

THE HERALD

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Editor & Proprietor.

Please send in your subscriptions.

Ottawa Weekly Letter.

An \$8,505 Rake Off.

In a Purchase of \$10,875.

Railway Department bought land at Moncton through a Middle-man.—Who Paid \$5,075 for Four Parcels and Immediately Transferred them to the Government for \$13,880.—Government Might Have Bought Direct for Less than Half the Price Paid.—Middleman a Close Associate of the Minister and Concerned in other International Purchases.

How Mr. Emerson concealed his Benefit.

Charged up to Capital.—Passed Bounds of Reasonable Criticism.—So the Premier says of La Presse's Statement about Mr. Foster.—On Sir Wilfrid's Motion, the Writer is Censured at the Bar of the House.—High Prices Paid by Government to a Grocer for Horses and Sleighs.—Engineer Declines to Certify and Refuses the Inducement of a fur coat.—Lo, The Poor Indian is Supplied with Cattle at a Price and a Half by a Political Contractor.—Mr. Fielding is Out \$20,000 or \$30,000 per Mile in his Railway Calculations.

OTTAWA, June 16, 1906.

Parliament during this week has disposed of several bills, voted a good many millions of money, and through its committee made some interesting discoveries. The estimates of the railway department have taken a good deal of attention, for Mr. Emerson is not modest in his requirements. One disclosure concerning the purchase of land in Moncton explains why demands for money should be large. Here is the story as it was brought out in the Public Accounts Committee:

In the first place we have the item in the Auditor General's report which the committee was investigating:

"Hewson, Robt. W., land, 14.6 acres, \$14,600; 35 acres, \$350; 3.93 acres, \$3,930 \$18,880."

"Friel, James, Dorchester, legal services re acquisition of Tannery and Miller lots, including search in the registry office twenty days at \$15 a day. \$484.90."

MR. EMMERSON'S SURPRISE.

If the House on Monday Mr. Fowler brought up this matter during the discussion of Intercolonial finance. He understood that Mr. Hewson had bought the larger part of this land as solicitor for a friend of the Government, who had acquired the property immediately before the Government bought it and had made at least a \$5,000 rake off. Mr. Emmerson was surprised at such a suggestion. He said he had bought the land from Mr. Hewson, a very worthy lawyer who has been a Conservative all his life and that there could be nothing wrong about it.

MR. HEWSON APPEARS.

Nevertheless, Mr. Ames, a member of the Public Accounts Committee, asked that Mr. Hewson be summoned to Ottawa to state the facts. He came and explained the whole matter. Mr. Hewson and some relatives of his owned five acres of land at Moncton close to the workshops and fronting on two streets. He thought it was worth \$5,000, and as the railway department was continually encroaching and trespassing he had tried to sell to the government at that price. All his efforts during several years failed, and in 1904 he was still trying to get rid of the property.

THE MIDDLEMAN ARRIVES. Matthew Lodge of Moncton is

a political and business friend of Mr. Emerson. He is active in the inside management of elections in Westmoreland. He was secretary and practically manager of the New Brunswick Petroleum Company of which until a few weeks ago Mr. Emmerson was president, and it was he who obtained from Mr. Emmerson as minister of railways during the latter's presidency, a contract for the purchase of the Company's crude oil for the Intercolonial. Mr. Lodge was also the most active member of the Eastern Supply Company, which is incorporated in Newfoundland, but seems to be limited in its activities to selling goods on commission to the Intercolonial.

\$8,505 FOR THE GO BETWEEN.

This Mr. Lodge took an option on Mr. Hewson's property at Mr. Hewson's price. Then he asked Mr. Hewson to buy fourteen acres more land farther back reaching down to and including a marsh. As solicitor for Mr. Lodge Mr. Hewson made the purchases at a little less than \$500 an acre for one lot and something less than \$300 an acre for the remainder. When the purchases were completed Mr. Lodge paid Mr. Hewson \$300 for his services and got him to deed to the railway department the whole property which he had bought, together with his own five acres. Mr. Hewson had paid \$5,075 for a fraction under fourteen acres. The government kindly paid Lodge \$13,880 for this land, and purchased Hewson's five acre lot at the price for which the sold it. Mr. Lodge was the owner of these properties in Mr. Hewson's name just three weeks, and after paying the \$300 for expenses he had left \$8,505 as profits on an investment of \$5375. So he got for three weeks waiting, \$3,130 more than the owners of 14 acres, got for all their holdings.

By lots the transactions were as follows:

Table with columns: Acres, Paid by Lodge, Paid by Government, Total. Rows include lots No. 1, 2, 3, 4 and a total for 13.88 acres.

Total cost to Lodge \$5,375. Rake-off \$8,505. NO NEED OF IT.

Now there is no reason why the people of Canada should pay this extra \$8,505 as a commission or rake-off in the purchase of \$5075 worth of property. Mr. Hewson was not only willing but anxious to sell five acres direct to the government. He would have bought the other lots for the government as well as he bought them for Matthew Lodge. The \$8,505 is simply a forced contribution of the people of Canada to a private individual who was not needed at all in the transaction. We can easily understand that a railway which is paying out some eight millions a year cannot make any money if its purchases are made on this basis. When lands, plant and supplies are thus purchased through an expensive go-between how can the railway be expected to pay its running expenses?

INTERCOLONIAL FINANCE

Mr. Emmerson claims that there will be no deficit this year. But it came out clearly in the discussion that he has failed to charge last year's business of the road with \$360,000 which properly belongs to it in the matter of replacing old rails. He is financing the same way this year. Again he has over 300 locomotives, and he requires at least ten new ones, costing \$150,000 to \$200,000 a year, to keep the stock good. More than that number of engines are bought by the Minister this year but he does not charge them to the expense accounts. It is the same way with his passenger and freight cars. Thus it comes about that when Mr. Emmerson claims that the railway is paying its way it is in fact going behind over half a million a year, if accounts are kept as they are in other railways.

BOODLE IN THE PUBLIC WORKS DEPARTMENT.

This Public Works Department appeared in a rather bad light, in a small matter before the Public Accounts Committee on Thursday. E. J. Rainboth, C. E., district engineer on the Georgian Bay survey, refused to certify to certain charges made by a grocer from whom the department bought horses, sleighs, robes and other outfit. The trader appears to have been another of these go-between or commission purchasers. The engineer reported that the horses were not worth the price charged. Yet the department paid the price. Rainboth swears

that a sleigh charged at \$75 could have been bought from a manufacturer at \$40, and that robes not worth more than \$4 or \$5 were charged at \$18. It is fair to say that some of these accounts are not yet settled. The engineer made the further startling statement that while he was objecting to the prices two boys arrived at his residence with a coonskin coat from the dealer and an invoice of the same at \$100 less five discounts of forty per cent, 25 per cent, 15 per cent, 15 per cent again and 3 per cent. Mr. Rainboth sent the coat back with a message that it had come to the wrong man, and went immediately to the Deputy Minister to tell him of the attempt to buy him off. He described the transaction as an "outrageous robbery." It may be remarked that Mr. Rainboth has resigned from the public service, which explains how he ventures to tell his experience.

THE MAN AT THE BAR.

The Cinq-Mars episode was concluded Thursday by the adoption of the following resolution, moved by the Premier and carried unanimously: "That the passage in La Presse newspaper complained of passes the bounds of reasonable criticism and constitutes a breach of the privileges of this House; that Mr. Cinq-Mars, the writer of the article has incurred the censure of the house, and that he be recalled to the bar, and that Mr. Speaker be instructed to communicate this resolution to him."

The offending newspaper man was recalled to the bar of the house and the Speaker read to him this resolution by way of reprimand whereupon he was discharged. Before this Mr. Cinq-Mars read a long statement to justify his language. There was not a word in it to show that Mr. Foster had insulted the French Canadian people, nor had described the Catholic clergy as "a horde of a fanatics and hypocrites." The correspondent was not able to cite a single word that Mr. Foster had used this session or any offensive language that he had used toward the Quebec people or their clergy at any other session. His case seemed to rest on the false information that Mr. Foster once in Renfrew said it was a shame that Canada should have a French Canadian premier. Of course Mr. Foster never said anything of the kind. The defence also quoted language which some writer in the Moncton Transcript said had been used by Mr. Hetherington, a Conservative speaker in New Brunswick. As Mr. Hetherington is not Mr. Foster, the fact that he has made a statutory declaration that he had never used the language is not essential. The best service accomplished by bringing this writer to the bar is a production of his own statement which is a full admission that the reflections made upon Mr. Foster were unwarranted.

AN UNHAPPY FAMILY.

It is a singular circumstance that Sir Wilfrid Laurier did not know until the last moment what he intended to do, or that if he did know he concealed his purpose from his colleagues. The consequence was that only a few hours before Mr. Cinq-Mars was brought to the Bar and solemnly reprimanded, Mr. Aylesworth had thrown ridicule on the whole case and practically condemned Mr. Foster for bringing it into the House. This speech and also that of Mr. Paterson, were interpreted by all who heard them as declarations against Parliamentary action. It was clear to every one that when they spoke they supposed that the majority would be called upon to throw out the case. Why Sir Wilfrid Laurier should have subjected his new Minister of Justice to this humiliation, is not yet understood.

MR. FIELDING AS AN ESTIMATOR.

Two years ago, when the cost of the Grand Trunk Pacific was discussed, three of the Ministers made confident statements on the matter. Mr. Fielding's figures were accepted by his party and used by the Government speakers during the election campaign. The Minister of Finance said that he had it on the highest authority that the cost of the road between Winnipeg and Quebec would be \$28,000 a mile. Later in the discussion in figuring up the interest charge he added 25 per cent to cover all possible contingencies for the highest possible type of railroad.

100 PER CENT. OUT.

Compare this statement with the cost of the portions for which contracts have been made. These include 500 miles of which 250 are from Winnipeg East and 150 from Quebec West. As these are the sections nearest to cultivation, they are probably the cheapest of

all. The contracts were let at a price so low that the chief engineer and the Chairman of the Construction commission were in favor of accepting a higher tender. Now the price of the 400 miles is \$18,800,000, or \$45,750 per mile. But this does not include laying the track and the cost of rails which are placed at \$5000 a mile, or of station buildings, tanks, freight sheds, sidings, and other incidents of this kind. Also it does not include surveys, for which \$900 a mile has been already voted. Making no allowance for buildings, sidings, etc., the ascertained cost of the portion under contract will be \$51,650 per mile, and there is little doubt that when the returns are in the actual outlay will be more than double Mr. Fielding's \$28,000. Very likely it will double his higher figure.

VICTIMIZING OUR INDIAN WARD.

Mr. Frank Pedley, Superintendent of Indian Affairs was on the stand on Friday to explain a cattle transaction. It was shown that the department supplied young cattle from Ontario to stock Indian reserves in Alberta. The order for these heifers was given to Mr. E. Devlin of Ottawa, who is not a cattle grower or dealer, but is an eloquent stump speaker for the government at election times. In 1904 Mr. Devlin furnished 322 head of two-year-olds charged the Indian department \$90 per head for them delivered at Calgary. As the price of such stock in the Ottawa district at the time was \$15 and the freight \$2.50 per head it does not appear that the interest of the Indians or of the Canadian taxpayers was closely guarded. No tenders were fixed by officials which partisanship is not questioned.

NOTES.

Announcement of the death of Sir Hector Langvin brought forth from the leader of the opposition and the premier expressions of appreciation. Sir Wilfrid agreed with Mr. Borden that Sir Hector had rendered great service to Canada, and that the events which immediately preceded his retirement from the administration of Sir John A. Macdonald in no way reflected upon his personal honor. The morning sittings of the house will begin next week. This means that the session will not continue more than two or three weeks.

In the House of Commons.

The reports of the debates in committee of supply for the different departments reveal many interesting facts. The many pointed questions put to Ministers by our painstaking Opposition representatives from this Province, Messrs. Martin, McLean and Laforgue, force many damaging replies from these benches of the Government departments. Our space does not permit the reproduction of these proceedings at any length. Hansard of the 7th, inst., is largely taken up with a report of the discussion of supplies for the Marine department, and in this connection the supplies for our winter steamers came under review.

Mr. Dixon, an Ontario member said: "While speaking on the matter of supplies for the 'Minto' I want to ask why it is that such an enormous figure was paid for 804 bushels of potatoes? Eighty and a half bushels of potatoes were bought for \$9.19 or about \$1.14 a bushel. They were purchased from J. H. Myrick & Co. That is an enormous figure for potatoes in our part of the country and judging from the purchases which were made later than that for the same boat it will be seen that the price paid for this 804 bushels was an enormous one. We find at page P-25, that 105 bags of potatoes were purchased at 70 cents a bag. That was a fair and reasonable price. There were also 49 bags purchased at 65 cents a bag, a fair and reasonable price. How in the world is it that the government paid \$9.14 for 804 bushels of potatoes or about \$1.14 a bushel? Talk about paying 25 per cent more than things are worth, that seems to be about 125 per cent more than things are worth. No one will surely deny that this is a pretty steep price for potatoes in Prince Edward Island!"

On June 12th, the item of \$150,000 to increase Railway accommodation at Charlottetown brought up in committee a general discussion on matters relating to railway matters in this Province. Mr. Martin called attention to branch railways needed here and asked for information from the Government. He was followed by Mr. McLean and then Mr. Hughes joined in. Following is Mr. Emmerson's answer to the demands of the Island members: "The expenditure during the past two or three years in the construction of railways on the Island has been very large, and the results of the operations of these railways has not been very satisfactory. The question of the proposed additional branch had had a good deal of consideration, but I do not think the country is in a position to go on with its construction until it is demonstrated that these small lines can be operated more cheaply than has been the case heretofore. The experiment which the department is making now under the direction of Mr. Butler, deputy minister, will show just what can be done in the way of economizing the cost of operating these small lines. I can assure my hon. friend that until the time comes when we will be in a position to show that these lines can be operated cheaply, it would not be profitable to build any more lines on the Island. The railways there are subject to water competition at every point on the Island is narrow and there are many waterways extending into it, so that practically the earning powers of the railways are not great. I am satisfied however that the time will come when these lines can be operated very cheaply, and I am sure that the country then will be quite ready to construct them."

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DIED

At Black Bush, on Saturday, June 16th, Annie McCormack, beloved wife of Alex. McDonald, in the 88th year of her age. May her soul rest in peace.

In this city at the residence of his son-in-law, H. A. Houle, on June 18th, John McPherson, aged 81 years.

The Prices. Table listing various goods and their prices: Butter (fresh), Butter (tab), Calf skins, Ducks (per pair), Eggs, per doz, Fowls (per pr), Chickens (per pair), Flour (per cwt.), Hides, Hay, per 100 lbs., Mutton, per lb (carcase), Oatmeal (per cwt.), Potatoes (buyers price), Pork, Sheep pelts, Turnips, Turkeys (per lb), Geese, Bilk oats, Pressed hay, Straw.

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