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The Toronto World

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EIGHTEEN PAGES.—SATURDAY MORNING JUNE 25 1910.—EIGHTEEN PAGES.

\$3500.
We are offering for sale a ten-roomed,
brick house on Charles St., near
Yonge; in perfect order throughout; an
excellent rooming house; terms very
reasonable.
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Ask Your Own Member of Parliament If He Justifies C.P.R. Melons

Jumping Into the Graveyard For Cover.

The World has directed the attention of the Canadian people to what The Evening Telegram very properly calls "Canada's Big Issue." And we intend to keep directing the public's attention to it until the matter is settled. In the meantime we reproduce the following telegram from The Globe:

(Special Despatch to The Toronto Globe).
MONTREAL, June 23.—Apparently Sir Thomas Shaughnessy has no fears of being jailed and his road seized and confiscated. When shown a copy of The Toronto World of Wednesday by your correspondent to-day, Sir Thomas said: "We are paying absolutely no attention to 'The World' in this matter, and do not intend to bother ourselves with it."
If Sir Thomas Shaughnessy said this he may, perhaps, repent having made any such statement. If he or his company think themselves superior to the Canadian law, or that his conduct up to the present is to be justified, it is time that he be brought up with a sharp rap; because if he said what is in the despatch he intends to go on with the scheme for switching away the lands of the Canadian Pacific Railway from the treasury and from the assets of the company, and to distribute them in some way among the shareholders of the railway, contrary, as we say, to the spirit of the contract, of the statute, and contrary to public policy. He also intends to keep in the melon business. If this is Sir Thomas Shaughnessy's view then he is the biggest brigand and the greatest anarchist we have in this country to-day, and as such he ought to be so branded, and we have no hesitation in putting such a brand upon him.

There is still some protection in an injunction. Attorney-General Wickenham of the United States got an injunction the other day in short order, restraining the railways of that country from raising their rates!

But something else also turned up yesterday, and that was an article in The Toronto Globe which we propose to discuss this morning. We have reprinted it in full elsewhere in this paper, and we propose to review portions of it in this article. For the moment let us quote the first paragraph:

The people of Canada are quite naturally restive and discontented under the immunity from rate regulation unwisely granted the Canadian Pacific Railway. This is a burden gratuitously handed down to us by a past generation, and here is an inclination to do away with it. The right of those who have left this scene of activity to hand down restrictions for all time is by no means so generally admitted that the beneficiaries can safely strain their privileges. The unfortunate agreement gives the Canadian Pacific Railway Co. exemption from rate regulation or reduction until the net income reaches ten per cent profit "on the capital actually expended in the construction of the railway." Has that time arrived? Will it ever arrive? If not, will the Dominion be tied up forever to the mistake of politicians lacking economic wisdom?

To this paragraph we beg to say: First, that we agree with it that the people are restive and discontented under what it calls the immunity from rate regulation unwisely granted to the Canadian Pacific Railway; but we do say that the government and parliament are free to remove this burden handed down to us by a past generation, and his minister of justice, Sir Charles Fitzpatrick, declare in the house of commons that by treaty and other negotiations the Canadian Pacific Railway has agreed to forego any special privileges it had in regard to rate regulation. Whether this is exactly so or not, Sir Wilfrid Laurier has now an opportunity of making an exact statement. But this talk about "burdens handed down gratuitously" is all moonshine. The whole idea of parliamentary government is the freedom of parliament to rectify grievances, even if charter obligations have to be overridden or commuted; no British parliament or legislature is ever deprived of its sovereign powers. But there is something still more important: The government of Canada and the parliament of Canada have had fifty opportunities of direct negotiation since the Laurier administration came into office, to commute any and every special privilege that the Canadian Pacific Railway ever claimed. Did they ever do so? When two years ago the order-in-council was made authorizing the Canadian Pacific to increase its capital stock, then was the time that conditions should have been imposed, as was urged in parliament at the time by the member for South York. Since 1900 the Canadian Pacific has issued new capital on five different occasions, and all these increases of capital were by the authorization of parliament, and, therefore, under the control of parliament, and The World makes the charge to-day that the government of Canada, and especially the Laurier administration, who were in no way committed to the Canadian Pacific, had the right and were under duty bound to only allow the issue of stock by the company on such terms as were in the public interest! There is no defence of the neglect of the government of Canada and of the parliament of Canada to protect the public interest when the Canadian Pacific was allowed to increase its stock. Nay! furthermore, the whole capitalization of the Canadian Pacific is to-day, and always has been, a free subject as far as parliament is concerned. The original act of incorporation, outside of the capital there is set out, namely, \$30,000,000, leaves parliament absolutely free in regard to all future financial legislation of the Canadian Pacific, and our charge is that ever since the Laurier Government has been in power it has exercised no control whatever over this capitalization. Had it so exercised control, it would long ago have commuted on terms any special privileges that the Canadian Pacific claimed under its contract. We ask The Globe to answer this charge.

The only concession the public have got in the matter of the issue of the capital stock was the concession wrung from them by the member for South York, who, two sessions ago, discussed this question in parliament; and to he had only one man to assist him in the discussion in the house, succeeded in forcing Sir Thomas Shaughnessy to market (to the shareholders) the last \$30,000,000 of stock at 25 points premium. What could a government of direct negotiation, outside of the capital there is set out, namely, \$30,000,000, leave parliament absolutely free in regard to all future financial legislation of the Canadian Pacific, and our charge is that ever since the Laurier Government has been in power it has exercised no control whatever over this capitalization. Had it so exercised control, it would long ago have commuted on terms any special privileges that the Canadian Pacific claimed under its contract. We ask The Globe to answer this charge.

Here is the only concession The Globe makes to The World's contention, at the close of its third paragraph: "If an accounting (on a basis that The Globe suggests) of outlays and returns shows that the limit (to returns) has been passed, the public are entitled to rate reduction and regulation." Why has no accounting been had, when will one be had, who is charged with this work? Is the question we ask The Globe. Further up in its article The Globe says: "The Dominion is fairly entitled to an accounting on such an agreement at any time." Well, again, why hasn't it been had? The member for South York called for it time after time in the house and no reply was made. Once again we make the demand for an accounting if Sir Wilfrid has no other recourse. An "accounting" can be spread over ten years, like Jarridye's "Jarridye." But there's a better way than that to those who have political courage and a proper conception of public rights and the ability of parliament to rectify wrongs. But you've got to believe in the doctrine that public rights are superior to the rights of property when these two come in conflict.

Now we come to The Globe's other question—Has the time arrived for interference? It doesn't quite know whether it has or not. It says The World believes the time has arrived, and then it goes on to fuddle the question by a lot of involved statements about capital and about stock and a lot of other nonsense that has no bearing on the issue. The issue we raise is that parliament has absolute control to regulate the capitalization of the Canadian Pacific and has neglected to do so, and that any injustice done to those who pay the tolls of the Canadian Pacific must be placed upon parliament, and not upon the

original agreement. We ask The Globe whether this is so or whether it is not.

We ask The Globe to justify the issue of the order-in-council without conditions. If orders-in-council are to be justified at all they are to be justified on this basis, namely, that inasmuch as parliament is not always able to protect the public interest to the full at the time it is legislating it makes provision that when a certain event may arrive, that event can only take place on new terms, suitable to the then circumstances, and that in order to protect the public interest parliament, instead of defining what ought to be done at a future point delegates the power to do this in the light of the then existing circumstances, to the governor-in-council by means of an order-in-council. The power to regulate the capital and to impose conditions on the Canadian Pacific was, therefore, delegated to the governor-in-council years ago, and the governor-in-council up-to-date has imposed no conditions. On the contrary Hon. A. B. Aylesworth, as representing the governor-in-council, laid it down in parliament that it was no concern of parliament, and for that matter, of the governor-in-council, as to the regulation of the capitalization of the company or any company, isn't it? What does The Globe say?

In the third paragraph The Globe has the courage to say that the removal of the lands of the Canadian Pacific to a separate company of its shareholders is an "evasion" of the terms of the contract, and should not be allowed, and it goes on further to say that the company should not be allowed, by means of disobedience, evasion or diversion, to get away from a reduction of its tolls to the people who use the road. If The Globe then means what it says what does it propose to do with Sir Thomas Shaughnessy's defiance of The World's position, as set out in its own newspaper columns a day before? Sir Thomas says he intends to pay "no attention" to this call of "policy," at the moment he is about "to evade, deceive and divert." Will he pay any attention to The Globe's mild protest?

And now with this piece of virtue on the part of The Globe we beg to present another feature of the last issue of \$30,000,000, which The Globe fails to touch, altho it takes good care to say that the discussion The World then made about "melons" and stock-watering was only "a well-intentioned delusion"—that The World (it must mean) was under a delusion, inasmuch as this \$30,000,000 capital stock was to be excluded from the ten per cent clause. As to the "delusions" we are not concerned; but we wish to ask The Globe to declare itself on the position that we then took, and we take now, that the government should not only have imposed the condition that the \$30,000,000 was not to come under the ten per cent clause, but that the \$30,000,000 should have been sold in the open market for the highest price that it would bring, and that the whole proceeds thereof should have gone into the treasury for the purposes of extensions and expansions, and not into the pockets of the shareholders, where it did go, namely, out of the sale of that \$30,000,000 of stock, \$15,000,000 was given as a median to the shareholders. Is this a delusion to make a statement of this kind, and is a "melon" to be described as a delusion? This is another of the features of the issue that The Globe completely ignores. We take it, therefore, that it is prepared to justify the issue of stock at "cut prices" to shareholders, that it believes in "melons" and justifies "melons," and if it believes in "melons" in regard to stock issues it must believe in all the other financial atrocities that have been committed by Sir Thomas Shaughnessy and his associates!

And now for a wind-up, and let us quote the last sentences of The Globe:

Some kind of agreement should be possible under which all roads would be brought under the control of the Railway Commission in the matter of rate reduction. This should be effected before agitation arouse an infectious spirit of antagonism toward Canada's greatest railway enterprise.

Is this the best that The Globe has to say? It hasn't one word of condemnation of "melon" cutting. It calls "melon" cutting a "delusion," and says "Some kind of agreement" for rate reduction "should be reached." Doesn't The Globe think the time has come when the regulation of capital should be reached, the very thing on which rate regulation must turn. We go even further and say that rate regulation ought to be based on the physical valuation of whatever is employed in transportation. As things now are the Canadian Pacific, according to The Globe, claims to be able to take ten per cent, on anything it has ever issued, whether it has been put into rails or hotels or sleeping cars, or in the purchase of other roads.

To resume, The World charges that the Laurier Government and the Parliament of Canada has failed to protect the public in the matter of rate reduction, and in the matter of the control of the capitalization of the Canadian Pacific.

The World says that the outtings of "melons," that is, the issue of stock to shareholders at less than the market price, is a crime against the public who use the road.

The World says that no road should be allowed to issue high-dividend bearing stock when low-rate bonds would supply the necessary increase of capital.

The World says that the Canadian Pacific can by reason of its profits to-day stand an enormous reduction in its rates both for passengers and freight.

The World says that Sir Thomas Shaughnessy and the Canadian Pacific, big as the both claim to be, should respect the law of Canada. The World says that it is a crime to divert, to evade, or avoid the law as The Globe says the Canadian Pacific is trying to do.

The World says the Canadian Pacific should not be allowed to divert its lands in any way to its shareholders, but that these lands were given by parliament for the absolute betterment of the road and the reduction of traffic charges on that road.

The World says that the opposition in parliament must face this issue as well as the government.

The World says that it is the greatest issue before the public of Canada to-day.

The World calls on The Globe to revise its position, if it can. And The World calls on the people of Canada to demand an accounting in this matter from every public man, and every newspaper that comes before the public.

This jumping into the graveyard for a defence—and that is what The Globe means by—

Whew! But the Coons Are Coming Down.

Toronto Globe, June 24: It is not surprising to find the people of the west very much interested and not a little disturbed over this question of wheat grading; it is both surprising and disturbing to note that it has failed to attract much attention in the rest of the Dominion. The organizations interested in the promotion of agriculture in the prairie provinces are preparing to present their views on the situation to the premier in the course of his approaching western tour. Sir Wilfrid Laurier, as always, will hear their contentions and arguments without prejudice and will afterwards deal with them without faltering. If nothing short of government ownership and operation of the elevators is an adequate remedy, that may have to be faced, on the meeting all concerned in the welfare of the Dominion should be giving the matter their earnest and candid consideration.

MORE MONEY OR QUIT.

The high cost of living is hitting everybody. News comes from Sault Ste. Marie that nine out of ten of the clerks in a certain bank quit the job when their applications for increase of salary were turned down. A similar story comes from St. Catharines.

TO-DAY'S BIG PICNIC.

Everybody is invited to attend the political picnic at Kew Gardens this afternoon, under the auspices of the First Ward Conservative Association. A joyful time is assured.

HUDSON BAY CO. MILLION DOLLAR GRAFT IN PRINTING BUREAU OFFICIALA FUGITIVE

'Tis Said That Plans Have Already Been Drawn for Mammoth Emporium to Occupy That Mysterious Yonge Street Site.

A mammoth Hudson Bay Company store, occupying two whole blocks, modelled after the fashion of Harrod's great emporium in London, England, and handling almost every conceivable product which modern demand could call for!

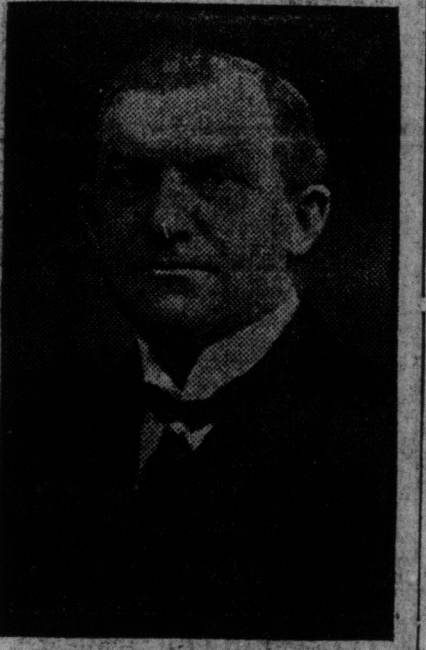
This is the latest theory in Toronto business circles to account for the extensive buying in the Yonge-Garrison-Alexander-Church block.

That the Hudson Bay Co. would adopt an aggressive policy and extend their already multifarious interests was announced from London the other day, coincident with the statement that William Mackenzie of Toronto, Richard Burdidge of Harrod's, Limited, W. P. Smith of New York and R. M. Kindersley of the Lazard Co., had been elected directors of the concern. That Mr. Mackenzie should have joined the directorate was accepted as a significant fact at the time of the announcement, and that the company would locate here in Toronto seems altogether within the bounds of possibility.

The Hudson Bay Co. has not been noted for its initiative during the recent past, but with the capable hand now in control some aggressive policy is certain to be adopted. The election of Mr. Burdidge of the great English mercantile emporium is not without its significance, and putting two and two together, the establishment of a branch in Toronto is a probable outcome.

The Hudson Bay Co. has enormous resources at its command; and is one of the few mercantile houses in the world which could afford to invest such a tremendous amount in the establishment of premises in a new territory.

There is no doubt that the purchase of property on Queen and Yonge streets will entail an enormous expenditure and in this connection it is stated that \$8,000,000 is probably within the mark. Certain it is that in many instances the buyers have been practically held up by previous owners, but the general opinion among local real estate men is that even such a figure as this is not much out of the way for such a large area of property on the main street in the centre of the city.



HON. CHARLES MURPHY. Who, after a year's private enquiry, has disclosed a bad case of fraud.

CUT OF 50 PER CENT.

In Electric Rates at London by the H.E.P. Commission.

LONDON, Ont., June 24.—(Special.)—Hydro-Electric power prices for London were announced this afternoon. For manufacturers the rate will run from \$40 to \$50 a horse-power per annum, while for house lighting the rate will be 1-1/2 cents, less 20 per cent discount, per kilowatt.

CONFERENCE NOT BINDING

Augustine Birrell Tries to Placate Bristol Liberals.

(Canadian Associated Press Cable). LONDON, June 24.—It is hoped that the veto conference will be finished before the end of July, Augustine Birrell, a member of the conference, speaking at Bristol, made some attempt to placate the stalwarts of the Liberal party. As far as the strict reference surrounding the negotiations permitted, he said the conference was not between popes or plenipotentiaries; nor between those who could bind or loose, and not between those who could sign, seal or deliver, therefore there was no need to get agitated.

A RETROSPECT.

June 25, 1872: The Earl of Dufferin took office as Governor-General of Canada.

June 25, 1896: Sir Leonard Tilley died.

Five Other Ottawa Government Officials Dismissed and One Suspended—Superintendent of Stationery Department Sought by Police.

GOT BIG RAKE-OFF IN SUPPLIES PURCHASED

OTTAWA, June 24.—(Special.)—F. S. Gouldthrite, superintendent of stationery in the government printing bureau, is a fugitive from justice. He has been superintendent at the bureau for twenty years. The Dominion police have instituted a search for him, but he has not been in the city for several days, and it is understood that he has left the country.

There is a serious charge laid against him by Hon. Charles Murphy, secretary of state, who is in control of the bureau, namely, that Gouldthrite has been guilty of fraud and graft. Besides Gouldthrite, one official and four employes have been dismissed, and one official suspended pending investigation. Mr. Murphy refused to divulge the names of these men, but it is said Albert Harwood, accountant, is one of the dismissed.

Gouldthrite was in charge of the stationery department of the printing bureau, and the purchase of all paper and stationery supplies was under his direct supervision. The purchases totalled hundreds of thousands of dollars in the course of a year.

An Easy Graft.

Graft was worked in this way: Supplies were ordered from firms in the United States. The government paid, in the case of cuts, 25 cents an inch, but only 15 cents an inch found its way to the American firms. The ten cents went into the pockets of Gouldthrite and his accomplices.

One of the frauds was connected with a stationery article that was introduced some years ago to prevent fraud in all the departments. As the result of the Martineau defalcation some years ago, an order was passed that all government cheques should be printed on a special safety paper. This paper was brought from a certain

Continued on Page 2, Column 2.

Grey Fedoras, Panamas, Straw Alpines.

Some men prefer the soft straw hat in Panama shape to the sailor. Indeed, it makes a very comfortable hat for summer wear. The range of blocks this season is also very attractive. Direct Company has imported some splendid lines in these hats, besides there is on sale a very large display of sailors' plain and braided straw. Store open every evening until ten o'clock.

A PRETTY BOLD DEFY.

The World proposes to Go After Sir Thomas and His Company.

(Special Despatch to The Globe). Montreal, June 23.—Apparently Sir Thomas Shaughnessy has no fears of being jailed and his road seized and confiscated. When shown a copy of The Toronto World of Wednesday by your correspondent to-day Sir Thomas said: "We are paying absolutely no attention to 'The World' in this matter, and do not intend to bother ourselves with it."

he is to blame if that interpretation is put on his statement. And it is a fair interpretation. He proposes to continue his policy of brigandage, his disobedience of the law, his policy of evasion and diversion of the assets of the company. And this from the Head-man of a corporation that was created by parliament (by the people), that was given \$30,000,000 in cash, 30,000,000 acres of land to ward the project!

"We are paying absolutely no attention to The World; we do not intend to bother ourselves with it!" But watch the coon come down. In the meantime The World has instructed counsel to move before the Railway Commission for a reduction of the traffic charges of the Canadian Pacific because illegal and excessive. In the United States this work of investigating the charges of illegal tolls of a railway is done by the Attorney-General and by special counsel, with all the resources of the United States behind him. In Canada the private individual has to fight the public battle. Why!

Men's Day

Mer Sale

Suits - \$8.95
Ties - .98
Shirts - 2.49
Hats - 1.00
Socks - 1.50
Shoes - .39

Worsted and sh flannels and light and cool; and neat mixtures; cotton single breasted with light lustre to y moulded; trousers belt, and rolls on the tuesday at \$3.95.

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