

CASSELS CUTS DEEP, EXPOSES EVILS, SUGGESTS REMEDY; MINISTERS EXORCISED; HON. MR. BRODEUR PRAISED

GUILTY OFFICIALS OF MARINE DEPARTMENT NAMED AND SCORED

Main Responsibility for Improper Conditions Placed on Deputy Minister --- Mr. Harding Censured but Excused

JOHN KELLY ACQUITTED OF WRONG-DOING

No Overcharges in St. John---Capt. Spain, Capt. Schmidt, J. F. Fraser and Others Condemned--Cassels Recommends Abolition of Patronage, Adequate Salaries for Good Officials, Capable Inspection and Establishment of Purchasing Commission for all Departments

OTTAWA, Jan. 22.—The report of Judge Cassels giving the results of his investigation into charges against officials of the marine department, was laid on the table of the house today by Hon. Mr. Brodeur. The report, which covers 200 typewritten pages, gives a succinct summary of the fourteen large volumes of evidence covering the administration of the marine department as adduced during the inquiry which began in May last and concluded last month.

Salient Features
The salient features of the report, which has been looked forward to as being likely to provide one of the chief topics of debate for the coming session, are, in brief, as follows: On the evidence submitted Mr. Justice Cassels finds that nothing has been shown which would in any way reflect on the present ministers of the government. So far as was disclosed for the commissioner, nothing, nothing, nothing might in any way impeach the character of the late Hon. Messrs. Sutherland or Prefontaine. Hon. Mr. Brodeur, on the other hand, is found to have been concerned in transactions investigated.

Already Taken Action
With regard to some of the abuses shown to have existed at Ottawa and the marine agencies at Quebec, Halifax and St. John, his lordship notes that Mr. Brodeur had already taken action to remedy them, namely, by the abolishment of the patronage list and the creation of an adequate system of purchasing supplies, thereby effecting a saving of about a hundred thousand dollars a year in the department's expenditures. Practically the only recommendations in his report are that these two sweeping reforms should be applied to all the departments of the government. Other remedies he suggests are the appointment of capable and efficient officials who should be adequately remunerated and the awakening of the public conscience to the sinister demand for the honest administration of all public money.

With regard to individual officials of the department in the main here he reports simply the facts of evidence, leaving the question of prosecution or dismissal to be dealt with later by the minister. Those who come in for the severest criticism are practically all appointees of a previous administration. Deputy Minister Gourdau, he says, must be held accountable for failure to remedy the conditions shown to have existed at Quebec, Halifax and St. John, and his evidence was in many cases declared to be unsatisfactory and contradictory.

Most Severe Condemnations
J. F. Fraser, commissioner of lights, comes in for most severe censure, it being shown that in direct disobedience to the minister's order he continued purchasing supplies from Merwin and Brooks and gave no satisfactory explanation of numerous circumstances. A clear case was held to have been made out against Commander Spain, Agent Gregory at Quebec, and more than a score of minor officials.

No wrong-doing was shown by the investigation to have occurred in connection with the St. John and Montreal agencies.

Before taking action with regard to the officials implicated by the report, Mr. Brodeur will go carefully over the evidence, but it is certain that heads will fall.

MINISTERS EXORCISED.

Judge Cassels in concluding his report says:

"During the investigation the name of the late Hon. James Sutherland and that of the Hon. C. Sifton have been referred to. I think it only fair to the memory of Mr. Sutherland and also to Mr. Sifton to state that no evidence has been adduced before me casting reflections on the character of either of these gentlemen. The name of the

late Minister, the Hon. Raymond Prefontaine, has also been referred to. I am not here to judge Mr. Prefontaine or his policy, of the manner in which his department was administered. There are but two places where I would consider any reflections are cast upon him, the one I have referred to in dealing with P. Fraser, the other a statement which was made by Mr. Gregory in his defense given at Quebec. He stated in reference to Mr. Prefontaine that he gave for a period of about eleven years to Mr. Gregory the sum of \$500 per annum, that he was very friendly with him, and that he did not think that a reason for him to ask for anything, and when the Minister said 'Try and get some money out of those who can afford to pay it,' he replied that the only honorable man he could trust himself with was Davis, and if he would lend him the money he would take it." The judge proceeds:

RECEIVED IT FOR YEARS.
"It has to be borne in mind that for years preceding this alleged interview and for a long time prior to Mr. Prefontaine's resignation, Gregory had been receiving yearly sums from Davis, I think it would be very unjust to the late Hon. Mr. Prefontaine to accept such evidence as that of Gregory or J. F. Fraser as casting any slur upon him, and I feel it my duty to state that I do not so accept it."

"Nearly all the officials of the department have been examined before me. I do not name them individually, but I may state that any not named are free from any imputation or wrongdoing. Not that I desire to convey that those named are guilty of wrongdoing. I have reported on each and given my conclusions."

PUBLIC OPINION NECESSARY.

"Before concluding I may be pardoned if I make a few observations. I am aware that what I am going to say is not within the scope of my duty as defined. I am also aware that I have not the practical knowledge to guide me as to the feasibility of putting into practice my views. No harm, however, can come from my observations. In the first place the chief remedy for amelioration of the conditions I have sought to portray lies in the awakening of the public conscience. If the public generally could be brought to view with abhorrence graft and abuse of trust on the part of those administering the public money and property, the end of such abuses as have occurred in the past would be in sight."

ADEQUATE SALARIES.

"Secondly—Capable and efficient officials should be adequately remunerated. Mr. Gregory, in the control of nearly one million dollars per annum, received a salary of \$2,500 per annum. Mr. Harding, in the control of about \$700,000 per annum, a salary of \$1,800 per annum; Mr. Parsons, in the control of about \$300,000 per annum, a salary of \$1,800 per annum. It is an easy matter for those in affluent circumstances to hold up their hands in horror—they have not been in a position to be tempted."

"Thirdly—The abolition of the patronage system in the department of Marine and Fisheries is a long step in the right direction. It is, however, important that while the purchasing of supplies, etc., should be controlled by an able man like Mr. Doutré, a thorough and systematic inspection of the agencies should periodically be made in order that the necessity of the requirements should be met and a view to ascertaining if the supplies reach their proper destination."

BIG SAVING WOULD RESULT.

"According to the evidence a saving of about \$100,000 per annum would be effected by the severest economy in the department alone by the change. Are there not other departments administered by the government which could be dealt with in the same manner?"

"Would it not be feasible to appoint a board of say three competent men, assisted by inspectors conversant with ruling market prices, to act as purchasing agents for all the departments?"

The office of the auditor general is a very valuable and necessary one, but to leave the matter with him alone is only to lock the stable after the horse has been stolen."

Fifty pages of the report are devoted to a review of the Ottawa officials who came chiefly into prominence. The first of these is Deputy Minister Col. Gourdau, who applied for superannuation last April. The first point with which the judge deals is the complaint of the civil service commissioners as to the large amount of correspondence which Col. Gourdau was compelled to sign, and in this connection he declares "it is in direct conflict with the correspondence on the files of the department. It appears that papers have been destroyed. It may be that the papers burned would throw no light on the matters investigated nevertheless I consider it my duty to state that the papers destroyed rather than a perusal of the baskets full of papers of a semi-private character not destroyed."

DEPUTY'S RESPONSIBILITY.

Next the judge comes to a discussion of the responsibility of the deputy minister of the department. He says: "I cannot understand how the marine department were being conducted in Quebec, St. John and Halifax could have been unknown to the deputy minister. It is stated that the inspectors did not do their duty. Continuous complaints were being made of excessive prices paid and so far as apparently there was no practical interference on the part of the deputy minister responsible for the proper management of the department."

NEW DEPUTY EFFICIENT.

In regard to the present deputy minister, Mr. Desbarats, his lordship says that the evidence shows him to be a most capable and efficient officer. The only criticism made is with regard to the unnecessary increase of the number of employees at the Halifax dockyard just prior to the last general election.

In the matter of Commander Spain's expense account and the charges made by the auditor general that they were not correct are dealt with at some length. As far as the evidence shows before me," says the report, "he has been charging sums for travelling expenses when the records show that he had not possibly been in the places where he alleges he was and in respect of which the charges were made."

"For instance, he alleges, that he made a trip to Fort William and he has charged for this trip as of New York date. It would have been very easy to have brought evidence proving the truth of this contention. No such evidence was adduced, although the fullest latitude for the purpose has been allowed. It is impossible for me to believe him on the charges brought against him by the auditor general as the matter stands at present. With regard to the \$500 received from Mr. Polson of Toronto, Justice Cassels says that there was no evidence to prove any wrongdoing in connection therewith."

J. F. FRASER SCORED.

The most serious animadversions of the under-mentioned have relation to J. F. Fraser, the former commissioner of lights, and the purchases from Merwin and Brooks. The judge says: "Here again the grave charge is made of tampering with public records."

Regarding the deals with Merwin and Brooks, the report says: "It would appear that Fraser, in disobedience to the orders of the minister, had made purchases from Merwin and Brooks of notoriety." He quotes Gourdau's evidence as to these transactions and merely adds: "It seems to me impossible to acquit Fraser until the transactions with Merwin and Brooks are satisfactorily cleared up."

The well-known story of the transactions with these firms was related in the public accounts committee in 1906 and is in this connection upon Merwin and Brooks. The judge says: "When confronted with his evidence before the public accounts committee and before me, he explained how he could give such evidence in the face of the testimony given before me, sought to explain by stating that he was not allowed to be in the affairs of Brooks and that he was attending in Ottawa, that Brooks had furnished him with a statement, and that when giving his evidence he was giving it for Brooks."

Then the reports throw light on what happened on his visit to New York which has never before been made public. It explains how Brooks was asked to examine the books which he would give evidence before me that he would give evidence before me that he was also willing to produce his books, but the report proceeds:

"My own sorry to say the trip proved futile. Brooks appeared before me with counsel. He submitted his ledger, a considerable portion of it being sealed up. He permitted myself and Mr. Watson to look at the private accounts of Merwin, speaking in a general way they indicated the receipt by Merwin of over \$40,000 as his share of the profits. Next day Brooks appeared and although advised by his counsel to submit for examination he declined to do so. He said that he was willing to give every information he was not willing to be sworn as a witness. This information not under a subpoena would be of no use, and I had no power in this proceeding to compel his examination. The ledger which he showed to me had every appearance of having been written up at one time."

"It would appear that Fraser had been to understand the affairs of Brooks & Co. on one or two occasions just prior to my visit to New York. He was also represented in New York by counsel, who pleaded strongly for an examination and if full production of the accounts of Merwin and Brooks was demanded they could have been verified in Ottawa from the papers on the files."

"I do not see why Fraser should have been so anxious to see the books. I am under the impression that if Fraser had not gone to New York matters might have turned out differently and the truth have been elicited. As it is, however, matters rest where they were."

THE PATRONAGE SYSTEM.

Dealing with the patronage list, Judge Cassels quotes from the Col. Gourdau evidence that the system had caused a loss to the country of two hundred thousand dollars in three years. He notes that on May 14, 1908, Mr. Doutré was appointed purchasing and contract agent for the department. This new system, according to Mr. Doutré's estimate, would save from fifty to one hundred thousand dollars a year. On Nov. 24, 1908, Mr. Brodeur abolished the patronage system. The judge's conclusions are as follows: "The system seems to have been handed down from one administration to another since Confederation. In my mind the system and continuance of the system is absolutely wrong."

It appears to be based on the old maxim, 'to the victors belong the spoils,' utterly ignoring the fact that the money to be dispersed is money contributed by the people generally and not the money of the political followers of the party at the time being in power."

GREGORY'S GRAFT.

In dealing with the Quebec agency first place is given to the conduct of Agent Gregory. He notes that his salary was only \$2,500 and that the expenditure at his agency was nearly one million dollars a year. Sometimes he had advanced money of his own in order to pay wages, etc. On this point, after quoting a statement by Mr. Gregory that "They speculated on the stock market and I speculated on the others," the report says: "Denuded of verbiage the fact is he has been exacting a toll of five per cent. on the money advanced by the department to contractors and others who had the privilege of dealing with the department."

A summarized list of persons dealt with is as follows: \$175, should be entitled to consideration. Capt. Chas. Keenig, \$880, absolutely unjustifiable. Joseph Fontaine, \$1,040, was frank, but must have had a pretty good idea that he did what was wrong."

Le P. Gagne, \$2,800; this money unquestionably was paid for the purpose of smoothing matters over and should have been received by the department. Paul Belue, \$1,500, given to smooth matters over and improperly received. Capt. Geo. D. O'Farrell, \$1,512; accusation accepted despite O'Farrell's denial as having received the sum. Gilbert Beauchemin, \$1,075; charge proved."

CAPT. SCHMIDT BRIBED.

C. Thompson Schmidt, \$2,123. There is but one explanation of Mr. Schmidt's conduct. He received a bribe and he knew it to be a bribe."

Thos. McConkey, \$200; not proven. James Ferguson, about \$120; witness admitted it.

"It seems to be apparent that these money paid to most of the various witnesses were paid and received as bribes."

And may must have known that they were paid to them in consequence of their being in a position of trust and in order to smooth over matters in the way of passing the accounts of the government."

MR. HARDING'S CASE.

Dealing with the St. John agency, Judge Cassels notes that P. J. Harding on a salary of \$1,800 handled expenditures of between two and three hundred thousand dollars a year. Expressing a desire to be lenient with Mr. Harding and drawing attention to his strained financial circumstances the judge comments upon his case in part as follows:

"His financial transactions with those having contracts or other dealings with the department were numerous. At the same time, while the transactions were numerous, in the main they consisted of accommodation afforded by his friends, money advanced to him, his check accepted and cashed at such times as Mr. Harding's friends thought fit to advance him a day or two, in other cases at longer periods."

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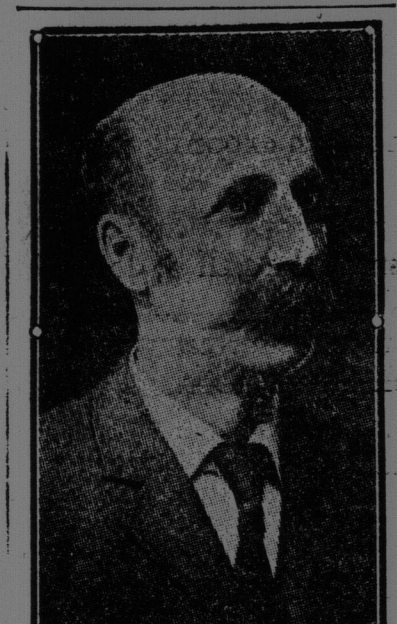
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BORDEN ADMITS THAT TORIES WON BRITISH COLUMBIA BY A LIE

Laurier Exposes Bogus Telegram re Asiatic Exclusion

Borden Bribes Whole Province, Declares Premier — Makes Sensation

Debate in House Leads to Bitter Recriminations—Todd's Fine Effort



W. F. TODD, M. P. P.

OTTAWA, Jan. 22.—The debate on the address is not as a rule remarkable for its relevancy to the subject matter of his excellency's speech, and the discussion with which the house entered upon session today was more irrelevant than usual.

As a legacy of the general election the opposition apparently found themselves with a considerable quantity of solid reliable men on their benches, and this Mr. Borden, with the assistance of Mr. Foster and a liberal application of cold, proved to be untrue. One would have thought that after the lesson taught them in the recent campaign the Conservative party would have been glad to leave laundry operations alone for a time, but there are none so blind as those who will not see.

As has so often happened in the past, all that the leader of the opposition brought out in debate today was a bringing trouble upon his own head. The Prime Minister is too old a politician to be taken in by such tactics. Mr. Borden's attack was met by a counter attack from Sir Wilfrid Laurier, the immediate effect of which was to place the opposition entirely on the defensive and to lay bare a chapter in the history of the last election of which more will probably be heard. Everybody knows what happened in British Columbia on October 28, and many people may have entertained such an impression by which the Conservatives captured a majority in that province, but it was left to Sir Wilfrid Laurier to expose in all its nakedness the trickery which enabled the opposition to turn a solid Liberal representation into a minority.

DELIBERATE FABRICATION.

British Columbia was won for the Tories not merely by false promises, but by a deliberate fabrication, admitted by the leader of the opposition himself, though yet to be fully explained. That was the revelation which came unexpectedly to the House this afternoon, backed by quotable evidence and as already indicated by the admission of Mr. Borden himself. The facts brought out by Sir Wilfrid were briefly these: On October 28, the eve of election, there appeared in the Daily Columbian of Victoria what purported to be a fac simile of a telegram sent to the Conservative party of British Columbia by Mr. Borden. It read as follows: "You need not reveal. Conservative party stands for a white Canada, absolute protection of white labor and absolute exclusion of Asiatics." This message was unknown throughout the entire province of British Columbia as an official declaration by Mr. Borden of the Conservative party's policy, and Sir Wilfrid Laurier was able to show that Conservative candidates, among others Mr. Cowan of Vancouver, quoted it as such.

The Prime Minister was proceeding to comment upon the effects of such a pronouncement when Mr. Borden jumped to his feet with the statement: "I did not send that telegram." Taken somewhat aback by this denial, Sir Wilfrid replied that he had a copy of the telegram as it appeared in the Columbian, and that he would place it on the table. Moreover, he quoted from a report of a speech delivered by Mr. Cowan which showed that that member had not only read Mr. Borden's message at a meeting on the eve of election, but "I don't care," testily retorted Mr. Borden, "that is not the telegram I sent."

CRUSHING REJOINDER.

"Then," came the crushing rejoinder of Sir Wilfrid, "certain members in British Columbia obtained their seats on false pretense. I am sorry for the leader of the opposition, and sorry for his party in British Columbia that they should have resorted to lies to win an election."

This was too much for Mr. Borden, who again arose and explained that the message he had sent did not contain the contents of the absolute exclusion of Asiatics." How it came to appear in the Columbian and to be freely quoted by his supporters in British Columbia he did not explain and the house was left to assume that the words had been added purposely, maliciously.

MR. TODD BEGINS.

When the house met the Speaker announced that he had received a letter from William Sloan resigning his seat in the Commons and had issued the usual order for a writ of election. Then W. F. Todd, the new member for Charlotte, N. B., who defeated Mr. Ganong, rose to move the address in reply to the speech from the throne. Taking the speech paragraph by paragraph, Mr. Todd enlarged upon them with a fluency that favorably impressed the house. He gave an illuminating and comprehensive review of Canada's recent progress as a nation, noting its increasing importance as a world power. He was followed by Mr. Turcotte of Quebec county, who, speaking in French, congratulated Sir Wilfrid Laurier on the anniversary of his birth.

Both mover and seconder were warmly complimented by the members of the house, and Mr. Borden on their excellent speeches.

Mr. Borden followed Mr. Turcotte and quickly introduced a note of recrimination. Smarting under the defeat sustained at the polls, he made a labored effort to show that the system of representation was responsible for the government's return, and then he placed into issue what was intended as an attack upon Liberals for the use they had made of a notorious "duty of hour" pamphlet. If Mr. Borden had taken the advice of some of his friends he would have let sleeping dogs lie, but apparently that was not his intention. He proceeded to deny in vigorous terms the statement that the pamphlet was issued by the Conservative party. "That statement is an absolute falsehood," he declared, and his party cheered. The disclaimer, however, was not allowed to pass unchallenged.

EXPRESSIVE SURPRISE.

Allow me to tell my honorable friend that the pamphlet was circulated in Pictou county by the Conservatives," said E. M. MacDonald. Thus observed Mr. Borden, who then the subject, passing on to deal with the suggestion that session of parliament should be adjourned.

With this neat description of what really happened Sir Wilfrid passed on to survey of the results of the election. He pointed out that in the Maritime Provinces in Quebec, even in Ontario, the strength of government forces practically remained unchanged. They had suffered in Manitoba, but he had it from Mr. Sifton to whom he paid a warm tribute, that the success in that province had been obtained by methods which were not creditable to the Conservatives. In the province of British Columbia the situation had also changed, but it had changed because of the issue raised of a white British Columbia. At some length and with admirable restraint the prime minister proceeded to compare the policies of the two parties in regard to the exclusion of Asiatics and to show that the policy of restriction accepted by Japan and themselves was infinitely preferable to the policy of rigid and absolute exclusion advocated by the Conservatives.

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