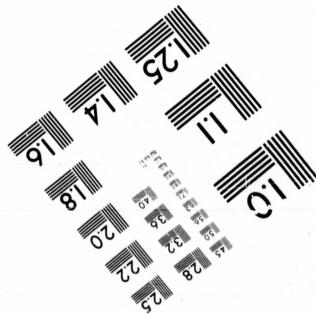
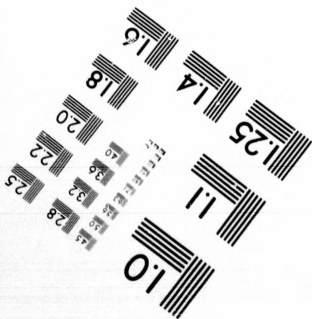
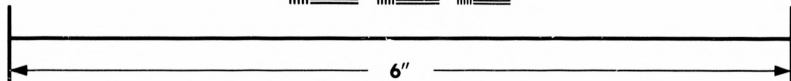
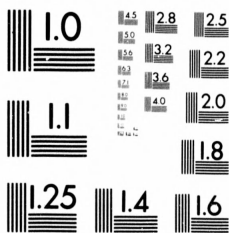


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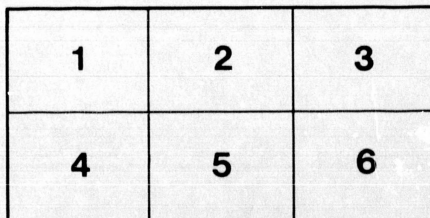
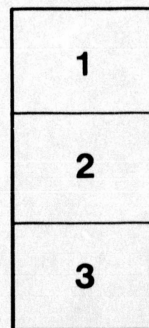
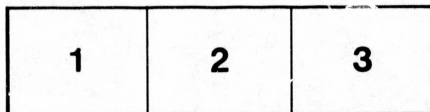
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# SPEECHES

OF

## HON. L. H. DAVIES, M.P.

AND

## DALTON M<sup>C</sup>CARTHY, M.P.

ON THE

# CURRAN BRIDGE CONTRACT

HOUSE OF COMMONS, OTTAWA, TUESDAY, 18<sup>TH</sup> JUNE, 1895.

Mr. DAVIES (P.E.I.) Mr. Speaker, during the last session of Parliament, the Public Accounts Committee was engaged at nearly all of its sittings in taking evidence in relation to the alleged frauds perpetrated on the Government in connection with what is popularly known as the Curran Bridge Contract. That evidence was reported to the House at a very late period of the session. There was also an investigation before the Exchequer Court relating to the same subject in which a great quantity of evidence was collected; and there was an investigation made into the subject by the commission appointed by the Government to investigate these matters in the summer of 1893. That evidence was before the Commission on Public Accounts in type-written form, though I believe it has never been printed in full. Towards the close of the session the House undertook to discuss the evidence which had been given before the Public Accounts Committee; but, as was very well remarked by some members who took part in the debate, sufficient time had not elapsed to enable the members of the House thoroughly to master the effect of that evidence. It seems right and proper, in view of the admitted fact that enormous frauds have been committed upon the Government, that the attention of the House should again be invited to the subject-matter, with a view to determining, in the first place to what extent

these frauds have been perpetrated, in the second place the cause through which they were allowed to be perpetrated, and, in the third place, whether the guilty parties have been punished or whether any attempt has been made to insure their punishment. Now, I do not think it is necessary to enter into a minute investigation of the larger portion of the facts connected with these frauds. Sufficient for us, and for our present purposes is it, I think, to take a general bird's-eye view of the situation, and I think it will be found that not only have the subordinates who have been engaged in the construction of these works been guilty of fraudulent conduct, but that the department, and the Minister of the department, are, and ought to be, held responsible by this House for these frauds.

The fact of the matter is, Mr. Speaker, that we were about to build a bridge over the canal in the city of Montreal, known as the Lachine Canal, of a breadth of from 225 to 250 feet, and, in the session of 1892, the Minister of Railways came down to the House and made us a statement as to the necessity of this public work. Having first stated to the House that elaborate estimates had been made by the department, he asked the House to vote \$170,000 for the construction of these works, and the House took him at his word, and voted the money. Now, as a matter of fact, at the end of

1893 we found ourselves billed for accounts in connection with the work, totting up the respectable sum of about \$500,000, of which about \$400,000 have been paid, in actual figures, \$394,000. The mere recital of the facts on their face is startling, and calls for the earnest attention of hon. gentlemen on both sides of the House. The Minister of Railways admits—and that part of the case being conceded, a large number of references which otherwise would have to be made, are become unnecessary—that huge frauds were perpetrated upon the Government. I have before me the speech which the hon. gentleman delivered last session, in which, among other things, he says :

The whole business seems to have been one of fraud and collusion.

And, further on, he says :

So far as the department is concerned, there was nothing in the information as to the material furnished on the works, to lead the department to believe that the amount to be expended in the construction of the work would reach such an alarming sum, for I say that this amount of \$394,000 is an alarming sum, and I have no hesitation in saying that a large portion of that money is money fraudulently obtained by parties employed in the construction of the work.

So that we stand here to-day at the threshold of this inquiry, with the official statement made by the Minister that in a contract of \$175,000 to be carried out in the construction of two small bridges over the Lachine Canal, within telephonic communication with the department at Ottawa, and within a hundred miles or so of the capital, \$394,000 have been actually paid of which the greater part, as the Minister says, has been stolen, or fraudulently obtained from the Government.

Mr. FOSTER. I do not think "the greater part" are the words.

Mr. DAVIES (P.E.I.) Well, I think the hon. gentleman has a right to have it accurate, and if I have in any way misrepresented the language used, I will correct it. The language is

I have no hesitation in saying that a large portion of that money is money fraudulently obtained by parties employed in the construction of the work.

And, previously he had said, "the whole business seems to have been one of fraud and collusion." Now, that being the case, I say we have a right to look to see, not only who were the parties who committed these frauds, but how far the Government were responsible; and if we find that the Government are directly responsible by having opened the door and permitted the frauds to be committed by their negligent conduct, then they have a right to be severely censured. Now, let us see, shortly, what the nature of the work was, because

we have to eliminate from the discussion the whole cost of constructing the superstructures. There is no dispute about the construction of the steel superstructures, the whole cost, and the whole fraud has arisen out of the construction of the substructures. These were originally estimated to cost \$82,000, and by the additional depth which the department afterwards determined to make the substructures of the bridges that was increased by an estimate of \$40,000, making \$122,000. Well, Sir, the excess in the accounts rendered over what was estimated, was \$312,000; and on the whole work, as I said, including the superstructures, there have been paid \$394,000, of which \$60,000 was for the superstructures, which I do not intend to go into very much. So here we have \$334,000 paid on a small work which was estimated to cost \$122,000. Now, we know very well that these estimates were very liberal. We had the opinion of Mr. Hannaford, a gentleman connected with the Grand Trunk Railway, who said that on the 24th September, he and his officials on the Grand Trunk Railway had made careful estimates upon this matter, and they estimated that the cost of the construction of the Grand Trunk Railway substructure, would be about \$35,000 to the contractor, and he went on to say that if he had the contract at \$35,000, he would expect to make \$10,000 out of it.

Well, now we come to the straight question: How was the work carried out, and how far was the Government responsible? Now, Mr. Speaker, right at the threshold, I say that \$170,000 was voted to construct a public work of this kind, and that the Government has paid \$394,000; and the first inquiry is, What authority had they to pay the money? The House did not vote the money. Where did they get the authority? I say they acted unconstitutionally, and illegally. What has been the law with respect to the construction of all these public works by contract? The Act lays down explicitly that these public contracts shall be given after tenders have been called for, public tenders invited by the Minister, and that except in cases of pressing emergency in which delay would be injurious to the public interest, these tenders have to be called. Now, we find the hon. gentleman, in the beginning of the construction of this work, deliberately ignoring the policy which Parliament has laid down for his guidance. He was bound to call for public tenders for the construction of that work, unless he did violence to the policy of the Government, as embodied in the several Acts of Parliament we have. The Acts of Parliament went on further to declare that not only should public tenders be called for, but in order that the public interest might be sufficiently safeguarded, the lowest tender could only be passed by on the authority

of the Governor in Council, being obtained to pass it by, on good grounds shown. No expenditure is authorized by law unless that expenditure has been sanctioned by Parliament, except in one case, and that is a case which has been flagrantly abused by the present Government, not only in this contract, but in others. I wish to call the attention of the House to this fact, because it is owing to persistent and flagrant abuse of a power which they really have not, and which they claim, that they have been enabled to squander public money, from time to time, in these contracts. The law has laid down explicitly :

If, when Parliament is not in session, any accident happens to any public work or building which requires an immediate outlay for the repair thereof, or any other occasion arises when any expenditure, unforeseen or provided for by Parliament, is urgently and immediately required for the public good, then, upon report of the Minister of Finance and Receiver General that there is no parliamentary provision, and of the Minister having charge of the service in question, that the necessity is urgent, the Governor in Council may issue his special warrant.

Well, Sir, there is no man who would be bold enough to stand up here and declare that the facts of this case come within the purview of that provision. The Governor General's warrant in this case was issued, I say, illegally. The circumstances which could justify its issue, did not exist. There was a parliamentary grant given. That parliamentary grant was given after careful estimates had been prepared by the officers of the Railway Department, after those estimates had been endorsed by the Minister, after the Minister had laid them before this House, after he had obtained the sanction of the House to his request, and the specific sum of \$170,000 was voted for the specific purpose of building these two bridges, or rebuilding them, because they were there before. So that the department started by acting in a most unconstitutional and improper manner, thereby aiding so far as they could the wrong-doing and the misappropriation of public money. This matter has been brought before the House time and time again by the Opposition, and we have time and again pointed out that the Government improperly made use of Governor General's warrants to obtain money which they dare not ask Parliament for, and hon. gentlemen know well that if they had followed the law and come to Parliament and asked for this money they never would have obtained the sum they demanded.

But having violated the law in that respect, what did they do next? I charge the department that they violated the law, the policy of the law, in undertaking to do the work in the way they did. They were bound by law to call for tenders. They were to build two little bridges, each about 235 feet long. One would suppose

that this was not a work to tax the engineering ability of the officials of the department, and as a matter of fact we have the statement made that previous to the work being given out most careful estimates had been made as to its cost. The moment the Minister dispensed with the calling of tenders and began the work by day's work, that moment he began to open the door through which fraud could be perpetrated. Political influence then began to be brought to bear. Hon. gentlemen who wished to give employment to political friends and who found they could not give this employment if tenders were called, found the door opened wide by the Minister himself by which they could pass through as many political proteges and friends as they liked, not tens or dozens, but hundreds of the political friends of hon. gentlemen opposite could be employed under this system of day's labour to an almost unlimited extent. As a matter of fact we have evidence, not disputed but admitted on all sides, that this result did follow, that no sooner was the law violated, no sooner were tenders dispensed with, and the work begun to be carried out by day's labour than hundreds of men were employed who otherwise would not have been employed, and the public treasury was wronged to that extent. We have the facts embodied in the commission's report, and we have the reasons there given why the Government undertook to build this structure by day's work, and they are the most silly and futile reasons to which I ever listened. The statement was made by the chief superintendent of the canal, and the statement which the department adopted to show that it was better to build this structure by day's work, was, to use the chief superintendent's own language, "owing to the uncertainty of the mode of execution which circumstances will command." For my part I fail to understand what the meaning of that sentence is; but that is the reason given for departing from the law and building the work by day's labour, instead of by tender, as the Government is bound by law to do. I am reading from the third page of the commissioners' report, where there is this quotation from Mr. Parent's advice to the Government. I compared it with the document itself, and I found it a literal transcript. There was no uncertainty as to the mode of execution. The hon. gentleman stated deliberately and plainly the mode of execution. It was well understood. This was not a large work; two substructures were to be built, on which steel bridges were to be placed; the work was clearly and well understood, and the most accurate estimates were made before the Government came to Parliament and asked any vote whatever for the work.

What was the next step taken by the Government? The next step was that, instead of hiring the men themselves on day's labour and keeping some check over them, they gave a private con-

tract to a labour contractor to supply labour. If the door was not sufficiently wide open to permit fraud to be perpetrated before, the Government were determined to open it wide enough this time, and so on the 10th January, Mr. Parent advised the department that the system of employing a contractor to supply labour was adopted, and the department at once accepted and adopted the suggestion. What do we find? As a matter of fact, instead of public tenders being called for they obtained private tenders from three or four parties only. Those tenders were put in; and the House stands in this position to-day, that we do not know whether there was more than one bona fide tender or not. I have in my hands the report of the hon. gentleman's own commissioners on that point who after hearing the evidence, which I will not weary the House by repeating, came to the conclusion that "There is considerable doubt whether those tenders were bona fide; the competition may not have been genuine, and in reality there may have been only one tender." No one can read the evidence without coming to the conclusion that there was only one tender, and that it was intended from the first that there should be only one tender. The commissioner put this in very diplomatic language; they will not condemn their own employers, the Government, out and out, but they say that there is considerable doubt from the evidence as to whether in reality there was more than one tender. So that not only did the Minister dispense with tenders, not only did he determine to do the work by day's work, but he determined to give all the labour to a contractor and that by private tender. The hon. Minister, I believe, intimated that he did not know all about it; but I say in this matter at all events the Minister is as responsible as his deputy or anybody else, and any one who turns up the hon. gentleman's speech delivered on 18th July last year, will find that he admitted explicitly, without any reservation, that he had full knowledge of all the facts. The hon. gentleman felt there was something wrong about the transaction. He stated himself that he hesitated some time before he came to the conclusion that in the public interest a contract should be let in that way, but after proper pressure had been brought to bear he decided to do so, and it was done by his advice, and he therefore must be held responsible by the House and by the country. And what was the first step taken? They did not plunge into this thing, they approached it gradually; first, only skilled labour was to be supplied by the contractor, not common labour. But no sooner had they made one breach of the law, no sooner had they overcome and violated the law than they extended the contract to cover not only skilled labour but also ordinary labour, and as I shall show, that extension is one of the main causes through

which enormous frauds were perpetrated, and this extension was made after the Minister had positive and direct knowledge that the work was being carried on in a fraudulent manner. I give the House the dates. On 14th March, as I shall show afterwards, full knowledge had been brought home to the department of the disgraceful manner in which that work was being carried on, and the fact that the Government were being robbed by an enormous number of fictitious names being put upon the pay-list. They determined on the 14th March to extend St. Louis' contract to ordinary labour, and at that very time Mr. Kennedy, their superintendent, had written a letter in which he declared that it was an outrageous thing, that he could obtain any quantity of labour in the city of Montreal at that time of the year for a very much less sum than they were paying, and he waxed very pathetic about the conduct of the Government in that regard. In reference to that branch of the case the commissioners say:

The large excess of cost above the estimate is partly due to the labour contract. The contractor obtained his labour for night and overtime at about the same rate as day prices.

We find by their own report that the excess which we complain of was caused chiefly by this labour contract. Let us see what the result on that point has been. Hon. gentlemen will remember that there was a prosecution begun against Mr. St. Louis in the city of Montreal for obtaining \$175,000 under false pretenses. The judge who heard the evidence, made a summary of the facts which I have carefully compared with the evidence, and I found it to be correct. I beg the indulgence of the House to read from the judge's remarks. He says:

As stated above, I believe, after studying this record, that there have been frauds committed to the detriment of the Federal Government, but I do not think that they were as large as alleged. Mr. St. Louis' contract was extremely favourable to him. He was allowed \$4 a day for a foreman stonecutter, day time, and \$6 a day for the same foreman for night or overtime; \$8 for the same foreman on Sundays, and at the rate of \$12 for the same foreman for Sunday overtime. He was allowed \$5 a day for a double team, and \$10 a day for the same double team on Sundays. He was allowed \$2.50 a day for the use of a derrick, day time, \$3.75 for the use of the same derrick, night or overtime, and at the rate of \$7.50 a day for the same derrick for Sunday overtime, and so forth on the same scale for stonemasons, stone-setters and skilled labourers. It is no wonder that Mr. St. Louis' bills must have been tremendous, when it is remembered that the job lasted about four months and that there were at times as many as two thousand men at work in the day time and one thousand five hundred men at work at night time. The men were paid alternately every week. Mr. Michaud tells us that some of the pays amounted to \$34,000, some \$10,000, some \$15,000, and some \$20,000. In my opinion, the main causes of all the trouble in this matter are:

1. The exorbitant prices stipulated for labour in Mr. St. Louis' contract; and



2. The almost unlimited number of men allowed on the said work, so numerous that they were in one another's way, and Mr. St. Louis cannot be held criminally responsible for these causes.

Now, that statement of fact is an abstract of the evidence simply. It is not the judge's opinion. It is merely an abstract of the evidence, and I have carefully compared the evidence with the judge's statement, and I found it to be correct.

But, Sir, what I want to ask the House is: Was that wrongful contract made by some subordinate in the department for whom the Minister could hardly be held responsible, or, was it made by the Minister himself? The hon. the Minister felt that it was wrong. As he said himself, in his speech last session, he objected to it for a long time. He called his deputy and talked it over with him; He called Mr. St. Louis and talked it over with him, and then not only did the Minister agree to the contract, but he agreed to it after full reflection and after full discussion. Therefore, he must be held to be personally responsible. Now, Mr. Speaker, what do we then find? Who is this man to whom the Government gave the contract? The evidence has proved conclusively that he is a very strong partisan of the present Government, and has been accustomed for years to contribute to their election expenses. This man, as it appears, destroyed his books, because, as he swears himself if he had produced the books, they would have shown how much money he has contributed from time to time towards the election expenses of gentlemen supporting the Government. During the very time this contract was under way, and when he was receiving these extravagant sums for labour he was supplying, he (St. Louis) swears that he contributed an amount which he won't mention, but which his books would have shown had they been produced, towards an election contest in Vaudreuil.

Now, what did the Government do next? They had a gentleman in connection with that work, who was connected with it from its inception, and whose name was Desbarats. Mr. Desbarats, as the report shows, was sent to Montreal in September, 1892, to examine the site of the bridges. The first plan was prepared by Mr. Desbarats under Mr. Trudeau, late Deputy Minister, and the second and third plans were prepared in Montreal by Mr. Desbarats and Mr. Parent. Mr. Desbarats remained in Montreal from November till 1st of March. Mr. Desbarats was dismissed, and why? There was no living public official in a position so thoroughly to understand those works as Mr. Desbarats. He had prepared the original plans, he had prepared the extensions, he was in a position to check them, but Mr. Desbarats had done that which was an unpardonable sin; he had interfered with the politicians who were connected with the construction of this

bridge. We had here a Mr. Kennedy, a political supporter of the Government, a protegee and friend of the Solicitor General, a gentleman who was appointed to his position as superintendent of the canal at the instance of the Solicitor General and Mr. Ogilvie, and a Senator whose name I forget.

An hon. MEMBER. Senator Drummond.

Mr. DAVIES (P.E.I.) Yes, Senator Drummond, Mr. Ogilvie and Solicitor General Curran had Kennedy appointed to the position. Mr. Kennedy thought he was going to have a free-hand, to run matters as he liked, to spend what he liked, and to distribute the ill-gotten gains which were to come out of that bridge as he liked; and Mr. Desbarats, as I say, committed the unpardonable sin of attempting to keep a check upon Mr. Kennedy. What are the facts? We find in the evidence taken before the Public Accounts Committee that on the 4th February, 1893. Mr. Kennedy, superintendent of the canal, writes a letter to the chief engineer, warning him that he (Kennedy) is in no way to be interfered with, warning him that Desbarats, the local engineer in charge, had been keeping the time of the men, and going to the time-keepers to get the time so that he might compare it with his own time and see if it was correct. And Mr. Kennedy wanted no check kept upon the time. He was going to be the absolute and uncontrolled ruler, or, as he termed it himself, "boss of that job." In this letter, which he writes on this date to the chief engineer, he said:

I will also call your attention to the fact that the resident engineer, Mr. Desbarats, solicits his information personally from foremen or others appointed by me, in their different capacities. I here now inform you, that from this date, when he requires any information, or has any orders to give or issue, they will have to be given or come direct through me, who have up to the present mapped out the programme of the work. Furthermore, I will issue orders to my men that any information or any orders received, save through me directly, will mean instant dismissal.

Now, we must remember, in that connection, that the only check which the Government had at all upon the time of the men which was being kept in connection with this work up to that date, was the check by Mr. Desbarats himself. No sooner had Mr. Desbarats made himself objectionable to the political superintendent of the work, than within two days afterwards he received his dismissal from the department. On the 6th of February, two days following the attempt made to check the men employed, Mr. Schreiber writes to Mr. Parent a letter intimating that the subject of the pay-rolls had been under consideration; that the Minister has given no authority for Mr. Desbarats' salary to be increased from \$105 to \$150, and that he is to be dismissed. Parent writes back, protesting in the most vigorous language against Desbarats' dismissal, and

pointing out reasons why he should not be dismissed. But he receives scant courtesy at the hands of the department, and Mr. Desbarats' dismissal, which was intimated on the 6th, is authoritatively announced on the 14th, and at the end of the month he leaves the work. From the date he attempted to keep a check, he was ordered off the works by Superintendent Kennedy; and from the date the department endorsed Kennedy's action as against Desbarats, from that date Desbarats continued to perform his duties perfunctorily. Of course, he interfered no more. He was rapped over the knuckles by his superior officer, and he left the work much against the protests of the resident engineer, Mr. Parent, whose letter will be found on page 206 of the report. He said:

I consider Mr. Desbarats' services should be retained until the work has been completed, for the following reasons:—

When the question of building the new bridges was under consideration, the ex-deputy minister and chief engineer, desirous of having the plans studied under his own supervision, entrusted Mr. Desbarats with the working of those plans. Various methods were suggested and discussed between the chief engineer and myself, with Mr. Desbarats assisting. Finally the present plan was adopted as the best suited to meet the requirements.

So that Mr. Desbarats, being thoroughly posted on the details of these plans, this circumstance makes of him a most valuable assistant.

Do not lose sight that we are at present labouring under great difficulties to accomplish the task imposed upon us.

The question of extra cost, as regards the office boy alluded to in your letter, can be done away with, if so desired, as the office can be looked after by the bridge-master, who is close by.

Sir, the prudence and care with which the department looked after the officials down there can be judged by the fact that they objected to the pay of a small office boy—they stopped up the spigot and opened the bung. On the 13th of February, Mr. Schreiber writes to Mr. Parent in reply, stating that his arguments had no weight, and that Mr. Desbarats was to remain no longer.

Sir CHARLES HIBBERT TUPPER.  
Will you read that?

Mr. DAVIES (P.E.I.) Yes:

Ottawa, 13th February, 1893.

Dear Sir,—I have your letter of the 7th instant with reference to the staff pay-list in connection with the Wellington Street bridge for January, and covering a copy of a letter signed by the late chief engineer of canals, placing Mr. Desbarats in charge of the construction of the new Wellington Street bridge, at a salary of \$150 during the execution of the work.

The department does not take the same view of this matter as you do, and I quite agree that one engineer can readily attend to the giving of the lines and levels at the bridges in Montreal, and look after the Lachine drain matters, and one only can be kept, and that is Mr. Papineau.

Yours truly,

COLLINGWOOD SCHREIBER,  
Chief Engineer.

Mr. Desbarats was then and there dismissed absolutely, and he left on the last day of February; so that however narrow the opening for fraud may have been before, it was then opened wide. Nobody was left to maintain any check whatever. Well, what took place next? The contract so far made with Mr. St. Louis had been confined to the Wellington Street bridge; but on the 24th of February that contract was extended by the department to the Grand Trunk bridge; and on page 8 of their report, the commissioners say:

On the Grand Trunk bridge there has been every opportunity given whereby the contractor for labour, or any of his employees, if so inclined, could defraud the Government by fictitious pay-lists and accounts.

That is not my statement or my deduction from the evidence; it is a statement from the deliberately formed judgment of the gentlemen whom the hon. gentleman himself appointed to investigate this matter. Mr. St. Louis had first the contract to provide the labour for the Wellington Street bridge. That contract was afterwards extended to the Grand Trunk bridge; and subsequent to that extension, the contract, which heretofore had been for skilled labour, was made to cover common labour as well; so that Mr. St. Louis had the contract to supply both skilled and common labour for both bridges. That brings us down to the 1st of March. Mr. Desbarats has been dismissed; the door has been widely opened for the commission of fraud; and not more than one week afterwards we find 1,300 men employed by Mr. St. Louis in tumbling over one another. The "Star," of Montreal, published an article calling the attention of the department to this outrage. It pointed out that the works were being built in a lavish and extravagant manner, that 1,300 men were being employed, and that it was a matter which the Government should look into at once. What happened? The Minister and the deputy had a consultation, the result of which was that Mr. Douglas, an employee of the Department of Railways, was sent down.

Mr. HAGGART. Did the "Star" say that the work was being carried on in a lavish and extravagant manner, and that the Minister should inquire into the facts at once?

Mr. DAVIES (P.E.I.) The "Star" said that it was carried on in a lavish and extravagant manner—

Mr. HAGGART. Have you the "Star"?

Mr. DAVIES (P.E.I.) No; I have an extract. The Minister himself says in his statement either that he called the deputy's attention to the Montreal "Star's" article, or that the deputy called his attention to it. In either event his attention was called to the facts, and he sent Mr. Douglas down. On the 10th March, two days afterwards, Mr. Douglas reports, confirming in a gen-

eral way, without going into details, the statements made by the "Star." Hon. gentleman will find his report at page 132 of the blue-book. He states :

The number of men employed upon the work is very great, and the work is being done in a very expensive manner.

So that on the 10th of March, Mr. Douglas confirmed the "Star's" report, and gave the Minister absolute knowledge of what was taking place, and the hon. gentleman telegraphed down to Mr. Parent to bring up the pay-rolls—Why? Why? he had noticed then that wrong was being done and very properly wanted to see the pay-rolls. What took place? Parent came up without the pay-rolls and informed the Minister that he could not get them. He said that he could not get the time from Kennedy or the pay-rolls from St. Louis. The Minister should therefore have been doubly on the alert, when his chief engineer came here, after a charge of that kind had been made by the newspapers and affirmed by the special officer he sent down to examine. When he knew that unbounded extravagance was going on, it was his duty to stop payment at once if he could not get the pay-rolls. But not a thing was done. Mr. Douglas was sent for by the Deputy Minister. Mr. Douglas was told that Mr. Parent said that the "Star" article was exaggerated, but he orally confirmed the report that the work was being carried on in a very expensive manner and that large numbers of men were employed who were not on the work. On page 134, you will see that Mr. Schreiber gave evidence in answer to questions put by one of the Government themselves, to which I will take this opportunity of calling the attention of the House :

Sir Charles Hibbert Tupper asked the question : Did you, or did you not, consider that it would be in the interests of the department and the public for you to go down and settle this question between Mr. Parent and Mr. Douglas relating to the excessive number of men employed?—A. I thought Mr. Parent would reduce it to the proper proportions.

Q. You relied on Mr. Parent?—A. I did rely upon him, certainly.

Q. What is the relative position of Mr. Parent and Mr. Douglas in the department?—A. Mr. Douglas has nothing whatever in the world to do with these works.

Q. Was he not instructed to make this special inquiry?—A. I only asked him to look over things and let me know.

Q. Because you had seen an alarming rumour?—A. Exactly.

Q. And having done that, you paid no more attention to his statements, after you had got the visit from the local superintendent? That is your position?—A. No, the understanding was, when Mr. Parent was up here, that he would see that there were not more men employed than were required.

Q. You are three hours away from those works; you have telephonic communication with them; you see an alarming report; you send a special officer. What is his work? Is he a man of

ability, equal to Mr. Parent as an engineer?—A. Oh, as an engineer, I don't know that he has had control of the works, but for scientific work he is decidedly his superior.

Q. What is his position in your department?—A. He is bridge engineer. He makes the calculations of the strains of bridges to see whether the bridges of the various railways are up to the requirements of the Government specifications.

Q. He was one of the commissioners appointed by the Government to inquire into this whole subject.—A. He was.

Q. You sent him down to make an investigation?—A. He did not go down for that purpose. He had been down before.

Q. He was plainly instructed for this purpose, was he not?—A. Yes.

Q. My difficulty is this: you sent him and got an official report from him. You find there is a contradiction between these two men, Mr. Douglas and Mr. Parent. You say you did not consider it your duty, when he was contradicted, to examine into this work, which was done by yourself personally?—A. I did not go down directly, but Mr. Parent was up here and saw me.

Q. When did you first get the pay-rolls which would throw some light on the question?—A. We will see later on in the correspondence.

Q. Have you any idea of the number of men?—A. No, I could not tell.

Q. Did you ever attempt to consider or find out?—A. I asked for the pay-rolls several times.

Q. But when your officers were in dispute, did you take any means to settle what would be the proper number and what was the actual number?—A. No, I should say not.

There we have a statement of what was done, and we have pretty well too the opinion given by the head of another department as to what ought to have been done. There was gross negligence on the part of the Minister of the department and his deputy—a negligence which cannot be defended. As a matter of fact, the Minister knew all about this. He says himself he knew all about it. Mr. Schreiber swears that he was in constant communication with the Minister at the time. Everything done or omitted to be done was done or omitted to be done with the knowledge and consent of the Minister himself. At the very time that this "Star" article appeared, we find a letter written by Mr. Kennedy to the Solicitor General upon this subject, which will be found on page 140 of the report. Mr. Kennedy was very much troubled about the extravagance that was going on and the scandalous manner in which the work was being conducted, and he wrote to the Solicitor General as follows :—

I beg leave to acquaint you of the scandalous manner how certain things are being conducted on the Lachine Canal, in reference to the construction of works in connection with the new Wellington and Grand Trunk Railway bridges, as well as the renewal of the masonry of old Lock No. 1.

Then he speaks about Mr. St. Louis' tender, and proceeds to say :

Now, I can get all the above by the thousands at an average day's pay, without any discontent ;

we have also supplied ourselves with the necessary derricks capable of running the work of construction of Wellington bridge; they now want to turn all those engaged on to their list, which would increase the cost of the work 75 per cent. Imagine their trying to place pick and shovel labourers, whom I employ for \$1.25 per day, at \$1.87½ on his (E. St. Louis') list.

As you are, no doubt, aware, I am, and have been, working night and day, to push the work forward, and it will be too bad, when completed, to have the press crying out against the department and Government, the enormous amount of money this bridge has cost. If the hon. the Minister of Railways and Canals is cognizant of these facts, and endorses them, why, I shall accept in humble silence.

Well, the Minister was cognizant because the Solicitor General, immediately after he got this letter, waited upon the Minister and informed him of Kennedy's statement, as I gather—

Mr. HAGGART. Where is there any evidence of that?

Mr. DAVIES (P.E.I.) Let me finish the sentence—as I gather from the Solicitor General's reply, because Mr. Solicitor General writes the following day in reply to that same letter:

My dear Kennedy,—I have seen the Minister of Railways and Canals, and found that all has been tendered for, including labour for the carrying out of the work of the bridge.

Mr. CURRAN. Read on.

Mr. DAVIES (P.E.I.) There is nothing more on this point. I will give the hon. gentleman the page and need not lengthen my speech by reading the rest of the letter.

Mr. CURRAN. It is a very short letter.

Mr. DAVIES (P.E.I.) If the hon. gentleman is anxious that I should read it, I certainly shall. The one I referred to was that Mr. Solicitor General received a letter from Kennedy, the superintendent of the canal, pointing out the outrageous character of his contract and the discontent sure to arise if the work was carried on in the same manner. He pointed out that it was being conducted in a scandalous manner, and the Solicitor General, on the very day he received the letter, went to see the Minister of Railways and Canals, and wrote the next day to Mr. Kennedy that he had seen the Minister. The remainder of the letter reads as follows:—

As superintendent of the canal, you will, of course, have to certify to the accounts, and it will then become your duty to see that nothing is certified to that is not, in your judgment, absolutely correct. In the event of disagreement with any of the contractors as to the classification of work or the prices to be paid for it, you will, of course, have the matter referred at once to the Minister at Ottawa, so that you may not be held responsible in the future for any application of any false principle in connection with the nature of the work done. A question may arise as to what is skilled labour, and here you may

have some conflict with the contractor; but your plan is to refer the matter to the department and guided by their decision, in which case you will not be responsible.

Mr. CURRAN. Hear, hear.

Mr. DAVIES (P.E.I.) The hon. gentleman sees that while the Minister of Railways denied that he had knowledge of the facts contained in Kennedy's letter, we have the letter of the Solicitor General saying that he had seen the Minister, and it is inconceivable that the Solicitor General could have written that reply unless he had shown Kennedy's letter to the Minister.

Mr. CURRAN. If the hon. gentleman will allow me to interrupt him, I would explain that I got that letter and came to Ottawa with it, but when I found that the contract had been extended, I thought the letter was too strong and that it would injure Mr. Kennedy if I were to read it to the Minister. I got the information from the Minister that the contract had been extended, and I wrote to Kennedy to be careful how he carried out the work and not to certify to anything that was not absolutely correct, but I did not read Kennedy's letter to the Minister.

Mr. DAVIES (P.E.I.) Does the hon. gentleman deny that he went to see the Minister after he got Kennedy's letter.

Mr. CURRAN. Not at all, I have just said that I did.

Mr. DAVIES (P.E.I.) That was all I was trying to prove, so that there was no occasion for the interruption. What will the House think when I tell them that the day after Kennedy wrote that letter, St. Louis and Emard came to Ottawa to settle this matter with the Minister; and as a matter of fact, on that very day, the 13th March, the contract with St. Louis was actually extended to ordinary labour. It was not until the 13th March—the day after Kennedy wrote that letter—that they extended St. Louis' contract from skilled labour to ordinary labour, and that was the cause of all the trouble. That was the thing which enabled these men to perpetrate this fraud. That threw the door wide open to fraud, and we have the letter from the Solicitor General to Kennedy telling Kennedy to be careful how he certified and to throw all the blame upon the department. I believe it came out in evidence that Mr. Emard is a gentleman who had more than ordinary influence with the Government of the day. Nobody would imagine that such a contract as Mr. St. Louis had could possibly be extended from skilled to ordinary labour unless special influence was brought to bear. It was sworn that Mr. Emard was in close relationship with the Minister of Public Works—a partner, I believe—and therefore a gentleman who naturally would

have a great deal of influence with the Government.

Now, Mr. Speaker, I wish to hurry on. On the 25th April, the department began to be somewhat startled at the enormous sums which they were being called upon to pay for the construction of these works. A letter was written on that date—and I ask the attention of the House particularly to that fact—by Mr. Schreiber, Deputy Minister of Railways and Canals, to the Minister. I quote from page 151 of the evidence :

Dear Mr. Haggart,—As I mentioned to you, I was not a little startled on receiving from Mr. Parent the pay-rolls and account for the month of March in connection with the Wellington Street bridges, which summed up to an enormous figure. I at once despatched Mr. R. C. Douglas off to Montreal to look into the matter and ferret out all the information he could, and report to me the position of affairs. The information he gives me is as follows :—

December, January and February pay-rolls, &c.....	\$ 79,000
March .....	132,000
April .....	110,000
Contracts for superstructure.....	61,000
	<hr/>
	\$382,000
Less materials, &c., to be credited to this work and to be debited to other appropriations, say.....	22,000
	<hr/>
	\$360,000

and this he considers is the minimum figure that the work is likely to cost.

He goes on to point out that the excessive expenditure requires some explanation and says :

We must look for other reasons to account for the enormous expenditure over and above the estimate.

The department was now—on the 25th April—thoroughly aroused to the fact that a huge fraud was being perpetrated upon them—and it is to the date that I wish particularly to call the attention of the House. On the 10th May, Mr. Schreiber makes a more formal report, calling the attention of the Minister to the letter of 25th April, and stating that since that date :

The investigations, then in progress, have been continued by Mr. R. C. Douglas, and the information he has gathered leads him to believe that the cost of the work will be in excess of that amount, which is a most unsatisfactory state of things, calling for the closest investigation. Another rather startling state of affairs has come to light in connection with the Lachine Canal. As I stated in my report to you above referred to—

He winds up by saying :

Everything in connection with the Lachine Canal is on an extravagant basis, if nothing more. I see no reason to change my views, and I suggest that some person or persons be appointed to thoroughly investigate all matters in connection with the expenditure during the last year.

Now, Sir, that startling state of affairs, as I have shown, was first called to the attention of the Minister on the 25th April. On the

10th May, his attention was formerly called to it by his deputy, and a commission was recommended to issue. And a commission did issue ; I believe the Order in Council was passed on the 17th May. Now, Mr. Speaker, what does that commission find ? I do not wish to weary the House with any long extracts from the report, but I will give just two or three to show what the state of matters was at that time. With reference to the timber and lumber, the report states, page 10 :

Mr. Henderson's tender was accepted on the 7th December, 1892. There has been charged for timber and lumber, at the contract prices, the amount of \$39,914.50, and other timber and lumber, not at contract prices, to an amount of \$29,103.21, or a total of \$69,017.71. Timber and lumber to this amount have been certified to by the cullers and by Messrs. Parent and Kennedy. The large amount of \$45,992.46 has been purchased without calling for tenders and without arrangement or written requisition of either Mr. Parent or Mr. Kennedy.

By calculations made from the evidence and plans we estimate there could have been used of all kinds of timber and lumber about 2,594,860 feet, b.m. The total quantity charged to the bridges is about 3,613,600 feet b.m., which leaves a shortage of some 1,018,800 feet, b.m. We cannot ascertain where this quantity of timber and lumber was used ; it is probable some of it never reached the works.

From the evidence, it appears that a certain quantity of new timber was broken up and taken away by workmen or burnt to keep themselves warm ; also carted away or stolen.

With reference to the stone-cutting they reported :

The estimated cost of the stone-cutting, solely in cutters' hours for the bridges and Lock No. 1, taking the ordinary rate paid for piece-work, face measurement, would be about \$6,000 ; the amounts rendered for wages, in cutters' hours, amounted to \$39,896.04. \* \* \* If we take double the rate, by piece-work, viz., \$12,000, as an equivalent for men working by the day for the Government, and other circumstances, it still leaves an excess of cost of some—

\$28,000—it is \$18,000 more here, but that is a clerical error—

—which cannot be accounted for, which sum would be increased by the profit to the labour contractor.

Upon the Wellington Street bridge, by the hours charged for stone-cutting at the rate of wages paid by the contractor, the cost of stone-cutting is \$12,516 ; the amount charged to the Government, including contractor's profit, is \$16,715. The cost by piece-work would be some \$3,000.

The Grand Trunk and Lock No. 1 being mixed in the time-keeping, are taken together, and the cost, at the rate of wages paid by the contractor, is \$17,548. The amount charged the Government, including contractor's profit, is \$23,180. The cost by piece-work would be some \$3,000.

I quote from page 13 :

Taking the entire labour account, the Wellington bridge cost \$3.80 per cubic yard, and the Grand Trunk \$8.50 per cubic yard, by comparing

the entire number of yards on each bridge of work built and excavation removed.

Then again on page 15, we find \$200,000 given as the amount the Government has been practically robbed of through the excessive cost of the works beyond what they should have cost even making allowance for the work done at that time of year and for the Government—and I must say that their allowances are extremely liberal. Then the report goes on, page 16 :

The Wellington bridge structure should have cost \$144,000. The pay-lists for labour alone, without taking into account materials and supplies, plant and false works, amount to \$151,645.

Grand Trunk bridge superstructure should have cost \$56,000. The pay-list for labour alone, without taking into account materials, supplies, plant and false works, amounts to \$139,622.

Now, Sir, they wind up their report with a summary of their readings from which, with the indulgence of the House, I will give an extract or two :

An excessive quantity of materials and supplies was purchased. The plant was unnecessarily expensive and extensive. The temporary works, or false works, were too costly, even considering the method adopted in construction, which appears more expensive than might have been other methods of execution. The temporary works, &c., were on a scale for works ten times the magnitude of this.

Every effort appears to have been made to consume and utilize as much timber and lumber as possible, so as not to interfere with its being continually dumped on the canal bank.

The labour force, carters, &c., was unnecessarily large and not fully occupied.

On the Grand Trunk bridge there was a large expenditure in cartage charged to the works, hauling timber and lumber long distances to the private yards of those connected with the works and others, even men paid by the Government were sent to unload and pile the stuff.

Carters and men were hidden, so that the number unoccupied would not be too conspicuous. Forty or fifty men, doing nothing in a lumber yard, their time taken by a time-keeper in the yard, were sent with carts for lumber which should have been loaded and hauled by the contractor. An unnecessary night force seems to have been employed, to obtain the increased profit over day work.

There was a wholesale classification of skilled labour, whereby the most common and cheapest class of labour was charged as skilled. These are some of the reasons for the excessive cost of the work. Other reasons may be adduced which are not so fully supported by evidence. In the time-keeping, the sheets of unbroken days of the pay-lists excite surprise. \* \* \* For this condition of affairs and the results now known the Department of Railways and Canals holds the local officers responsible, as occurring under their supervision, recommendations and reports. On the other hand, the local officers hold the department equally responsible.

Now, this House will have to determine whether the department has not to share with the local officers in this responsibility. There is no doubt at this time of day as to the truthfulness of the report of these commissioners made on the one point of the

stuffing of the pay-lists, and the hundred and thousands of men who were returned as employed but were not employed at all. We have the evidence since which was given before the Public Accounts Committee, and in the investigation before the judge. We have the evidence of Doheny, on page 459, and we have the evidence of Frigon, on page 307; and on these two points the facts are put beyond doubt. I need not take up the time of the House with reading the evidence, but it is amusing to look at the returns made by Doheny of the number of men which he checked as being employed on the works, and the number of men which St. Louis claimed for in his pay-lists. You will find them varying. Where he reports forty-eight, a charge will be made for 108; where he reports none, a charge will be made for sixty-three; where he reports eight, a charge will be made for sixteen, &c. The same evidence was given by Doheny, but I need not trouble the House by reading that. Frigon's evidence you will find tabulated on page 307, but you will have to go through the evidence for half an hour to get what is there tabulated. When I speak of Doheny's evidence as being found at page 459, I also speak of it as being tabulated on that page. On this point, I will read the conclusion of the Minister himself, from Hansard of 1894 :

I obtained information that the Government had been defrauded in the pay-rolls—that numbers of men who had no existence, were put upon the pay-rolls; that 50 or 60 men, or perhaps double the number actually at work, were returned on the pay-rolls by Mr. St. Louis, when, in fact, Mr. Doheny stated the number actually employed was far less than the number he returned, and it was only in the Public Accounts Committee the other day that I was able to get from Mr. Frigon's evidence, that the return made by the contractor to the Government for the horses and carts employed on the work was far in excess of the quantity and time actually employed on the work.

So that there cannot be the shadow of a doubt as to the facts reported upon by the commissioners themselves in reference to the labour, and the timber, and the masonry; nor can there be the shadow of a doubt as to the fact of the returns having been stuffed, and that hundreds and hundreds of men have been charged for that never worked there at all. But if that is so, there can be no doubt where the responsibility should rest. The question I am now asking is, how far the Ministry are responsible for the money they have lost.

Now, I ask the House whether the Department of Railways, having the means of knowledge clearly placed before them of the existence of these frauds, acted in a way to conserve and preserve the public interests? What did they do? If you turn to page 451 of the evidence taken before the Public Accounts Committee, you will see a tabulated statement showing the dates

when the pay-lists were returned to the Government, and the dates they were certified by the chief engineer. The March pay-rolls were certified on 24th April, and 28th April. The April pay-rolls were certified on 24th August. But I am concerned chiefly with the pay-rolls for March, the fraudulent pay-rolls—the pay-rolls which are now admitted to be fraudulent—the pay-rolls which the Minister himself admits in his speech made last year, and about which there can be no possibility of doubt, were stuffed, and were false, and were fraudulent. I want to call the attention of the House to the fact that the Minister authorized the payment of these pay-rolls at a date when there can be no possibility of doubt that he had the means of knowledge that they were fraudulent. On the 24th April, a cheque issued for \$74,777 in payment of the March pay-rolls. Well, Sir, as a matter of fact, that is the very day, I believe, before Mr. Schreiber had reported to the Minister that the thing was being carried on in this disgraceful way, and that an investigation must be held. This cheque for \$74,777 was issued on the 24th April, and I charge the evidence is beyond peradventure that the department were at that time in full possession of information given to them by Mr. Douglas, their special appointee. He had made an investigation, he had reported from time to time, and the situation was so very grave and so very serious that the Deputy Minister was calling the attention of the Minister to it, and demanding a royal commission. Now, what defence has the hon. gentleman got to that? Some days afterwards, on the 29th April, five days after the letter was written, they issue another cheque for \$9,000; and on the 8th May, just two days before the Minister applied for the royal commission, and I think two days before Mr. Schreiber's official letter was written demanding the appointment of a commission, they paid out \$8,393. Well, what possible excuse can be offered for that? Why should this amount, figuring up about \$90,000 odd, have been paid to this man? The Government were then thoroughly appraised of the fact that wrong had been done there, that frauds had been perpetrated, that they would have to appoint a commission to ascertain their extent, and who was responsible for them; and I say it was indefensible in the Minister, at that time, to have authorized and sanctioned the payment of this money.

Mr. HAGGART. The hon. gentleman would be astonished to learn that the Minister never sanctioned anything of the kind.

Mr. DAVIES (P.E.I.) The hon. gentleman, of course, is entitled to his explanation, and I suppose he will give it. I am calling his attention to the fact that on

pages 451, 452 and 454, are the identical cheques with the dates and amounts, which were issued by his department in payment of these pay-rolls. I call his attention to the fact that on the 25th April, he had been notified by his deputy—

Mr. HAGGART. The hon. gentleman must not beat around the question. The hon. gentleman was saying that the Minister authorized the payments of these amounts at these particular dates.

Mr. DAVIES (P.E.I.) Of course, I do not know the working of the department, but I would assume that if there was a public work being done under the direction of the hon. gentleman, and if information from a special officer appointed to examine into the work, had brought to his knowledge the fact that the work was being carried on in an extravagant and fraudulent way, the hon. gentleman would have stopped all further payments. I will assume that common business rules would have dictated that. I should have thought the department would have said in the meantime: A large sum of money is claimed by these people, but, after what we have seen of the way they have been doing the work, there is reason to believe that frauds have been committed, and the best thing we can do is to stay our hand until we find out. But I was leading up, when the hon. gentleman interrupted me, to the fact that on 10th May the report to Council in favour of the appointment of a royal commission was issued. Surely, on the 25th May the Minister should have stayed his hand and not made any more payments on these contracts. The hon. gentleman nods his head in assent. Then how can he defend his action, when I find that on 27th May there was a cheque issued to Mr. St. Louis for \$66,000? Here is a royal commission issued on the report of the Minister demanding an inquiry into huge frauds that were apparent on the face of the pay-lists, and were brought to the attention of the Minister, and an official is sent down to investigate; and yet, even after a royal commission has been issued his deputy pays \$66,000, and on 6th June, nearly a month after the Order in Council for a royal commission had been issued, there was a further payment made of \$34,000. So here is \$99,000 in cash paid to fraudulent contractors after a royal commission had been issued to ascertain the extent of their frauds. I do not think you can parallel that in the history of responsible government in this or any other country. The hon. Minister practically says that because he has not personally handled the money or benefited by it, or been a party to the frauds, he is not responsible. If that is the case, then we do not want responsible government or responsible Ministers. For what purpose do we want Ministers? Parliament votes money in order that it may be

spent under the supervision and direction of responsible Ministers and departments, and if Parliament acknowledges the plea that Ministers can keep clear of responsibility by merely saying that the action was taken by the deputy, if this plea will hold after the fact of negligence has been shown and acknowledged, we might as well bid farewell to responsible government altogether. Without going into the details and facts admitted on all sides, without going into an explanation of the changes made in the contract, I affirm that from 8th March, when the "Star" newspaper published the article calling the Minister's attention to the facts, from that day the Minister was bound to exercise unceasing vigilance. When he sent down Mr. Douglas to make a report, and he made a report confirming, in general terms, the "Star's" published charges, the Minister was doubly bound to exercise supervision. When, on 25th April, his own deputy reported in the terms I have read, that the condition of affairs in Montreal was such as demanded a public inquiry by a royal commission, the hon. Minister was bound by every rule which guides men in public life, to exercise unceasing vigilance with respect to the expenditure of public money, and to determine that those men who were accused of fraudulent practices should not dip their hands any further in the public treasury till the charges were investigated. I have shown that the hon. Minister abandoned all business rules which should characterize the action of the department in connection with this work, and I have shown enough to justify the charge made by his own commissioner, "that the door was open wide to give the contractor for labour or any of his employees, if so inclined, opportunity to defraud the Government by fictitious pay-lists and accounts." I cannot put it any stronger, I need not put it any stronger—it is the severest language of condemnation which can be used. In summing up this matter, we find that for work which should have cost \$122,000, accounts were rendered to the amount of \$430,000, being an excess of \$312,000, and on this claim, \$394,000 were actually paid, of which \$334,600 was on substructure. The vote of Parliament for \$170,000 was evaded by the device of a Governor General's warrant, and while authority of Parliament had been obtained to spend on that special work \$170,000, the Government illegally and unconstitutionally used the Governor General's warrant, by which means they expended \$394,000. We find that the Public Works Act was ignored deliberately so far as tendering was concerned. We find that the contract which in the first instance was loose and against the public interest, was afterwards extended to the Grand Trunk Railway, at a time when the Minister knew the contract was a bad one for the country. We find the door was opened wide for the perpetration of fraud, as the Minister's own commission-

er reports. We find a superintendent was appointed by official influence, who threatened all who stood in his way with instant dismissal; that other officials engaged in the work stood in hourly dread of the superintendent, on account, as they expressed it, of his political influence with the Solicitor General and other supporters of the Government. We find that false pay-rolls were certified, whereby enormous sums of money were stolen. We find that men appropriated money wrongfully to their own use, as was reported in the commissioner's report, and that those men had gone scot free. We find that an honest engineer, Desbarats, who attempted to stop this carnival of extravagance was immediately removed from his position, by this political superintendent, Kennedy. We find \$170,000 was obtained from the Government by false pretenses, and paid out after the Government was so satisfied about the frauds that they had issued a royal commission. Under these circumstances, Parliament had a right to assume from these two facts that the Government should have done something to punish the perpetrators of these wrongs. Last year we had some of the Government supporters acting upon the statement with which the Minister closed his speech setting forth the intentions of the Government. "Let us hew to the line, let the chips fall where they may," said the hon. member for Simcoe (Mr. Bennett). He was going to prosecute all parties to the fraud; he did not care how high they might be, or who they might be; he demanded that criminal prosecutions be instituted against all these persons. And the Minister wound up his speech by saying:

The evidence is hardly printed yet. I intend to bring the whole matter under the consideration of my colleagues, when they have time to consider it, so that we may see what is to be done for the purpose of punishing those who have been guilty of frauds which I have not the slightest doubt have been perpetrated on the Government.

What have the hon. gentlemen done? With the exception of one prosecution instituted against Mr. St. Louis, which has fizzled out, not an attempt has been made to punish any one of those men who have been engaged, I regret to say successfully engaged, in a huge conspiracy to defraud this Government. We have lost our money, we have lost it under circumstances for which I hold the Minister must be held politically responsible in this House. He was bound to exercise twenty times the vigilance he did, he was bound to exercise the same business knowledge and tact he would have used if he had been carrying this out as a private contract, and he did nothing of the kind, but he threw the door wide open for the perpetration of these crimes, which he now admits and condemns, but which, if he had exercised proper vigilance at the proper time he might have stopped.



Therefore, Mr. Speaker, I move in amendment:

That all the words after the word "That" be left out, and the following inserted instead thereof:—"It appears from the report of the commissioners appointed to investigate the facts connected with the construction in the year 1893, of the two bridges at Montreal across the Lachine Canal, that in the building of the substructures for these bridges the estimates for which were \$122,000, the Government has been already actually defrauded of about \$160,000, while claims for large amounts for labour and materials alleged to have been supplied are still unpaid.

That the construction of such substructures was carried out by the Department of Railways without calling for public tenders, without proper supervision or check, and with a reckless abandonment of business rules which invited and encouraged fraud and wrong-doing.

That after knowledge had been brought home to the Minister and department of the reckless extravagance which prevailed in the construction of these bridges, no real or effective attempt was made to ensure an honest carrying on of the work, but on the contrary enormous sums of money were, after such knowledge, improperly paid to contractors and others, and the door was left wide open for the perpetration of fraud upon the Government.

That although the evidence discloses the names of many persons who were parties to these frauds, no attempt has been made to punish any of them criminally except St. Louis.

That under these circumstances the Minister of Railways is responsible, and deserves the severest censure of this House, for negligence, inefficiency and gross mismanagement in connection with these works, and for the losses the country has sustained."

OTTAWA, WEDNESDAY, 19TH JUNE, 1895

Mr. McCARTHY. Mr. Speaker, I trust, Sir, that I should pay sufficient regard to the feelings of my fellow-members, and certainly I shall consult my own feelings better, if I fulfil the promise which I now make, that my observations shall be very brief, as brief as they possibly can be on so important a question as the one which is now under consideration. I do not like, on this occasion, to give a silent vote. The charge is not one impugning the honour or integrity of a member of this House, although there has been an attempt on the part of the Minister himself whose conduct has been impugned, as well as on the part of the Minister of Justice to divert, as it were, the attention of members from the matter which we are now considering, and to make it rather appear as if the attack were of a personal character. If the charges were of a personal nature against the Minister of Railways and Canals he would not be sitting here now. After he made his explanation, according to our rules, he would have been compelled to withdraw from the House. The charge against him is with reference to the manner in which, according to the responsibility which is due to this House, he has fulfilled the duties pertaining to his important office. Upon the main features of the history of this most unfortunate transaction, there is now practically no dispute, and if I summarize them briefly, it will be merely for the purpose of making plain to the House the argument I shall attempt to adduce based upon these facts. It will be remembered, Sir—perhaps we shall never forget it after this discussion, and after the different circumstances attending it—it will be remembered that it was in the first place proposed and suggested that the works in connection with these bridges should be done for a total sum of \$170,000. From that amount we may at once eliminate the cost of the superstructure as to which no

difficulty has ever occurred, and as to which no complaint has ever been made. We have not merely to deduct that \$73,000, but we have also to deduct a further sum of \$15,000, which was rendered unnecessary because of the arrangement subsequently made that the canal was to be unwatered. We therefore get a sum of \$82,000 as the estimated cost of these works, to which I am called further to add—although, perhaps, the amount is liberal—the \$40,000 for deepening the works, and enlarging them, which was estimated by the department, and by the different engineers who were examined before the two inquiries into this matter. We have the estimated sum, therefore, of the cost of the operations of these works, about which the difficulty has been caused. To that—because I desire in this to be perfectly fair—to that, the commission added a further amount, owing to difficulties that occurred during the progress of the work. I have read the evidence, and I have endeavoured to understand it so far as one can without hearing it, and I am not quite satisfied that the commissioners arrived at the proper conclusion in this addition which they made, but I am not going to occupy the time of this House at this period of the discussion with any criticism on that. The conclusion I have arrived at is not determined by questions of that kind, and I will assume that the commissioners were right, and that this work might possibly have cost in the neighbourhood of \$200,000. I will pass by all these questions which have been debated on both sides, and to which the speech of the Minister of Justice has been mainly directed, and acquitting, so far as I am personally concerned and so far as it is necessary to consider here, the Minister or his department of any preconceived scheme to allow this robbery to take place, and treating the matter on the most favourable

possible basis that it can be treated for the Minister, I will see to what conclusion any man, having regard to his responsibilities, must reach. Let me give the dates. In the first place, all these circumstances of suspicion were certainly not unreasonably urged in this House, because from the extraordinary incidents that occurred, no doubt, this steal from the public treasury was rendered possible. Take the matter to which the Minister tells us he demurred, that is, the hiring of skilled labour in the first place. We know perfectly well that if it had stopped there, Mr. St. Louis' ultimate transactions could not have obtained the magnitude which unfortunately for the country they did. But the Minister was weak enough afterwards, without any apparent reason, and against his better judgment, as he now tells us, to apply the contract for the hiring of skilled labour to labour of all classes and kinds, including ordinary day's labour. Undoubtedly this led very largely to the unfortunate transaction which has caused so much discussion in the country, and which is no doubt destined yet to attain considerable proportions before the people of this Dominion. Then, we pass from that, because after all it may be said, as I think I hear the Minister of Justice say, that that is but a small question or a nice question. It may or may not be so. Whenever the Ministers are pressed, I notice that they have a habit of falling back on their engineers; and whenever the Ministers do anything right, as, for instance, in the case of the Intercolonial Railway, we hear nothing at all of Mr. Pottinger or Mr. Schreiber or the officers of the department, but the credit goes to the Minister of Railways. So that it is always heads I win, tails you lose.

Sir CHARLES HIBBERT TUPPER. If the hon. gentleman is referring to a conversation which I had with the Secretary of State, and which I intended to be private, I said that this question of what was skilled labour was considered a very nice one.

Mr. MONTAGUE. I would tell the hon. member for North Simcoe that each time the Minister of Railways has spoken of the Intercolonial Railway, he has given great credit to his engineers.

Mr. McCARTHY. I am not going to be diverted at this hour of the night to any further statement in regard to that. We probably all know what has occurred. While the Secretary of State may say that the Minister of Railways has given credit to his engineers, I do not think the Secretary of State will say that that has been his own practice, because he has blown the trumpet for the Minister of Railways on that account on every platform throughout the Dominion, without reference to any officers of the department. Now, Sir, at this hour of the morning, and after all the discussion

that has taken place, I am going to deliberately avoid every criticism with reference to the conduct of the work. I can appreciate, and I hope I am fair enough to give sufficient weight to, the argument which has been urged that it is not perhaps possible or reasonable for a Minister to have minute charge of all the works of his department, and that it would be unfair and improper to hold the Minister of Railways responsible for what occurred on the works at Lachine, providing, of course, that upon the facts coming to his knowledge he took the course which as a Minister of the Crown he ought to have taken to relieve the country, as far as it was possible to relieve it, from the loss which had occurred. But, Sir, we arrive at the date when it seems to me it is impossible for the Minister to shield himself any longer or any further behind his engineers or the officers of his department; and, in order that that may be made clear to the House, let me give the accounts as they were presented at the time when the Minister himself admits that he became aware that great extravagance had been committed, namely, on the 24th or the 25th of April. Now, the Minister of Justice to my surprise stated that the Minister of Railways had no knowledge of any fraud until the 10th of May. When I heard that statement, I thought I must have misread the evidence very much indeed, as well as the argument put forward by the Minister of Railways himself when he practically conceded that on the 24th or 25th of April he had ample and complete knowledge of the fraud that was committed at Lachine by this man St. Louis. Upon that point there ought to be no dispute; and, as conclusive evidence, I give a letter written by the chief engineer of the department—though it is not by any means the first notice of what was going on at Montreal that had been brought to the Minister's attention; and let me ask if after that it can be pretended that the Minister of Railways had not adequate knowledge. I am not speaking merely of implied or imputed knowledge, but I am speaking of positive knowledge which the Minister had as to the cost of this work above the estimate, which was first \$122,000, and which was afterwards swelled to \$200,000, when this letter of the 25th of April was received by him:

Dear Mr. Haggart,—As I mentioned to you, I was not a little startled upon receiving from Mr. Parent the pay-rolls and accounts for the month of March in connection with the Wellington Street bridges, which summed up an enormous sum.

So that before the 25th of April the matter had been mentioned by the chief engineer, and mentioned to the Minister:

I at once despatched Mr. R. C. Douglas off to Montreal to look into the matter and ferret out all the information he could, and report to me the position of matters, the information he gives me is as follows:—

December, January and February pay-rolls, &c., in round figures.....	\$ 79,000
March .....	132,000
April .....	110,000
Contracts for superstructure.....	61,000
	\$382,000
Less materials to be credited to this work, and to be debited to other appropriations, say.....	22,000
	\$360,000

And this he considers the minimum figure that the work is likely to cost.

Against an estimated expenditure of \$170,000 and the \$40,000, making altogether \$210,000, because in this sum the contract for superstructure was also included. He goes on :

Superintendent Kennedy attributed all to the causes mentioned by Parent, except the latter, of which he makes no mention. When the estimate made by Mr. Trudeau, the then chief engineer, and Mr. Parent, the superintending engineer, early in 1892, is considered, namely, \$150,000 for 16 feet navigation, and \$40,000 additional if a depth of 20 feet of water was given, making in all \$190,000, the excess of expenditure requires some explanation. Mr. Parent explains that the excess of expenditure is due to the large amount of ice which had to be cut up and carted away ; to the frozen condition of the excavation, to the breaking away of the cofferdam on two occasions, to the solid frozen condition of the crib and other obstructions which had to be removed, and, as I understand him to say, to political interference. Superintendent Kennedy attributes it to all the causes named by Mr. Parent, excepting the latter, of which he makes no mention. I, however, am of the opinion that, whilst these causes may have contributed to an increased cost, that we must look for other reasons to account for the enormous expenditure over and above the estimate. Mr. Douglas is now down in Montreal looking into the matter and endeavouring to keep the expenses down to reasonable proportions. In the meantime, a Governor General's warrant is required for \$200,000.

Now, I start with that point. I deliberately pass by all the other inquiries. I am not concluding, I do not desire to conclude myself as accepting the argument put forward by the Minister of Justice. But I think it is well to leave these matters which are in controversy to one side and to come exactly to the question about which there can be no dispute. At that date, all that has been paid to the contractor was \$14,717.45. That was the payment of the January and February pay-rolls, and it had been made in March. So that at the date we have now come to, the 24th or 25th April, there had been of this sum which the Government seem to boast has been stolen—and because stolen they think they are free from all responsibility—only the amount of \$14,000 paid out, which, there is but little doubt, Mr. St. Louis was honestly entitled to receive. But in the face of this document, in the face of this notice, coupled with the other matters to which reference has been so repeatedly made, the Minister of Railways, on the 24th March ordered the pay-

ment—I do not say he signed the cheques, because he says he did not—but he permitted his chief engineer and deputy head to give to this contractor a sum, which was not paid until the 28th, of no less than \$74,777.43. On the 29th April, another cheque was signed but not actually handed over until 5th May for another sum of \$9,000, making an amount of \$83,777, a large portion of which was evidently obtained by false pretenses, deliberately and designedly paid over in the face of the statement made by Mr. Douglas that these works would cost nearly double the sum estimated by the engineers of the department. Referring to page 451, according to the exhibit which the Minister filed, and as to which there can be no dispute, the accounts for labour in March were as follows :—\$73,013.13 ; \$10,129.78 ; \$7,263.64. These accounts had been received by the department on the 18th and 24th April, and had been examined on the 24th and 28th April, and certified to by the chief engineer on the 24th and 28th April. I may be told that the chief engineer, the head of the department, certified to the correctness of these accounts on the 24th and 28th, and you will observe that some of the accounts which were paid by cheque dated the 24th do not appear to have been certified to until the 29th. But is that an excuse which we have any right to accept ? I shall not, at the moment, do more than just make that observation, because what I say I can say in one sentence when I make the whole statement which I propose to lay before the House, and which has been so ably laid before it by my hon. friend from Winnipeg (Mr. Martin). We know now that after the 24th April, after this letter was written on the 25th April, whatever doubt there might have been at that time ripened rapidly into conviction ; and before the early days of May had gone by, the chief engineer and deputy of the department had become abundantly satisfied, from what he had heard from Mr. Douglas and what he had seen and known, that gross frauds had been perpetrated. There is no question as to that. I will not do more than refer here to the interviews between Mr. Schrieber and Mr. Douglas, which took place on the 24th April and the 10th May. Upon the 10th May Mr. Schrieber reported to the Minister that frauds had been committed, and that by reason of these frauds it was necessary there should be an investigation, and he recommended the appointment of a commission. In the face of these conclusive facts, as to which there is no dispute, passing by all the doubtful matters ; admitting that the Minister was not wrong in letting the contract out by day work, admitting that he did not violate the act of Parliament, giving him the benefit of all that doubt—let us say it was not wrong to hire skilled labour, let us say it was equally justifiable to engage ordinary labour, let us say that those notices which were brought to him from

time to time were not of any moment and not calculated to put him upon his guard—what are we to say when, after the 10th of May, the department of which the Minister of Railways is at the head paid out public money to a man, respecting whose conduct they had issued a committee of inquiry to ascertain whether he had stolen money or not. Let me give the dates. On the 8th May, by cheques on the 11th, \$8,393.13 was paid; on the 27th May \$66,000 was paid; on the 27th May by a letter—I do not see a cheque signed, put among the exhibits but the letter is here at p. 175—another \$1,000 was paid; on the 6th June, \$39,000 was paid to this contractor, at the very time the Governor in Council had issued a commission of inquiry on the ground that frauds had been committed. I confess I cannot imagine a case stronger than that. I fully admit that a departmental head cannot be held responsible for all the details of the working out of a department. I am willing to admit that if the Minister of Railways and Canals puts in charge of these works competent and proper men to see to the performance of contracts he does all that in him lies so far as that goes. But, Sir, where it has been ascertained by his own departmental deputy that frauds have been committed, he takes again responsibility when he authorizes the payment of the money. Because the only fraud up to that time was in the demand that was being made. Why, Sir, I do not wonder at the police magistrate of Montreal after all this prosecution, after listening to the evidence coming to the conclusion that it was impossible to hold this man guilty of having obtained money under false pretenses. What is the money he was alleged to have obtained under false pretenses? The \$8,000, the \$66,000, the \$7,000, the \$39,000 paid by the Minister of Railways, paid certainly before he had the report from his commission, but after he knew of such irregularities that he actually caused a commission to be issued to prove and establish the facts. If I understood the Minister of Justice, and if I took down his language correctly, he says that the important point upon which hangs the responsibility of the Government, is what has been their conduct after the facts had been brought to their knowledge; I agree with the hon. Minister; I think that is a fair statement of the responsibility, and I am quite willing, for my part, to deal with them on that ground. Sir, can there be any question about it? I believe the fact is—and I want to state it though it makes no difference, as I think I shall be able to show from a constitutional point of view—that some of these payments, I do not know how many, were made upon the authority of the acting Minister, the present Prime Minister. But I do not suppose the Minister of Railways wants to shirk his responsibility by saying that the misconduct was that of

his present chief. Certainly, according to every rule and principle governing the relation of Ministers to their parliamentary head, he was bound, on resuming the duties of his office to accept responsibility for all that had been done in the interim by the acting Minister. But, Sir, I have not stated the whole gravamen yet. Why, Sir, these accounts when they were paid actually had not been authorized by the Deputy Minister or even checked over. So we have the fact that the Minister of Railways as to part, and the Prime Minister as to the balance were paying out the moneys of the country for accounts that were not checked by the proper officers, and in the face of the information we have all heard about and because of which they thought it necessary to ask for an inquiry. Sir, I am not going to occupy time with a further statement of the argument. If upon this simple statement of undoubted and undisputed facts I am doing wrong in voting for the motion in amendment now in your hands, I must accept the responsibility. To my mind it would be impossible for any man who understands the facts and who understands the responsibilities which the Minister bears to the representatives of the people, whose money has been stolen, to do otherwise than record condemnation of the Minister's action in this matter. I impute nothing to him personally, but I ask him what steps did he take, when he handed over his department to the charge of the Prime Minister, warning him not to make these payments. What did he do when he knew that this man was demanding and clamouring for his money and the Minister himself was going on a summer jaunt? Did he take the slightest means to protect the treasury by leaving instructions that no money was to be paid out until this matter had been investigated? There is no evidence that he did anything, that he took the slightest precaution. The hon. Minister followed this case through the Public Accounts Committee at every step, urging everything that could be urged in defence of himself and his department; but, from first to last, he has not pretended that in any sense he sought to protect the public treasury in respect of the payments made during his absence, for which he is responsible on every ground. For my part, I put the question upon these grounds, and I draw attention now to the responsibility which, as I understand, rests upon Ministers of the Crown, and upon them alone. Sir, according to the constitution we have nothing to do with the officers of the departments; we have no right to censure them. The gentleman responsible to us is the political head, and he is bound to keep his department in order. I do not mean to say that if he shows that he has been circumvented, and that he has done all that a reasonable man could do, upon the knowledge being brought to him in order to save the public treasury from spoliation, I do mean to say that under these circumstances

he should be held responsible. But what I do mean to say is that we are bound to call him to account, and upon him rests the responsibility of establishing to the satisfaction of this House and of Parliament that he has taken proper means to prevent such robbery as took place in this instance. Why, it seems almost too ridiculous, after this man has been used for false pretenses and the law has been appealed to to recover the money paid over, that it should be clear that the money was paid with a knowledge of the facts. It may be that the Crown cannot be bound in such matters by the action of its officers, but if this were the case of a private party, it would be a hopeless thing to attempt to recover money paid out under such circumstances as in the case of this money paid to the contractor, much less would the party receiving it be held guilty as a criminal in the courts of the country. Now, there seems to be some doubt as to this question of responsibility. Let me give the House a recognized authority as to the responsibility of Ministers to Parliament for the conduct of the officials of their department. In the work of the late Mr. Todd, vol. 1, page 628, he says :

As a necessary consequence of the division of the Civil Service into political and non-political officers, and of the acknowledged supremacy of the members of the Administration over all the subordinate officers, it is required by your parliamentary system, that every branch of the public service should be represented, either directly or indirectly, in the Houses of Parliament. This duty is performed by the political heads, who are themselves solely responsible for every act of administration, down to the minutest details of official routine. Having entire control over the public departments, they are bound to assume responsibility for every official act, and not to permit blame to be imputed to any subordinate for the manner in which the business of the country is transacted, except only in cases of personal misconduct, for which the political chiefs have the remedy in their own hands.

Sir CHARLES HIBBERT TUPPER.  
Hear, hear.

Mr. McCARTHY. I am glad to find that that meets with the approval of the Minister of Justice. Nobody can deny that that is the proper constitutional rule. Now, Sir, I am not holding the Minister of Railways responsible for the wrongful acts of Mr. Kennedy, or Mr. Parent, but I am holding him responsible for the acts of Mr. Schreiber, done upon these different dates, when this money was paid out ; because there is no pretense that these payments were not made under and by authority of the Minister directly, and with his knowledge, and there is no pretense that Mr. Schreiber has been repudiated. The Minister of Justice argued that the department could either adopt or repudiate the acts of its subordinates, and until the department took that course, the Minister could not be held responsible. But there is no pretense here that Mr. Schreiber, in making these payments, was not acting

in accordance with the authority and instructions of his departmental head. Now, I refer again, upon the same point, to this work of Mr. Todd, at page 215 of the second volume, and I will draw attention to a discussion which took place in the House of Commons in England as to the impropriety of Parliament in any way interfering with departmental officers :

Recent administrative reforms, however, have all tended to reduce the proportion of the political element, by recognizing the supreme authority and responsibility of the parliamentary chief of each department ; he must be held accountable for all the weakness or inefficiency of all his subordinates, and every member of the Ministry must share with him in their responsibility.

Having thus secured an adequate responsibility for the efficient administration of the whole public service, by means of the control which is exercised by Parliament over Cabinet Ministers, Parliament should carefully abstain from any direct interference with the subordinate officers of Government.

Then I read again from page 217 :

But, under any circumstances, responsibility for the actions of subordinates should always be fixed upon their political heads. If Ministers find the (permanent) officers of the departments do not work well under them, then it is their duty to devise some remedy for this inconvenience ; but the responsibility should not be divided ; it should be imposed only on those that are able to respond for themselves in the House. And then an instance is given :

Thus in 1873 the Committee of Public Accounts reported unfavourably of the financial administration of the Post Office, and expressly disapproved of the proceedings of Mr. Scudamore, the second secretary of the department, in appropriating enormous cash balances on hand to a particular service, without the knowledge of the treasury, or the authority of Parliament. But in a debate in the House of Commons upon these transactions Mr. Gladstone observed that Mr. Scudamore's conduct might be very properly animadverted upon in a report of a committee, but that he was not a fit subject for the censure of the House.

These last words being Mr. Gladstone's :

It is the political officers of this House who stand between the permanent officers and its censure, and if the House is bound to take the utmost care to avoid the cardinal error of treating the permanent servants of the Post Office as proper objects of parliamentary censure.

Then we deal only with the head of the department, and we deal, so far as I am concerned, simply with the matter as to which, as I have said repeatedly, there is no controversy and no dispute. But, says the Minister of Justice, this matter was brought up last session and underwent a discussion ; and he pleads now, though the plea is a novel one to me, that the promise of the Minister of Railways that he would prosecute all these offenders, was accepted by this House in satisfaction of the delinquency of the Minister himself. Well, it is an ingenious defence, but it is wanting in any authority ; it stands alone upon the argu-

ment of the Minister himself. But I deny, that because, during the closing hours of last session when only 110 members were present, before the papers were fully printed, before it was possible to digest these accounts, this question was brought before the House, that the House is not now as free as it ever was to consider, and more deliberately, as we are doing now, and to determine, what we should do, and what we should say with regard to the political officer who is charged here with the offence. But, Sir, if I were to venture upon any criticism with regard to any subsequent conduct, which I do not think at all either adds to or takes from the offence which, in my judgment has been committed by the Minister, I should ask how it is that the party who stole in the early part of 1893, that was reported upon by this commission some time in the month of January, 1894, was never prosecuted until the month of October, 1894. Now, Sir, has there any excuse been given for that? All the facts had been collected by the commission. They needed no collecting, they needed no grouping, they were all in the department, and from the early part of 1893, in the month of May or June, when the money was paid, not a step is taken until the month of October in the following year, when, hounded on by public opinion, hounded on by the comments that were made, by myself among others, upon the extraordinary fact that no attempt had been made to prosecute this criminal, as I think we may call him, the department commenced a prosecution in the month of October, which terminates seven months afterwards in the month of May.

Sir CHARLES HIBBERT TUPPER. I would mention this fact, that the commission did not suggest any evidence of crime.

Mr. McCARTHY. Then where did the evidence of crime come from?

Sir CHARLES HIBBERT TUPPER. Later on.

Mr. McCARTHY. Well, all I can say is that my hon. friend the Minister of Justice takes a very charitable view of the case. If that commission did not show that there had been crime, then I do not know where or how you are going to find it.

Mr. MULOCK. Did not that commission suggest fictitious pay-lists?

Sir CHARLES HIBBERT TUPPER. Mr. Frigon, who was the first witness of crime, was not heard before the commission, but before the Public Accounts Committee.

Mr. McCARTHY. It was the first direct evidence, if you like, but surely you do not wait to prosecute criminals until you get direct evidence, and if this man Frigon had never turned up and made a clean breast of it, surely it would not be pretended that no prosecution would have been commenced.

Sir CHARLES HIBBERT TUPPER. I think we ought to wait until we get evidence before we prosecute.

Mr. McCARTHY. All I can say is that I do not think that any subsequent conduct in the slightest degree removes the censure or makes in favour of the Minister himself. Now, Sir, I dislike very much to comment upon the conduct of the police magistrate of Montreal. I observe by the public press that the outspoken terms in which the police magistrate of Montreal was referred to here by a much more important member of this House than I am, the Minister of Justice himself, have met with severe condemnation at the hands of the press and also the Bar of the city of Montreal. Now, I cannot pretend to say what the practice is in Montreal, but I think you will search all through the criminal practice in England, as well as in any other English-speaking community, to find a case which, on a preliminary inquiry, was dragged out to the length to which this inquiry was extended in Montreal. Why, I should have thought with proper management—and I am not desiring at all to reflect upon my fellow-members of the profession who were engaged in the case, because, as I say, I do not know what their instructions were—but I do think with proper management that case could have been presented to the police magistrate in one or two sittings, and that in one or two sittings he ought to have been able to say whether a prima facie case was made out for trial.

Sir CHARLES HIBBERT TUPPER. I beg to say that you know very little about the case.

Mr. McCARTHY. The hon. gentleman seems to know more about it than I do.

Sir CHARLES HIBBERT TUPPER. I have to do so.

Mr. McCARTHY. I never heard in all my experience, and it is a good deal longer and wider than that of the hon. gentleman, of such a case, and I challenge the hon. Minister to show when an investigation before a magistrate of a charge of obtaining money on false pretenses, was ever permitted to drag along such a length of time.

Sir CHARLES HIBBERT TUPPER. The hon. gentleman never conducted a case in Montreal before Judge Desnoyers. And I say this, that while my experience is not as great as that of the hon. gentleman, it does not enable me to furbish up a case where a magistrate ever allowed so many continuances and adjournments, against the wish of the Crown, as Judge Desnoyers allowed. The hon. gentleman will not charge the Crown with not pushing the case. We pushed the case, but the magistrate had control.

Mr. McCARTHY. I do not charge the Crown or the Minister or those in charge of

the prosecution with not pushing the case ; I merely comment on the fact with which we must all be astonished. But this I say, that the case against the Minister has been enormously strengthened by the double fact, that the magistrate having heard the case argued at length, and not only listened to arguments but read factums, deliberately came to this conclusion that there was not even a prima facie case, although he was satisfied that the department and the country had been defrauded by this man St. Louis. And why ? I suppose because the money was paid to him, as I have pointed out, with knowledge on the part of the officers of the department of the suspicious circumstances ; because the money was paid to him deliberately. And not only did the magistrate stand justified in his own estimation and by his own reasoning, but the grand jury—and I suppose they were not affected with the same mania for listening to cases—were able to dispose of it in two days.

Sir CHARLES HIBBERT TUPPER. The witnesses would take two hours.

Mr. McCARTHY. The Minister probably thought that the grand jury would take six or seven months. The grand jury also decided that there was no ground for sending the man for trial. If the grand jury did not see a case made out for sending the man for trial if this money is gone, as it is, unless perchance it can be recovered by a civil suit now being brought—and certainly I should think that very doubtful if the Crown is not in a better position than a private individual would be when the money was duly paid with all knowledge of all the circumstances—if these be the facts, what are we to do, what are we to say ? Are we to say that there is no man responsible ?

Sir CHARLES HIBBERT TUPPER. Allow me to say that the partner of the hon. gentleman speaking believes we will obtain the money in the civil suit. He is engaged by the Crown in obtaining it.

Mr. McCARTHY. I have no desire to differ from my partner as to whether the money can be obtained or not.

Sir CHARLES HIBBERT TUPPER. He knows the facts better than you do.

Mr. McCARTHY. I hope he will be a little more successful than the hon. gentleman's representatives have been in Montreal. I only say this, and I do not hesitate to say it, that if it was not the Crown that was a party to the suit, for there are technical rules to the effect that the Crown shall not be prescribed by the dishonesty and negligence of its own servants in seeking to recover money, I venture to state, on the little reputation I have, that the money could not be recovered. If the Minister of Railways paid this money to St. Louis with knowledge and notice of the facts, if I know anything about

the rules of law which govern the recovery of money paid under such circumstances, I say the action would not be successful. But the money being paid out by the Crown in this case, the Crown can set up the negligence of the Minister of Railways.

Sir CHARLES HIBBERT TUPPER. You are differing from the opinion of your partner.

Mr. McCARTHY. This plea may be urged by Her Majesty in the case against this man, and I do not know whether judgment would lie for the recovery of money under these circumstances or not, and whether it may be recovered and not retained by the person who obtained it illegally and improperly in that respect. For my part I have no hesitation in voting for every line of the resolution which my hon. friend has moved. I have passed by, because it was unnecessary at this hour to go into them, various questions which have been so fully and ably discussed in the course of this debate. I agree that there was no ground whatever for letting this work by days' labour. But the department and the Government are above all law. They pay no attention to the statutes. I was astonished only last year to find with respect to the Sheik's dam that, without a shadow of pretense, and the Minister of Railways admitted in his speech that there was no ground for his action, a contract was let to William Davis & Bro. without tender and in violation of the clause in the Act of Parliament. If I read the Act aright, there is no ground whatever here, and when the Minister of Justice pleads the advice of engineers on the construction of an act of Parliament, then I think he is asking a little too much at our hands. I quite agree that in all matters of a technical nature the Minister has a right to rely on the officers of his department. But this is not a matter of engineering ; it is the matter of the construction of a statute. Surely the hon. gentleman can read the language of the statute and decide whether there is any ground under either of the clauses to do what he did in this case, and whether this was a work that could be done more expeditiously by days' labour than by contract.

Sir CHARLES HIBBERT TUPPER. The engineers thought so.

Mr. McCARTHY. They did not.

Sir CHARLES HIBBERT TUPPER. They advised so.

Mr. McCARTHY. You will not find it in the record, or I stand corrected. The work could have been done just as expeditiously by contract. Moreover, the statute says that only when the work can be done more expeditiously and economically is permission granted to do work by days' labour. We have the fruits of economy in this case. So

I wholly agree with that clause in the resolution. One word and I have done. Not only was the money paid in the manner mentioned, but the Minister went to the Governor General and asked to have a warrant to pay it, and he deliberately did so. Here was the money expended that Parliament had voted, which, according to the estimate of the department, was all sufficient for its purpose, two votes, one of which has not been referred to, namely, an amount of \$50,000 or \$51,000 in the supplementary estimates, making altogether \$226,000 in con-

nection with the Lachine Canal ; but on the 4th of May we know that the Minister went to the Governor and represented that there were debts due by the Crown so pressing in character and urgent as to entitle him to issue a warrant. That was a deliberate act on the part of the officer, and if the Government could by any means have enabled this man St. Louis to keep the money, they did it then, for they took every step which, according to my light, it was possible to do in order to make that money and payment safe in the hands of St. Louis.



