no knowledge of any intention on the part of Her Majesty's government to pursue a policy from which so dire a calamity would proceed, are unwilling to impose upon themselves extra burthens. They feel that should war occur it will be produced by no act of theirs, and they have no inclination to do anything that may seem to foreshadow, perhaps to provoke, a state of things which would be disastrous to every interest in the Province. On this ground their representatives in Parliament rejected the proposal to organize 50,000 men or even to commit the Province to a much smaller force, and the recent elections, embracing more than one-third of the population, have shown that public feeling has undergone no change."

The Duke of Newcastle had expressed the opinion that by increased military preparations the credit of Canada would be improved, but the council contended that not the least important consideration was a due regard to the means at the command of the Province, "and they hold that they are more likely to retain the confidence of European capitalists by carefully adjusting expenditure to income than by embarking in schemes beyond the available resources of the Province. They are prepared to expend money on the Intercolonial Railway and similar works, but they are not prepared to enter upon a lavish expenditure to build up a military system distasteful to the Canadian people, disproportionate to Canadian resources and not called for by any circumstances of which they at present have cognizance."

We earnestly commend this document to