

# The West.

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## GREAT WATERWAYS RAILWAY SCANDAL

### Clarke Does Not Face The Investigation--Minty Refuses To Go To Edmonton--Jim Cornwall Tells His Story--Severe Examination By Bennett--Many Interesting Disclosures at the Investigation.

Edmonton, April 12.—The sitting of the Royal Commission to inquire into the Alberta and Great Waterways deal recommenced this morning, and the Waterways people exploded a bombshell through W. L. Welsh, K.C., counsel for the commission. At the opening of the enquiry he said that within the past half hour he had received information that Minty and his attorney, Mr. Robson, K.C., of Winnipeg, had returned to Winnipeg and that W. R. Clarke refused to appear before the commission. These refusals came as an absolute surprise, as Mr. Robson had assured the commission of the presence of Clarke today, and Minty himself had declared he was going to remain and give all the evidence required. His refusal to appear is modified by a declaration that he will give evidence if called by the commission in Winnipeg.

E. B. Bennett said this was because he knew the commission could not force answers outside the province. The commission adjourned until the afternoon and may adjourn again for a week or so on account of the new developments.

Edmonton, April 14.—The Great Waterways investigation commission sat this morning. J. E. Cornwall was placed on the stand and commenced his explanation of his connection with the Athabasca Railway. W. L. Welsh, K.C., counsel for the commission, speaking of Minty's action said that it was a gross breach of the facts and he might yet call on the commission to issue a warrant against Minty for contempt of court. Mr. Welsh said he intended to prove that the Alberta and Great Waterways road was a myth on the phantom and that the Canadian West Construction Company was the substance. He said he also intended to prove that the \$50,000 capital of the A. & G. W. was a feat of book-keeping, having been placed on the books of the bank to the credit of A. & G. W., and then debited to W. R. Clarke a few hours afterwards. Mr. Robson, lawyer for the A. & G. W., wired Mr. Biggar today to send the papers Minty had brought to show the commission which were to be returned at once. Minty asked that the papers be impounded by the commission.

At the afternoon session, Cornwall said he was no longer connected with A. & G. W., and that he had over a year transferred all his holdings to W. H. Clarke for a consideration, the consideration being the verbal agreement between him and Clark to have the latter invest \$25,000 in Cornwall's name in steamboats on the great waterways. Clarke has already invested \$14,000 in this project. All the agreements between him and Clark had been in regard to this proposition and Cornwall declared he knew nothing of the bond deal and paid no attention to the matter, for he had no interest in it.

Clark's Evidence Essential.

As time proceeds it shows more clearly than ever that the necessity of Clark's testimony in the investigation is of paramount importance, and if this is not forthcoming, which is very probable, the investigation will fall short of what it is held for.

Cornwall in his testimony told how Hawes had failed to sell the bonds of the road, and how Bowen came along and setled the option for Clark. He told of Clark's coming to Edmonton and the prolonging of the option. He denied having in any way endeavored to assist Clark in getting the Government guarantee of the bonds. He happened to be in New York when B. Woods, Deputy Attorney General, and C. W. Cross, attorney treasurer, were there at the time the bonds were taken by special train to Morgan's. He did not know then why they were there. He was there on other business in connection with his steamboats. He did not know that Clark left New York for London a few days after he met these men in New York.

He declared he knew nothing of the formation of the Canada West Construction Company until he heard of it in the legislature. He said he knew nothing of the order-in-council of the Alberta cabinet approving the bond issue.

Edmonton, April 15.—When he produced the minute book of the Great Waterways Railway Company and read extracts from the minutes of the meetings held in Edmonton and New York, W. L. Welsh, chief counsel in

the sole person who was to receive benefit from the securing of the guarantee from the government.

Cornwall said he never expected to receive benefit because he never expected to be successful.

Cornwall's Wedding Trip

In the afternoon the session was a long fight between Cornwall and Bennett, the latter endeavoring to force the witness to make some damaging admission, and the witness holding his own very well. There was one dramatic moment, when Bennett asked Cornwall whether he had met Mrs. Bowen in San Francisco while on his wedding trip.

"Now Mr. Bennett," said Mr. Cornwall grimly, pointing a finger at the lawyer, "you want to be careful in—" "Don't you try to intimidate me," interrupted Bennett, glaring back at the witness.

Judge Scott made some remark and the matter was dropped, but it looked like fireworks for a time.

Both the government people and the insurgents appear to be very happy at the aspects of the investigation shown thus far, even though the A. & G. W. itself is receiving some very severe blows. Bennett all the afternoon had Cornwall asserting and reasserting his steps up to the time of the taking over of the Athabasca Railway by the Clarke interests.

The introduction of Mrs. Bowen's name in the case promises interesting developments. Mrs. Bowen is the wife of the man who obtained the option for Clarke.

When her name was first brought up by Bennett, Mr. Cornwall said, "Yes, I know you have her in Calgary now, Mr. Bennett."

"And we'll have her husband too, when we want him," retorted Bennett.

Cornwall has had now a day and a half on the stand and will be on for another day at least. The commission will sit Saturday morning and then adjourn.

Edmonton, April 18.—Today J. K. Cornwall concluded his long siege in the witness stand before the Royal Commission inquiring into the Waterways Railway deal. Though subjected to severe cross-examination by R. B. Bennett, nothing new of importance was elicited. The only occurrence of interest was when a letter from Biggar to Minty was read. Biggar said Cornwall objected to the appearance of the men who were assisting him, claiming there was too much truck cost, top hat and spats in the matter.

Norman McKenzie, K.C., wished it understood that this letter was confidential and not intended for such an occasion as this. Mr. Bennett said he believed that this was quite true, and Judge Clark remarked that "quite a number of documents gave that impression."

Cornwall explained that the wearing apparel of Faulkner and Hawes was referred to. He said that up to that time he did not think such clothing had been seen in Edmonton and he thought it had left a bad impression on the government. Though present at every critical period in the railway deal since the June when Bowen got his option, Cornwall said it was merely by coincidence and not by design or prearrangement. It came out that the reason Clark refused to appear was he feared the evidence he might give would prejudice another suit in which he was a party.

The afternoon session of the Royal Commission was taken up with the examination of J. A. L. Waddell, engineer of A. & G. W. Mr. Waddell is one of the foremost authorities on bridge and structural work in America and his book on the subject is the first authority, but he admitted today that he had not done much railroad engineering. He told of his connection with W. R. Clarke. He said that Clarke's father was his friend and he has known Clarke since he was a boy. They were looking for some proposition to get into together and this cropped up. He was in more as a friend than as an engineer. He told Mr. Johnson, who conducted the direct examination, of his trips to Europe as consulting engineer while Clarke conducted the negotiations for the sale of the bonds. He told how Clarke had been disgruntled apparently at one time because of some commission that he should get some commission, but Morgan and Co. did not seem to think so. Waddell did not remember whether this took place up on the first trip to England or the second.

At many points in his narrative his memory failed. He said he personally had nothing to do with the European transactions, having gone simply in case he was wanted to answer engineering questions. He admitted he had never been to Fort McMurray, but had this last winter been within seventy miles of it.

Once he was wired to Phillips, who was one of the men who conducted preliminary surveys, saying there was "some thing doing." This he explained meant simply he wanted Phillips to come back to work. In another telegram he informed Phillips it would be necessary to refer to him, "Waddell" simply as "the doctor," he explained this

as following out the directions of Clarke "to be discreet."

On March 16, 1910, Waddell wired Clarke a long cipher message in which he said "do not agree to operate the railroad, you will make a grave error if you do." In explanation of this Waddell said he thought Clarke was being imposed upon and he did not want this to happen. A message to him on March 10, when he was just coming from a trip along the A. & G. W. route was from Goddard and said: "Real glad you are coming, keep mum."

Mr. Waddell told the commission he could not understand why he was told to "keep mum."

R. B. Bennett took up the cross-examination and elicited the information at the outset that Clarke yesterday wired to Waddell giving him power to draw \$5,000. Waddell told Bennett that he was not to get a salary and a fixed sum for his services in the A. & G. W. His salary is \$35,000 a year and the fixed sum he will get is \$75,000 part in a short time and the remainder upon the completion of the road. He said he had for years and years received an income of \$55,000 to \$30,000 yearly.

"But that was for building bridges, not railroads," remarked Bennett.

"Yes," admitted Waddell.

Woodman praised Cell Goddard to Clarke as an engineer. Woodman is the man who is supposed to have made the first \$13,000 estimate for the Athabasca syndicate.

Clarke asked Waddell to meet Goddard and to size him up. He did and Goddard was retained.

Clarke at first had three projects: one of a road from Edmonton south, which was abandoned after a preliminary survey; one of a road to the Peace River, which was also dropped; and one to Fort McMurray which eventuated in the present A. & G. W. At the outset he had hopes of obtaining from the Dominion Government a cash subsidy of not less than \$3,500 a mile and a guarantee of bonds from the Alberta Government, the amount to depend entirely upon the result of negotiations. Waddell knew Clarke had no intention of using his own money to build the road, but thought he expected to interest capital through his bank, which is an old established one. The commission adjourned until tomorrow.

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## ENORMOUS COST OF G.T.P.

Four Times the Original Estimate—How the Patronage List Has Been Abolished—Pugsley's Slippery Methods.

The debate on the Lumsden whitewashing committee held on March 31 brought out several excellent examples of the manner in which the National Transcontinental is being built. For example, here is one table supplied by Mr. Houghton Lennox, he gave twelve of the 21 contracts and showed that the figures for rock excavation stand thus:

No.	To Cost.	Has Cost.	Will Cost
1	\$ 71,158	\$ 578,228	\$ 810,135
2	29,236	109,128	175,930
3	244,379	317,534	373,152
4	920,760	1,106,410	1,475,480
5	716,738	1,385,956	1,847,942
6	308,710	859,157	906,696
7	1,017,305	914,300	1,956,002
8	568,821	2,878,912	4,318,338
9	608,607	603,553	1,071,804
10	1,303,517	1,950,507	5,569,320
11	471,450	1,668,702	2,336,184
12	940,169	376,093	432,960

Thus the rock alone will cost more than it was expected that the whole road would.

Then Mr. Lennox compiled the following comparison with regard to thirteen contracts which are fairly well advanced; it shows what the engineers thought the work would cost and what it is costing:

No.	To Cost.	Costing
1.	899,895	1,765,600
2.	288,090	536,663
3.	717,424	951,091
4.	1,898,134	2,475,095
5.	1,646,293	3,100,000
6.	1,985,941	2,105,624
7.	2,377,409	3,856,738
8.	5,011,340	7,320,763
9-10.	5,297,257	12,963,243
11.	1,691,073	3,937,627
14.	3,815,379	5,154,350
21.	12,000,000	17,466,298
	\$37,189,101	\$60,782,902

This it works out as follows:— We have 13 contracts to cost \$37,189,101, costing \$60,782,902. We will have 8 contracts to cost \$20,808,054, costing 42,985,686. Add under-estimate of 5 p.c. 5,188,932 \$108,967,560

Add interest during 8 years construction, say 4 years at 3% p.c., simple interest 15,155,461

Total cost when road completed for schedule items only \$124,123,041

Only 7 years interest at 3 p.c. compound 28,532,128

Total cost of scheduled items, years after completion, this is all extra \$152,655,169

And to this must be added the Quebec Bridge, as well as the right of way, the rails, the fastenings, the terminals, the station houses, the turntables, the sidings, the telegraph system, the workshops, the elevators, the bridges—over \$50,000,000 more.

**Great University.**  
Calgary, Alta., April 18.—An effort is being made by some prominent people of Calgary to organize a large un-denominational university in this city.

That is a pretty big proposition, but it is one which seems to be meeting with much encouragement from prominent men in this city, and the movement is taking head.

Western Canada College has been a very successful college, and one suggestion is that it be made the foundation for a strong Western Canadian University.

Dr. Blow is the most active person promoting the idea, but others are very willing to take it up.

He has already been assured of strong support both in money and in grants of lands in the immediate district adjoining Calgary.

It is probable that a public meeting will be called at a nearby date to discuss the situation, and start active work of organization.

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Sault power scheme, unless Hon. Mr. Emmerson's declaration that a two million dollar fund had been raised in the United States to influence Canadian legislation may be a clue in his own interest. Mr. Pugsley should lose no time in setting himself right before the electors of the Dominion on these two matters, for just at present he is a very bad odor.

The Korean Bureau of Finance is experimenting with the production of salt with a view to making it a government monopoly.

Moss has been forced to make an impression upon hard-ear by exploding a dynamite cartridge upon it.

