

THE CANADIAN LIBERAL MONTHLY

Vol. 1. No. 10

OTTAWA, JUNE, 1914

Ten Cents

THE MACKENZIE AND MANN DEAL AS SEEN FROM WITHIN.



Expressions of opinion on Mackenzie and Mann's relations with the Borden Government as given in the House of Commons by two of its leading supporters:—

"I am opposed to going into partnership with Mackenzie and Mann, just the same as I am opposed to going into partnership commercially with people I do not trust. I think they will do the Government in the long run."—Mr. W. F. Nickle, M.P. (Kingston)—Conservative—House of Commons, May 13, 1914. (See Hansard, p. 3850).

"That Commission (referring to the Huntingdon commission in the U. S. 1887) laid before the people a great mass of evidence, volume after volume, exposing corruption and degradation of public life and the destruction of the morals of parliaments and legislatures; disclosing a trail of corruption, commencing at the Gulf of Mexico, wandering to San Francisco and Sacramento, and finding its way to Congress at Washington. Here we have the same state of facts."—Mr. R. B. Bennett, M.P. (Calgary)—Conservative—House of Commons, May 14, 1914. (See Hansard, p. 3896).

CONTENTS OF THIS NUMBER.

	Page
<i>The Mackenzie and Mann Deal as Seen from Within (Cartoon) respecting Conservative Opinions on Government's action</i>	109
<i>The Father of Canada's Parliament</i>	110
<i>The Borden Cabinet IX. The Minister of Marine and Fisheries</i>	111
<i>Economic Conditions under Borden Rule—Unemployment Greater—Living dearer</i>	112
<i>Mackenzie, Mann and Canada—Outstanding Features of a Humiliating Agreement (With Cartoon "How it Looks")</i>	113
<i>The Conservatives and the C. N. R.</i>	114
<i>The Liberals and the C. N. R.</i>	115-116
<i>The C. N. R. Deal as Viewed by the Public (Cartoon) and Statistics</i>	117
<i>Farmers Bank Depositors meet double Deception</i>	118
<i>The Diary of the Month, The Month in Parliament</i>	119
<i>The People's Blackboard—Statistics on Aid to C.N.R. and on public Expenditures</i>	120

THE FATHER OF PARLIAMENT.

"OUR great purpose should not be mere winning, but seeing to it that we have the best cause. I am not indifferent to success, but still success is not the main object. Our obligation is to fight for truth and justice as God gives us to see truth and justice. And truth and justice will prevail."

Such was Sir Wilfrid Laurier's characteristic and meaningful message to Liberalism given in the Commons chamber on May 28th. The happy occasion was the tangible recognition by his followers in Parliament of his completion of forty years of continuous membership in the Commons. It is just two score years since Sir Wilfrid entered the Commons and just fifty years since he graduated from the Law Faculty of McGill and made his first public address. His first speech in the House was made on March 30th, 1874, in seconding the Address in reply to the Speech from the Throne at the opening of the new Parliament. To-day in point of length of service, as in point of experience and ripeness of judgment and statecraft, he stands alone not only as the man who was Canada's Premier for fifteen years, and is now the Leader of Canada's Loyal Opposition but as the Father of Canada's Parliament.

A half century ago in delivering the Convocation address of his class at McGill—his first recorded public utterance—he gave expression to the essential principles which have animated his whole public career. The work of the maker and of the student of law, he said, is "to cause justice to reign". Seven years afterwards, in 1871, as a rising young barrister of Arthabaskaville, he was elected to the Quebec Legislature by a majority of one thousand. Three years later, he entered the higher arena of Federal politics. Twenty-six years ago, or sixteen years after entering Parliament, he was chosen leader of the Liberal party when Hon. Edward Blake laid down the mantle and recommended the brilliant young lieutenant from Quebec as his successor.

It was fitting that in commemoration of such a record

another mark of the esteem and affection of Liberals should be given to the Nestor of Parliament, to the greatest of Canadians, to the Grand Old Man, still leading in the age-long fight "to cause justice to reign". To Sir Wilfrid was presented a gold watch and chain—"the best that science could devise or money buy"—while to Lady Laurier, his helpmeet through forty-six years of happy wedded life, was presented a purse of gold.

The noble record of the forty years of Sir Wilfrid's career in the Commons is, alike with the high-minded message contained in his moving acknowledgement of "this new act of kindness and mark of affection," an inspiration and a pride to Liberalism. Here are forty years of consistent and unwavering battle for the rights of Democracy, for constitutional liberty, for equal rights and for economic justice for all classes; forty years of steady advocacy of all the rights of autonomous government, of self-reliant Canadianism and the upholding of British traditions, and forty years of the precept and practice of the best ideals and principles of Liberalism—and at the end, the same high note of courage and optimism. "I have endeavoured" he said, "to meet success without elation, and reverse without discouragement".

Of Sir Wilfrid it may be truly said, that the grace and vigor of his oratory, the integrity of his personal character, his rare combination of tact and sagacity, the kindness and chivalry of his nature, the courage and strength of his leadership have through all the years commanded in steadily increasing measure the esteem and the affection not only of his followers but of all Canadians and of the whole British people.

"Whether it be twenty years, or ten, or five" he said, in concluding his acknowledgment of the gifts of his followers to himself and to Lady Laurier, "whatever may be the length of my time is in the hands of God. But so long as God spares me, I shall continue to give my best, however poor that may be, to the service of these principles which we all hold so dear."

Liberalism has a leader to be proud of, and to follow gladly, with sure confidence and unwavering loyalty—a leader to fight for and a leader to win for.

DOUBLING THE NATIONAL DEBT.

The Canadian Northern aid legislation was introduced in the Commons by Premier Borden on May 13th. It passed its third reading in the Senate just four weeks afterwards on the eve of prorogation. Brought down in the Commons at the fag end of the session it was put through Parliament by the strongest, most insistent and boldest lobby in the history of Canadian politics. The people of Canada without being given a chance to pronounce upon or to adequately realize the importance of the question, have been irrevocably committed to a junior partnership with Sir William Mackenzie and Sir Donald Mann. Canada has been made morally and legally responsible for obligations aggregating practically \$400,000,000, or an amount larger than the present national debt. Canada has been made responsible for all the affairs of a complicated and insolvent transcontinental railway system, owned and controlled by two men, who have built the system through public aid, who are given at least \$60,000,000 of watered stock made valuable by the deliberate action of Parliament, and who have refused to pledge a single dollar of their own great personal fortunes to help their own enterprise out of the difficulties of their own creation.

THE BORDEN CABINET.—IX. THE MINISTER OF MARINE AND FISHERIES.

by H. F. Gadsby.



Hon. J. D. Hazen.

BRITANNIA rules the waves, including the neat little Marcel waves in John Douglas Hazen's crisply curling iron grey hair. And this is only natural because the Minister of Marine and Fisheries comes of a long line of United Empire Loyalist ancestors who served their country as long as their country had a job left. Britons never will be slaves except to their sense of duty and if their duty carries a public office and a fat salary with it, so much the better for the Britons.

The Hazen family have undergone the usual changes of front experienced by well-born people who have succeeded in remaining on the continent of North America for two hundred and sixty-six years and never losing a cent by it. They have always been true to their principles and their best interests, and their best interests, as is often the case among the best families, generally ran parallel with their principles. This accounts for the change of front as between the original Edward Hazen the Roundhead who removed from Northumberland, England to Massachusetts in 1648 in order to escape the tyranny of Kings, and the Minister's more immediate ancestor John Hazen who removed from Haverhill, Massachusetts to Portland, New Brunswick, in 1775, in order to escape the "injustice of republics". It is only fair to the Minister's ancestors to point out that it took them a hundred and

twenty-seven years to right-about-face but when they did they made a good job of it.

In one hundred and twenty-seven years a thrifty family accumulates such a stake in the country that it cannot afford to countenance revolutions, so that the seventeenth century Hazen and the eighteenth century one were both equally loyal, each in his own way. The seventeenth century Hazen had to wash his hands of kings to get a fair start and the eighteenth century Hazen had to take a king on his hands again so that the family would not be set back to where it started. Such is the sobering influence of property on the proudest spirits. If a man is in danger of losing one Jack pot, he must sit in again where a bigger one awaits him. Loyalty like charity begins at home. The Hazens were loyal to the Hazens. As the poet says, to yourselves be true and you'll always get a piece of it, or words to that effect.

The eighteenth century Hazen made a good move when he came to New Brunswick. The family has stayed put ever since. It's a cold day in New Brunswick when there is no Hazen holding down a Government job. And, of course, their long suit is loyalty. They have nothing to say against loyalty as long as loyalty pays dividends. In the reciprocity campaign of 1911, John Douglas Hazen, true to the family tradition, made much ado of loyalty in default of other arguments and in due course loyalty produced its reward in the shape of a portfolio in the Borden Cabinet.

But this blushing honor was not enough. Premier Borden figured out that the Hazen loyalty was equal to any strain. Although the original Hazen had no use for kings and none of the other Hazens had been nearer a King of England than three thousand miles for two hundred and sixty years, the Premier reckoned it would be quite safe to take John Douglas Hazen across the water to London town and let him look at George the Fifth at close range. He felt that a family that had been piling up loyalty for two centuries and a half ought to have some outlet

for it. So John Douglas Hazen went along. It turned out a good play. Not only did John Douglas Hazen make all the foolish statements that a Premier must not make if he is to be regarded as a responsible being, but he looked the part of true Briton which Postmaster General Pelletier did not. Besides it gave the Premier a great sense of security to have Hazen there. The Minister of Marine and Fisheries could always be depended on for orthodox sentiment whereas "One Flag Looey" sometimes forgot his lines or sulked in a corner.

It was in one of his exalted after-dinner moods that Mr. Hazen made the statement that the Conservative victory in September 1911 had saved Canada from being handed over to the United States. This ultra-loyal announcement was received with loud cheers by the ultra-loyal Tories of England, who love the King so much that they are doing their best to overthrow His Majesty's Government in Ulster.

On the whole, Mr. Hazen did himself and Canada proud and came away with a reputation as a loyalist who would never allow the truth to stop him. Strangely enough, though he was a month in England and attended many dinner parties, he never once alluded to the Puritan Hazen, who founded the family fortunes and laid the corner stone of our Cabinet Minister's greatness, when he pulled out along with the other kickers on the *Mayflower*. A Puritan ancestor may look good enough for the Canadian Parliamentary Guide, but a Conservative Cabinet Minister cannot be expected to produce a skeleton that old at the Carlton Club.

Outside of that little jaunt to England, the Minister of Marine and Fisheries has had little to do. Premier Borden took the job of navigating the three Dreadnoughts out of his hands and ran them on the rocks himself. So far as John Douglas Hazen's job goes Marine is a courtesy title. Premier Borden looks after any battleships that may be needed, the presumption being that there are enough fish to keep the Minister busy.

ECONOMIC CONDITIONS RESULTING FROM BORDEN RULE.

Unemployment Greater.

ON March 11th, 10,000 men in search of work were registered at the Civic Employment Bureau in Toronto. That condition was typical of the conditions throughout all Canada. In every city hundreds of men sought work, and sought it in vain. Nor have conditions improved since then. The plain fact of the case is that not for upwards of twenty years past has unemployment existed on such a startling scale in Canada. Certainly, there never was a time during the rule of the Laurier Government when labor conditions in the Dominion approached in seriousness the state of affairs which now exists.

In Montreal, during April no less than 5,000 out-of-works rushed to the city hall when an intimation was given that the city would endeavor to find work for those who needed jobs. Huge mobs of unemployed were massed on the Champ de Mars of the city—all begging for work and few able to find it. In the endeavor to pick up a few cents that they might buy food, men and women went up and down the vacant fields of the city a few weeks ago collecting dandelion plants to sell for greens in the foreign colony.

In Hamilton, the unemployed have paraded the streets by the hundreds. Four hundred of them marched to the city hall on one day pleading for work that they might be able to support their families.

In Edmonton, in early May, between 600 and 1,000 of the men who sought work and found it not were marching the streets. In Regina, no longer ago than two weeks, a thousand men pleaded with the mayor to find them work. In Winnipeg, hundreds have walked the streets in idleness, not from choice or laziness, but because those who sought work outnumbered the jobs available many times over. In Ottawa the unemployed have run into many hundreds. So it has been in every city. East and west it has been the same. In St. John, N.B., in Vancouver, B.C., the cry is the same. Everywhere the demands upon charitable organizations have been multiplied many times. Families which never sought aid of anyone before have been compelled to ask charity.

These are the conditions which have come to Canada under the administration of Premier Borden. But the facts stand out: Under Liberal rule between 1896 and 1911, Canada experienced the greatest prosperity she has ever known; the demand for labor exceeded the supply. After less than three years of Borden administration, there has come an alarming slackening in the country's prosperity and men and women are in idleness and want because they can find no work to do.

Cost of Living Higher.

SINCE the Borden Government took office there has been a steady and marked advance in the cost of living. Statistics prepared by the Dominion Department of Labor itself give proof of this statement though no other proof is needed than the experience of the Canadian workmen and other every-day citizens of the country.

According to a report recently issued by the Labor Department a weekly budget of food which would have cost \$6.95 in 1910, when the Liberals were in power, would have cost \$7.34 in 1913 under Borden. In that case there was an advance of nearly six per cent. In the case of the weekly expenditures of a typical Canadian family of five upon thirty-six staple articles and upon rent there was an increase of almost two per cent. in 1913 as compared with the preceding twelve-month.

Since 1911, the last year of Liberal rule, the index number of prices for meats and animals has advanced no less than 34.2 points. The Department says: meat prices "reached a general level (in 1913) higher than ever previously experienced". Similarly, the Canadian people paid more for fish last year than in previous years. Boots and shoes and other articles of clothing also cost more than in the past. The 1913 index number for textiles was 11.6 points

higher than the number in the last year of Liberal rule. Boots, leathers and hides showed an index number of 163.9 in 1913 as compared with 139.6 in 1911—an advance of 24.3 points. Taking 272 commodities, selected over the entire field of production and consumption, the statement of the Labor Department shows a considerable advance in commodities in common use by every Canadian family.

Under the Borden Government, then, the living cost is much higher than under Liberal rule. Moreover, it continues to increase steadily and greatly in Canada, while in other countries it is decreasing. Nor is this all. By raising the tariff for the benefits of Special Interests, the present Government is adding still more to the burdens upon the people of Canada. Already tariff increases ordered by the Government a few weeks ago have led to the exaction of higher prices from Canadians for several commodities and still further price advances are to be expected. So while Borden rule has brought a disquieting lessening of Canadian prosperity and widespread unemployment throughout the Dominion, it has also brought an increased cost of living, and tariff changes which will bring that cost to a higher level still.

In these days of the present Government there is not sufficient work, and living is dearer, so that we are hit both ways. And this is Conservative prosperity!

SIR WILFRID LAURIER.

MACKENZIE, MANN AND CANADA.

Outstanding Features of a Humiliating Partnership.

The Initial Responsibility.

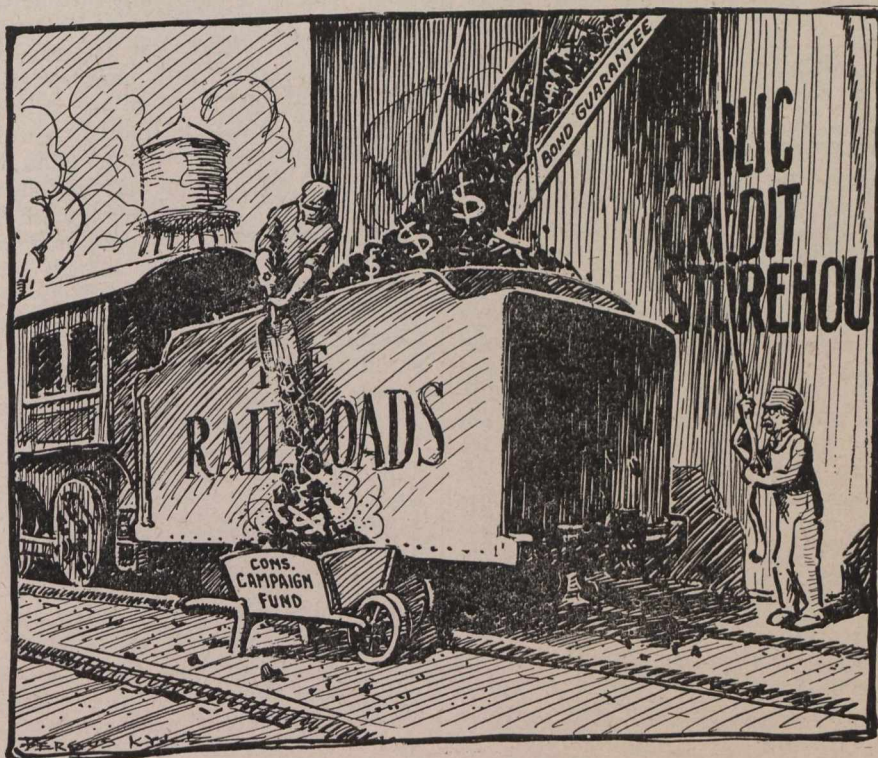
THE essential point for the Canadian people to understand in connection with the Government's agreement to commit the people of Canada to a junior partnership with Messrs. Mackenzie and Mann, involving the assumption of over \$350,000,000 in liabilities, is that the condition alleged to have necessitated it has arisen wholly from the action of the Conservative Government of Ottawa in conjunction with the Conservative Government of British Columbia and that the responsibility for that action rests entirely with the Borden Government. It is not a legacy left by the late Liberal Government. This promises to be the subterfuge of Conservatives in explaining this culminating step of an entangling and practically permanent alliance between the government and the two men who have sought to build a trans-continental railway, own it, and have the people pay for it. The effort to shoulder the blame on the Liberal party is in accord with Tory tactics where argument and reason fail, and is based on misrepresentations which may be readily exposed.

It is true that during the Liberal regime the Government aided the construction of the Canadian Northern line from Port Arthur to Montreal. This link in the Canadian Northern Railway system was necessary in order to connect the profitable branches of the Canadian Northern in the prairie provinces with the populous centres of Eastern Canada, and to provide a needed further means of communication between East and West. That bond guarantee was given on ample security. The Liberal Government took a first mortgage on the line itself, and was further secured by a second mortgage on the Niagara and Toronto line of the company, one of the most valuable and profitable parts of the whole system. There was an obvious necessity for the linking up of the Western and Eastern divisions of the system as it existed when the Liberal Government went out of power. But the necessity for Federal Government aid to the British Columbia

section was not recognized by the Liberals; that part of the system was not encouraged and aid to it was refused.

The responsibility for encouraging the mountain section rests entirely with the Governments of Sir Richard McBride and Premier Borden. Provincial assistance was given to the Canadian Northern Pacific to the extent of nearly \$40,000,000. Federal assistance was given by the Borden Government during its first year of office by subsidy to the extent of some \$6,000,000. That encouragement enabled Messrs. Mackenzie and Mann to proceed with the construction of their lines in British Columbia. These lines have been the most expensive part of the whole under-

taking. Over \$30,000,000 have already been expended on the main line from Vancouver to Yellowhead Pass. The company states that, at least, \$23,000,000 more will be required to complete it. That makes a total of over \$50,000,000 as the cost of the British Columbia section of the provincial main line. Railway experts assert that this total of \$50,000,000 will have to be increased by some tens of millions before the line is finally in shape for safe operation. The expenditure of this enormous



How It Looks.

amount is primarily responsible for the present financial difficulties of the company which have made necessary the additional Federal bond guarantee of \$45,000,000.

The Dangers of a Junior Partnership.

IN essence the Canadian Northern agreement involves the junior partnership of Canada with Mackenzie and Mann. The people of Canada after having already furnished public aid in one form or another to the extent of \$280,000,000 towards the enterprise are now giving \$45,000,000 more, with an additional interest guarantee for three years on this \$45,000,000, making a net total of approximately \$330,000,000.

Under the partnership, Canada practically en-

dorses the note of Messrs. Mackenzie and Mann for all outstanding obligations of the Canadian Northern and its subsidiary companies, both present and to come. Including the \$45,000,000 bond guarantee, these obligations already amount to \$352,000,000 or practically \$40 each for every man, woman and child in the country. Mackenzie and Mann remain the controlling partners in the enterprise with the right to create new obligations, and with the opportunity, if they so desire, to step out at any time, take with them any profits they have made, and to shoulder on the people all the obligations and the ownership and operation of an insolvent four-hundred-million-dollar concern.

To this partnership the Liberals in Parliament have been stubbornly opposed. It has been forced through Parliament after weeks of continuous debate and after the rejection of every one of several Liberal amendments.

Apart altogether from the conditions of the partnership, there are the fundamental objections of the political and economic dangers of any partnership at all. Liberalism has taken the ground that if the road is to be saved from a receivership at the present time, and from the financial chaos which would follow, the relations of the Government with the company should be those of creditor and debtor, rather than those of junior and senior partner; that the Government should own or control where it is bound to assume enormous liabilities. Liberals in Parliament have not objected to lending the people's credit in order to insure the completion of the system but they have insisted on the need being shown and the proper security given.

The dangers of partnership under the conditions agreed to are obvious. Canada holds \$40,000,000 of the Company's total capital stock of \$125,000,000. The control of the company is left in the hands of Mackenzie and Mann, the men whose inordinate ambition and complicated financing has brought about the present alleged insolvent condition of their enterprise. The partnership is forced upon the people without any adequate investigation into the physical character of the road, into its possibilities of meeting fixed charges on net earnings, or into the economic soundness of the subsidiary enterprises. The stock which the Government receives has at the present time, at least, no real value. It cost Mackenzie and Mann nothing to create it and it represents not a dollar of actual investment by them.

The \$75,000,000 of stock left in the hands of Messrs. Mackenzie and Mann and their associates has value only because of the public credit extended. Without Government aid at the present time the whole fabric according to their statement would collapse. The Liberals in Parliament have taken the view that the wiser course would be to pledge the stock of the company merely in the usual manner as security between debtor and creditor. And the Government would thus avoid all the obligations, complications and dangers of a junior partnership without effective control or check on the senior partner. Thus also would be avoided the necessity of standing sponsor for everything the senior partner may do. That was the purport and intent of the amendment moved by Sir Wilfrid Laurier on the third reading of the bill in the Commons.

THE CONSERVATIVES AND THE C. N. R.

IN the general election of 1911, candidates of the Conservative party, especially in Ontario, received generous support from Messrs. Mackenzie and Mann and their allied railway and other financial interests. It is an open secret that the selection of Hon. W. T. White as Minister of Finance was due in a considerable degree, at least, to the backing of the railway promoters, of Mr. Z. A. Lash, and of the group of financial interests concerned in the Mackenzie and Mann enterprise.

Public Funds Given Away.

The first instalment of reward for this support came promptly. During the first session of the Borden Government, legislation was brought in to assist the construction of the British Columbia section of the Canadian Northern transcontinental. The aid proposed in cash and bond guarantees amounted to \$10,325,000. That first measure of aid was opposed by the Liberals in Parliament, especially as while granting Federal assistance to the railway in British Columbia, the demand that this section of the line be brought under Federal control in regard to rates was refused by Mr. Borden and his followers.

During the second session of Parliament a still larger instalment of Federal aid was granted. This time it was a straight subsidy gift of \$15,640,000. Premier Borden and Hon. W. T. White both assured the House that this would be the last call on the public treasury by Mackenzie and Mann. They also assured the House that in return for this subsidy the people of Canada were getting in exchange \$7,000,000 of the Capital stock of the company, or one-tenth of the then total of \$70,000,000. In both respects the House and the people were misled. It has been shown this session that the aid given last session fell, at least, \$45,000,000 short of the aid required, and that the \$7,000,000 of stock received by Canada was by the simple process of turning out just that amount more of stock from the Canadian Northern printing press.

At the opening of the session of Parliament just concluded there were persistent rumors that Mackenzie and Mann were back again for a record haul. First there were denials both from Premier Borden and from Hon. W. T. White. After some weeks of steady and persistent lobbying by Sir William Mackenzie, Sir Donald Mann, Mr. Lash and all the influences they could bring to bear, it was finally admitted that a bond guarantee of \$45,000,000 was to be granted. The conditions of the agreement were arranged and the Conservative caucus was called to ratify them. Immediately two of the leading Conservatives, Mr. R. B. Bennett of Calgary, and Mr. W. F. Nickle of Kingston, announced their determined and unqualified opposition to the whole agreement. That opposition they made clear later in the House in an exhaustive criticism of the whole bargain. They voted against the Government and with the Liberals on every amendment offered. It is known that the support given to the measure by many other Conservatives was decidedly luke warm and that their private criticisms of the agreement were frank and emphatic. But the allurements of a campaign fund, the crack of the party whip and the necessity of standing by the Government in

order to prevent its defeat brought them all into line with the exception of Messrs. Bennett and Nickle.

Public Interest Neglected.

The lobbying put up by the Canadian Northern interests was the most open and persistent in the history of Parliament. Mr. R. B. Bennett, referring to it in the Commons, said that the whole history of Mackenzie and Mann operations showed "nothing but a long train of Parliamentary corruption, of lobbying, of degradation of parliamentary institutions, of the lowering of the whole morale of public life and the degrading of those standards by which public life should be truly measured."

In support of the agreement the Government brought down various statements prepared by Mackenzie and Mann in regard to the financial condition of the company, the application of the public aid already received, and the destination of the monies still to be received from the public treasury. It was stated that Mackenzie and Mann Company, Limited, in their capacity as contractors for the Canadian Northern Railway had handled no less than \$244,000,000 of funds in addition to their connection with the sale of bonds and other securities of many subsidiary companies. The three Government auditors taken from the Departmental service to investigate the data presented by the company spent only a few days in Toronto going over the books of the company with a view of verifying the statements made. They returned stating that they had verified all these statements and had accomplished within a week or so a task which would tax the energies and experience of a firm of expert accountants for at least a year.

The debate in the House showed that the Government's statement was inadequate, misleading and in some instances absolutely inaccurate. But the whole brief for further assistance as prepared by the applicants was accepted at its face value by the Government and its followers. Every amendment asking for a further investigation, for further security or for other safeguards of the public interest was voted down by the Government and its obedient majority. That majority was in two or three instances actually rounded up by Sir William Mackenzie and his agents in person, who hovered in the corridors and kept the lobbying going until the last vote was taken.

This in a general way outlines the attitude of the Government and its followers towards the proposition which adds at once over \$360,000,000 to the national liabilities either directly or indirectly, which commits the country to a direct and permanent junior partnership with an insolvent transcontinental railway company, controlled, owned and operated by two men who as far as has been shown have not put a single dollar of their own money into the enterprise.

It is probably the first time in the history of legislation under responsible Government that a Government has blindly gone into partnership with a great private concern without insisting that under that partnership the people shall have the controlling voice, and without knowing what has been done with the money already advanced, what is the probability of profitable operation, what is the intrinsic value of the assets and what is the present or future extent of the liabilities.

THE LIBERALS AND THE C. N. R.

THE attitude of the Liberals in Parliament towards the Canadian Northern aid proposals has been one of consistent and stubborn opposition from the very first to the conditions on which aid was granted, rather than to the general principle of assisting the legitimate and economic construction of the system itself. During the first session of the present Parliament, Liberals refused to encourage the undertaking of the British Columbia section, from the construction of which has sprung the financial chaos which has led to the agreement of the present session. In the second session of the present Parliament, Liberals firmly opposed the first step towards partnership with Mackenzie and Mann and then demanded a thorough investigation of the whole situation, a demand which has been so abundantly justified by the disclosures of the present session. To the culminating step in that partnership taken this session there has been the same consistent and vigorous opposition. The bargain as brought down by the Government at the end of April was fought at every stage in Parliament in a debate which lasted almost continuously for four weeks.

Eight amendments, each one of a vital character were proposed and each one was voted down by the Government, despite warning, entreaty and argument.

Opposition to the principle and conditions of the whole agreement was expressed in the **amendment proposed by Mr. E. M. Macdonald** on May 19th, in moving the resolution for the **six months hoist**. The moving of this amendment did not necessarily mean six months delay in dealing with the whole situation, but it was the technical and only Parliamentary method under the rules of the House of expressing an absolute negative to the whole proposition.

The general lines of amendment to the agreement which the Liberals desired were made clear in the debate on Mr. Macdonald's amendment. They were expressed by Sir Wilfrid Laurier, Hon. G. P. Graham and other Liberal speakers in demanding, as the first three essentials, more adequate investigation of the financial affairs and physical character of the road itself, provision for absolute Government control of the system pending its completion through the granting of additional public funds and the requiring of further security in return for the bond guarantee by compelling Messrs. Mackenzie, Mann and Lash to pledge their own personal fortunes in support of the enterprise.

When the general amendment was defeated, the only recourse left the Liberals was to propose amendments to the details of the agreement with a view of safe-guarding the public interest as far as possible.

The second **amendment moved by Mr. Frank Carvell** May 19th, provided that **Sir William Mackenzie and Sir Donald Mann should be named in the agreement** and thereby made responsible for the carrying out of all the conditions imposed under the agreement. That proposition was promptly turned down by the Government majority.

On May 27th, **Hon. Dr. Pugsley moved an amendment** to Clause 14 of the agreement which stated that any increase in the Capital stock of the subsidiary companies should be issued only with the consent of Governor-in-Council. Dr. Pugsley's amendment

sought to prevent any increase in the Capital stock without the consent of Parliament. It involved the difference between increasing Capital stock by the comparatively secret process of Order-in-Council, and increasing it in the light of full publicity and under the safe-guards of Parliamentary sanction. The appeal to the Government was in vain. The amendment was defeated by the Government.

The fourth amendment was proposed by Mr. **Duncan Ross** on May 28th, in the following words: "that the consideration of said resolution be not further proceeded with until a committee of Parliament has fully examined into and reported upon the necessity for aid applied for by the Canadian Northern Railway, the extent to which such aid should be given to complete the system and the nature and value of security to be taken." This amendment put in concrete form the demand of the Liberals and the desire of the country at large for an adequate and reliable investigation into the complicated financing of Messrs. Mackenzie and Mann, before the country was committed to a further pledge of its credit to the amount of \$45,000,000 and to the assumption of liabilities already entered into amounting to \$312,000,000. This amendment was defeated by the Government.

On May 28th, **Hon. Dr. Pugsley** summed up the alternative Liberal proposal for aid in an amendment providing for a reduction of Canadian Northern capital stock by \$70,000,000, thus making it \$30,000,000 instead of \$100,000,000; for placing the entire stock in the hands of the Receiver General to be held in trust for the people of Canada for a period of five years, subject to purchase by the Government within that period for not more than \$30,000,000. The amendment involved a real unwatering of the Capital stock instead of increasing it as is done under the Government proposals by \$23,000,000. It meant, if adopted that dividend payments on Capital stock, if the road should ever be profitably operated, would be only on the \$30,000,000, and that freight rates would eventually be reduced to the extent of an interest payment of, say, six per cent per annum on \$70,000,000, a possible saving of \$4,200,000 per year to the people who use the C. N. R. lines. It meant a real control of the road by the people, instead of by Mackenzie and Mann, pending the proving of the ability of the enterprise to make good. It meant the avoidance of the dangers of the partnership plan. It provided a summary and effective way for the taking over of the whole system by the Government at any time during the next five years if such were found necessary or advisable. And it still left to Mackenzie and Mann as a reward for their labors, the sum of \$30,000,000, representing their equity in the Capital stock, instead of a reward of at least \$60,000,000 as provided under the Government proposals. That amendment was defeated by a vote of 89-45.

An amendment proposed by **Hon. Frank Oliver** on the same date provided for the equalization of freight rates on the Canadian Northern system as between its Eastern and Western lines, thus removing the present admitted discrimination against the western shippers. The amendment laid down the principle of equalization of freight rates for Eastern

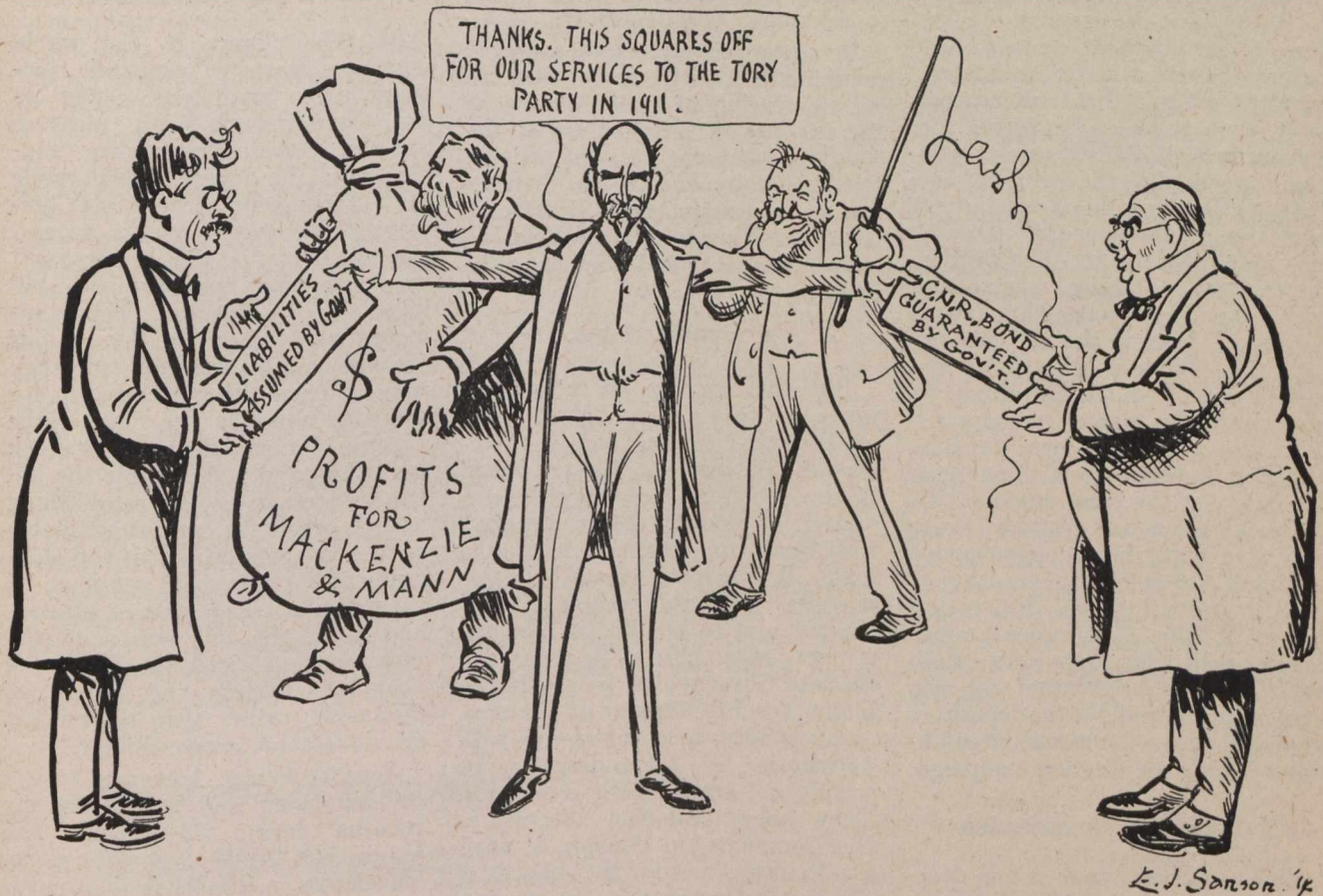
and Western Canada and left the carrying out of this principle to the Board of Railway Commissioners within a period of two months from the passing of the act. This amendment was defeated by a vote of 82-42, with Mr. W. F. Maclean, Conservative for East York, joining with Messrs. Bennett and Nickle (also Conservatives) in voting with the Liberals.

On the third reading of the Bill in the Commons on June 2nd **Sir Wilfrid Laurier** made a last attempt to prevent the irrevocable commitment of the honor and credit of the country into the hands of Mackenzie and Mann and Company. He moved the following amendment: "That the said bill be not now read a third time, but that it be resolved that under existing circumstances no assistance should be given to the Canadian Northern Railway Company unless at the same time it is provided that the Government have power, within a reasonable time to acquire the ownership of the entire stock of the company at a price to be fixed by arbitration, but not to exceed thirty million dollars."

In moving the amendment, Sir Wilfrid declared: "If the choice we have to make is between pouring more money into the coffers of the Canadian Northern Railway Company and the Government getting control of the road, I would rather get the control of the road for the profit and benefit of the people of Canada." The situation was summed up by **Hon. Dr. Pugsley** in support of Sir Wilfrid Laurier's amendment in the following words: "My right honorable friend, as the leader of the Liberal party in this country, has no other course open to him but to move the amendment approving of Parliament granting this aid only on the condition that this mismanagement and reckless expenditure of money must cease so far as the Government of the country can make it cease, and that the Government in granting this aid shall control all the stock of the company; that the stock shall be reduced to the reasonable sum of \$30,000,000 and that the country shall have the opportunity if it is found necessary or advisable of taking the road over." Sir Wilfrid's amendment was defeated by 85-42.

Before the bill was then given its third reading, **Mr. Alphonse Verville** the labor member for Maison-neuve, attempted to make the granting of the aid to Messrs. Mackenzie and Mann conditional upon an amendment obliging Mackenzie and Mann to agree to the simple proposition of accepting the demand of the labor interests for a board under the Industrial Disputes' Investigation Act to inquire into, and if possible settle, the long standing dispute on Vancouver Island in connection with the coal mines controlled by Mackenzie and Mann. These disputes have now been in existence for nearly two years. The industrial loss to the country has been hundreds of thousands of dollars. The mine workers have asked for a board. The mine owners will not agree to the proposition. The Government at the instance of the Minister of Labour voted down Mr. Verville's amendment despite the fact that the Minister, Mr. Crothers and his fellow Conservatives have boasted that they insisted on the Grand Trunk Pacific settling disputes with its employes before granting aid to that Company.

THE C.N.R. DEAL AS VIEWED BY THE PUBLIC



E.J. Sanborn '14

SIR DONALD MANN
THE RT. HON. R. L. BORDEN, K.C.,
PRIME MINISTER

MR. Z. A. LASH, K.C.
SIR WILLIAM MACKENZIE

A BONDHOLDER

What the People of Canada Give

Endorsation of Mackenzie and Mann's note for over \$360,000,000 without adequate security.

What the People of Canada Get

\$33,000,000 of stock which cost Mackenzie and Mann nothing and may be worth nothing; and a junior partnership in an insolvent concern.

What Mackenzie and Mann Give

Not one cent of their own.

What Mackenzie and Mann Get

Their debts paid by the people of Canada.
Their profits secured by the Government.

FARMERS' BANK DEPOSITORS MEET WITH DOUBLE DECEPTION.

IN the election campaign of 1911, the present Minister of Labor, Hon. T. W. Crothers, and at least a score of Conservative candidates, promised that if the Conservative party were returned to power the electors in their constituencies who were concerned in the failure of the Farmers' Bank would be reimbursed from the public treasury. During the first session of the Borden Government, nothing was heard with regard to redeeming those promises. During the second session, Sir William Meredith was appointed a Royal Commissioner to investigate the matter, and his report was brought down; it contained a specific declaration that the failure of the bank was due "to the recklessness and fraud of those entrusted with the management of the bank and not to the granting of the certificate." With that report before it the Government practically told its supporters there could be no justification for the granting of the relief to the depositors promised by the Conservative candidates during the election campaign.

A Dishonest Compromise.

But just at that time Mackenzie and Mann were demanding a subsidy gift of \$15,000,000, and a revolt of the Ontario members concerned in the Farmers' Bank legislation was threatened. The Government was obliged to capitulate and at the close of the session, after the \$15,000,000 grant to Mackenzie and Mann went through, Premier Borden promised that the Farmers' Bank depositors would be reimbursed.

As is everywhere known Mackenzie and Mann came back this last Session for further aid, this time for a bond guarantee of \$45,000,000. Another revolt followed in the Conservative ranks, and before the Government following could be brought into line, Premier Borden had again to publicly renew his pledge to bring in legislation to reimburse the Farmers' Bank depositors. He put off till the last moment, until the Mackenzie and Mann legislation was well under way, then, in the dying days of the session, and, on the eve of the Provincial election in Ontario, the Government brought down the Farmers' Bank Bill

granting \$1,200,000 of public funds to reimburse the depositors.

In essence it was a measure of relief for the politicians and electors of one section of one province at the expense of all the rest of the country. It was condemned in Parliament by one of the Government's own supporters, Mr. W. F. Nickle of Kingston, as establishing "an obnoxious and vicious principle".

A Double Game.

But this was by no means the worst feature. The good faith of Premier Borden and his colleagues as respects the Farmers' Bank depositors has always been a matter of doubt. Their sincerity was open to question from the first. It was plain that their sole purpose was to make political capital, and to do this, if possible, in two ways. First, to reflect on the late Government, by seeking to blame the Ex-Minister of Finance, and secondly, to curry favour with depositors by pretending to be willing to grant them assistance. They knew that the Liberals in the Commons, in defence of their Ex-Minister, would be obliged to oppose the measure in the manner in which it was introduced, for to let it pass in that way, with the indictment made against Hon. Mr. Fielding, would have been equivalent to the Ex-Minister's condemnation for an action for which he was in no way responsible. They thought that the Liberal majority in the Senate would follow suit and, that the bill would be killed there, and that the Tory party would be able to tell the Farmers' Bank depositors, that Liberals were responsible for its defeat, and tell their Tory financial friends who were opposed to the measure, that the Government had counted all the time on the Bill not going through.

To expose the whole transaction the Liberals during the debate on the measure moved first a six months' hoist for the Bill, and when this was defeated they moved that the Bill should not go into force until after investigation by a Parliamentary committee into the failure of all chartered banks since Confederation. Both amendments were defeated.

The Design Frustrated.

But the climax to the whole shameless game of political chicanery came with the defeat of the Government's own measure by the Government's own supporters in the Senate. Even while the bill was going through the Commons there were rumours around the corridors that the Government was arranging to have the bill killed in the Senate. These rumours were, of course, denied, but the outcome proves how true they were. When the bill came up for second reading in the Senate, the Liberal leader, Senator Bostock took the ground that while the bill was objectionable as establishing an evil precedent, and unjustifiable on the grounds on which the Government supported it, yet since no constitutional issue was at stake—and since the bill was a money measure the majority in the elected chamber, namely the House of Commons, rather than the Senate, should assume responsibility.

Senator Power, however, took a different view and moved the six months' hoist. Then came the exposure of the Government's game. The Tories in the Senate had never contemplated that the Liberal leader would support the measure, and when he did so they were all at sea. They could not tell how many Liberals might follow his example, and they were well-aware that the big financial interests were looking to the Senate for the defeat of the bill and that it was the Government's wish, it should be killed. As so often happens, by one false move, their leader gave the whole design away.

The Plot Exposed.

When the vote was called, the Government leader in the Senate, Hon. Mr. Lougheed, contrary to the well established rule of the House, suggested to the clerk that the votes for Senator Power's motion of rejection be taken from the Liberal side first. The Liberal Senators promptly and properly objected on the ground that the responsibility of making the first declaration must remain with the Government side of the House. Consequently the Conservative Senators had to vote first. But

they had to vote in the dark, not knowing how the Liberals were going to vote, or how many on the Government side of the House would have to vote for Senator Power's motion in order to secure the defeat of the bill, as desired by the Government.

Killed by Premier's Appointees.

Eleven Conservative Senators rose to vote for the rejection of the Government's own measure. They were headed by Sir Mackenzie Bowell, an ex-Conservative Premier and the first lieutenant of the Government leader in the Senate. When the vote against Senator Power's amendment was taken 14 Liberals rose. The remaining 11 Conservatives in the chamber voted for the bill, thus dividing the Conservative membership evenly. The six months' hoist resolution was carried by a vote of 32 to 25, or a majority of 7. It was thus carried by the votes of the 11 Conservative members who opposed the Bill.

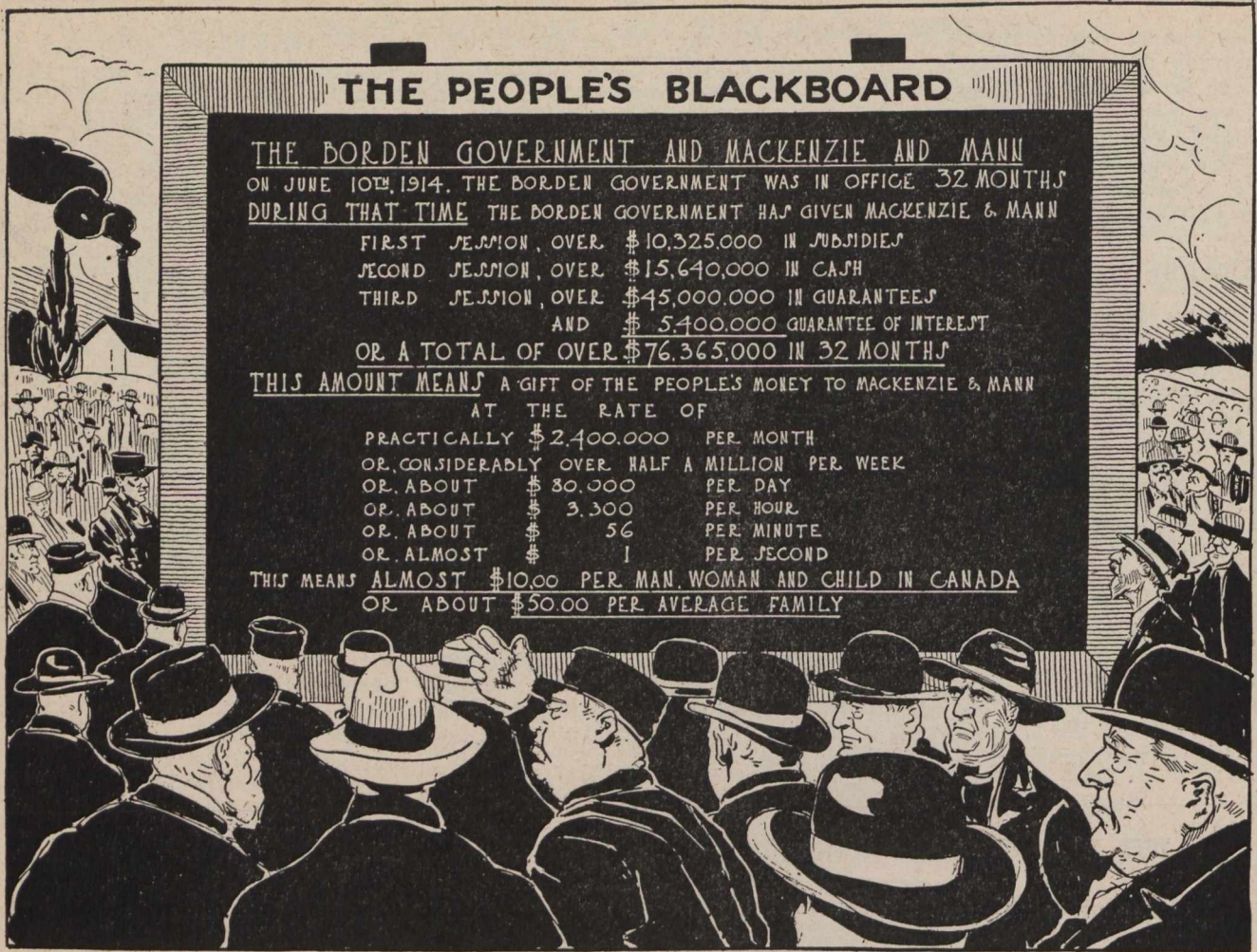
Had all the Conservatives who voted supported the measure it would have been carried. As a matter of fact there were more Liberal votes in the Senate for the Bill than there were Conservative votes in favour of it. The onus for the defeat of the measure in the Senate rests with senators appointed by Mr. Borden himself. Senators Corby, Daniels, Ross, McKay, Murphy, La Rivière and Curry are all personal friends of Mr. Borden, and were appointed by him to the Senate, and all voted against the Bill. Senators Sir Mackenzie Bowell, McKeen, Montplaisir and Bloduc are other Conservative friends of Mr. Borden who opposed the measure. Had the Conservative Senators appointed since the Government assumed office and who voted against the bill, voted with Senator Bostock and the other Liberal senators who voted against the six months' hoist, that motion would have been defeated and the bill would have carried.

The Government attempted to deceive the Ontario Conservative members in the House interested in the measure; it attempted to deceive the depositors; it attempted to make political capital by passing the bill in the Commons, and at the same time it planned to place on the Liberals in the Senate the onus for defeating the bill, and secure the killing of a measure to which the financial allies of the Conservative party were opposed, and which would involve serious trouble for the Government later on. The plan in the last particular mis-carried. As it has turned out, all the Government has succeeded in doing is to make enemies of the Farmers' Bank depositors, to arouse the resentment of, at least, a score of Ontario members against this attempt at double-crossing, and to emphasise once more the fact that shallow political expediency and not honest statesmanship, is the distinguishing characteristic of the present administration.

THE MONTH IN PARLIAMENT.

- 1914.
May.
- 4 **HON. L. P. PELLETIER** tells the Commons that the question of the **postal rates on British magazines** coming to Canada is still the subject of negotiations between Canada and Great Britain.
- 5 **NATURALIZATION BILL** introduced by **HON. C. J. DOHERTY**.
HON. H. R. EMMERSON'S motion of censure upon the Government for Intercolonial mismanagement, defeated on vote of 39-69.
- 6 Liberal amendments to bill relating to Dominion Lands Act voted down in Commons.
Bill to amend the Civil Service Act introduced by **HON. W. T. WHITE**.
- 7 Huge expenditure on militia affairs condemned by Liberal speakers in the Commons; **COL. HUGHES** declares that the expenditures are not large enough.
- 11 Proposal to reimburse Farmers' Bank depositors discussed in the House; **W. F. NICKLE**, (C.), **A. K. MACLEAN**, (L.), and other speakers condemn the plan.
- 13 Resolutions for **\$45,000,000 BOND GUARANTEE FOR CANADIAN NORTHERN RAILWAY** moved by **PREMIER BORDEN**; **SIE WILFRID LAURIE** and **W. F. NICKLE**, (C.), speak in opposition; resolutions upheld by **PREMIER BORDEN** and **HON. ARTHUR MEIGHEN**.
BONNIE BEL-AIR LAND DEAL investigated by Public Accounts Committee.
- 14 Debate on **CANADIAN NORTHERN RESOLUTIONS** continued by **H. B. AMES**, (C.), in support of agreement, and by **G. H. BOIVIN**, (L.), and **E. B. BENNETT**, (C.), in opposition.
- 15 Debate on **CANADIAN NORTHERN RESOLUTIONS** continued; resolutions supported by **E. BRISTOL**, (C.), **J. J. CARRICK**, (C.), **WILLIAM SMITH**, (C.), and opposed by **HON. G. P. GRAHAM**, (L.), **E. M. MACDONALD**, (L.), and **E. W. NESBITT**, (L.); Mr. Macdonald moves the six months' hoist.
- 18 Debate on **CANADIAN NORTHERN BOND GUARANTEE PROPOSALS** continued; **W. M. GERMAN**, (L.), **F. B. CARVELL**, (L.), **W. A. BUCHANAN**, (L.), **F. F. PARDEE**, (L.), speak in opposition to Government plan and **J. E. ARMSTRONG**, (C.), and **HON. W. T. WHITE** speak in support of proposals.
- 19 Debate on **CANADIAN NORTHERN BOND GUARANTEE** continued by **E. LAPOINTE**, (L.), and **F. N. MCCREA**, (L.), **L. T. PACAUD**, (L.), **ALPHONSE VERVILLE**, (Labor), **R. LANCTOT**, (L.), **HON. E. LEMIEUX**, (L.), and **D. B. NEELY**, (L.), in opposition and by **J. H. BURNHAM**, (C.), **W. F. MACLEAN**, (C.), **A. D. FOSTER**, (C.), and **W. A. CHARLTON**, (L.), in support of the guarantee; Mr. Macdonald's motion for six months' hoist defeated by 111-64, **R. B. BENNETT**, (C.), and **W. F. NICKLE**, (C.), voting with the Liberals. Liberal motion to make Sir William Mackenzie and Sir Donald Mann personally responsible for liabilities of C. N. R. voted down by Government.

- 1914.
May.
- 20 Public Accounts Committee continue investigation of **BONNIE BEL-AIR DEAL**.
- 26 As an amendment to the **GOVERNMENT'S CANADIAN NORTHERN** bond guarantee proposals, **HON. WILLIAM PUGSLEY** offers a motion providing that the capital stock of the company be set at \$30,000,000 instead of \$100,000,000 as proposed by the Government, and that the entire stock be placed under the control of the Government for a period of five years, with the option of purchase for not more than \$30,000,000 at any time within that period.
- 27 Motion of **G. W. KYTE**, (L.), that Fenian Raid bounty be paid to widows of veterans who had died previous to April 1st, 1912, lost on division.
SIR CHARLES FITZPATRICK, as deputy of the Governor-General, assents to 86 bills.
HON. WILLIAM PUGSLEY'S MOTION that the consent of Parliament, instead of the consent of the Governor-in-Council, as proposed by the Government, shall be necessary before shares of capital stock of the subsidiary Canadian Northern companies are issued, is defeated by vote of 29-44, **R. B. BENNETT**, (C.), and **W. F. NICKLE**, (C.), and **W. F. MACLEAN**, (C.), voting with Liberals.
W. S. LOGGIE, (L.), tells the Commons that tariff increases brought forward by Hon. W. T. White, will force people to pay \$750,000 more per year for nails, and **A. K. MACLEAN**, (L.), states that price of nails has been increased by some twenty-five cents per keg since the tariff on steel rods has been increased.
- 28 **HON. T. O. DAVIS'** anti-tipping bill passed Senate.
Motion of **D. C. ROSS**, (L.), that the Government's Canadian Northern proposals be not proceeded with until a committee of Parliament has fully examined into and reported upon the necessity for the aid asked by the railway, the extent to which aid is needed to complete the system, and the nature and value of security offered, defeated by vote 46-90.
Motion of **HON. WILLIAM PUGSLEY** to place the capital stock of **CANADIAN NORTHERN** AT \$30,000,000 and to give the **GOVERNMENT CONTROL** of the stock for five years with option of purchase, voted down by 45-89.
- 29 **G. W. FOWLER**, (C.), and **J. W. EDWARDS**, (C.), criticise the civil service and the civil service bill in Commons.
J. W. EDWARDS, (C.), criticises the Kingston Penitentiary commission and its report on penitentiary administration.
- 30 Motion of **HON. FRANK OLIVER**, (L.), providing that Canadian Northern lines in Saskatchewan and Alberta receiving provincial aid shall not be declared to be works for the general advantage of Canada until they have been taken over for operation by the Canadian Northern as part of its system, and only so long as they are operated as part of the system, voted down by Government; motion offered by Hon. Arthur Meighen to change Government's proposals by providing that Canadian Northern lines in British Columbia, Alberta and Saskatchewan shall be declared to be for the general advantage of Canada by proclamation when an order-in-council has been passed setting forth that the lines are constructed and in operation is carried.



HOW PUBLIC FUNDS ARE BEING WASTED UNDER BORDEN.

Total Expenditures of the Dominion of Canada on Consolidated Revenue and Capital Account.

<u>Fiscal Year</u>		<u>Increase over last year</u> <u>of Liberal Rule</u>
*1910-11 (<i>Last complete year of Laurier administration</i>)	\$122,801,064	
*1911-12 (General election year: { 6 mos. Liberal } { 6 mos. Conserv. })	\$131,046,764	\$8,245,700
*1912-13 (First complete year of Borden admin't'n.)	\$144,266,570	\$21,465,506
†1913-14 (Second complete year of Borden admin't'n.)	\$183,500,000	\$60,698,936
††1914-15 (Appropriations for third year of Borden administration)	\$208,224,088	\$85,423,024

*Figures for 1910-11, 1911-12, 1912-13 from the Auditor General's reports.
 †Figures for 1913-14 from the Budget speech of Hon. W. T. White delivered on April 6th, 1914, and given as estimates only.
 ††Appropriation figures for 1914-15 from the estimates tabled in the House by the Government during the past session.

CANADIAN LIBERAL MONTHLY

Issued by THE INFORMATION OFFICE of the CANADIAN LIBERAL PARTY, HOPE CHAMBERS, SPARKS ST. OTTAWA, ONT.

Subscription Rates, \$1.00 per annum. Single Copies 10c.

Special rates to Clubs and Associations, 80c per annum on five or more subscriptions. Five new subscriptions entitles the sender to a free subscription.

