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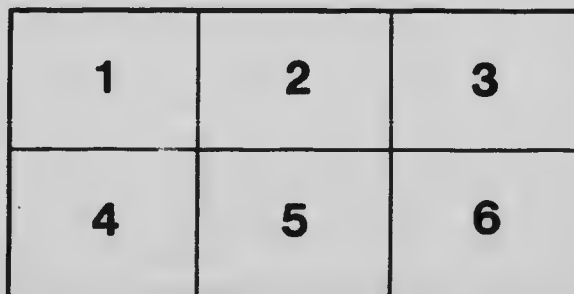
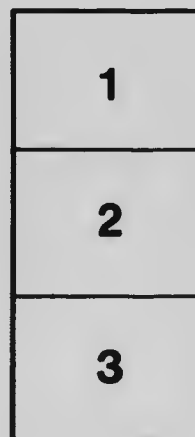
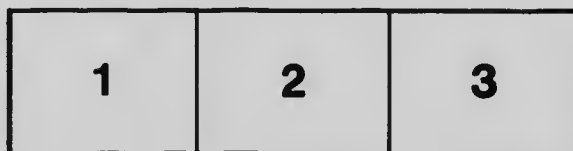
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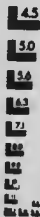
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# A SESSION'S DISCLOSURES

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**Some Transactions of the Laurier  
Administration Exposed in the  
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**"The Government is responsible for everything which takes  
place in any department."—SIR WILFRID LAURIER.**

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**SESSION'S**

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## Introduction

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The parliamentary session of 1906 closed on the 13th day of July. It happened that this was the tenth anniversary of the day on which the Laurier administration was formed. At the close of this decade of Liberal rule it is appropriate to review some of the events and disclosures of the last session. Such a review is given briefly in the following chapters. The references to original authorities will enable the candid and earnest inquirer to continue the research through the records of parliament and the departmental reports. A fair comparison may thus be made between the pledges and professions with which Sir Wilfrid Laurier took office, and the record of his administration at the end of its tenth year.

"In opposition the present Liberal leaders declared that Canada's taxation and expenditure were excessive, but since attaining power they have practically doubled both.

"They raised against the iniquities of the customs tariff, proclaiming emphatically that the protective principle was absolutely unsound and harmful. In power they have maintained that principle, although when expedient they still pose as free traders.

"They inveighed against corruption and extravagance in the expenditure of public money, but in power they have tolerated, and even openly and defiantly encouraged that system of illegitimate profit commonly called rake-off, which prevails in many public departments.

"They inveighed against any increase of the public debt, and now with abounding revenues they have largely added to it, spending huge sums without regard to the public interest, for the benefit of favored partisans.

"They pledged themselves to maintain the independence of Parliament, yet whenever necessary they retain the votes of wavering followers by direct and even written promise of office.

"They declared that all public lands should be for the actual settler, and then enriched their grasping partisans by transferring to them huge blocks of the public domain.

"They pledged themselves to secure uniform and non-partisan voting lists, and then disfranchised nine thousand Conservative voters in Manitoba by the Thin Red Line outrage.

"They pledged themselves to prohibition upon a Dominion plebiscite, and when confronted with a larger majority in its favor than any government ever received they found evasion in a condition until then unheard of.

"They pledged themselves to abolish or amend the Senate, and now that a Liberal majority in that Chamber has been secured they regard it as sufficiently amended.

"They proclaimed high standards for appointments to public office, and they have violated all decency when it was necessary to reward unscrupulous party service.

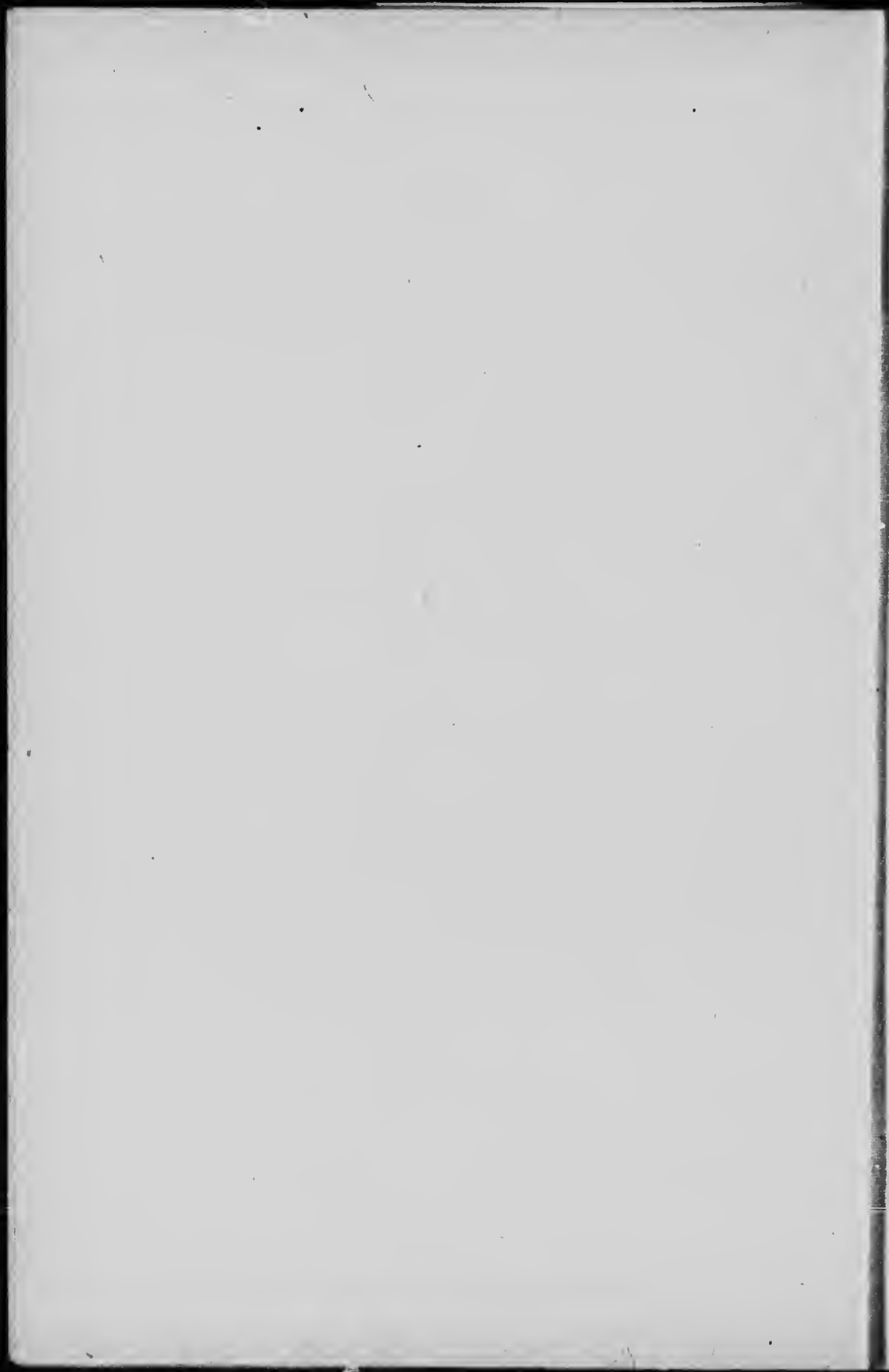
"They promised purity in elections, and they have organized, maintained and protected the machine, which has contrived to perpetrate the grossest and most outrageous election frauds ever known in any country."

**R. L. BORDEN, M.P.**

# Contents

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	PAGE
Taxation and Expenditure. . . . .	7
Saskatchewan Land Deal. . . . .	12
North Atlantic Trading Co. . . . .	18
Preston and Leopold. . . . .	38
The Arundel Mystery. . . . .	50
Government Wharves. . . . .	56
The Merwin Contracts. . . . .	59
The "Montcalm's" Equipment. . . . .	65
The Arctic. . . . .	70
A Transaction in Files. . . . .	83
Timber Limits. . . . .	85
Grazing Lease Scandals. . . . .	89
Fake Homesteading. . . . .	94
Bronson and Ray Concession. . . . .	97
The Case of Joseph Nixon. . . . .	102
A Favorite of Mr. Oliver. . . . .	106
Yukon Finance. . . . .	114
Intercolonial Finance. . . . .	118
Moncton Land Deal. . . . .	123
A Public Works Scandal. . . . .	128
The Costly "Kestrel". . . . .	131
"Thin Red Line" Scandal. . . . .	132
Prince Albert Election Fraud. . . . .	135
How Did Your Member Vote?. . . . .	137
The Liberal Platform. . . . .	140
Index. . . . .	145



# Taxation and Expenditure.

## PLEDGE AND PERFORMANCE OF THE PRIME MINISTER AND HIS COLLEAGUES.

### Enormous Growth in Expenditure and Debt.—Steady Increase in Taxation.—Extravagance in Every Department.— Expenditure Surprises the Finance Minister Himself.

In the year 1893 the Liberal party of Canada assembled in convention at Ottawa, made a strong and important declaration on the question of taxation and expenditure. Hon. W. S. Fielding, then Premier of Nova Scotia, was chairman of the Committee on Resolutions. On his motion it was resolved that:

#### PARTY PLEDGES.

"We cannot but view with alarm the large increase of the public debt and of the controllable annual expenditure of the Dominion, and the consequent undue taxation of the people under the Governments that have been continuously in power since 1878, and we demand the strictest economy in the administration of the government of the country."

The literature of the party issued later contained a pledge to "reduce expenditure and cut down expenses with all possible rapidity."

In support of this programme strong declarations were made by party leaders who now hold positions of authority in the Government. A few of these may be quoted:

#### THE PREMIER'S PROMISE.

Speaking at Brampton previous to the election of 1896 Sir Wilfrid Laurier said:

"The expenditure of this country has grown until the people are unable to bear it. I promise you that if you put our party into power we will reduce that annual expenditure by \$2,000,000 or \$3,000,000 per annum."

Again—Sir Wilfrid Laurier:

"If we get into power we will follow the example of Mr. Mackenzie, and I say that although we may not be able to bring the expenditures to what they were under him we can reduce the amount \$3,000,000 per year."

#### THE MINISTER OF TRADE AND COMMERCE.

Sir Richard Cartwright, criticizing the budget of 1896 said:

"For my part I do not hesitate to tell you that I consider a yearly expenditure of \$40,000,000—or \$38,300,000—altogether too large for the present resources of Canada. I say that it is a disgrace and a shame to the Government that have been entrusted with our affairs that they come

down to us to ask for the expenditure of \$38,300,000 a year for federal purposes. Sir, the thing is wholly unjustifiable."

And again, Sir Richard said:

"I repeat it now that \$38,000,000, let alone \$40,000,000, is, in my judgment, a monstrous sum for the people to be called on to provide. When the United States mustered 20,000,000 strong its total expenditure for federal purposes was barely \$22,000,000."

#### A FORMER MINISTER.

Sir William Mulock, who was for nearly ten years a member of Sir Wilfrid Laurier's Government, made this statement a year before he took office:

"There is nothing to warrant this enormous expenditure of nearly \$38,000,000, except the fact that we are burdened down with debt and office-holders, great and small."

Mr. Charlton, a leading member of the Liberal party, declared:

"The Liberal party, if in power, could at once reduce the public expenditure and effect other savings to the extent of \$5,000,000 per annum without impairing the efficiency of the service."

In view of these pledges and declarations let us examine the taxation and expenditure record of the Government during the ten years that it has held office down to July, 1906, and compare the figures with those of the last parliamentary term under Conservative rule. (Public Accounts, 1906, page 54.)

#### THE RECORD OF TAXATION.

The following are the customs and excise revenues for the last five years in which the Liberal-Conservative Government held office:

	Customs	Excise	Total Taxes
1891-2.....	\$20,501,059	\$7,945,098	\$28,446,157
1892-3.....	20,954,003	8,367,364	29,321,367
1893-4.....	19,198,114	8,381,089	27,579,203
1894-5.....	17,640,466	7,805,733	25,446,199
1895-6.....	19,833,279	7,926,006	27,759,285
The average for the above five years is:	\$19,625,384	\$8,085,058	\$27,710,442

The next table gives the customs and excise revenues for the first five years in which the Laurier Government held office:

	Customs	Excise	Total
1896-7.....	\$19,478,247	\$ 9,170,379	\$28,648,626
1897-8.....	21,704,893	7,871,563	29,576,456
1898-9.....	25,316,842	9,641,228	34,958,069
1899-1900.....	28,374,148	9,868,075	38,242,223
1900-01.....	28,425,284	10,318,266	38,743,551
The average for the above five years is:	24,659,883	\$9,373,902	\$34,033,785

Second five years of the Laurier Government:

1901-2.....	\$32,191,978	\$11,197,133	43,389,112
1902-3.....	37,001,727	12,013,779	49,015,506
1903-4.....	40,702,611	12,958,708	53,661,319
1904-5.....	41,433,649	12,586,475	54,020,123
1905-6.....	46,067,313	14,077,637	60,144,949
The average for the above five years is:			
	\$39,479,456	\$12,566,746	\$52,046,202

HOW IT WORKS OUT.

Average Taxation for last Conservative period.....	\$27,710,442
Average for the first period of the Laurier Government.	34,033,785
Percentage of increase.....	32
Average during the last five years.....	\$52,046,202
Percentage of increase over the first Laurier period.....	53
Percentage of increase over the last Conservative period	91

It will be seen that between 1896 and 1906 the taxation increased as follows:—

Customs taxes in 1896.....	\$19,833,279
“ “ 1906.....	\$46,067,313
Increase.....	\$26,234,034
Increase per cent.....	132
Excise taxes in 1896.....	\$ 7,926,006
“ “ 1906.....	\$14,077,637
Increase.....	\$ 6,151,631
Increase per cent.....	78
Total taxation in 1896.....	\$27,759,285
“ “ 1906.....	\$60,144,949
Increase.....	\$32,385,664
Increase per cent.....	117

TAKEN FROM PRODUCTIVE INDUSTRIES.

The customs taxation has more than doubled; the excise taxes have nearly doubled; and the total taxation has more than doubled, under the administration of the same party which promised to reduce the burdens of the people, and under the management of the same Minister who viewed with alarm the comparatively small increase which had taken place in the years before he took office. According to the actuarial calculations of the Government officers the population has gained in that period about twelve per cent., showing an increase per head in the taxation of very nearly one hundred per cent.

In the 10 years ending 1896 the total amount of taxation collected was \$287,931,372.

In the 10 years from 1896 to 1906 the taxes collected amounted to \$430,399,933.

Thus, the amount taken by the present Government in excess of that taken in the same length of time by the previous administration is \$142,468,561.

This is a large sum to be drawn from the productive industries of any country, and particularly a country like Canada, which requires for its own development all the capital that the people control.

The excess represents \$130 for every family within the Dominion, as shown by the last census, which amount has been wrested on the average from each household and taken into the Canadian treasury.

#### WHAT WAS DONE WITH THE MONEY.

What is the reason or excuse for this enormous increase in the burdens of the taxpayer? No great public work has been carried to conclusion. The Canadian Pacific Railway was finished before the change of Government. The Grand Trunk Pacific had not in 1906 been fairly commenced. Canal expenditure continued about as it was before the change of Government. The taxation has not been imposed to pay off the national debt, though it was one of the pledges of the Liberal party that it would "stop the increase of the public debt and commence its reduction as quickly and rapidly as possible."

When Mr. Fielding took office the net debt was \$258,497,432. Nine years later it was \$266,224,166, and at the end of the tenth year it was about \$3,000,000 more. In 1905 the sum of \$5,356,448 was added to the net indebtedness of the country.

#### RECKLESS EXTRAVAGANCE.

An examination of the expenditure accounts will explain this taxation. It is due to what Mr. Fielding used to call the large increase in the controllable expenditure of the Dominion. The progress of this expenditure is shown by the following tables, covering three periods of five years, of which the first period is under Conservative administration. (Public Accounts, 1905, page 2.)

Last five years of Conservative rule:

	Current Expenditure.	Capital Expenditure.	Total Disbursements.
1892.....	\$36,765,894	\$2,164,457	\$42,272,136
1893.....	36,814,053	3,088,318	40,853,728
1894.....	37,585,026	3,862,970	43,008,234
1895.....	38,132,005	3,030,490	42,872,338
1896.....	36,949,142	3,781,311	44,096,384
Average for the five years	37,249,224	3,185,509	42,620,564

First five years of the Laurier Regimé:—

1897.....	\$38,349,760	\$3,523,160	\$42,972,756
1898.....	38,832,526	4,143,503	45,334,281
1899.....	41,903,501	5,936,343	51,542,635
1900.....	42,975,279	7,468,843	52,717,467
1901.....	46,866,368	7,695,488	57,982,866
Average for the five years	41,785,487	5,753,467	50,110,001



Second five years of the present regime:—

1902.....	\$50,759,392	\$10,078,638	\$63,970,800
1903.....	51,691,903	7,032,725	61,724,628
1904.....	55,612,833	7,881,719	72,255,048
1905.....	63,319,683	11,933,492	78,804,138
1906 (Mr. Fielding's budget statement)	66,500,000	15,500,000	82,000,000
Average.....	57,576,762	10,489,315	71,755,312

DETAILS OF EXPENDITURE.

We shall now go into particulars, giving some of the details of increased expenditure, comparing the fiscal year 1896, the last before the Conservatives left office, with 1905, the last for which we have the detailed statements of expenditure:

Public Accounts, 1905, pages 61-69	1896	1905	Increase	Per centage Increase
Management of Public Debt ...	\$166,315	\$276,072	\$109,757	66
Administration of Justice .....	758,270	997,718	239,448	32
Arts, Agriculture and Statistics.	210,878	698,211	487,333	231
Civil Government.....	1,396,628	1,797,060	400,432	29
Fisheries.....	427,251	979,889	552,638	129
Immigration.....	120,199	972,357	852,158	709
Quarantine.....	95,247	302,758	207,511	218
Indians.....	880,408	1,173,864	293,456	33
Insurance Superintendent.....	10,039	17,587	7,548	75
Legislation.....	904,688	1,713,172	808,484	89
Lighthouse and Coast Service..	466,058	2,507,307	2,041,249	438
Marine Hospitals.....	36,683	51,732	15,049	41
Militia.....	1,136,714	2,650,700	1,513,986	133
Miscellaneous.....	172,364	778,656	606,292	352
Mounted Police.....	533,014	1,013,309	480,295	90
Northwest Government.....	330,703	1,259,412	928,709	281
Ocean and River.....	181,452	1,052,677	871,225	480
Penitentiaries.....	385,228	463,720	78,492	21
Pensions.....	86,080	140,424	54,344	63
Police.....	22,703	34,220	11,517	51
Public Works.....	1,299,769	6,765,446	5,465,677	421
Scientific Institutions... ..	81,700	163,727	82,027	100
Steamboat Inspection... ..	26,321	50,188	23,867	91
Superannuation.....	311,232	353,261	42,029	13
Collection of Customs.....	896,333	1,468,093	571,760	63
Dominion Lands.....	119,908	276,982	157,074	131
Collection of Excise.....	470,870	537,814	66,944	14
Inspection of Staples.....	2,577	88,661	86,084	3341
Trade and Commerce.....	9,463	60,215	50,752	536
Weights and Measures.....	97,925	125,650	27,725	28

In some of these departments there has been an expansion of business justifying a moderate increase. In others the whole additional cost, and in all of them a large part of the additional cost represents extravagance, waste and frequently corruption. This is shown in other chapters.

# Saskatchewan Land Deal.

250,000 Acres of Choice Land from the Area Set Aside for Free Homesteads, Sold by Government to Members and Their Friends for One Dollar an Acre in Money or Scrip, with Five Years Credit.

## EIGHT DOLLARS TO THE SETTLER.

The Government's Friends Make \$1,750,000 at the Expense of the Working Farmer.

### SPLENDID PRIVILEGE OF SELECTION.

#### A Minister's Deceptive Statement.

The Liberal party platform adopted in 1893 declared in favor of "The Land for the Settler." The following is the text of the resolution: "That in the opinion of this convention the sales of public lands of the Dominion should be to actual settlers only and not to speculators, upon reasonable terms of settlement, and in such area as can be reasonably occupied and cultivated by the settler."

#### GREAT RUSH FOR WESTERN LANDS

In the early part of 1892 there was a great rush of settlers from the Eastern Provinces and the United States into the Canadian West. The value of western farm lands was advancing with a rush. Railway companies and land companies were raising their prices. Homesteads easy of access were taken up as fast as they could be found. In 1892 the Canadian Pacific Company sold 1,362,478 acres, or more than four times the quantity sold the year before, receiving a much higher average price. In the Regina district alone the homestead entries increased in that year to 4,158, as against 1,308 the year before. Prairie land which could have been bought a few years earlier for two to five dollars an acre was now held at eight or ten dollars. Speculators had purchased half-breed scrip as fast as it was issued. There was great money to be made in buying land and holding it for an increased price.

#### GOVERNMENT OFFICER PRAISES THIS REGION

In these circumstances it was more important than ever that the land remaining ungranted should be held for the genuine settler, so that speculators and middlemen should not have opportunity to hold up the working farmer who desired to go on the land. At this stage, C. W. Speers, General Colonization Agent of the Government, wrote to Mr. Sifton, then Minister

of the Interior, calling his attention to the land lying adjacent to the Saskatchewan, Long Lake & Regina Railway, between Lumsden and Dundern, . . . former point 20 miles and the latter 130 miles north of Regina. Mr. Speers stated that this area had not formerly been considered valuable. But the agent himself entertained a high opinion of this region.

"I have no hesitation," he said, "in stating that a great many very good districts can be found along this line of railway between the points mentioned. I have observed very closely this stretch of country and am thoroughly convinced that some progressive settlements can be placed along that line that will establish the fact that that country is all right.

"I beg to point out that there is not one bushel of wheat produced within this 115 miles, and I am persuaded that if a few hundred acres of crop were grown about half way between Lumsden and Dundern, demonstrating the fact that the country was good, that a great deal of this land would rapidly fill up with settlers."

Mr. Speers went on to say that for nine years the Soo line was without any settlers, and yet in one year from the date of his letter that country was entirely filled up. He closed by saying:

"We are experiencing a little difficulty in getting homesteads near railroads, and I am satisfied colonization roads cannot be built to meet our demands owing to the great influx of people. I anticipate that some of the country referred to will be settled during the coming summer, and the value of the odd-numbered sections very materially enhanced." (Hansard, 1906, page 4167.)

#### A CONCESSION TO POLITICIANS

No action was taken on this recommendation, though it was supported by the fact that a German-American settlement had been planted in the neighborhood of this land and was already giving signs of prosperity. As Mr. Speers said, other settlers were arranging to locate in the area of which he spoke and there was every prospect that the land would soon be in good demand.

But another thing happened. A group of investors and land speculators, some of them Canadians and political friends of the Minister, some of them from the Western States, saw a good opportunity. One of these was Mr. A. J. Adamson, then a prominent politician, now a member of the Canadian Parliament, who had the fortune to be a brother-in-law of Mr. J. G. Turriff, then Chief Commissioner of Dominion Lands.

This gentleman and his associates began by buying the land grant of the Qu'Appelle, Long Lake & Saskatchewan Railway Company. After this purchase was made the Government generously, for the benefit of the buyers, enlarged by 2,000,000 acres the area of western lands out of which the company could make the selection. It was only after the purchase of the Qu'Appelle & Long Lake Company's interest by Mr. Adamson and his associates that anything was known of this extension of the area of selection. The effect of the change was to allow the new purchasers to go outside of the original boundaries for the whole of their purchase and to pick up what they wanted out of the best land in sight.

E. B. Osler, M.P., whose firm were agents for the Qu'Appelle & Long Lake Railway Co., declared in the House that neither his firm nor any officer or member of the company had received notice of this enlargement, which was made in August, 1902, three months after the sale of the land to Mr. Adamson's company.

#### 250,000 ACRES AT ONE DOLLAR AN ACRE

Having accomplished this much the purchasers of these lands approached the Government with an offer to purchase 250,000 acres originally set aside as free homesteads for settlers in that district. The outcome of the negotiations was an agreement for the sale of the above area to these land speculators at one dollar an acre, with the privilege of making their selections over a region containing nearly one million acres, and five years to complete payments. The purchasers cheerfully agreed to settle in each township twenty settlers on free homesteads not included in their purchase, and twelve more on quarter sections contained in their grant. This settlement undertaking was quite to the advantage of the investors, as they were able to offer to farmers who would buy from them an additional 160 acres of Government land for nothing. It was in any case necessary for them to encourage settlement, if encouragement were needed. That was the way to make their money out of their lands and the railway lands which they had bought.

#### A GREAT PURCHASE

After the deal was completed the purchasers organized the Saskatchewan Valley Land Co. and immediately offered their lands for sale at six to twelve times the price paid. The Order-in-Council confirming the contract was passed on the 24th of May, 1902, three months after the report of Mr. Speers commending this land. In July Mr. Speers wrote again, stating that he had been over the country and was positive that the settlement would be rapid. Mr. Speers said:

"I have always been persuaded that this country was fit for settlement, and I am glad to be able to inform you that at an early date everything will be done that can be done to make this country productive. I review the fact that for some time I have been communicating with you on this stretch of country and in former correspondence have pointed out the necessity of having a portion of it settled."

The purchasing company went through several re-organizations and it is understood that persons were taken into the deal who could not conveniently be known at first in connection with it. For example, Mr. Turriff, who was Dominion Lands Agent at the time the deal was made, and is now a member of Parliament, denies that he had any interest in the deal at the beginning, but does not contradict the statement that he was afterwards connected with the purchasing companies.

The larger part of the 250,000 acres has already been sold at from \$6 to \$12 an acre. One large block seems to have been sold to a company at

\$6.50 immediately after the purchase. That appears to be the lowest price obtained.

But the limit of Government generosity had not yet been reached. The contract required the company to settle a certain number of people on homestead lands before any of the 250,000 acres could be patented to them. Yet before these conditions were satisfied the Commissioner of Dominion Lands, Mr. J. G. Turriff, brother-in-law of Mr. Adamson, patented to the purchasers nearly 150,000 acres. Mr. Turriff is now a member of Parliament and does not contradict the statement that he has become financially interested in the Saskatchewan Co. or some of its subsidiary organizations.

In one of its pamphlets (Saskatchewan Valley and Manitoba Land Co., Ltd.) the company makes this boast:

"Our privilege of selection differs from the ordinary railway grant inasmuch as we are not obliged to take any specific number of sections in any one township. We have the privilege of selecting in the district reserved for us any odd-numbered sections in the township, excepting the two school sections. . . . We are not interested in any second class land. . . . Owing to the condition under which we acquire our land we in every case extend to the purchaser the privilege of making his own selection. This privilege cannot be over-estimated, especially to the purchaser of any considerable tract of land."

The advertisement proceeds: "Land can be purchased from our company at \$6 to \$10 an acre, according to location."

"We have secured our land," says the company, "at a price which permits us to sell good land cheaper than any other company in Western Canada."

#### \$1,750,000 PROFIT WITH NO INVESTMENT

It was a beautiful part of the arrangement that the company did not need to select OR TO PAY FOR the areas contained in the 250,000 acre grant until the land had been sold to the settler, and that then there should be a right to roam over an area of 76 townships. Farms large or small could thus be picked out where it was convenient to the purchaser from the company, and when he had signified his choice the company could go to the Government and select in lots so small as 160 acres the land thus sold as part of the 250,000 acre grant. The Government received no payment until the speculator had made his profit. For five years this could go on, until the company had sold the whole grant and was in a position to close up the arrangement and make a final payment to the Government. No doubt the average price received by the company for first class land—and it would take no other—will be over \$8 an acre, leaving \$7 as net profit, or \$1,750,000 on the whole transaction.

The deal works out in this way:

The government receives.....	\$ 250,000
The settlers pay.....	2,000,000
Speculators obtain.....	1,750,000

This sale of land was made secretly. No public notice was given that the land was in the market.

It was made in violation of the declared policy of the Government that land should be sold only to the settler.

It was contrary to public interest, which demands that the man who goes on the land should have the benefit of the original low prices.

Moreover, the purchasers were allowed to pay for the land in scrip which had been bought up at a fraction of its par value, so that the actual amount paid was much less than the \$250,000, probably not more than \$50,000.

They were allowed long credit, so that they do not pay until they sell to the settler and therefore required no capital.

#### A CASE OF OFFICIAL MENDACITY

Announcing the sale in 1903, in reply to a question, the late Minister of the Interior said: "While I was away the officers of the department made an examination of an area some 250,000 acres, in what was regarded as an arid and practically useless section. The land was sold at one dollar an acre upon settlement conditions" (Hansard, 1903, page 6772). Such is the Minister's account of the same land described by the purchasing company as "this great stretch of level prairie without a tree or stone to block the plow, together with the magnificent soil, the abundance of the yield and the grade of the product, has made the Saskatchewan Valley the superior of the world as a wheat and flax-growing country." The same authority speaks of the soil "as a rich, black loam, ten to thirty inches deep, on a chocolate colored clay sub-soil, with water easily obtained."

Not only was the statement of Mr. Sifton opposed to the description of the land given by the purchasers, but it was flatly contradicted by his own officer's report quoted above.

#### A REFORM REJECTED

Among the resolutions moved in the House during the session of 1906, covering cases like this, was one proposed by Dr. Roche, M.P. for Marquette, Manitoba. It set forth that:

"The public lands of Canada, situated in the provinces and territories west of the great lakes, should be made available for settlement with the least possible delay;

"That to this end all railway companies, corporations and persons now entitled to select any lands earned by way of subsidy should be obliged to complete their selection of such lands within the earliest possible period, and not later than the first day of November, 1906;

That in arranging for the disposal of the odd numbered sections not so selected and which will thus be released from all such subsidy claims provision should be made to preserve them solely for the bona fide settler and to protect them from the exploitation of the speculator;

"That the government should take such administrative measures and introduce into parliament such legislative enactments as may be necessary fully to carry into effect the terms of this resolution."—Hansard, 1906, p. 899.

This motion was rejected by a vote of 111 to 58. It was a straight party division, except that Mr. Bourassa, Liberal member for Labelle, voted for the motion. In explaining his vote, Mr. Bourassa said:

"There are a few principles that I preached when in opposition when opposing the Conservative party, to which I adhere. I am ready to lay aside my own judgment and have done so many times in the past, and have supported the government on some questions that I did not approve. . . . This is one of the few principles of the old Liberal party to which I still adhere, and I am not prepared to vote against a motion simply because it might imply blame upon the government, when that motion condemns a policy that we have denounced time and time again in the past, and which as a Liberal I am prepared to denounce now." (Hansard, 1906, p. 1076.)

Another motion dealing with crown land management was presented by Mr. Borden, Opposition Leader. This motion, asking for a committee of investigation, is published in another article, and was also rejected by a straight party vote.



# North Atlantic Trading Co.

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**The Worst Immigration Contract Ever Made.—A Story of Fraud and Concealment.—More than \$300,000 Already Paid to Persons Having Suspicious Relations With Dominion Officials.**

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## A Deputy Minister's Position.

**Mr. Smart Concludes to Resign his Office.—Negotiates With Contractors With a View of Joining Them. After Which, as Deputy Minister, He Gives Company a Ten Years' Contract.—Then Resigns, Joins Contractors and Burns the Correspondence.**

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## Mr. Preston in the Deal.

**Former Party Organizer and Machine Operator Has Peculiar Relations With These Contractors.—Their Names Concealed.—Their False Pretences. Preston's Son-in-Law Gets Them a Guernsey Charter.**

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## A One-Sided Deal.

**Contractors Paid Five Dollars a Head for Immigrants. Did Nothing to Procure Them.—Infant Agriculturists.—Canada Pays for Immigrants to the United States.**

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The history of the North Atlantic Trading Co. contract with the Government of Canada is so intimately connected with the personality of Mr. W. T. R. Preston, late Commissioner of Immigration, that it is well to begin the record with a sketch of Mr. Preston's previous political and official history.

### BEGINS WITH MR. PRESTON.

After some newspaper experience Mr. Preston was appointed general secretary and organizer of the Liberal party in the Province of Ontario in 1883, and held that position for ten years. In 1885 he was a candidate for the House of Commons in East Durham and was defeated. In 1893 he was appointed librarian to the Legislature of Ontario. It was while he held this office that the events occurred which led Mr. H. H. Cook to assert



in public and afterwards to testify on oath that Mr. Preston had demanded from him \$10,000 as the price of a senatorship.

Mr. Preston resigned that position in 1896 to contest West Toronto for the House of Commons, and after his second defeat he was re-appointed Librarian. This position he again resigned to resume work as political organizer. He had charge of the campaign machine during a number of by-elections which resulted in some of the greatest scandals that ever disgraced a political party. The last was the provincial election held on January 12, 1899, in West Elgin. Mr. McNish, the liberal candidate, was declared elected in West Elgin, but afterwards abandoned the seat.

#### HUGGING THE MACHINE.

The following confession of Mr. McNish shows how his election was won:

St. Thomas, June 26, 1899.

"Messrs, Crothers & Price,  
Barristers, etc., St. Thomas.

Dear Sirs:—We beg to advise you that Mr. McNish has discussed at length with his solicitors the charges contained in the petition which has been filed against his return as member of the legislative assembly of Ontario for West Elgin, and that they have to a considerable extent investigated the charges contained therein and other matters which have come to their knowledge in connection with the election. And the subscribers hereto make the following statements and admissions respecting the same:

1. That a large number of persons were specially sent into the constituency by men working on behalf of the Liberal party for the express purpose of taking part on Mr. McNish's behalf in the election held on January 12, 1899, and we believe that fraudulent and corrupt means were used by some such persons to secure his election.

2. That several of the said persons illegally and without authority acted as deputy returning officers at the said election, and in at least three cases so acted in the names of reputable local men, having, under assumed names, been introduced to the returning officer by local agents of Mr. McNish.

3. That in many of the polling sub-divisions of the riding there were grave irregularities connected with the return of the ballot-boxes and their contents, the voting, and the counting of the ballots thereat.

4. That there were large numbers of persons brought into the riding for the express purpose of personating legitimate voters, and assisted by some of Mr. McNish's supporters, such persons did personate qualified voters in voting for Mr. McNish.

5. That the declared number of votes for Mr. McNish largely exceeded the number of bona fide votes cast for him.

6. That a large number of ballots cast for Mr. MacDiarmid were in some nefarious and corrupt manner manipulated, whereby the result of the election was rendered doubtful, and that in this connection the voting at Shedden and Middlemarch, and in the several divisions in St. Thomas where said strangers so acted as deputy returning officers, merits special mention.

7. That there are good reasons to believe that there are many special and well-authenticated cases where agents of Mr. McNish concealed at

their homes some of the strangers, who there paid large sums of money to electors to induce them to vote for him.

8. That Mr. McNish will forthwith deliver to the Speaker of the Legislative Assembly his resignation as a member thereof for the said electoral district."

Witness, (Sgd.) A. B. AYLESWORTH. (Sd.) DONALD McNISH.

It may be explained that Mr. A. B. Aylesworth, who signs this confession with Mr. McNish, is the present Minister of Justice.

#### MR. PRESTON DELIGHTED.

As mentioned above, Mr. Preston was organizer of the Liberal party in this campaign. He was so proud of the performance that on the evening of election day, after the fraudulent vote was counted, he sent the following telegram to Mr. McNish:

"Heartiest congratulations. Sorry to the bottom of my heart, I cannot be with you to-night. To be supported by such a noble army of workers should make you the proudest man in Ontario. Shake hands with the boys for me and hug the members of the much abused threshing machine for Auld Lang Syne."

(Sgd.) PRESTON.

On the day following the West Elgin election and the despatch of the above telegram, commending the workers mentioned in Mr. McNish's confession, Mr. Preston was appointed Inspector, or Commissioner, of European Immigration. Since then his activities have been for the most part confined to the other continent.

#### BEGINNING OF THE DEAL.

Mr. Preston had not been in England many months before he was engaged in negotiating a contract with certain mysterious persons, whose names have not yet been made public, though they have received nearly \$300,000 from the Canadian treasury. It appears by a letter from Mr. Preston to Lord Strathcona that in May, 1899, Mr. Preston took up the negotiations which led to the North Atlantic Trading Co. contract.

Mr. James A. Smart, then Deputy Minister of the Interior, and now the Canadian agent of the North Atlantic Trading Co., went over to England and discussed the matter with Mr. Preston, and with some of the contracting parties whose names he still refuses to disclose. The result was that Mr. Preston, against the opinion of Lord Strathcona, and without Parliamentary authority, was authorized to enter into an arrangement which was then to cover a five-year term, but was followed by two subsequent contracts, extending the time and making the terms much more favorable to the unknown contractors.

By the original agreement the Government undertook to pay to this company as a bonus on all immigrants from continental Europe who were

agriculturists intending to settle on farms and were over 12 years of age, a sum per head of 17s. 6d. sterling on all numbers less than 10,000 in each year; 20 shillings per head on any number between 10,000 and 15,000; 25 shillings on any number exceeding 15,000. There was a condition that each head of a family for whom the bonus was paid should be possessed of at least \$100. The Government also agreed to spend £500 sterling each year in printing suitable literature.

This agreement was accepted by the Government of Canada by a letter from Mr. Preston on November 4, 1899.

It will be understood that the contracting parties were thus to be paid on all immigrants who came to this country whether they were brought by the efforts of the contractors or not. They only agreed to bring Canada to the attention of the people residing in continental Europe.

At the time this contract was made, thousands of people were coming out every year and Mr. Preston's friends could simply sit still and pocket large bonuses from the natural immigration.

#### LORD STRATHCONA OBJECTS.

Lord Strathcona raised this point in his letter to Mr. Sifton at the time, and pointed out that the work of educating the people of continental Europe on the advantages of Canada had been going on for a long time and that the contracting company would get the benefit of these efforts. He showed Mr. Sifton that during the three years then last past some 25,000 immigrants, exclusive of Doukhobors and Galicians, had emigrated to Canada from European countries. The number in two years and nine months had been greater than in the previous twelve years.

Lord Strathcona further pointed out that there was then a respectable nucleus of foreigners in Canada, and through the instrumentality of these an increasing movement toward Canada each year would certainly take place. (See Report of Public Accounts Committee, 1906, North Atlantic Trading Co., page 338.)

Writing to Sir Wilfrid Laurier in May, 1906, Lord Strathcona again explained the objections he had raised to the contract. He said that he was moved by the consideration that the contractors "would obtain the advantage without any great expense or effort to themselves of the movement which was bound shortly to take place as the result of our continuous educational work with the various agencies on the continent." (Same Report, page 342.)

Writing thus six years after the contract had been made, the High Commissioner further said:

"That the continuous and effective work which had been going on for some years under adverse circumstances, both here and on the continent, had prepared the way for the larger movement that set in when the proper time arrived. . . . I do not view the agreement with the North Atlantic Trading Co. with any personal favor for the reasons set forth above, and

I am inclined to the opinion that the immigration which has taken place would have been at least as great in ordinary circumstances under the arrangements in force prior to 1899."

#### MISREPRESENTING THE HIGH COMMISSIONER.

It will thus be seen that the efforts of the Minister of the Interior, of Mr. Preston, of Mr. Smart, and of other members and friends of the Government to make it appear that Lord Strathcona was an approving party to this remarkable agreement, or responsible for it, has no support in fact.

The contract was altogether a scheme of Mr. Sifton, of his Deputy Minister, Mr. Smart, who is now an officer of the company, benefitting thereby, and notably of Mr. Preston, whose equivocal relations to the company are not yet fully explained.

Notwithstanding the fact that Lord Strathcona had, before Mr. Preston arrived in London at all, refused to consider propositions such as those embodied in the contract; notwithstanding his evident objection and hostility to the arrangement, Sir Wilfrid Laurier in defending the deal in 1905 said: "I now come to the practical side of this contract. It was first introduced "by Lord Strathcona and was then continued by Mr. Preston on the terms "agreed to by Lord Strathcona."

And Mr. Oliver, interrupting Mr. Foster in the course of his speech on the same debate, told him that it was Lord Strathcona and not Mr. Preston whom he should hold responsible for the preliminary negotiations.

Further, we have on page 9322 of Hansard, 1905, the following:

Mr. Foster—What authority was given to Mr. Preston to make the contract?

Mr. Oliver—He is not the original maker of the contract. The original contract was made by the High Commissioner, but the revised contract was made by Mr. Preston.

#### BETTER THAN THE BARGAIN.

The agreement plainly does not authorize the payment of bonuses to children under 12 years of age, but the company seems to have been at once allowed the bonuses on immigrants of all ages. As the number of children in a group of immigrants was frequently larger than the number of grown up people, this concession made a large difference in the arrangement. Later changes were also made in favor of the company.

Auditor General, Mr. J. L. McDougall, noticed these excess payments and called the attention of the Department to them in these words:

"I also note that you are crediting the company for all immigrants, irrespective of age, even the infants. In former years credit was given for adults and children over a certain fixed age only. The memorandum of agreement with the company for the last year furnished by you does not state that the company is to be allowed for all children irrespective of age. The agreement states merely that the government shall pay a bonus of

£1 on every bona fide agricultural immigrant, including farm laborers and domestic servants."

To this Deputy Minister Smart, now agent of the company, replied:

"I beg leave to say that under the present agreement it was the intention of the Department to pay bonuses named to all members of the agricultural or domestic servant class; this would include of course, men, women and children."

On page 67 and pages following of the evidence given before the Public Accounts Committee, in 1906, Mr. Smart was on the stand. Following is an extract from the evidence. Mr. Barker is the questioner:

#### VERY YOUNG AGRICULTURISTS.

Question. Would you call an infant on the breast one that came within these words "coming here as an agricultural immigrant?"

Answer. Yes.

Q. Or a domestic servant?

A. I think so.

Q. With the intention to live in Canada.

A. I would think so.

Q. Now Mr. Smart, do you think that it was a reasonable construction of the agreement that you were going to pay on a baby in its mother's arms?

A. Yes.

Q. As a bona fide agricultural immigrant?

A. Yes.

Q. With the intention of settling in Canada?

A. Yes.

Q. You really think so, that a baby perhaps twenty-four hours' old would have a deliberate intention of settling in Canada?

A. Yes, I do not know what it came here for if it did not.

Q. So that . . . every infant that arrived was worth £1 to that trading company?

A. Yes.

Q. Though ever it had been born on the ship on the way over?

A. I do not know anything about that, "arriving in Canada" the contract says.

Q. Certainly your description covers that. You really did think that was a reasonable construction?

A. There is no doubt it was the intention anyway.

Q. And they got paid for it?

A. On all of that class.

#### GATHERING WHERE THEY HAVE NOT SOWN.

It has been stated that the contractors received their bonuses on all immigrants of the class specified, even though they had nothing to do with procuring them. An example of this is given by the immigration of Jews sent out by the Hirsch Association. Several hundred of these were sent out in 1901 and 1902. The statement in regard to them comes out in the evi-

dence of Mr. Smart before the Public Accounts Committee (page 78 of the Report). Mr. Foster is the examiner.

Question. With reference to the Jews you spoke of, that was in what year?

Answer. 1901 I think. Some came in 1901 and a smaller detachment in 1902.

Q. These were brought out at the expense of the Hirsch people?

A. I think so.

Q. How many came out?

A. 200 the first year came out and a little over 100 came out the next year.

Q. And in the bringing of these out the North Atlantic Trading Co. met with no expense?

A. No they had not anything to do with them at all as far as I know.

Q. Did they get any bonus on them?

A. Yes.

Q. Did you consider that was money earned?

A. Yes it had to be paid under their contract; we could not refuse it.

Q. Even though they did not lift a finger?

A. It did not make any difference.

#### FURTHER CHANGES IN THE CONTRACTORS' INTEREST.

Very soon after the agreement was made, the company began to seek changes in their own interest. The following evidence of Mr. Smart shows how the change came to be made authorizing payments on children as well as adults. Mr. Smart also explains how they discontinued the condition requiring the immigrants to have money. Mr. Foster asks the questions:

Question. Did I understand you to say that under your first contract of 1899 you paid the company a bonus on children?

Answer. Not under the first one. No.

Q. When did you commence to pay on children?

A. I think in 1901. I am not certain.

Q. Then you commenced to pay on children under 12 years of age in 1901?

A. Yes, I think so.

Q. Under what authority?

A. I think it was a departmental regulation of the Minister.

Q. Your first arrangement was entered into in what year?

A. 1899.

Q. What was the duration of that contract?

A. I think it only lasted a few months. There were a number of other restrictions in it which we thought better not to have. For instance, we restricted payment on certain persons unless they had so much money.

Q. That was done away with afterwards?

A. I think it only lasted a few months altogether.

In November, 1904, a new and formal contract was made for a period of ten years, with the right of the Government to cancel it by notice in writing if the company failed to carry out its obligations, and subject to the right of either party to terminate the contract upon four years' notice.

The previous contract was terminable on two years' notice.

FINAL CONTRACT WITH THE BOGUS CORPORATION.

This last agreement has the form of a contract with an incorporated company. It purports to be drawn between His Majesty, represented by the Minister of the Interior in Canada, of the First Part, and "The North Atlantic Trading Co., of Amsterdam, Holland, a body corporate and politic, hereinafter called the Company, of the Second Part."

The last clause of the agreement sets forth that:

"In witness hereof the corporate seal of the company has been affixed hereto, and this agreement has been signed by the Manager and Secretary of the Company, and has been signed and sealed by the Minister of the Interior of Canada on behalf of the Government."

Now the fact is that the North Atlantic Trading Co. at that time, and for six months afterwards, had no corporate existence. It was never incorporated in Holland, and when the agreement was made had no right to use a corporate seal or to pass itself off as an incorporated body. But the contractors had done so in 1902, and they did it again.

GUERNSEY INCORPORATION A PRESTON FAMILY AFFAIR.

It may as well be stated here as elsewhere that in June, 1905, after the question of responsibility of the company was raised, a charter was secured in the Island of Guernsey, with the following incorporators each holding one £10 share (page 117):

Names, Addresses and Description of Subscribers.	Number of Shares taken by each Subscriber.
Edward Sainsbury, 8 and 9 Newcastle Street, Strand London, hotel proprietor.....	1
Alfred Hindley Alexander, 7 Sutton Court Road, Chiswick, engineer.....	1
John Alfred Randali, 347 High Road, Chiswick, articed clerk.....	1
George Thomas Hide Downey, 27 Palewell Park, East Sheen, S.W., solicitor's clerk.....	1
Henry James Whitman, 277 High Road, Chiswick, builder.....	1
John Henry Stephens Thompson, Lynwood Avenue, Epsom, chartered secretary.....	1
Charles Guy Underwood, 36 Willcott Road, Acton, W., solicitor's clerk.....	1

Dated this 26th day of May, 1905.

Witness to the signatures of the above.

E. A. ALEXANDER, 37 and 39 Essex Street, Strand, W.C., Solicitor.

The solicitor of the company was E. A. Alexander, son-in-law of Mr. Preston. It was he who prepared the application for incorporation and arranged the details. Mr. Alexander seems to have hunted up friends and relatives of his own to act as figureheads in the company in this Guernsey



incorporation. Alfred Hindley Alexander, engineer, one of the incorporators, is his uncle. Another incorporator is a family connection, and it is said that some of the clerks in the list belong to Mr. Alexander's office.

#### TERMS OF THE LAST CONTRACT.

Going back now to the contract of 1904 we find that the company agrees to carry on an educative work by advertisements, pamphlets and canvass in Holland, Denmark, Russia, Germany, Austro-Hungary, Luxemburg, Norway, Sweden, Finland and Switzerland, and other countries which the Minister may approve.

The company further agrees to spend £3,000, or \$15,000, annually in carrying on its operations.

On its side the Government agrees to pay a bonus of £1 sterling for each man, woman and child of the agricultural class, and for each girl of 18 years or over of the domestic servant class arriving in Canada from any of the above-mentioned countries other than Switzerland, or any country added to the agreement, and for each such person of the German race arriving in Canada from Switzerland.

The bonus was limited to 5,000 persons a year from Galicia, Bukowinia and Poland, excepting Germans.

The Government further agrees to grant the company £750 a year for special work in Norway, Sweden and Finland on condition that the company spends a further amount of £1,000 a year for such special work, making \$20,000 a year that the contractors agreed to spend.

#### SYNDICATE GOT \$366,584.

Under the various agreements the following sums were paid to the North Atlantic Trading Co. down to the end of the calendar year 1905:

1901-2.....	\$33,482.66
1902-3.....	34,553.33
1903-4.....	38,933.33
1904-5.....	77,842.33
Down to Dec. 31, 1905 (six months).....	56,287.86

\$241,099.51

In addition the Government paid to the said company for advertising and other purposes:

In 1902.....	\$2,433.34
1904.....	198.13
1904-5.....	9,365.38
Down to the end of Dec., 1905.....	3,488.39

\$15,485.24

The notice of the cancellation of the contract is supposed to bring it to an end Nov. 30th, 1906. On the basis of last year's payments the total amount for the eleven months of 1906 would be about \$110,000, making the total payments to the company \$366,584.75.



### WHAT WE PAID FOR.

Of the 8,977 upon whom bonuses were paid in 1901-2, 5,811 came from Austro-Hungary and 1,168 from Russia.

Of the 13,036 on whom the bonus was paid in 1902-3, 7,121 came from Austro-Hungary and 1,948 from Russia.

Of the 12,319 paid for in 1903-4, 6,225 came from the country of the Galicians and 756 from Russia.

In 1904-5 bonuses were paid on 12,381, of whom 5,997 came from Austro-Hungary and 1,350 from Russia.

In each of these years the company made up the maximum number of 5,900 from Galicia, Bukowinia and Poland.

(Hansard, 1906, page 830-831.)

### THE IMMIGRANTS WERE COMING ANYWAY.

For all the money paid there is no evidence that the contractors ever directly induced a single immigrant to come to Canada. It was no part of the contract that the immigrants so paid for should have been canvassed or obtained by the contracting company.

Lord Strathcona pointed out at the beginning, and has stated since, that through the efforts of the department and for other reasons, the number of immigrants from continental Europe would in any case have greatly increased.

In the year 1899, before the contract was in operation, there was an increase of 34 per cent. in eleven months over the immigration for the whole 12 months of the previous year, and this without including the Doukhobors.

At no time since then has the increase been more rapid than in the period immediately before the contract was made.

Moreover, it is shown that during the whole period in which we were paying Mr. Preston's friends \$5 a head for continental immigrants who came to this country, the United States were receiving them from the same countries by hundreds of thousands without paying a cent or offering any encouragement.

### PAID FOR ALL CLASSES.

While the contractors were paid for all immigrants of the classes mentioned who came from the specified countries, it seems quite certain that they were paid for many who did not belong to the agricultural class, who did not come from the countries specified, and who did not settle in Canada.

Evidence given by the immigration officials goes to show that thousands of immigrants were paid for as agriculturists without any proof that they really belonged to this class, or that they intended to settle on farms. The statement of the immigrant himself to some agent of the contractor or to the purser of the ship or some officer of the department seems to have been accepted as sufficient.

## CANADA PAID BUT U.S. GOT THEM.

Again, it appears that payment was made on immigrants coming to Canadian ports who at once crossed over the border and settled in the United States. Their immediate destination was Canada and it was not the business of anybody to follow them up to see whether they actually became settlers. During a considerable period, if not the whole time, of the contract, immigrants could reach the Western States much more cheaply by way of Canadian ports and the C.P.R. to Manitoba than by way of American ports.

On this branch of the subject Mr. Monk produced in the House some evidence from the Report of the United States Commissioner-General of Immigration. It is there stated that the United States authorities during the year ending June, 1905, examined at the Canadian border 40,488 immigrants coming from Europe to Canada and passing into the United States. Of these 12,881 were manifested through Canada to the United States, 9142 came manifested to Canada, and within a year migrated to the United States, and 20,076 crossed over to the United States after remaining in Canada a year or more. From the continent of Europe, omitting those countries on which no bonus was paid to the North Atlantic Trading Co., 24,199 came across the Atlantic manifested to Canada and passed to the United States. Of these 5,778 belonged to the class of agriculturists and domestic servants, on whom the company could claim a bonus.

### NO PROOF OF EXPENDITURE.

Nor is there any certainty of the expenditure by the company of the \$20,000 a year agreed upon in the contract. No vouchers were furnished for this expenditure except the books of the company which, of course, could be adjusted to support any claim. A company which professed to have a charter when it had none, which used a seal to which it had no right, the names of whose officers and members were unknown and could not be ascertained by the public, ought to give better testimony of such expenditure than its own mere statement of account.

In order to judge of the value of the claim that \$15,000 was expended by the North Atlantic Trading Co. in its general work, it may be noted that the expenses at the head office were put down at 30,529 marks, or about \$8,000. The character of this head office may be ascertained from the evidence given by Mr. James A. Smart, who in February or March, 1904, went to this head office to make some investigation of their method of doing business. The following is the evidence given by Mr. Smart to the Public Accounts Committee. Mr. Barker was the examiner (page 57):

### HEADQUARTERS OF THIS CORPORATION.

Question. Have you ever been in Amsterdam since this arrangement?

Answer. Yes.

Q. Did you go to their office?

A. I did.

Q. What did you find there?

A. I did not find anything, at least, I simply found the office was locked up when I went there.

Q. Was it on a business street?

A. Yes, sir.

Q. First, second or third floor?

A. I cannot say; I think it was on the first floor.

Q. Above the ground floor, and what was it, a room?

A. An office.

Q. Was there a name on the door?

A. Yes, the North Atlantic Trading Co.

Q. Did you make inquiry of the neighbors?

A. Yes.

Q. What did they say?

A. They said the correspondence came there. Some one, they said, I do not remember who, came there and the place was visited quite often. It was visited by some person they did not know.

Q. Who took the letters.

A. I suppose.

CONTRADICTED BY THE SUPERINTENDENT.

It has been stated that the Government had no proof of the expenditure by the company of \$20,000 a year, but there is strong evidence that there was no such outlay, and it comes from the officers of the Immigration Department itself. Mr. W. D. Scott, Superintendent of Immigration, made a report in June, 1903, in which he called attention to the evident fraud in the company's claims. Mr. Scott says (Hansard, 1906, page 1984) :

"Of the whole 105,325 marks which is equal to \$25,067, I find that the main part of this amount is for office rents, salaries of clerks, postage, commissions, sub-agencies, and that out of this total \$4,570 has been actually used for advertising. I find the large portion of the advertising is not of the character at all that the department could approve of if it had been submitted, in accordance with the agreement, before the publications were made. The point is that a large part of the advertising is simply steamship advertising, not directed by the North Atlantic Trading Co. at all, but by Mr. Karlsberg and Mr. Falck. It would appear to me that a large portion of the former, that is the cost of office rent, etc., covers steamship offices which are established for the general ocean business, not only to Canada but for all portions of the globe, at all events for the steamship companies represented by these individual steamship agents. Consequently we cannot be getting the advertising we expected when entering into the arrangement with the company."

This simply means that the alleged expenditure by the Company for the promotion of immigration was the outlay of steamship agents connected with their own business.

Mr. Karlsberg is the gentleman who is mentioned in connection with suspicious transactions of the Arundel Printing Co.

The Auditor-General of Canada was examined and he stated that his office did not go into these North Atlantic accounts. His examiner for the Immigration Department said that all he had for it was a certificate of the Superintendent of Immigration that the contract had been observed.

QUITE INDIFFERENT.

The Superintendent of Immigration was called, and following is a report of his examination. Questioned by Mr. Foster (pages 34-35):

Question. What steps have you taken each year to make it certain that they have spent \$15,000, for instance, for the purposes shown in the contract?

Answer. They sent us a statement, together with the vouchers.

Q. Signed by whom?

A. I cannot tell you that, it is the North Atlantic Trading Co.

Q. You get a statement from the company that they spent \$15,000?

A. Yes.

Q. Anything else except that they have spent \$15,000?

A. They send samples of literature and copies of the advertisements and so on.

Q. And with vouchers?

A. Vouchers from the different printers, covering their statement of expenditure.

Q. Do you take any steps at all to ascertain whether these vouchers are correct?

A. We take them to be correct, they have every appearance.

Q. You make no examination on that head at all?

A. Nothing further.

Q. You do not satisfy yourself that they have distributed these samples for which they claim they have paid?

A. No.

Q. For all that you know every page of printing that they claim that they have paid for may be lying waste somewhere?

A. For all that I know. Yes.

Q. You have never asked?

A. No.

Q. Never made any examination?

A. No.

Q. With reference to the vouchers themselves, did you ever communicate with the firms whose names are signed on these receipts to find whether they were genuine or not?

A. No.

Q. Have you taken any pains to inquire what kind of special work they did in Norway, Sweden and Finland upon which they claim they paid £1,000?

A. No. I have not.

DEPUTY MINISTER SMART.

It has been shown that Lord Strathcona had nothing whatever to do with the original agreement of 1899. That preliminary arrangement was made by Mr. Preston and the contract was completed by Mr. Preston and Deputy Minister Smart, authorized by Mr. Sifton. It is worth while now to trace the connection of Mr. Smart with the arrangement.

Mr. Smart, who had been a political associate of Mr. Sifton in the west, became the latter's deputy in 1897. Two years later he and Mr. Preston made the North Atlantic contract. Almost immediately thereafter he varied

its terms by withdrawing the restrictions as to the age of immigrants and as to their possession of a certain sum of money. In 1902 he arranged a new contract, giving his friends a still better deal, and in 1904 prepared the one which was in existence in 1906.

Mr. Smart has steadily refused to give the names of the persons with whom he negotiated or those who are now the principal members of the company. He visited Europe on more than one occasion while the contracts stood, and it was on one of these trips that he had his unsuccessful search for the office of the company in Amsterdam. That was in the spring of 1904, and on the 28th day of November, 1904, the final contract with the company was signed.

But if Mr. Smart had difficulty in locating the Amsterdam office he was well acquainted with some of the contractors. In his testimony before the committee he says he first met one of the members of the syndicate in 1901 or 1902 and had correspondence with him afterwards.

"Have you any objection to telling us who that was," asked Mr. Barker. Answer.—"Yes, I have."

#### MR. SMART'S DOUBLE NEGOTIATIONS.

At the end of 1904, one month after Mr. Smart made the ten-year contract with the syndicate, he resigned his office in the Government, and a few weeks later entered the service of the company. That he was contemplating such a change before the agreement is shown by the following extract from his evidence.

• Question. How did the arrangement between you and the company by which you entered their service originate?

Answer. I fancy it was in the correspondence, in my correspondence with the gentleman I speak of.

Q. That led to your being employed?

A. Yes, I think so, at least that was—I think in a letter to him I told him I was contemplating being relieved of my connection with the department. (Page 64).

On page 85 Mr. Smart says that private correspondence with any member of the syndicate did not take place previous to 1904.

It would be interesting to have these private letters between the member of the syndicate and the Deputy Minister, which led up to the latter's resignation of his office and acceptance of the position of agent for the company in Canada, when one considers that the new contract was made just before Mr. Smart changed his relations, and after he had arranged to do so.

But that correspondence is not available. What happened to it is thus explained (page 86-87 of Mr. Smart's evidence).

#### HE BURNED THE LETTERS.

Question. And you resigned on December 31, 1904?

Answer. I think I had spoken to Mr. Sifton in regard to my intention to resign and I would have left the department during the summer of 1904

or during the latter part of the spring if it had not been for the session. He asked me to remain through the session.

Q. You did have correspondence with one or more members of this syndicate while you were still Deputy Minister?

A. Yes, I did.

Q. Did not that correspondence lead to the subsequent employment of you?

A. It may have, yes.

Q. Have you any objection to produce any of the correspondence that you had with any of the members of that syndicate while Deputy Minister?

A. I have not got the correspondence to produce. I have not kept it. I have kept none of my private correspondence. I destroyed it. . . . I kept it nearly a year, what correspondence I had while in the department, and when I was leaving Ottawa I had three large boxes and I decided I would not keep any of it and destroyed it. That is all.

Q. Had you that in your mind when I was examining you last?

A. I knew it then.

Q. You did not tell us you destroyed it?

A. There was no occasion.

Q. Give me precisely when you destroyed these letters?

A. About the 1st of September, 1905.

Q. Were your letters copied in a copy book, your letters to them?

A. Well, I cannot say just that.

Q. Did you burn the press book?

A. Yes, I burned everything that I had.

Q. After your two or three days' consideration do you now see any reason why you should not tell us with whom you had that correspondence?

A. I could not tell that, because if I did I would violate the confidence which I gave.

#### MIGHT BE USEFUL.

In further examination Mr. Smart stated that he became acquainted with this man in 1902, that he believed he was one of the leading members of the syndicate, that he lived in Germany, and Mr. Smart visited him there. He declined to explain how he found out where the man lived. Mr. Smart added that when he told his syndicate friend that it was his intention to retire "I thought I might be of some use to the Government and to the company in carrying on a larger propaganda in Europe."

Q. Well, you were still in office, but were contemplating going out and thought you might be useful as an intermediary between the department and the syndicate?

A. Yes, and to look after the interests of the syndicate generally.

Q. That led to your employment?

A. Yes.

Mr. Smart further testified that he is claiming on behalf of the company payment for a number of immigrants who have not been credited in previous years.



- Q. Your accounts are not yet closed with the company?  
A. Not for this year.  
Q. Not for any year? Have they not an open account?  
A. They have not been paid for all they are entitled to.  
Q. The company is claiming that they are entitled?  
A. I am claiming for the company.  
(Evidence, page 107)

#### REMARKABLE TRAIN OF CIRCUMSTANCES.

So we have Mr. Smart, Deputy Minister of the Interior, endorsing Mr. Preston's arrangements with a syndicate, the members of which neither he nor Mr. Preston nor the Minister will name. We find him changing that arrangement in the interest of the contractors, replacing it with another arrangement still more in the interest of the syndicate, construing it in a remarkable way to the advantage of the contractors, making a new contract three years after the first one, entering into negotiations with the contractors with a view of joining them, and then before entering the service of the company negotiating with them as Deputy Minister a final ten-year contract under which in the year following they were able to claim \$100,000 or more. And then we find him carefully burning all the correspondence leading up to this happy conclusion, and presenting a claim to the Government for additional amounts for the past services of the company.

#### PRESTON'S RELATIONS TO THE COMPANY.

The case of Mr. Preston is even more interesting than that of Mr. Smart. On the side of the Government he is the originator of the scheme, though, as Lord Strathcona pointed out, the plan was made by the parties who obtained the contract. They had sought an agreement of this kind with the High Commissioner and he had refused to entertain it. When Mr. Preston appeared upon the scene they had better success. He became an easy convert. He made a convert of Mr. Smart. Between them, and with the help of the Minister, they overruled Lord Strathcona's objections.

Mr. Preston will never tell the names of the parties with whom he negotiated—the real history of this compact has yet to be brought to light.

#### MR. JURY CONVINCED.

Mr. Alfred Jury was appointed Immigration Agent at Liverpool by the Laurier Government, after a long and faithful party service and one campaign as a Liberal-Labor candidate in Toronto. He has stated in writing, and has sworn on the stand, his firm belief that Mr. Preston has been from the beginning financially interested in the contract. Mr. Jury points to the fact that Mr. Preston went about Europe in the interest of the contracting company, that he personally engaged and made the financial arrangement with the agents of the company in Scandinavia and other countries, that

he arranged with a Government interpreter in Liverpool to obtain for the use of the company addresses of possible immigrants, personally paying him from time to time for these services with his own check, and that in various other ways Mr. Preston interested himself in the business of the contractors. So firm is Mr. Jury in his opinion that he declared on the stand he would not accept Mr. Preston's statement to the contrary though made under oath. It was in this connection that Mr. Jury wrote to Mr. Preston on the 26th of April, 1905, saying: "I have not got any gold mine in the shape of a Canadian Bureau or a North Atlantic Trading Co. to draw from." And Mr. Jury further writes to Mr. Preston: "I see you are still advertising me without mentioning my official position, and I also notice that you never fail to give your official position when advertising yourself. I should like to buy you at my price and sell you at your own. I would not trade with you then for either of your two gold mines."

It must be kept in mind that Mr. Jury is still the Government immigration officer at the port of Liverpool.

#### A GOOD MARGIN IN SCANDINAVIA.

It has been mentioned that Mr. Preston organized the work of the contracting company in Scandinavia. The basis of this organization is shown by a letter from Mr. Charles Bennett, dated February 20, 1905, and produced in the investigation by the Committee of Agriculture and Colonization:

"All the propaganda work for Canada that this company has done in Norway has been through me. You will perhaps remember that in 1900, if I remember rightly, Mr. Preston came over to Sweden and Norway to appoint agents for the said company. Mr. M. D. Ennis was appointed for Sweden and I for Norway, and we were to receive a commission of four shillings, to be divided between us for each passenger of the agricultural class who emigrated from Norway and Sweden to Canada."

This shows that Mr. Preston made a very good arrangement for the company, which was to pay the agents in Sweden and Norway 4 shillings each for immigrants from those countries and was to receive 20 shillings sterling from the Government for them. But even that arrangement was discontinued and Mr. Bennett made complaint that he had not been paid the sums due him.

#### "YOUR COMPANY."

There was a little correspondence between Mr. Smart at Ottawa and Mr. Preston in London in July, 1900, which shows the remarkable interest they both felt in the welfare of the company. At Mr. Smart's end of the line the bonus the company had been increased in certain cases from 17s. 6d. to 20s. Mr. Smart does not wait to write, but wires the following:



Ottawa, July 17, 1900

PRESTON, London.

Re arrangement of continental bonus. One pound allowed on immigrants, excepting Galicians. No bonus on latter except families possessed of twenty dollars above transportation. Am writing fully.

(Signed) SMART

This was followed by a letter, in which Mr. Smart says:

"You will observe that the government has re-arranged the bonus so that there will be a decided advantage reaped by **your company** in connection with all except the Galicians."

These two officials appear to be concerning themselves altogether with the advantage to be reaped by the contractors, whom one of them describes to the other as "your company."

#### MANY LINES OF CONNECTION.

Mr. Preston's further concern in the interest and welfare of the company may be gathered from the fact that when it was discovered that there was no incorporation in Amsterdam, Mr. Preston's son-in-law appears on the scene as solicitor for the company and procures the ridiculous Guernsey incorporation with friends and relatives of his own as incorporators. It will be shown later that Mr. Preston's friend Lazarus, alias Leopold, became an agent of the company and a beneficiary of his operations about the same time that Mr. Preston and he were working together in the notorious Labour Bureau business. Also, it will be found that the Arundel Company printing deal, in which Mr. Preston's department was concerned, leads up through one of the payments to the North Atlantic Trading Company connection.

#### SUSPICIOUS SECRECY.

The next point to be considered is the suspicious secrecy and underhandedness of the transaction. All the contracts with the company were made without parliamentary authority, though one of them had ten years to run and obviously required parliamentary sanction.

They were concealed from parliament for five or six years and any allusion to the arrangement made in the departmental report is so vague as to convey no real hint of the nature of the deal.

From the beginning until now the names of the contractors have been concealed and neither parliament nor public have been allowed to know who obtained the \$300,000 and the contract which called for payment of probably a million.

In 1905 the contract itself was asked for and was obtained after the Minister had made many objections, but the Government then refused to give the names of the contractors.

When after long efforts, the Opposition compelled the Government to

bring down the contract, a mutilated paper was produced. The Minister placed upon the table a document purporting to be the contract, but the name of the person signing on behalf of the company had been torn off, evidently by order of the Minister or with his authority.

At the beginning of the investigation in 1906 the Superintendent of Immigration, Mr. W. D. Scott, was asked to procure the names of the contractors. He replied that he would cable for them if the Minister would consent, but at the next meeting he returned, stating that he had not obtained consent and did not cable.

Mr. Smart was repeatedly asked to give the names of the members of the company or the persons with whom he negotiated, and steadily refused to do so. Mr. Preston was asked for the names and at first refused them. Subsequently he stated that he did not know them all himself, though he had a pretty good idea who the principal ones were. He declared that he was under pledge not to reveal the names, but would endeavor to obtain consent.

Still later Mr. Preston announced that the names had been sent to him in a letter, but without permission to reveal them. He had authority to show them to the Premier.

Finally, Mr. Preston stated that he had shown the list to one Minister, but that is as far as the disclosure has gone.

#### BOGUS REASONS.

The only reason given for all this mystery was the statement that some of the countries where business was done were hostile to emigration, and that the announcement of the names would get the contractors into trouble. The single necessary comment upon this is that all the contracts require the contractors to respect the laws of the countries where they operate.

While Mr. Preston could not be induced to give the names of the persons with whom he made the first arrangement, he gave them a high business rating when he first introduced them to the Deputy Minister. Mr. Preston wrote, October 23, 1899:

"I may say that the syndicate will have in its number some of the most experienced booking and emigrant agents in Germany, men of responsibility and thorough understanding of the various phases of continental emigration laws, and who intend to start with a capital of \$200,000 to prosecute this work. I might add that the financial means of the agents in question really represents a very much larger amount."

In the light of this statement, the following clause from the "memorandum of association of the North Atlantic Trading Company, Limited," may be given.

"2. The registered office of the company will be situate in the Island of Guernsey.

"4. The liability of the members is limited to the amount payable and remaining unpaid on the shares held by them respectively.

"5. The capital of the company is £3,000, divided into three hundred shares of £10 each."

It may be stated that the seven incorporators, whose names are given elsewhere, subscribed one share each, and there is no indication that any one else ever subscribed or paid any larger sum.

#### OLIVER CHARGES FRAUD.

As a matter of history, there is no sign that any member of the syndicate invested a dollar in this business or spent any money at all, except a very small fraction of what he received from the Government.

The final proof that the company was a fraud is the statement of the Minister of Interior, who, after persuading his party in the House to vote down Mr. Foster's motion that the contract was improvident and should be cancelled, announced that he had himself ordered its cancellation on the ground "that the company is not carrying out its agreement in good faith."

Mr. Oliver thus explains his action in his letter of instructions to Lord Strathcona:

"Notwithstanding the plain purpose of the arrangement the returns show that while the claims made as to immigrants from the countries in respect of which a maximum is fixed are kept up to the maximum, the returns of qualified arrivals from Norway, Sweden and Finland show a continuous falling off."

Mr. Borden showed that this statement was absolutely untrue. The following table, given by the Opposition leader from the Government returns, shows that the immigration from Scandinavia was holding its own as well as that from the Galician group of countries:

Year.	Immigrants from Galicia, etc.	Immigrants from Norway, Sweden and Finland.
1902.....	5,254	674
1903.....	5,481	2,297
1904.....	5,445	2,575
1905.....	4,890	2,356

So there was no continuous falling off from the Scandinavian group more than from the Galician. Moreover, during the nine months of the fiscal year 1906, reported before Mr. Oliver spoke, the returns for Norway, Sweden and Finland, showed that the number of arrivals were thirty-nine per cent. of the total number from those countries in 1905, while those from Galicia and Bukowinia were only seventeen per cent. of the previous year.

Mr. Oliver's reason was therefore bogus, like everything else connected with the deal. The Minister knew that the immigration rose and fell without regard to the conduct of the company, which was doing very little except gathering in the bonus.

The truth was that the disclosures of the investigation had made it necessary for the Minister either to cancel the arrangement or else to pretend to do so. It is by no means certain that the contract will be brought to an end until the four years, which Mr. Smart fixed as the period of notice, shall have expired.

# PRESTON AND LEOPOLD

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The Canadian Labor Bureau and Immigration Office work Together Sending out Artisan Immigrants on False Representations, while the Government Professes to be Seeking only Farmers.

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## THE ENNIS LETTERS

Show Relations Between Preston and Leopold—One Government Policy Declared in Canada—The Opposite Policy Pursued by Government Office in London—Leopold Sticks Close to Immigration Office and makes Preston's Son-in-law His Solicitor.

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### MR. MONK DEMANDS PRESTON'S REMOVAL.

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Resolution Voted Down at Request of Mr. Oliver, Who Promises to Investigate. But Preston is Promoted Without Inquiry, and Joins Sir Richard's Unique Collection.

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One of the most remarkable episodes in the history of Canadian immigration matters is that connected with the individual recently known as Louis Leopold, whose right name is Leopold Lazarus.

While the declared policy of the Government has always been to encourage no immigrants except those of the agricultural and domestic servant class, the Chief Commissioner of Immigration was apparently for years associated with and giving assistance to Leopold in sending out mechanics and artisans to this country. Sometimes they were obtained by false representations, sometimes possibly by less fraudulent means, but generally there was close co-operation between Leopold's office and that of Mr. Preston, and always the treasury of Canada contributed to Leopold's advertising and canvassing.

#### STANDING INSTRUCTIONS TO PRESTON.

The policy of the Government was announced by the Minister of the Interior in the House of Commons in the session of 1906. (See Hansard, July 3, 1906, page 6870.)

The standing instructions of the department to its agents canvassing for immigrants have been since 1896, to encourage none but persons of the agricultural classes and domestic servants to come to Canada, but until recently the department made no objection to paying bonuses on

immigrants who had been mechanics, provided they declared their intention of engaging in agricultural pursuits in this country.

On June 20, 1904, Mr. Sifton was asked if the Government was not aware that certain individuals were making fraudulent representations to intending immigrants to Canada, by holding themselves out as agents of the Canadian Government, guaranteeing positions and committing other frauds. In reply Mr. Sifton stated that the Government was aware that certain individuals were making said fraudulent representations, and had accordingly ordered the following advertisement to be inserted in leading newspapers of the United Kingdom. (See Hansard, June 20, 1904, page 5072.)

"The Government of the Dominion of Canada having been informed that certain persons conducting labour agencies in London and elsewhere in the United Kingdom, have been promoting the emigration to Canada of mechanics and other skilled workmen, have been giving false information respecting labour conditions in Canada, and have represented themselves as agents of or as having the sanction and endorsement of the Dominion government. Notice is hereby given that the Dominion government has no such agents in the United Kingdom, has not authorized, sanctioned or in any way given its approval to any agency in the United Kingdom for promoting emigration to Canada of mechanics or other skilled labour.

JAMES A. SMART,  
Deputy Minister of the Interior of Canada."

#### LEOPOLD WAS THE MAN.

That Leopold, so called, was one of the parties making such misrepresentations is shown by the following circular among others issued by him. (See Hansard, July 3, 1906, page 6900.)

#### CANADIAN LABOUR BUREAU

I would draw attention to the fact that, owing to the rapid increase of population in Canada, and to the consequential development of the country, as also to the general commercial prosperity, there is almost unlimited demand for experienced and inexperienced help of every class, both male and female, in all various towns of Canada.

Good hands are required for the iron and steel trade, the building trade, as well as for mills, factories and other industrial establishments.

Almost every mail from Canada brings fresh applications for help which is urgently needed, and the inclosed list deals with the actual vacancies that this bureau has to offer at the present time for men who are strong, able and willing to work, and who are anxious to improve their position in a country which holds out such excellent prospects as does the Dominion of Canada.

Generally speaking wages are higher than in England, and the cost of living lower.

Nobody booking through this office need be afraid of being without work on arrival in Canada, as it is my principle never to send any one out unless there is a direct opening for him to go to. An introduction from this bureau guarantees permanent work with a reliable firm to suitable men.

## LEOPOLD MAKES PRESTON'S ACQUAINTANCE.

The intimate connection of Mr. Preston and the Canadian Government office with Leopold began on the arrival of this gentleman at London. Mr. Preston testifies (page 124 and following pages, Public Accounts Committee Evidence, 1906):

Question. When did you first have these relations with Leopold?

Answer. I became acquainted with Leopold, I think, in the spring of 1902.

Q. What was he then doing?

A. He came to London for the purpose of establishing a booking agency.

\* \* \* \* \*

Q. Do you know his real name?

A. His real name is Leopold Lazarus.

Q. He is not Louis Leopold?

A. No. He is like a great many other Hebrews who come there and adopt English names. There are hundreds of them in London.

Q. When he came to you in 1902 was he introduced to you as Leopold Lazarus?

A. No, the Lazarus end of it I only learned about two years ago.

Q. When did you first begin to have relations with Leopold with regard to immigration?

A. Very shortly after he came there. It was when my office was on Victoria Street.

## THE INTIMACY GROWS

While the Government office was on Victoria Street that of Leopold was there also. Leopold called his office sometimes a Farmers' Auxiliary and sometimes the Canadian Labor Bureau. He began immediately on his arrival to receive bonuses from the Canadian Government on British immigrants sent to this country. It was discovered later that he was also receiving bonuses from the North Atlantic Trading Co. for continental immigrants whose passage he booked. Late in the investigation Mr. Preston admitted that his son-in-law, Mr. Alexander, solicitor of the North Atlantic Trading Co., had also on Mr. Preston's recommendation been engaged to do Leopold's law business.

In 1903 the Government immigration office was moved to Charing Cross. At the same time Leopold's headquarters were transferred to the same building as the new immigration offices, and to the same flat as one of them. Soon after direct telephone communication was established between Mr. Preston's office and Leopold's.

It was at this time that Leopold, in his capacity as the Canadian Labor Bureau, was causing trouble by sending out artisan laborers on representations said to be false, and by negotiating arrangements for breaking strikes in Canada.

The Government was all the time insisting that no public encouragement was given to immigration other than agricultural or domestic and



many complaints had been made by labor organizations and through the press as well as in parliament that the Government offices were encouraging and assisting the agencies accused of these fraudulent representations.

#### THE ENNIS LETTERS.

It will be shown there was good ground for these charges. The following letters from Mr. Preston to Mr. J. Ennis, Manager of the Allan Line Co., have a direct bearing on this matter (pages 144-145):

17 VICTORIA STREET, LONDON, Feb. 17, 1903.

Strictly private and confidential.

MY DEAR MR. ENNIS,—Now that the Elder Dempster line has gone into the hands of the Canadian Pacific Railway, I can confer with you upon the subject, and also act with you in this matter in a way in which it was not in my power at an earlier date.

Of course you are aware that the Canadian Pacific Railway will open offices at Cockspur street in the course of the year. You are also aware that there are one or two agencies whose business is principally drawn through being able to assure those booking through them that positions in western Canada will be found for them on their arrival.

I was called on yesterday by A VERY RESPONSIBLE FELLOW who wanted to discuss with me a plan which he thinks he will be able to carry out WITH THE AID OF THIS OFFICE and the office at Winnipeg, and also the government officials in Toronto, THROUGH MY INFLUENCE, so as to be assured of finding employment for all who book through him.

He has also considered the advisability, and with this object in view has had correspondence with a number of large employers of labour in Canada, to furnish them with the labour which they may want from time to time, AND WHICH, OF COURSE, FOR VERY OBVIOUS REASONS CANNOT BE HANDLED THROUGH THE DEPARTMENT.

He wanted to know if in the event of making an arrangement with one of the steamship companies as a booking agent, whether I would be disposed to assist him in respect of finding employment through the government offices at Winnipeg, or Toronto, or Montreal or elsewhere as the case may be, by referring inquirers to him from time to time, PROVIDED HIS OFFICE COULD BE SITUATED CONVENIENTLY TO OUR NEW OFFICES.

I told him that upon the latter point I had had a confidential conversation with you, suggesting the advisability of your company renting one of the small offices immediately over the new offices of the government on Charing Cross, and that I thought you were now considering my suggestion in this particular. As the outcome of my conversation with him, at any rate, I thought I would write you to see whether your company would be willing to share with him the rent of one of the small offices in that building, appointing him as your licensed agent, giving him the usual commission. I think if this can be done it will open an avenue for considerable business being created there for which otherwise there is either a general hunt, or a general scramble now.

Now that the Elder-Dempster people are out of the running, my hands are free to act in a manner that will give evidence of a more sympathetic co-operation with you than formerly.

I would like to have a chat with you on this subject, but it is impossible for me to get away even for a day at present, but I would like very much to have your view on this.

I HAVE VERY STRONG REASONS for wishing anything of this kind that might be done shall be through the gentleman to whom I have referred. After his conversation with me I would rather feel that I was breaking faith with him if he was to give place to any one else.

Yours very truly,  
(Sgd.) W. PRESTON.

J. ENNIS, Esq., Liverpool.

### THE PLOT DEVELOPS

'Private and confidential.'

June 10, 1903.

DEAR MR. ENNIS,—I have yours of the 9th with enclosure from the Plymouth agents. For reason which you can understand, i.e., in view of the opposition of the labour unions in Canada—and you have had some experience in connection with the dock laborers at Montreal—against any propaganda among prospective emigrants who are likely to engage in any other calling in life than agriculture arriving in Canada; and also incident to the fact that they have demanded from the government my recall or dismissal, alleging encouragement on my part respecting emigration other than agriculturists, the department is debarred from furnishing any specific information respecting the possibilities of labour in Canada by mechanics, artisans and others. This has, therefore, led to the establishment of a labour bureau by large employers of various kinds of mechanical and skilled labour which has taken shape in the Canadian Labour Bureau. Although I am NOT SUPPOSED TO KNOW anything about the workings of the company, I necessarily made inquiries as to its bona fides, and also the financial standing of those who are interested in its inception. Having satisfied myself on these points, I have not regarded the subject as of any further concern in so far as its work respecting Canada is concerned.

I am well aware, however, that applications have been received by the bureau for thousands of skilled and trained artisans, not only general but specific requests for particular numbers required in various kinds of manufacturing industries.

It is not necessary that I should say whether I welcome this adjunct to the Canadian work or not, but in view of THE ACTION OF THE LABOUR PARTY IN CANADA, I am free to admit I am not surprised that an institution of this kind has commenced operations.

Where the labour bureau advertises for any particular trade or calling, I am satisfied that its manager is in a position to place the stated number of these particular trades required, giving them letters of introduction to employers of labour in Canada who will furnish them with immediate employment at stated wages on arrival.

I do not see how a steamship company is going to prevent an employer of labour from advertising his wants and guaranteeing employment and securing the labour he requires, and I am free to admit that I do not see any greater cause for complaint in this particular than, for instance, Cook's, Gaze's, or Lunn's offices advertising in towns or localities where they have not stated agencies. Of course I am writing you this fully and frankly on the question, but I do not wish that my letter shall be made public.

Yours very truly,  
(Sgd.) W. PRESTON.



## HOW MR. JURY GOT THE LETTERS.

These letters, which were read before the Public Accounts Committee, had a remarkable history. As they showed duplicity on the part of Mr. Preston, who, in assisting Leopold's Labor Bureau, was acting contrary to the declared policy of the Government and the country, the writer was anxious that they should be kept secret. But Mr. Jury, the Government agent at Liverpool, who before his appointment had been an active worker with the labor organizations, suspected Mr. Preston's connection with Leopold and his work. Having seen the Preston letters in the possession of Mr. Ennis, he endeavored to procure them. Following is Mr. Jury's story of what happened (page 318 Evidence):

"When Ennis gave the steamship license to the labour bureau at Preston's request he stipulated that they should not advertise outside London to encroach upon the territory of their other agents. They had not the license many weeks before they commenced violating their promise advertising all over the country. Agents wrote to Ennis complaining of the conduct of this bureau. I said, 'not only has he done all these things, but he has interfered with your business and their business, and I think on all these grounds you should allow me to have the letters.' Mr. Ennis put the letters in an envelope, swung around on his chair, looked up at the cellar grated window. I took the letters and put them in my pocket.

Question. He turned aside after putting the envelope in a compartment near him.

Answer. After it was understood I was to have them.

Q. Have you since you came here any communication with Mr. Ennis?

A. Yes, I had a cable from him to say I had his consent to use the letters.

Mr. Preston has charged that the letters were stolen and Mr. Jury swears that he allowed himself to rest under that imputation for a long time in order to protect Mr. Ennis, whose business might be greatly injured by the Commissioner.

There was a good deal of discussion, and many abusive epithets were exchanged between Mr. Jury and Mr. Preston concerning this correspondence. The original letters were subsequently handed over by Mr. Ennis to the Secretary of the High Commissioner. There is therefore no doubt of their authenticity.

## PRESTON PERSUADES ALLANS TO LICENSE LEOPOLD.

The result of Mr. Preston's appeal to Mr. Ennis was the appointment of Leopold as a booking agent for the Allan Line. As above stated, Leopold took up quarters in the same building that Mr. Preston occupied and there carried on, with Mr. Preston's assistance, the work which was causing so much trouble in Canada.

The second letter of Mr. Preston to Mr. Ennis shows that the former understood the situation in Canada and the attitude that the Government

took before the public. Mr. Preston deceived Mr. Ennis when he said that the action of the labor unions in Canada and their influence on the Government had "led to the establishment of a labor bureau by large employers of various kinds of mechanics and skilled labor, which has taken shape in the Canadian Labor Bureau," and when he said "although I am not supposed to know anything about the workings of the company, I necessarily made inquiries as to its bona fides, and also the financial standing of those interested in its inception."

As a matter of fact, Mr. Preston knew that the labor bureau had not a single employer of labor in it, and here is his own statement (page 127, Public Accounts Committee Evidence).

Question. Where did Leopold establish his office?

Answer. He got an office in the same building as the government office.

Q. In Charing Cross?

A. Yes.

Q. Your general offices were on the ground flat and you had one room upstairs. His room adjoined your room upstairs.

A. Yes.

Q. Who constituted that labour bureau?

A. Mr. Leopold, I told you.

Q. Mr. Leopold was the bureau?

A. Mr. Leopold was the bureau.

Q. Nobody else?

A. Nobody else.

Q. You knew that?

A. I knew that.

#### PRESTON'S FRIEND AS A STRIKE BREAKER.

It was about this time that the strike on the Crow's Nest Pass Coal Co.'s works took place and Leopold undertook to send men out to take the place of the strikers. Mr. Preston's testimony on that matter is given on page 188 of the Public Accounts Committee Evidence:

I may say here that I received at one time from Mr. G. G. S. Lindsay of Toronto, a considerable sum of money, which he wanted me to hold in trust for the Crow's Nest Pass Coal Company to be used for the payment of the transportation of employees of the company. Mr. Lindsay had made arrangements with Mr. Leopold to send out, I think, two or three thousand miners, and he left some money, or a considerable sum of money with me, to be paid out on Mr. Leopold's bringing me vouchers indicating that he had paid for the transportation of these miners. Mr. Leopold in that particular case was working in connection with the representatives of the Miners' Union, in the northern part of England, in the mining district there.

Question. He was getting the miners for the Crow's Nest Pass Coal Company?

Answer. Yes.

Q. But they were sending you money?

A. Mr. Lindsay asked me to take care of the money as he was not acquainted with anybody in London with whom he could leave it.

## A LABOR MEMBER PROTESTS.

Speaking of this matter on May 9, 1906, Ralph Smith, Liberal-Labor member for Nanaimo, referred to the Crow's Nest strike of 1903 and to the conduct of the Canadian Labor Bureau in making misrepresentations in London for the purpose of bringing men out. He said (Hansard, 1906, page 2954-2956):

The Canadian Labour Bureau which has been instrumental in sending men to this country had an office in the same building as that in which is located the public immigration office of Canada, not at the same number, but certainly in the same building, and had placed on its letter heads the Canadian Arms, conveying the impression that the Canadian Government was associated with its projects. . . . In connection with the Canadian Labour Bureau in London I have been speaking about, operated by a person named Leopold, and as I have said operated in the same building as the Dominion Government Immigration Office.

I have a letter in my possession written by Mr. Leopold himself containing his advertisement, which, I am sure, is quite sufficient to delude the public in England and quite sufficient to bring people to this country under a very serious and false delusion. This royal protection method as exercised by the Italians in Montreal and by the Canadian Labour Bureau seems to be a favorite method. Quite apart from the injustice done to the workingmen and their families who are deceived in this way and the injustice to workingmen in Canada whose positions are taken from them through persons brought to Canada in this way, I am sure the members of this House will agree that it is an indignity to the nation as a whole that the symbol of its national authority should be made an instrument of fraud to deceive and to injure innocent citizens. I believe that national frauds of this kind cannot be too closely watched or dealt with too severely, for if private parties are to be permitted for their own personal purposes to use the name and symbol of national authority the government might as well give up at once any effort on its own part to use its name and authority for promoting its own legitimate ends.

I shall read the letter. It is dated from 13 Charing Cross, London, which is in the same building with the government office; it bears the Canadian coat of arms, and it is as follows:

Authorized Booking Office,

Canadian Labour Bureau, 13 Charing Cross, London, S.W.

24th June. 1904.

MY DEAR SIR,—In reply to your letter of a recent date, I beg to say that bricksetters are very greatly in demand at the present time, as are all other builders' mechanics. I enclose you list giving you the wages earned and should recommend you to go to either Montreal, Toronto or Winnipeg, fares at the present time £3 10 5, £4 9 7, or £5 10, respectively, through from Liverpool. Of course these cheap rates are not likely to continue for long. I could furnish you with a letter of introduction which would obtain you immediate employment on arrival in any of these centres. Toronto is very short handed at the moment, as besides the general activity of the building trade the recent disastrous fire has largely increased the demand for men in the building trade. The cost of living is also cheap in this part of the world, and you would get good board and lodging for 12 shillings 6

pence per week. I enclose you some sailing bills and shall be pleased to hear further from you.

I am, Dear Sir, Yours faithfully,  
For LOUIS LEOPOLD.

#### GOVERNMENT ENDORSEMENT OF LEOPOLD.

Mr. Smith is a good Liberal and, of course, expressed the opinion that the Government had done nothing to encourage this business of Leopold. But when the member for Nanaimo spoke he did not know that the chief of the Government's immigration staff in Europe had been holding the money for Leopold and the Crow's Nest people, that he had recommended Leopold to all the steamship companies requiring agents, that he had induced the Allan Co. to engage Leopold and Leopold himself to establish the labor bureau next door to the Government Immigration offices, and that in the year following the Crow's Nest affair, the following circular had been issued by thousands from Mr. Preston's office. (See Hansard, July 3, 1906, page 6875.)

This department does not undertake to give advice in respect to openings in the trades in Canada. We confine ourselves to the requirements of the country in connection with agricultural settlement and agricultural help, skilled and unskilled. At the same time, and in response to your request, I may say that there are several responsible labour agencies in this country who are in a position to give information on the points you raise, and it is open to you to communicate with the Canadian Labour Bureau, 18 Charing Cross, S.W., if you so desire.

Not only were circulars from Mr. Preston's office issued to inquirers and others advising artisans and skilled laborers to go to Mr. Leopold, but inquirers, who came by hundreds and thousands to the Immigration Offices, were turned over to him if they were not agriculturists. It was very convenient, seeing that the office was next door, and one of Mr. Preston's former clerks has stated that Leopold had the run of the office and used to go in and look over the files of correspondence. That the Government office was a recruiting bureau for Leopold's business is proved by a statement of Deputy Minister Smart in a memo. dated 7th March, 1904. Mr. Smart said, speaking of the immigration offices at Charing Cross, which he had visited (Hansard, 1906, page 6901):

"I found that it was a practice when mechanics or labourers came into the office to seek for information, for them to be referred to the office upstairs." Mr. Smart added that "this practice undoubtedly gave the impression that there was some connection between the immigration offices of the Government and the office formerly known as the Canadian Labour Bureau."

The Deputy Minister stated that he had given orders to have this stopped, but as orders and instructions to the same effect had been given many times before it is not likely that they were effective. At all events we find Mr.

Preston a month later writing thus to a man who had inquired about Leopold's bureau (Hansard, 1906, page 6901):

April 8, 1904.

DEAR SIR,—I have your letter and as requested am sending you the latest pamphlets dealing with Canada. With regard to your other inquiry, I have some knowledge of the institution to which you refer and I believe it to be quite reliable and capable of carrying out any obligations it may enter into.

Yours faithfully,

W. T. R. PRESTON, Commissioner of Immigration.

When Mr. Preston was examined regarding his statements to Mr. Ennis, he did not appear to very good advantage.

Mr. Barker read the clause in which Mr. Preston stated that the labor which Leopold wished to furnish "for very obvious reasons cannot be handled through the department." (Evidence, page 149.)

#### MUCH EQUIVOCATION.

Question. What were the obvious reasons?

Answer. The obvious reasons were that labour unions were raising a disturbance here alleging that the emigration of skilled mechanics was likely to upset the wage market.

Q. You wrote letters?

A. I wrote letters to Mr. Ennis.

Q. To help Leopold in that project?

A. Quite so.

Q. Knowing that the government could not do that sort of thing?

A. Knowing that we could not do it, yes.

Q. I suppose they could do it if they chose, but it was not policy?

A. Perhaps that is a reasonable way to put it.

(Page 152.)

Q. Then you go on: "I have very strong reasons for wishing anything of this kind that may be done shall be through the gentleman to whom I have referred.

A. Yes.

Q. Tell us your strong reason?

A. My strong reasons were my personal intimacy with Leopold, who I explained was a very intimate friend of mine and I was satisfied all the time that whatever was done through him would be done fairly, squarely and honestly.

Q. How long had you been intimate with him?

A. I had then known Leopold about a year.

Q. He was a German Jew?

A. Yes.

Q. And had you any transactions with him at all?

A. No.

Q. He had just come over under the name of Louis Leopold?

A. Quite so.

Q. Alias Lazarus, or Lazarus alias Leopold?

A. I did not know anything about Lazarus being his name I think until about two years ago.

LEOPOLD WAS THE LARGE LABOR EMPLOYER.

When Mr. Preston was asked what he meant by telling Mr. Ennis of the establishment of a labor bureau "by large employers," he said that he must have meant the establishment of a bureau in Canada in connection with the Manufacturers' Association. But when he was further reminded that he had "made inquiries as to its bona fides" he concluded that the bureau must have been on the other side. Finally he said: "I really cannot understand it." Then Mr. Barker questioned him:

Question. But who forms the Labour Bureau you were speaking of?

Answer. Only Leopold.

Q. "Although I am not supposed to know anything about the workings of the company, I necessarily made inquiries as to its bona fides." You knew Leopold & Co?

A. I did; he called himself a company.

MR. PRESTON'S ASTONISHING IGNORANCE.

It should be stated that Mr. Preston declares while he and Leopold were in these intimate relations on Victoria Street and at Charing Cross he did not know that Leopold was the London Agent of the North Atlantic Trading Co. and during part of the time had charge of the whole propaganda of that company as conducted from England. The accounts of the North Atlantic Co., purporting to disclose their expenditures, mentions large sums of money paid to Leopold in his office at Charing Cross, for literature and for services, but Mr. Preston, whose department had the investigation of these accounts, says he did not know it. Mr. Preston also pleads that the circular above quoted sent out from his office to mechanics recommending them to apply to Leopold, was distributed without his knowledge, though his clerk declares to the contrary. He further claims that he had never realized the fact that the Canadian policy opposed the encouragement of artisan immigration. This plea may be considered in the light of his second letter to Mr. Ennis.

Also, Mr. Preston seems to have been quite ignorant of the financial relation between Leopold and the Arundel Printing Co. In fact Preston's ignorance and simplicity is now a great surprise to himself. He says (page 196):

"I must admit that I am somewhat amazed at my own want of shrewdness in not measuring up the situation some time ago in view of what I have learned in the last few days that he is now the agent of the company, and I would not be at all surprised if all along they had something to do with the Farmers' Auxiliary.

\* \* \* \* \*  
Question. Did you know that he went there to conduct the affairs of this syndicate?

Answer. No, I did not, and I am surprised that I did not get more strongly suspicious than I am.



Q. Your son-in-law is his solicitor?

A. Solicitor in one case, and I recommended my son-in-law to him.

Q. Mr. Alexander acts for him in his law business?

A. I do not think all of his business.

Q. In law business?

A. Yes.

Q. At your suggestion?

A. Yes.

Q. Can you tell us that with that intimate connection \* \* \* \* you really did not know what that man was going into so far as this syndicate was concerned?

A. I did not.

#### MR. MONK'S RESOLUTION.

An examination into the Leopold affair and the connection of Mr. Preston and the Department of the Interior therewith, was also conducted by the Committee on Agriculture and Colonization. Mr. Monk, M.P. for Jacques Cartier, had charge of this examination, and brought out many damaging facts. The evidence has not been printed, and, therefore, the quotations above are for the most part from the records of the Public Accounts Committee.

After the two inquiries had been concluded, Mr. Monk proposed in the House of Commons the following resolution:

"In the opinion of this House, for the causes disclosed in the evidence taken before the Committee on Public Accounts, and the Committee on Agriculture and Colonization, and for other reasons, W. T. R. Preston, Inspector of Immigration, should be no longer continued in that office."

Mr. Monk charged among other things that Mr. Preston "violated his duty by encouraging in a clandestine manner the immigration of mechanics and helping to establish and foster a Canadian bureau contrary to the standing instructions of the government."

#### THE PLEDGE OF A MINISTER.

Mr. Oliver could not contradict the charge connecting the officer of his department with the notorious labor bureau. The Minister put in a plea that Mr. Preston had not sufficient opportunity to present his side of the case, though as a matter of fact his condemnation as well as that of the department rests upon his own letters and statements and upon the records of his office. Mr. Oliver promised an investigation of his own, declaring that if Preston had done wrong he should bear the consequence. He gave a distinct promise that there would be a full and thorough investigation of the whole matter and that Mr. Preston would be dealt with accordingly.

(Hansard, 1906, p. 5512.)

Mr. Oliver. "The government must inform itself very thoroughly before taking action."

P. 5519. Mr. Oliver. "But until the government has had an opportunity of investigating the whole subject, the committee cannot expect me to make a definite announcement."

P. 5527. Mr. Oliver. "Here are matters occurring in England some three or four thousand miles away, and before being called upon to give a verdict I should be given the opportunity of judging for myself at short range or sending a proxy to investigate for me."

P. 6887. Mr. Oliver. "Of course it is the government's business to investigate."

P. 6891. Mr. Oliver. "It is only fair that before the department take action, before it is required to decide whether Mr. Preston shall be dismissed or promoted." Mr. Oliver was here interrupted but afterwards proceeded.

"I say that it is not a business proposition to demand either dismissal or the removal of an officer at the hands of the government until the government has had an opportunity to consider this matter in all its bearings and to take evidence from all sides in regard to it."

P. 6895. And Mr. Oliver again declared:

"If on investigation it shall be shown that Mr. Preston has gone out of his way to contravene the instructions of the department, then, of course, Preston will have to bear the consequence. It is not a business proposition to demand that an officer of the government shall be dismissed without the government, which is responsible for his retention in office or his dismissal, having had a fair opportunity to consider and discuss in all its bearings the case for and against him."

After the Minister had spoken, Mr. Guthrie, a Government supporter, required further satisfaction. He said:

"I would now ask the Minister of the Interior whether by his statement in this House tonight, he intended to convey an assurance, not merely an offhand statement, but an assurance that he would investigate this matter and deal with it in the near future."

To this Mr. Oliver replied (p. 6905):

"I think I have already made that statement to the House when the estimates of the Interior were under discussion, and I meant to convey the same idea to-night."

#### LIBERALS CONDEMN PRESTON BUT VOTE FOR HIM.

It was on the strength of this promise that the House, at the request of the Government, voted down Mr. Monk's resolution. That there was a general desire to condemn the action of the Commissioner of Immigration and the conduct of his department, is shown by speeches of Liberal members. For instance, Mr. Guthrie, a strong Liberal, declared (page 9905):

"I am satisfied that Mr. Preston, if not directly, has at least indirectly contravened his orders so far as his dealing and communications with Leopold and the Labour Bureau are concerned. I feel very strongly inclined on this occasion to vote for the amendment (that is for Mr. Monk's motion) and I had fully intended to do so were it not that the Honorable Minister of the Interior, whose department Mr. Preston serves, has expressly asked the House for the time to consider and investigate the matter for himself in order that he may deal with it."



Another Liberal speaker was Mr. Verville, Labor member, of Montreal. He said:

"I want it to be understood that I am strongly in favour of a dismissal, and I hope and trust that this motion, which I know will not pass, will not put the government in a position not to dismiss Mr. Preston. \* \* \* I want to be recorded, and the labour people of this country want to be recorded in favour of the dismissal of Mr. Preston."—p. 6913.

A third was Mr. Johnston, of Cape Breton, who urged upon the Minister:

"the advisability of looking into the question at the earliest moment and satisfying himself whether or not the conduct of Mr. Preston, as Commissioner of Immigration, merits dismissal or continuance in the service,"—p. 6914.

But these supporters of the Government all voted to retain Preston.

#### SIR RICHARD TAKES PRESTON.

But Mr. Preston was not dismissed. So far as is known, no investigation was held into his conduct. On the contrary, immediately after the investigation closed, and before the Minister or Mr. Preston himself had started for England, the Government promoted Mr. Preston to the responsible duty of representing the Government as a trade commissioner in Japan, China and Corea. Mr. Preston thus becomes a subordinate of Sir Richard Cartwright, to whose good offices possibly he owes his promotion. It is quite in keeping with Sir Richard's record that Mr. Preston should become a responsible officer of the Department of Trade and Commerce. The last important appointment previously made by Sir Richard Cartwright was that of J. B. Jackson to the important position of commercial agent at Leeds.

Mr. Jackson was the man concerning whom the affidavit was made, containing the following paragraphs:

"After a general conversation Jackson wanted me to sign an agreement not to divulge the conversation, which I refused to do, and then Jackson wanted to know how much I wanted to get him evidence to unseat Sutherland, I told him \$5,000. He said that was out of the question. He then said that he thought \$500. down, and \$1,500 additional if the evidence was sufficient to unseat Sutherland.

"I then asked him what class of evidence he wanted, whether false or true, and he said it mattered not to him whether it was false or true so long as he could unseat Sutherland. He said he would lose his gown if this conversation was divulged."

It was this J. B. Jackson of whom the late Judge Street spoke in thus addressing the court:

"One of the difficulties I have in this case is the knowledge of the improper and reprehensible means and large expenditure which have been proven to have been devoted to absolutely improper purpose. It is impossible to follow the ramifications of such an expenditure, and in dealing

with the last case I cannot get out of my mind the possibility of the course of the inquiry having been affected by the expenditure of a very large sum of money. Here is Mr. Jackson, a lawyer in Ingersoll. Here is this man of the lowest possible character, as far as appears from what has been said about him, and one knows of the desperate efforts that have been made to prove the charges. Nothing was ever heard in my experience before like it."

#### SIR RICHARD'S APOLOGY FOR JACKSON.

Sir Richard Cartwright made an astonishing defence of the Jackson appointment. In the House of Commons he said:—

"I am not pretending to say that Mr. Jackson's zeal did not outrun his discretion." And again, "I have no doubt whatever that Mr. Jackson was by no means discreet in dealing with Mr. Chambers. He ought to have looked behind the door; he ought to have looked under the bed; he ought to have looked in the chimney; he ought to have taken every precaution to know whether he was being entrapped and coaxed. \* \* \* \* \* I made enquiries about the matter and was informed that whatever indiscretion he may have been guilty of he had committed no offence contrary to the laws of the land."

Speaking again of Mr. Jackson's conduct, Sir Richard said:—

"I do not mean to say that it is nice work; I do not mean to say that I like it; I do not mean to say that it is good work." Again, "whatever faults Mr. Jackson committed he did not bring himself within the purview of the law."

#### MR. BORDEN'S REBUKE.

It was in regard to this defence that Mr. Borden said:

"The Minister of Trade and Commerce has invented a new decalogue; so far as the commandments forbid, he would abolish them all and insert instead: 'Thou shalt be discreet so that thou shalt not be found out.' The Minister of Trade and Commerce has no word of criticism upon Mr. Jackson for asking these men to procure evidence, whether true or false, so long as it should unseat Mr. Sutherland. He has no word of criticism with regard to that, but he has a reproach against Jackson because he did not look up the chimney, because he did not look in the cellar to see if any one was listening. In short, because he was indiscreet. I believe, Sir, that there never was in the public life of this country or of any other country a more damnable doctrine more unblushingly avowed. \* \* \* It was bold, it was unblushing, and if I were not transgressing parliamentary decorum I would say that it was utterly shameless. That this man, so stigmatized by Mr. Justice Street, should be promoted to the public service of Canada, and that the Minister of Trade and Commerce, speaking for the government, should not be ashamed to stand up and justify him, is an unheard of degradation in our public life."

It remains to be seen whether Sir Richard will be equally felicitous in his defence of the Preston promotion.

# THE ARUNDEL MYSTERY.

## IMMIGRATION PRINTING DEALS IN LONDON.

**Works Farmed Out by a Friend of Preston.—Contracts for \$60,000 go to Roy Somerville.—A Chief Clerk's Discovery, followed by his Dismissal from Office.—How \$12,000 was distributed.—Cheques went to Somerville, Karlsberg and Leopold.**

In the Auditor-General's Report for the year 1901-2, under the head of Printing, Advertising, etc., in Europe, there is a payment of \$22,696.22 to the Arundel Advertising & Printing Co., of London, England, for printing pamphlets, etc. In the year 1902-3 there is charged for the same services by the same people the sum of \$21,125.44, in 1903-4 the sum of \$12,761.37, and in 1904-5, \$1,210.40. (Public Accounts Committee Report, page 204; also Auditor-General's Reports.)

REPORTED BY MR. JUST.

Early in 1905, Mr. C. F. Just, Secretary in Mr. Preston's office in England, cabled to the Government in Mr. Preston's absence that the prices paid to this concern in the previous year had been excessive. It is understood that he informed the Minister that the Arundel Co. had been paid £2,900 sterling for work that could have been done by the previous contractors for £900. The previous contractors were McCorquodale & Co., one of the largest printing houses in London.

Mr. Just had been left in charge of the office and on making the discovery he at once communicated the fact to headquarters.

Mr. Preston explains this discovery by saying that the work done by the Arundel concern was probably night work, and that Mr. Just, whom Mr. Preston regards as one of his numerous enemies, "entered into a little conspiracy with Griffith to cost me my situation."

Mr. Preston made a further statement that Mr. Griffith, who is chief secretary of the High Commissioner, "is alleged to have told Mr. Just that Sifton and Smart wanted to dismiss me, and to secure the object Mr. Just made this charge."

Mr. Preston later dismissed Mr. Just from his position in the Immigration Office.

With this light on the subject we take up the history of the Arundel Co.

### ARUNDEL WAS ROY SOMERVILLE.

In the first place, it was not a company at all, but simply a name given to himself and his business by one Mr. Roy V. Somerville, whom Mr. Pres-

ton knew in Ontario as the son of a former Liberal Member of Parliament, and found in London acting as agent of the Butterick Publishing Co., which issues a ladies' fashion magazine. Having renewed his acquaintance with Mr. Somerville, Mr. Preston transferred to him without tender a large part of the European printing and advertising, though Somerville had no printing office. Somerville simply farmed out the work. Apparently he and Mr. Preston fixed the prices that were made to the Arundel Printing Co.

In the Public Accounts Committee examination, May 31, 1906, Mr. Preston was shown one account of the Arundel Advertising & Printing Co. against himself, as Commissioner of Immigration, amounting to £2,701 12s. No certificate of the correctness of this account could be found. An examination of the cheques issued in payment showed that £250 was paid in advance, on March 29th. The cheque was endorsed, "Arundel Advertising & Printing Co., per D. Somerville, Manager," and by Roy V. Somerville. It came out in further examination that D. Somerville, who signed as manager, is the wife of Roy Somerville.

#### HOW ONE PAYMENT WAS DIVIDED.

The balance of the account, amounting to £2,451 12s. was paid by four cheques:

Cheque No. 786, dated May 15, 1903, for £610 0s. 0d.  
Cheque No. 787, dated May 15, 1903, for £612 0s. 0d.  
Cheque No. 788, dated May 26, 1903, for £609 12s. 0d.  
Cheque No. 789, dated May 26, 1903, for £620 0s. 0d.

The receipts, however, were all given on the 26th of May, showing that the four cheques were all delivered together.

#### SOMERVILLE GOT TWO.

Cheque number 786 was endorsed by "the Arundel Co., per D. Somerville, Manager," and by Roy V. Somerville, as an individual, on the 27th of May, to the Lloyds' Bank, Limited, of London.

Cheque number 787 was signed and endorsed the same as the previous one and paid in June into Lloyds' Bank. These two cheques were apparently cashed by Mr. Somerville himself for his own benefit.

#### ONE CHEQUE WENT TO KARLSBERG.

Cheque number 788 was endorsed by the Arundel Co., "per D. Somerville, Manager" (that is Mrs. Somerville). Roy V. Somerville did not endorse this one. It bears the endorsement of B. Karlsberg, to the order of the Dresden Bank in Hamburg, by which bank it was forwarded to London and paid there.

B. Karlsberg, who seems to have received the proceeds of this cheque, is described by Mr. Preston as a booking agent in Hamburg. He was a great

friend of Mr. Preston, as is shown by the following testimony of that gentleman:

Question. In what way had you connection with Karlsberg particularly?

Answer. Well, I found him enthusiastic about Canada and a very nice fellow, and we had grown to be very intimate, quite intimate in fact. I found him to be a very decent fellow.

Q. Did you go to see him?

A. Frequently, yes.

Q. Did he belong to the syndicate?

A. You must not ask me that, Mr. Barker.

Q. But in all sincerity I do ask you?

A. Then I shall have to refuse to reply.

Q. Will you say he was not?

A. No, I will not say anything about it.

(Page 232 of the evidence).

And again:

Q. You were speaking to me of certain gentlemen that you had made an arrangement with for the syndicate. Is Mr. Karlsberg one of those gentlemen?

A. I am not prepared to say.

The syndicate referred to was the North Atlantic Trading Company. In this connection it is well to recall the fact that in 1900, when W. D. Scott, Superintendent of Immigration, criticized the North Atlantic Trading Company's claim for expenditure for immigration advertising and canvassing, Mr. Scott pointed out that the outlay for which the claim was made appeared to be the ordinary business expenses of Mr. Karlsberg himself.

#### THIS ONE WAS FOR LEOPOLD.

Cheque number 789 was endorsed by D. Somerville, Manager, but not by Roy V. Somerville, and in addition was endorsed by Louis Leopold, by whom it seems to have been cashed early in June.

Mr. Louis Leopold, who received this £620 is the subject of another chapter.

#### A REASONABLE EXPLANATION.

This remarkable distribution of cheques was not clearly explained by Mr. Preston. He could not say why he paid the balance of this account in four cheques instead of one, or why they came to be divided up among Mr. Somerville, Mr. Karlsberg and Mr. Leopold.

If, however, Mr. Just was correct in stating that £2,900 sterling was paid for £900 worth of work, it will be understood that after Mr. Somerville was more than amply paid, there remained a very sufficient rake-off to cover the other two cheques to Mr. Preston's two very particular friends.

# GOVERNMENT WHARVES.

**Six-Fold Increase in Nine Years.—Three Sample Structures. The First where there are no People.—The Second where there is no Public Business.—The Third where there is no Water.**

The expenditure by the Dominion of Canada for public works (which do not include railways and canals) was six times as great in the fiscal year 1905 as in the year 1896. The figures are as follows:

## INCREASED SIX-FOLD.

In the last year of Conservative rule:

Public works chargeable to current account.....	\$1,299,768
Public works chargeable to capital.....	114,825
Total.....	<u>\$1,414,593</u>

Expenditure for public works in 1904-5:

Chargeable to current account.....	\$6,765,446
Chargeable to capital.....	1,642,042
	<u>\$8,407,488</u>

See Public Accounts, 1905, pages 65 and 84.

Much of this increased expenditure is due to the fact that the Department of Public Works, like other departments, has largely abandoned the practice of letting out public works by tender.

Secondly, the department has been indulging in a perfect carnival of construction of public buildings in small places where none are needed; as well as public wharves and breakwaters where there is no traffic and often where there is no water.

Three wharves were under discussion in Parliament on the 16th of May, 1906 (Hansard, 1906, pages 3428-3501).

## A WHARF WHICH THE COMMUNITY DID NOT WANT.

The first of these was a wharf at St. Joseph, on Lake Huron, which the Minister of Public Works of that time persisted in building to satisfy some friend of his own, a stranger to the place, who persuaded the Minister that he had vast projects in view. A Liberal newspaper in the neighborhood declared that the place "needs a harbor as badly as a goose requires side "pockets, and any such expenditure is just so much money thrown away, "as far as serving the public is concerned." The grant was opposed strongly by the Liberal member representing the constituency, who, even after the expenditure had begun, begged that the business be stopped until the whole



matter was investigated. But the work was rushed on, with the promise to the House that it would cost \$5,000, and afterwards that \$8,000 would be the limit.

The total expenditure up to June, 1905, reached \$14,921, and the result amply justified those who opposed the outlay. There is no business done at the wharf, which is on an exposed shore and projecting from a high bank, where the Government did not even purchase the land.

The net receipts of the post office of the village supposed to be served by this wharf, were in 1905 \$16.14.

#### A WHARF FOR PRIVATE USE OF A POLITICIAN.

The next wharf of the three is the Grande Vallee Pier, which is simply a private wharf on the Gaspé coast, built at the request and for the accommodation of a member of Parliament, who had a lumber property there. The pier serves no public purpose, but is simply used for this man's business. It has cost \$57,488.13, and after it was constructed the lumberman was able to sell out his property at a handsome profit.

#### THIS WHARF IS A BRIDGE.

Number three is the most absurd of all. It is a structure called a wharf, but is really a bridge across a creek at a place called Disraeli, in the County of Wolfe, Quebec. The creek connects with an inland lake, on which there is no shipping, and the creek itself is dry except at freshet times or when the water is backed up by a mill dam at the foot of the lake. If there were shipping on Lake Aylmer it could not reach this wharf, because there is a low railway bridge on one side, and a highway bridge on the other. It is true that the old highway bridge is condemned and a new one is required. That explains the Government wharf, which is really half of the proposed new highway bridge. The other half is to be built by the municipality and will connect with the Government structure. But it is interesting to notice that the portion to be built by the municipality, some 400 feet, is to cost \$2,875, while the Government end, 310 feet, has cost \$7,250. The contract for the municipal bridge calls for a railing along the side, and in conformity with this the Government wharf has a similar railing continuing to the bank, which is not common with wharves. The gentleman who owned the first mill built at that place, who has been mayor of the town of Disraeli, and who has lived there continuously, makes this statement:

#### TESTIMONY OF THE NEIGHBORS.

"I know there is no need for the expenditure of public money upon a wharf outside the village or near it, and that wherever and whenever the structure above referred to has been or is referred to or described as a wharf, it is a distinct subterfuge adopted for the purpose of diverting government money to an improper use." (Hansard, 1906, p. 3440.)

The following affidavit read in the House further explains the situation:

Province of Quebec, City of Sherbrooke.

To wit:—I, Robert Nathan Arkley, of the City of Sherbrooke, in the Province of Quebec, millwright, do solemnly declare and say:—

1. That I have been in the habit of being at and working in Disraeli in the County of Wolfe, in the Province of Quebec, frequently during the last twenty-nine years.

2. Twenty-nine years ago I put up a mill in the said village of Disraeli, and it was one of the first two buildings erected there and the site of the present village was then a wilderness.

3. That I have read the statement of the engineer dated at Montreal, February 27, 1904, re Disraeli wharf in which he says:

'That two small steamers are plying on Lake Aylmer calling at Moose Bay, Stratford, Garthby and Weedon, to take the farm produce to Disraeli and the railway.' I say that in so far as the statement relates to Disraeli or the railway at that place, or the carrying of farm produce to or from that point is concerned, that the said statement is untrue.

4. That there never has been a steamer or vessel of any kind carrying produce or goods, or any vessel of any kind except a pleasure boat plying to or from Disraeli at any time, or is there water for such purpose except at flood time and when water is dammed back.

Solemnly declared, and I take this solemn declaration conscientiously believing the same to be true, by virtue of the Canada Evidence Act—

R. N. ARKLEY.

Solemnly declared before me this 5th day of May, A.D. 1900.

C. MILLER.

(Hansard, 1906, page 3441.)

The estimated cost of this alleged wharf was \$5,000, the actual cost is \$7,250.

The bills for stone alone were \$1,291.67 and these were supplied at election time by fifty different people.

#### HE WILL DO IT AGAIN.

In conclusion, it may be stated that the member for the county, on whose recommendation the Dominion Government built this so-called wharf, said in the House: "At my last election I had 133 majority in that small town of Disraeli, where I suppose the entire vote is but 300, and in the next election, let me tell my hon. friend, I shall probably have more wharves to build in the County of Wolfe and Richmond."

#### ENDORSED BY LIBERAL MEMBERS.

In opening the discussion on these wharves and kindred matters, Mr. Blain, M.P., for Peel, offered the following motion:

This House condemns the expenditure of public money for purposes not contemplated or authorized by parliament, and especially regrets that any sums voted for the construction of public works should have been expended for purposes not so contemplated or authorized. (Hansard, 1906, p. 3428.)

The motion was rejected by the usual Government majority.



# THE MERWIN CONTRACTS.

## Marine and Fisheries Scandals.

Departmental Expenditure Quadrupled in Ten Years.—Hundreds of Thousands Paid to a Foreign Middleman.—  
At his own Price.

### Fifty-Two Per Cent. Profit

On articles of Common Merchandise. 187 per cent. on one Engine; 107 on two others. Persistent Efforts to Conceal the Facts. Further Enquiry Voted Down.

The Department of Marine and Fisheries offers a remarkable illustration of extravagance and graft. A large number of the scandals brought to light during the session of 1906 were connected with this department. These instances prove that much of the astonishing increase in expenditure in this department is due to reckless waste and methodical plunder.

First, however, let us see by how much the expenditure in this department, through its various branches, has increased during the decade (Public Accounts, 1906, pages 63 to 66):

#### HOW THE EXPENDITURE HAS CLIMBED.

Year.	Fisheries.	Lighthouse and Coast Service.	Marine Hospitals.	Ocean and River Service.	Steamboat Inspection.	Total.
1896....	\$427,251	\$466,057	\$36,683	\$181,452	\$26,321	\$1,137,764
1897....	443,587	445,743	38,131	183,258	26,838	1,137,557
1898....	441,725	474,217	38,163	145,553	26,342	1,126,000
1899....	412,368	545,645	37,353	330,254	28,035	1,353,659
1900....	411,470	523,485	37,741	247,785	27,966	1,248,447
1901....	491,351	578,618	36,141	233,162	29,248	1,368,522
1902....	548,895	696,311	51,827	496,191	27,494	1,820,718
1903....	527,829	964,144	48,750	417,137	30,172	1,988,033
1904....	634,319	1,275,017	50,302	566,547	33,609	2,559,794
1905....	979,889	2,507,307	51,732	1,052,677	50,188	4,641,790

There is much patronage in the expenditure of four or five million dollars a year, a great part of it controllable by the Minister and his friends, and lately nearly all paid out to favored persons without tender or serious competition.

#### WHAT THE MERWIN FIRMS GOT.

Among the contractors and suppliers, one who has enjoyed these favors

to an astonishing degree is Mr. George T. Merwin, a gentleman from the United States, who during the last few years has had an office in Montreal, where he has done a large business with the Government in his own name, and in the name of F. L. Brooks & Co. Besides these connections Mr. Merwin is represented to be a member of a fog-signal company, which does business with the Government. He seems to be the agent for several other concerns.

It is a little difficult to tell how much has been paid to Mr. Merwin from the Dominion treasury. Among the payments in 1904 is \$715 on one account and \$133,614 on another. (A. G., 1904, page 57 and page 89.)

In the Auditor-General's Report for 1905, Merwin's firm of Brooks & Co. is reported to have received the following:

P-55.....	\$16,638.50
P-97.....	9,930.87
P-104.....	7,898.41
P-105.....	2,800.00
	<hr/>
	\$37,267.78

In his own name Geo. T. Merwin received

P-22.....	\$ 150.00
P-57.....	23,260.25
P-98.....	65,465.24
P-101.....	68,540.00
P-105.....	435.55
	<hr/>
	\$157,851.04

Between the close of the fiscal year 1905 and the 1st of May, 1906, there was paid to Mr. Merwin in his own name by the Department of Marine and Fisheries \$104,521.16 and \$362.43 remained to be paid. In the same period there accrued to Merwin's firm, Brooks & Co., \$101,675.70. (Hansard, 1906, page 3411, Mr. Brodeur's statement.)

In March, 1906, Mr. Brodeur stated that \$404,308.87 had been paid to Geo. T. Merwin down to that time, and that none of the goods had been bought by tender. (Hansard, 1906, page 767). This does not include dealings with the Brooks firm.

The Canadian Fog-Signal Co., with which Mr. Merwin was likewise understood to be associated, received in 1903-4 \$14,600; in 1904-5, \$428,489; and 1905-6, previous to March, \$1,132.63. No tenders were called for in respect to these purchases, amounting to \$444,221.63.

Both in 1904 and in 1905 the Auditor-General, in one case Mr. McDougall, and in the other Mr. Fraser, called attention to the irregularity of the proceedings in regard to the payments to the Canadian Fog-Signal Co., to the Brooks concern, and to Mr. Merwin.

The total transactions contained in this list run up to \$980,258.74.

### A MAN WITH A PULL.

The Department showed a remarkable preference for Mr. Merwin and his firm in purchasing a great variety of articles. It bought from him gas buoys, spar buoys and all kinds of buoys, fog-signalling apparatus, lanterns for light-houses and all sorts of apparatus required in these establishments. It took from him wire and shafting, pumps, boilers, engines, cranes, derricks, capstans, turning lathes, pillar shapers, hoisting engines, underfeed stokers, lumber, cement, store holders, planing machines, ropes, smokestacks, drilling machine, reflectors and general hardware, all without tender at private prices, or, as the evidence shows, at any price the contractor demanded.

On some of this equipment Mr. Merwin claimed to have a monopoly or exclusive agency, though it does not appear that his claim was tested or that the department tried to buy from others at a lower price. Undoubtedly a large line of merchandise bought from Merwin without tender could have been obtained in the open market anywhere in Canada at much lower prices.

### STRUGGLE TO GET THE FACTS.

During the session of 1906 several members of Parliament charged that on standard articles the department was paying from twenty-five to one hundred per cent., and even more, above the real value. It was stated that \$975 was paid for a boiler regularly sold for \$600, \$1,550 for a pump usually bought for \$1,200 or \$1,300, and that on a long list of articles nearly double prices were paid. These charges were supported by price lists and letters from manufacturers and dealers.

To these charges the Minister of Marine replied that there must be some mistake, but very little exact information could be got from him.

Mr. Merwin himself, summoned by the Public Accounts Committee, absolutely refused to disclose the manufacturer's price of the articles in question. He was supported by Mr. Fielding and other ministers in his refusal. Government supporters in the committee backed up the contractor at every stage. Government supporters in the House denounced the Opposition charges, though they could not answer them. For weeks Opposition members of the Public Accounts Committee struggled with the officers of the department and with Mr. Merwin to obtain a statement of the current price of the articles, and labored in the House to get some decent explanation of the transaction.

### A PARTIAL DISCLOSURE.

At length it was ascertained that Mr. Merwin had bought certain engines, boilers, pumps and other common machinery from Williams & Wilson, a Montreal firm regularly handling these articles. Mr. Wilson of this firm was called as a witness. Before he reached the stand he was seen by Mr. Merwin, and when questioned he declined to give the prices Merwin

paid him, unless Merwin should consent. Once more the Government supporters in the committee stood out for suppression. But Mr. Northrup, who was conducting the examination, announced his intention of appealing to the House and making the affair a matter of record. In the end Mr. Merwin and his associates surrendered, and Mr. Wilson's story was told. His evidence covered a list of 15 articles sold by him to George T. Merwin's firm and forwarded direct to the Marine and Fisheries Department. The following table gives the price at which these articles were bought by Mr. Merwin and the price which the Government paid to him;

THE TABLE OF PROFITS

	Merwin paid Wilson.	Government paid Merwin.	Merwin's Profit.	Per Cent.
1 Hendey Norton, lathe, etc.	\$995.00	\$1250.00	\$255.00	26
1 Underwriters' pump.....	1024.00	1550.00	526.00	51
2 Underfeed stokers.....	1880.00	2550.00	670.00	36
1 Tubular boiler.....	660.00	975.00	315.00	48
1 Sturtevant engine.....	335.00	960.00	625.00	187
1 Sturtevant engine.....	265.50	550.00	284.50	107
1 Beaty hoisting engine.....	770.00	1100.00	330.00	43
1 Hendey pillar shaper.....	505.00	800.00	295.00	58
1 Steel derrick.....	756.70	1250.00	493.30	65
1 McG. & G. boiler.....	660.00	975.00	315.00	48
1 Capstan.....	390.00	650.00	260.00	67
1 Sturtevant engine.....	262.50	550.00	287.50	109
1 O. & S. boiler.....	575.00	852.50	277.50	48
1 Travelling crane.....	1640.00	2500.00	860.00	52
1 Bitumastic solution.....	1120.00	1500.00	380.00	34
Total.....	\$11,838.70	\$18,012.50	\$6,173.80	52

A DROP IN THE BUCKET.

This little bill of goods should be studied carefully. It shows that on a list of articles such as are bought and sold every day, in every city of Canada, the prices of which could be ascertained from agents in Ottawa or by telephone to the jobbing firm or the manufacturers, the department paid Merwin from 27 to 187 per cent. above the jobbers' price. These goods could have been bought by the department from the makers at the same price that the Montreal house paid. Or if the Government had chosen to allow the Montreal dealer his fair profit that he obtained from Merwin, it would have still obtained for \$11,838.70 the articles which cost \$18,012.50. There is a rake-off of \$6,173.80, being a profit of 52 per cent. on the whole transaction.

But this \$18,000 affair is a trifle out of the whole transactions of more than \$1,000,000 down to this time, which the Government has had with Mr. Merwin and his associates. It is a matter of arithmetic how much out of that million went into the pocket of the middleman, assuming the proportion of rake-off to be the same.

WHERE HE HAS HIS MAIN CHANCE.

There is every reason to believe that the profit would be much greater on articles which Merwin claimed to be specialties of his own than on those which are handled every day in the regular course of trade by all dealers. If the middleman is able to make as high as 187 per cent. on an ordinary engine, such as is bought and sold every day in sight of the department, how much does he make on his imported gas-buoys, his store-holders and his lighthouse equipments? Take for instance the following list. (Auditor-General's Report, 1905, pages 98 and 101):

MERWIN'S SPECIALTIES.

	65 Store holders at.....	\$ 875 each
	2 Store holders at..	925 each
	25 Spar buoys at.....	1,600 each
	1 Spar buoy at.....	1,500
	12 Spar buoys at.....	1,600 each
	10 Lanterns at.....	500 each
	25 Lanterns at.....	295 each
	1 Gas buoy at.....	2,700
	180 Gas receivers.....	95 each
	18 Spar buoys.....	1,600 each
	29 Holders.....	875 each
	20 Spar buoys.....	1,600 each
	2 Bell buoys at.....	2,500 each
	5 Light ships' equipment at.....	650 each
	1 Sub-marine signal cable at.....	10,170
	5 Sub-marine shore stations.....	3,000 each
	50 Shallow draught gas buoys at.....	1,600 each

FROM A FEW JUDGE THE OTHERS.

Consider what must be Merwin's profits on this partial list of his sales to the Government. We have seen the margin which the department kindly allows him on Sturtevant engines. It may be safely concluded that the profit he would claim on imported apparatus of a special character would be immensely larger than that on machinery the price of which is well understood by a large percentage of the readers of the Auditor-General's Report. The splendid audacity of a middleman who charges the department \$960 for an ordinary engine ordered by him from the jobber at \$335 is only equalled by the careless simplicity or dishonest connivance of the department which accepts and pays the price.

The technical officer who testified before the Public Accounts Committee, and who certified to the department that the prices for the special apparatus were fair and just, is the same who recommended the payment of \$960 for a \$335 engine; \$1,250 for a \$750 derrick; and \$1,550 for a \$1,024 pump. It is evident that an investigation which disclosed such rank mal-administration and such large plunder in these 15 small transactions, should be followed by an enquiry covering the whole line.

Elsewhere it appears how the Marine Department bought plate for the "Montcalm," how it purchased supplies for the "Arctic," how it bought steel files for no public purpose, what its supply bills were for the "Kestrel."

Serious charges were made in Parliament as to excessive prices paid for coal and other commodities.

Taking all these things together, we begin to understand how the expenditure of the Department of Marine and Fisheries has gone up in ten years from \$1,137,764 to \$4,641,793, without any corresponding increase in efficiency. The increase must have largely gone into the pockets of middlemen. What its final destination has been is a matter yet to be discovered.

#### FULL INQUIRY REFUSED.

On account of the discoveries made in the matter of the Merwin contracts and of many other disclosures and partial disclosures of extravagance, improvidence, corruption and fraud in the Marine and Fisheries Department, Mr. Borden, leader of the Opposition, moved in Parliament on the 18th of May, 1906, a resolution as an addition to Sir Wilfrid Laurier's proposition for a partial inquiry into the Arctic matter. Following is Mr. Borden's motion:

"That a Committee of seven members be appointed to inquire into and investigate the expenditure of public moneys in or by the Department of Marine and Fisheries from and after the 30th day of June, 1902, and to inquire whether any abuses, irregularities, improvidence or mal-administration have arisen or occurred in respect of such expenditure and whether any persons employed in or connected with the said department have profited thereby, and whether any additional safeguards should be provided in respect of the expenditure of public money in or by the said department and to report upon the matters aforesaid.

That the said Committee have power to send for persons, papers and records, and to examine witnesses under oath."

This motion was opposed by the Government and rejected by a straight party vote.



# The "Montcalm's" Equipment.

**\$2,758 FOR THE ICE-BREAKER'S TABLEWARE.**

**An Interesting List of Silver, Cut Glass and Cutlery.—The Ship had the Outfit of a Royal Yacht.**

**Construction, \$301,233,**

**And \$37,190 for Maintenance. Broke Ice 208 1-2 Hours  
During the Winter.**

## **FOUR DIFFERENT GOVERNMENT POLICIES ABOUT COGHLIN'S BILL.**

Commander O. G. V. Spain, of the Marine Service of Canada, describes the Montcalm as "a screw steel ice-breaker." She was built in Paisley, Scotland, and has a gross tonnage of 1,432 tons. It is officially stated that during the fiscal year 1905 the Montcalm "was employed in endeavoring to "keep open the ice-bridge which forms above the Chaudiere near Quebec." The Deputy Minister states that "owing to an accident to the machinery the "Montcalm was delayed for three weeks, and during this time the ice "accumulated to an immense depth, but the steamer broke through several "miles and assisted in hastening the departure of the ice bridge, which "finally moved on April 20."

From a detailed statement by the captain the Montcalm started December 23 and completed her work April 13. The total number of trips was 39, the total number of hours 208½. This was her first season.

### **DID LITTLE WORK BUT COST HIGH.**

The contract price of the Montcalm was \$265,233, and a bill of extras brought the price up to \$271,644. After arriving on this side she required a good many alterations. A Quebec firm was paid \$4,164 to put in heating pipes and radiators. Another received \$5,842 for work on the engines and boilers. A Montreal firm supplied blades to the value of \$1,503. There were many small bills, including \$3,270 for labor at Quebec. At the end of June the charge against this ship was \$301,233 for construction and \$37,190 for half a year's maintenance. Included in the maintenance charge of this ship are such items as \$80 for a raccoon coat and \$10 for a silver raccoon cap. The captain in his diary mentions that on April 9 the Minister of Marine and Fisheries and a party of friends were on board, and there is an entry in the Auditor-General's account, "Thibaudeau, M., Quebec, sundry provisions for "Minister and party, \$75.15." The following interesting bill of silver,

glassware and other table fittings was furnished by B. J. Coghlin & Co., of Montreal, on account of this strenuous ice-breaker. (It will be found in Part P., page 24, of the Auditor-General's Report for 1904-5.):

B. J. Coghlin, Montreal, (\$2,758.32):—  
Saloon:

AN ICE-BREAKER'S OUTFIT.

Breakfast cups and saucers, 72 at.....	\$1.04 each
Teas, 72 at.....	.69 each
Egg hoops, 36 at.....	.42 each
Individual butters, 48 at.....	.32 each
Badges, 372 at.....	.08 each
Meisens and nappies, 6 at.....	1.18 each
Dessert plates, 3 doz. at.....	3.18 per dozen
Plates (6 in.), 4 doz. at.....	2.20 per dozen
Fruit plates (5 in.), 4 doz. at.....	1.47 per dozen
Dishes, 6.....	7.30
Fish dishes, 6.....	13.28
Cover dishes (10 in.), 24 at.....	2.56 each
Cover dishes (8 in.), 24 at.....	2.08 each
Boats and stands, 12 at.....	1.22 each
Jugs, 30.....	53.28
Jugs, common mount, 6 at.....	.85 each
Plates (6 in.) 6 at.....	1.10 each
Plates, soups (10 in.), 6 doz. at.....	3.42 per dozen
Plates (10 in.), 72.....	20.52
Plates (8 in.), 6 doz. at.....	2.93 per dozen
Plates (7 in.), 6 doz. at.....	2.44 per dozen
6 dish covers.....	\$118.00
2 cruets (4 glass).....	15.50
2 pickle frames.....	15.00
2 pickle forks.....	3.25
2 jelly frames.....	13.00
2 jam spoons.....	3.50
2 coffee pots.....	46.00
2 teapots.....	42.00
4 milk jugs (covered).....	68.00
4 cream jugs.....	50.00
2 sugar bowls.....	54.00
4 sugar spoons.....	1.16
4 sugar tongs.....	1.83
6 salts, plumed.....	15.00
30 napkin rings, plumed edge.....	22.50
3 table bells.....	5.25
3 fruit stands.....	148.50
3 butters and knives.....	19.87
3 toast racks.....	8.62
3 ice pitchers.....	60.00
3 trays.....	33.00
2 crumb brushes.....	10.50
2 crumb trays.....	3.00
3 doz. e.p. dessert, chased on one side.....	66.00
3 cases for dessert.....	10.50
3 doz. e.p. fish eaters.....	90.00



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3 cases for fish eaters.....	\$12.75
2 e.p. fish carvers.....	13.5
2 bread plates and knives.....	24.50
1 doz. salt spoons.....	3.00
Soup tureens, 2.....	26.25
Cake baskets, 2.....	30.25
Afternoon tea, sugar and cream.....	22.50
2 cheese dishes and covers.....	32.00
24 nut crackers.....	27.00
6 spittons.....	6.00
6 ash trays.....	2.75
36 e.p. table forks.....	28.50
36 dessert forks.....	21.00
36 soup spoons.....	26.25
36 dessert spoons.....	21.00
36 tea spoons.....	12.00
6 gravy spoons.....	9.00
2 soup ladles.....	5.00
6 peppers, plumed.....	22.50
4 dish covers.....	21.62
74 sherries, cut and badged.....	30.01
72 ruby hock glasses.....	52.55
70 champagnes.....	42.58
73 tumblers.....	32.87
78 tumblers.....	14.23
Case.....	3.80
Meat and game carvers, 2 sets each.....	30.32
5 doz. table spoons.....	21.50
5 doz. dessert spoons.....	18.49
1 case fish carvers.....	5.87
5 doz. knives and forks.....	9.35
5 pairs carvers.....	5.10
3 steels.....	1.32
15 spoons.....	4.40
Case and stamp.....	6.62

#### THE OFFICERS' SHARE.

##### Officers:

Dessert and soup plates and meissen nappies.....	\$13.18
Plates, 108.....	17.61
6 dishes.....	6.38
Cover dishes, 24.....	30.24
6 boats and stands.....	4.26
12 jugs.....	13.92
2 jugs.....	1.22
72 cups and saucers.....	15.39
Cheese stand and cover.....	4.89
Small items, packing and engraving.....	20.47
Ice pitchers, 2.....	40.00
2 trays.....	46.00
2 cruets.....	12.00
2 pickle frames.....	9.00
Coffee pot.....	7.00
Tea pot.....	6.00

2 milk jugs.....	\$ 9.00
2 sugar bowls.....	5.50
Crumb scoop brush.....	5.25
Crumb tray.....	4.00
6 salt cellars.....	7.50
6 peppers.....	7.50
12 napkin rings, plumed.....	8.00
2 fruit stands.....	22.50
2 toast racks.....	4.50
2 butters and knives.....	8.75
2 doz. table forks.....	4.50
2 doz. dessert forks.....	3.00
2 doz. soup spoons.....	4.50
4 10-12 doz. spoons of various kinds.....	7.58
Fish knife and fork.....	6.25
Bread tray and knife.....	6.75
Soup tureen.....	23.25
Soup ladle.....	2.00
3 brass spittoons.....	3.00
Etching plates.....	17.00
Cases.....	7.50

MORE MODEST.

Crew:	
Table forks, spoons, knives, etc.....	\$ 27.23
Salts, sugar basins, plates, etc.....	19.86
Cups and saucers, dishes, tea and coffee pots, etc...	94.01
	<hr/>
Commission at 5 % on \$2,626.97.....	131.35

THE CONFUSED DEPARTMENT.

Mr. Coghlin's bill, which included similar ware in smaller quantities for the "Champlain," brought out a note from the Auditor-General, who wanted to know:

"If it is customary to equip these vessels, which are not passenger or "carrying vessels, with silverware, cutlery, etc., of such an expensive nature "as that which appears in the account."

But the Department of Marine had already decided that point and paid the bill. So the matter stood when the House met in March. Early in the session a motion was made in the Public Accounts Committee for the papers bearing on Mr. Coghlin's account. What happened elsewhere we have from Mr. Coghlin himself, who appeared and testified.

Mr. Coghlin swore that he was called up at Montreal by telephone from the Department of Marine at Ottawa and told that members of Parliament were making trouble about his bills. He was asked to come to Ottawa at once, which he did, and had conversation with the Deputy Minister and Auditor-General. It appears that Mr. Coghlin was first told that he had no right to charge a trade profit and a commission also, though the department had cheerfully paid both. Mr. Coghlin accordingly refunded his five per cent. commission.

## A CHANGEABLE DEPARTMENT.

Then the officers concluded that as Mr. Coghlin had been engaged to buy these goods in England, while he was there on business, he was simply an agent of the Government and should receive a commission without profits. The next question was to find out what the profits were. The Auditor-General tried in vain to get the original invoices from the Department. Finally he obtained them from private sources, which he does not disclose. As the result of this investigation, Mr. Coghlin made a refund of \$1,171.87.

Mr. Coghlin told the story himself to the Committee, making it appear that the Department was in a rare condition of panic when the Opposition members started out to investigate these accounts.

Before the end of the session the Deputy Minister of Marine announced that he had made another discovery. He found out that Mr. Coghlin was not an agent of the Government, but simply sold the goods to the department. So after all he was entitled to the profits which he had been forced to refund.

We thus have the department at first paying on demand both commission and profits, secondly paying the profits and withholding the commission, third returning the commission and demanding a refund of the profits, and finally concluding that the previous decisions were wrong.

## SILVER IN COLD STORAGE.

The Auditor-General in his testimony stated that he went down to Quebec and visited the Montcalm in consequence of reports that the plate charged to her was not all there, but had been removed. He does not seem to have made an inventory, but says that he saw a part of the articles in the ordinary place for such wares. Most of them, however, were piled away in a stateroom, as there was no room for them elsewhere. It seemed to him that the quantity and character of this place, etc., was entirely out of keeping with the size and purpose of the ship.

On this latter point the taxpayers of Canada can judge for themselves.

It was further stated in Auditor-General Fraser's evidence that he found among the boxes in which the silver and cutlery arrived, that there had been a package containing similar goods, from the same dealer and marked "R. P." Concerning this package the Auditor made an inquiry of Mr. Coghlin, who told him that it was "none of your business." There was some confusion over the adjustment of customs duty in regard to this package, but it is understood that the duty was finally paid to the Government.

During the summer of 1906, the present Minister of Marine, with a party of friends, made a cruise of inspection in the Montcalm, and it may be supposed that the silver and glassware were then found serviceable.

# THE ARCTIC.

**A Useless Hudson Bay Expedition Which Cost Over a Quarter of a Million.—An Extraordinary Bill of Supplies.—Some Supplies Sufficient for a 30-Years Cruise.—All Bought Without Tender.—\$2,060 for Liquors.—\$4,180.65 for Smoking Equipment.—Remarkable Outfit of Clothing and Uniforms. — \$10,000 for \$2,800 Worth of Pemmican.**

## THE INQUIRY AND ITS RESULTS.

**Investigation Headed Off in Important Points. The Minority Report. Strong Arraignment of Marine Department.**

The steamer "Arctic" was bought second-hand by the Government of Canada in 1903 from Germany. Her original name was the "Gauss." She is a wooden vessel, 165 feet long and 762 tons burden. The contract price for this ship was \$70,000. Capt. Bernier was sent over to Europe with a crew to bring the ship. In May, 1904, she sailed from Hamburg and arrived at Quebec on June 14, accomplishing the voyage in thirty-six days. It was found that she was not a seven knot boat. By the time she had arrived in Canada her cost was \$80,000, and repairs made at Levis brought the bill up to \$93,111, according to the Auditor-General's Report of 1904.

Down to the end of June, 1905, the bills for the "Arctic" had reached a total of \$284,628.

### MODEST PROPOSITION OF \$10,500 A YEAR

The Department of Marine and Fisheries and the Department of the Interior had a project of sending this ship to explore and patrol the coast of Hudson's Bay and other northern waters of Canada for the purpose, among other things, of affirming and enforcing Canadian jurisdiction in these waters. Mr. Sifton in 1903 privately notified Mr. Borden that such a cruise was intended, and requested him to secure the silence of his own friends in the House in the matter of the appropriation, as it was an affair of international significance. Mr. Sifton stated that the cost of the expedition would be comparatively light and gave the following estimate:

"Outside of the chartering of the steamer and the wages of the crew and the coal the cost was to be per month for a surgeon \$100, for a photographer \$75, and for maintenance \$700 a month—a total of \$875 per month, or \$10,500 a year. The wages of the crew were estimated at \$1,200 a month and the number of persons to be taken on board was to be 55."

This was the purport of the private memorandum handed to Mr. Borden by Mr. Sifton.

### STORY OF THE JAUNT

The Arctic sailed from Quebec September 17, 1904, and was back in a little over a year, not having succeeded in getting as far as Port Churchill, the ordinary destination of Hudson Bay trading vessels. She discovered nothing, did no patrol work, and accomplished no useful purpose of any sort except to furnish patronage to the friends of the Government.

Briefly the story of the trip is as follows: Sailing Sept. 17th, the Arctic arrived at Port Burwell, Ungava Bay, October 1st, and at Fullerton October 16th. Fullerton is the place where Mr. Low of the geological survey had wintered with the "Neptune" the previous year, and was not a point where further discoveries could be made. Here the Arctic spent a comfortable winter in company with the United States whaler "Era" and a number of Esquimaux, men and women, variously estimated at thirty to one hundred, who had come to the coast to stay with the ships and have a good time. The steward of the Arctic gave interesting testimony of the entertainments given to the natives and of the relations established between them and the ship's company. But one of the Government supporters on the committee reproached him severely for his exposure of the conduct of his comrades, and that evidence may be passed over.

From October to July the Arctic was at Fullerton. Early in the latter month she tried to go to Churchill, but after three days she broke her propeller. A new one was fitted and partly lowered "when it was found that the slot to take the shaft key was not cut in the proper place and the blades would not pass down through the trunk." A propeller brought from Germany was substituted and the ship proceeded to Erik Cove.

Superintendent Moodie, in command of the expedition, remarked at this point: "With a good steamer, with plenty of power, there will be no difficulty in forcing a passage through almost any of the ice encountered and no danger." But the Arctic was not that kind of a ship and did not get very far.

By the 18th of July the ship arrived at a place which had been visited and described the previous year by Mr. Low. The ship had to do something to distinguish herself and the Government, so the place was christened Prefontaine Harbour and the neighbouring headland Cape Laurier. Both names were given with appropriate ceremony and a certain expenditure of champagne.

For a month the Arctic lingered about these well-known waters, anxiously awaiting a relief boat which was to bring her more supplies, although, as will be seen later, the quantity taken on board the Arctic at the start was not small.

### HOMEWARD FOR MORE SUPPLIES

By the middle of August the Arctic got back to Ungava Bay on the

Labrador coast. There she had a fairly good time with the British flagship and a Newfoundland Government steamer, with which the Arctic exchanged entertainments and hospitalities. Fearing that the supply ship had gone by the Arctic turned back for Prefontaine Harbour, but finding bad weather and ice gave up that expedition and returned homeward to Burwell.

Now there was trouble with the windlass. The engineers and carpenters worked thereon for two days. After this the captain, the chief engineer and second engineer made a report on the state of the case. Later the steamship "Diana" arrived and her engineer was called in consultation. As a result of this diagnosis the Arctic was turned homeward and sailed as far as Chateau Bay, where she had telegraph communication with the Department of Marine at Ottawa, and was invited home. She arrived at Quebec after an absence of over a year, having made a voyage which an ordinary Hudson's Bay steamer would have accomplished in a few weeks, and performed no service of the least value to the country.

#### COMMISSARIAT DEPARTMENT LARGE

The ship's company numbered 47. There was a superintendent with his secretary, an inspector, a sergeant, two corporals, and six constables of the Northwest Mounted Police, Mr. Fabien Vanasse, ex-M.P., in the capacity of historian, Mr. McKeen, photographer, one captain, one physician, two mates, two engineers, one electrician, one boatswain, one purser, one quartermaster, one chief steward, one second steward, three waiters, one cabin boy, one cook, one assistant cook, one carpenter, one lamp trimmer, two oilers, two firemen and eight seamen. The wife of the superintendent accompanied the expedition.

It will be seen that the party ran largely to officers, cooks, stewards and waiters. The reason for the abundance of cooks, waiters and stewards will be apparent when we come to consider the stock of provisions.

#### SUPPLIES BOUGHT WITHOUT TENDER

The Arctic arrived from Germany in June, and did not sail for the north until September. Between these dates there would seem to be ample time to purchase by tender the supplies that she required. If more time was needed tenders could have been called for before the boat arrived from Germany, as the expedition had been planned the previous year.

As a matter of fact no tenders and no competition were wanted. An extraordinary bill of supplies was made out and the favored dealers furnished the goods. Afterwards any one who had friends in authority and wished to unload additional supplies upon the Arctic in the way of food, clothing, or other outfit, was given a chance, and the goods were taken apparently at his own price.

#### WHEREWITHAL THEY WERE CLOTHED

Here, for instance, is a list of a portion of the clothing supplied for the



Arctic's crew of 34 men, the members of the police force having been otherwise provided for. (A. G. Report, 1905, page P. 194-199.):

1 uniform at.....		\$ 35.00
25 Uniforms.....	at \$30.00.....	750.00
12 Uniforms.....	" 8.00.....	96.00
12 White coats.....	" 1.50.....	18.00
80 Suits blue pilot cloth.....	" 19.00.....	1,520.00
40 Camel hair suits.....	" 19.80.....	792.00
23 Overcoats.....	" 25.00.....	575.00
40 Fur coats.....	" 30.00.....	1,200.00
40 Fur pants.....	" 22.00.....	880.00
40 Coats fur lined.....	" 15.00.....	600.00
40 Ulsters, rubber with hoods.....	" 14.00.....	560.00
80 Oil coats.....	" 1.25.....	100.00
80 Oil pants.....	" 1.25.....	100.00
40 Jackets, with hoods.....	" 5.50.....	220.00
40 Jackets, leather.....	" 10.75.....	430.00
80 dozen shirts and drawers.....	" 16.50.....	1,320.00
7 dozen shirts.....	" 12.50.....	87.50
40 Camel hair shirts.....	" 2.50.....	100.00
10 dozen wool undershirts.....	" 14.50.....	145.00
20 dozen navy twilled and plain over shirts at \$15.....	" 18..	300.00
10 dozen navy knitted guernseys.....	" 18.00.....	180.00
6 $\frac{2}{3}$ dozen pyjamas.....	" 18.00.....	120.00
7 dozen drawers.....	" 8.75.....	61.25
40 Pants, fur lined.....	" 3.50.....	140.00

\$10,329.75

The total clothing bill as reported by the Minister of Marine himself was \$23,998.76, making \$700 worth for each of the 34 men to be provided for by that department. (Hansard, June 28, 1906, page 6519.)

From the Hamilton Co., Montreal, were purchased 25 sleeping bags at \$70 each, 3 at \$200 each, and 3 at \$225 each; from Woods, Ltd., of Ottawa, 80 sleeping bags at \$25 each, for none of which there appears to have been any particular use.

#### PLENTY TO SMOKE AT A HIGH PRICE

The smoking account includes the following, bought from G. E. Amyot & Fils, Quebec:

500 Havana cigars at 10c.....	\$ 50.00
4,000 Laurier cigars at \$65.....	260.00
Toronto D.C.C. cigars 4,000 at \$35.....	140.00
5,000 cigarettes.....	50.00
Tobacco, T. & B. smoking, 805 lbs. at 95c.....	764.75
Tobacco, chewing, 200 lbs. at 78c.....	156.00
Excise dues on 1005 at 39c.....	391.95
Express charges.....	18.90
Pipes, 6 dozen at \$3.40.....	20.40
Pipes, 9 dozen at \$3.20.....	28.80
Pipes, 9 dozen at \$4.20.....	37.80
Pipes, 5 dozen at \$4.75.....	23.75
Pipes, 4 $\frac{1}{3}$ dozen at \$3.75.....	15.94



This bill, with a few other items, such as 10 checker-boards costing \$54.90, and 17 dozen playing cards, amounts altogether to \$2,739.03.

From C. Gratton & Co., of Montreal, there was purchased 528 lbs. of tobacco at 53 cents and 272 lbs. at 60 cents, making a total of \$443.04.

The Rock City Tobacco Co., Quebec, supplied the following:

Tobacco, navy, chewing and smoking, 600 lbs. at 76c.	\$456.00
Tobacco, navy, chewing, 144 lbs. at 69c.....	99.36
Tobacco, navy, smoking, extra, 342 lbs. at 80c.....	273.60
Tobacco, navy cut, 192 lbs. at 75c.....	144.00
Tobacco, Wigwam, 70 lbs., at \$1.00.....	70.00
Tobacco, Poker, 50 lbs. at \$1.00.....	50.00
Cartage.....	3.00
	<hr/>
	\$1,095.96

### SOMETHING TO DRINK

The liquor statement includes the following:

Bought from Udore Patry, of Quebec:

10 cases of Pommery wine (champagne) .....	\$320.00
From Plouffe & Co., of Ottawa:	
Port wine, 5 cases at \$13.....	\$ 65.00
Salsaparielle, 5 cases at \$8.....	40.00
Spirits, 42.31 gallons at \$4.25.....	179.82
Barrel.....	3.00
	<hr/>
	\$287.82

From Lawrence A. Wilson Co., Montreal:

Old Jamaica rum, 108½ gals. at \$4.....	\$434.00
Alcohol, 110 gals. at \$4.50.....	495.00
Lime juice, 108 gals. at \$1.15.....	124.20
Cognac, 5 cases at \$12.....	60.00
Burmester, fine old crushed port, vintage of 1878, 5 cases at \$12.....	60.00
Casks, 21 at \$1.50.....	31.50
	<hr/>
	\$1,204.70

There is an order of 200 cases of lime juice at \$6.50 from J. A. Christin & Co., of Montreal.

From Lyman & Sons, Montreal, besides olive oil, toilet soaps, and medical supplies, amounting to \$2,193.87, we have the following:

Alcohol, 20 gals. at \$5.....	\$100.00
Faustin brandy, 5 cases at \$12.....	60.00
Jamaica rum, 5 gals. at \$5.50.....	27.50
Sherry wine, 15 gals. at \$4.00...	60.00

costing

lbs. of  
4.

### FOR HEAD AND FEET.

The assortment of boots, socks and mittens includes the following:—

80 pairs of rubber boots at \$4.00, less 30 % discount	\$274.40
40 pairs of sleeping socks, at \$3.25.....	130.00
34 dozen socks at \$3.....	102.00
40 pair moose, high top socks at \$4 each.....	160.00
40 pairs of mitts at \$2.....	80.00
40 pairs of mitts at \$3.....	120.00
80 pairs of moccasins at \$5.....	400.00
Seamen's bluchers, 40 pairs at \$2.25.....	90.00
10 doz. pairs gloves at \$4.25 a doz.....	42.50
40 pairs of Esquimax skin boots at \$4.25 a pair....	170.00
120 pairs of buckskin mitts at \$4.50 a pair.....	540.00
120 pairs of shooting gloves at \$4.72 a pair.....	566.40
40 pairs of arctic boots at \$5.50 a pair.....	220.00
40 pairs of slippers at \$1.50 a pair.....	60.00

These goods were purchased from eight different firms whose 'demands' for a large quantity were probably the occasion of the ludicrously large supply.

### SOME THINGS TO EAT.

It would be too long a story to go through the provision bills, amounting to between \$60,000 and \$70,000, according to the Minister's statement. They are all set forth in the Auditor-General's Report for 1905, beginning on page P-194-. A list amounting to \$12,931.13 purchased from one Montreal firm contains the following among many other items:

Preserved fruits, 65 cases at \$3.50.....	\$227.50
California raisins, 1,250 lbs. at 8 cts.....	100.00
Concentrated extracts, 100 bottles at \$3.50.....	.....
French sardines, 50 cases at \$15.....	750.00
Red currant jelly, 1,020 lbs. at 10 cents.....	102.00
Marmalade, 300 tins at 75c.....	225.00
Walnuts, 236 lbs. at 13½c.....	31.86
Almonds, 213 lbs. at 13½c.....	28.76
Filberts, 100 lbs. at 10c.....	10.00
Strawberries and raspberries, 70 doz. at \$1.75.....	122.50
Cherries, 40 doz. at \$2.40.....	96.00
Pineapples, 20 doz. at \$2.10.....	42.00
Blueberries, 20 doz. at \$1.00.....	20.00
Apples, 12½ doz. at \$2.20.....	27.50
Plums, 20 doz. at \$1.25.....	25.00
Peaches, 20 doz. at \$1.72.....	34.40
Greengages, 20 doz. at \$1.40.....	28.00
Pears, 10 doz. at \$1.65.....	16.50
Plums, 10 doz. at \$1.25.....	12.50

J. A.

, and

### A GENERAL ASSORTMENT

Among the other purchases were:

From the Bovril Co., Ltd., of Montreal, Bovril and pemmican, \$19,780.30 (of which more hereafter).

From a Toronto firm, \$1,297.41 worth of biscuits.

From Daoust & Frere, Montreal, dessicated vegetables and other provisions, \$1,933.40.

From H. Derome, of Quebec, food to the value of \$334.56.

From Kearney Bros., Montreal, tea, coffee, etc., \$3,037.06.

From the Laing Provision Co., Montreal, meats and other goods, \$3,173.43.

From Jos. Lamoureux, of Montreal, jam and vinegar, \$350.40.

From Lockerby Bros., of Montreal, dessicated vegetables, \$1,168.63.

From the St. Lawrence Sugar Refinery over 14,000 lbs. of sugar.

From Dominico Spinelli, macaroni, etc., \$403.37.

From Misael Thibaudeau, of Quebec, 1,000 lbs. honey, first crop, and other similar articles, \$957.52.

From Vaillancourt, J. A., Montreal, butter and cheese, \$1,540.64.

#### A RESTRICTED INQUIRY

In the House of Commons these accounts called for sharp criticism, along with other expenditures of the Marine Department. Sir Wilfrid Laurier was asked to refer all these marine accounts to a special committee for investigation. The Premier refused such an inquiry, except in the matter of the supplies to the "Arctic," and moved a resolution referring the accounts to a committee, to ascertain whether the goods purchased were all put on board the steamer and whether excessive prices were corruptly paid and pecuniary benefits received by officials of the department.

Mr. Borden moved in amendment that:

"A committee of seven members be appointed to inquire into and investigate the expenditure of public money in or by the Department of Marine and Fisheries from and after the 30th day of June, 1902, and to inquire whether any abuses, irregularities, improvidence, or maladministration have arisen or occurred in respect of such expenditure, and whether any persons employed in or connected with the said department have profited thereby, and whether any additional safeguards should be provided in respect of the expenditure of public money in or by the said department and to report upon the matter aforesaid."

Mr. Borden's amendment was voted down by a straight party majority and the committee was authorized to make inquiry on the narrow lines proposed.

#### INVESTIGATION BURIED

A majority of the committee were supporters of the Government and still further narrowed the inquiry by refusing to allow accountants to be employed "to take stock and examine the quality and report as to the goods reported now on board the Arctic as unused, and that they be at liberty to examine such goods as they see fit." They also voted down a motion that "samples of all the different goods on board the Arctic be sent to Ottawa for inspection and examination by this committee."

Another motion voted down was "that an accountant be employed to go through the invoices, the requisitions for supplies and the inventory of goods on hand, to ascertain if the supplies which were furnished by the Department of Marine for the Arctic were not all put on board the said steamer." Again, when it was admitted that the officer of the department who had supervised the shipping of goods on the Arctic, had been an employee of Molsons Bank and had left that service "in consequence of having received a commission as the manager of the bank from a customer," it was moved that "the general manager and inspector of said bank be subpoenaed to give evidence as to the reason why Mr. Boudreau left the said bank." This request the Government majority of the committee refused. These further inquiries were thought by the minority to be necessary, inasmuch as the officers of the ship whose names were attached to certificates stating that the goods were delivered as shown in the invoices, testified before the committee that in regard to a large part of the supplies they had no personal knowledge of the fact, but signed as ordered by their superior officers.

#### EFFECT OF THE SUPPRESSION

Two features are to be noted with respect to the conduct of the majority of the committee which acted under instructions from the Government and especially from the Prime Minister himself. There was a genuine dispute as to whether all the goods paid for had been placed on board and whether the price was fair. As the evidence of shipment was entirely unsatisfactory, the question of dispute could readily have been solved by taking an inventory of the goods remaining on board, adding thereto the goods consumed during the voyage, of which an account had been kept, and thus ascertaining what was the total amount of shipment in the first instance. A committee disposed to make any investigation worthy of the name would at once have directed this course. The Government through its majority showed its determination not to ascertain the real facts by voting down a proposal for that purpose.

It was impossible in most instances to determine what would have been a fair price for goods supplied, because the quality could not be known from invoices. To this there was some exception, as in the case of pemmican and tobacco, and it is to be noted that in both cases it was distinctly proved that the price paid was so utterly excessive as to imply fraud. But in the case of articles such as fur-lined coats at \$15 a sample was necessary. The supplies of fur-lined coats might be an article worth the amount paid for it or it might be an article commonly used in construction camps in northern climates which consists of canvass lined with sheep skin and worth about \$3 or \$4 each.

The majority of the committee in order to prevent any thorough investigation of the prices refused to direct that samples should be produced, and thus thoroughly and effectively burked any investigation in that regard.

The majority of the committee on the last day of the inquiry refused to hear the evidence of an expert from the establishment of the Wm. Davies Co., Ltd., Toronto, who was brought to testify as to the price for which pemmican could have been supplied by his firm. The committee also voted down by a party majority the motion that the resolutions above referred to should be reported to the House for instruction thereupon.

#### THE WHITEWASH REPORT

As might be expected, the majority report of the committee had very little fault to find. It set forth that the quantity and variety of provisions were reasonable and necessary, that the goods paid for were placed on board, and that with the exception of tobacco the supplies were purchased at a reasonable price. It was a brief report, very general and easy to make.

#### THE FINDINGS OF THE MINORITY

The report of the minority was much more full and complete. It set forth among other things that though \$125,000 worth of supplies were purchased from various firms "no tenders were invited nor prices even asked for from any firm, nor was there any limitation as to price except that the favored tenderers were informed by letter sending the order from the department that the supplies were to be furnished at the usual market price, and this, although the vessel did not sail within two months of the sending of the said letter." Though Capt. Bernier was promised that the Neptune would be sent each year with relief stores, he was instructed to send in requisitions for three years' supply. "He having sent in his requisition, which was based not on a trip to Hudson Bay, but to the North Pole—these requisitions were wantonly and extravagantly increased by the officials of the Department." The report proceeds:

#### NO RESTRAINT ON PURCHASES.

"No one seems to have exercised any control or displayed any interest in the regulation of purchases or the determination of prices. The expenditure of over \$22,000 for clothing, of \$7,691.11 for an electric lighting plant whose power was to be furnished by the engines (although it was expected that the Arctic would be icebound for eight or more months each year), of \$4,827.27 for medical supplies and appliances, of \$3,500 for tobacco, cigars, cigarettes and pipes, of about \$2,000 for wines and liquors (not including the liberal supply thereof in the medical stores), and the purchase of seventeen dozen packs of cards, amply justify this conclusion."

#### WANTON WASTE.

"The evidence of the purser, steward and others show that a large quantity of provisions was used in feeding the horde of Esquimaux, at one time numbering 95, but averaging from 50 to 60, who for six or seven months lived around the Arctic. A considerable quantity must also have



been used for refreshments at the dances, which were given fortnightly on the Arctic for the Esquimaux men and women during the winter spent at Fullerton.

A comparison, too, of the inventory of medical stores taken on board with that taken after they returned, shows that either a large quantity of specific medicines and other supplies had been extracted, or that an investigation should be held into the conduct of the expedition during the winter at Fullerton, which was refused by a majority of the committee. Your committee also finds that wines, cigars and cigarettes were purchased by the Department of Marine and Fisheries for the personal use of the officers of the Northwest Mounted Police, and were given to them, but no evidence was adduced to justify or excuse such expenditure."

#### CARELESS ACCOUNTING.

"The freight on the larger consignment of Bovril was paid by the agent of the department at Quebec, and refunded to him by the department, which also added the same amount to the invoice of the Bovril Company and paid the same. An enquiry as to the correctness of the payment was made by the company of the department, but no notice was taken thereof and no demand for repayment was made until after your committee had discovered the above facts, when the money was refunded."

#### PEMMICAN AT THREE TIMES THE HONEST PRICE.

"Only two samples of all the supplies were brought before your Committee, namely, Bovril and Pemmican. An expert in the same line of business swore that if given an opportunity to tender for Bovril or its equivalent, he would have tendered and would have supplied an equally good, in fact, practically the same article, for \$1.10 a pound, while the department paid \$1.65 a pound for 5,900 pounds. While Pemmican as applied to dried Buffalo meat, is a well-known article, the same expert testified that he had never heard of the article purchased under that name which, according to the evidence of Mr. Mitchell, the manager of the Bovril Company, from whom 8,000 pounds were purchased at \$1.25 per pound, was made of ordinary meat dried and shredded, pounded down, and mixed with fat and currants. In the absence of further evidence as to the cost of Pemmican, your committee can only regret that the name of a well-known article of commerce was applied to a new production wholly dissimilar, and the price paid for which, judging by the materials used, as given by the manufacturer, was grossly excessive. Your committee also regrets the refusal of the majority of the committee to hear the evidence of Mr. Van Bever, an expert from the William Davies Company, Limited, who came from Toronto, was present in the room, and prepared to give evidence to show that the William Davies Company, Limited, if an opportunity of tendering had been afforded, would have tendered for Pemmican, so-called, at 35 cents per pound.

In view of the evidence of Mr. Wovendon, and the exercise of their own judgment as to the cost of materials used in manufacturing Pemmican, your committee finds that the prices paid for Bovril as well as Pemmican were grossly excessive, and that supplies at least equally good could have been obtained at much lower prices had tenders been called for and competition been allowed. Your committee deems it its duty in connection with this purchase to point out that while 5,900 pounds of Bovril were paid for, only 449 pounds were used during the thirteen months the expedition was absent, leaving 5,461 pounds still on hand, showing that at the same rate of consumption a supply of Bovril for over thirteen years was taken on board."

## 100 PER CENT. PROFIT ON TOBACCO.

"Among the items in the invoice of Amyot, Elie & Fils, are 805 pounds of T. & B. smoking tobacco at 95 cents per pound and 39 cents excise, amounting in all to \$1.34 per pound. Being informed that Mr. Cockshutt, M.P., of Brantford, was in 1904 engaged in a business dealing in tobacco, he was called as a witness. He testified that during that year the price of tobacco was practically unchanged, and that he purchased T. & B. smoking tobacco in plugs at 67 cents per pound. Captain Bernier testified that this tobacco was in large plugs. Your committee therefore finds this evidence being uncontradicted, that on this item there was a profit to the vendor of about 100 per cent. over and above the business profit."

## OTHER OBSERVATIONS

The minority of the committee regretted that they were unable without samples to ascertain whether the prices paid for Arctic clothing, sleeping bags and other special articles was excessive, the majority of the committee having refused to allow this investigation. But in view of the prices paid "they feel justified in finding that the mere statement of the quantity of supplies purchased is in itself evidence of corruption, negligence or incapacity so great as to be absolutely incredible and almost criminal." They offer the following reflections:

"No evidence was given to justify or explain the feeding of the Esquimaux band of fifty or sixty men and women on the Arctic for six or seven months out of the stores purchased for the Arctic expedition. As the provisions were purchased on a basis of feeding forty men for twelve hundred days, it is obvious that to increase this number by from 125 to 150 per cent. for six months would entail a consumption of more than one-sixth of the provisions, which would cost fully \$10,000. As no explanation was even suggested by the Department of Marine and Fisheries, your committee regrets that its efforts to inquire into the reasons for the presence and maintenance of so many Esquimaux was prevented by the majority of its members, who refused to allow questions inquiring into the conduct of the members of the expedition during the winter, and their relations with the Esquimaux."

The last paragraph in the minority report refers to the purchase of \$1,080 worth of an article called Laeto Globulin. The person who had this to sell hunted up a member of parliament, and the result was the following order, sent by the Deputy Minister in a letter dated August 5, 1904:

"Sir,—By instructions of the Honourable Minister of Marine and Fisheries and on the recommendation of Mr. Gervais, M.P., I have to request that you will forward to 'Arctic' 10 gross of Laeto Globulin, No. 174, of samples sent to this department.

Yours truly,

(Signed) F. GOURDEAU.

The goods were put on board the ship. Of the ten gross two were disposed of in some fashion, and the other eight were brought back.



## THE FACTS CONCERNING PEMMICAN.

Reference is made in the minority report to the purchase of pemmican, of which the Department bought 8,000 lbs. at \$1.25, or \$10,000.

Four members of the committee sent a telegram to J. W. Flavelle, of Toronto, of the Wm. Davies Co., Ltd., the largest producers of meat products in this country, asking him to testify as to the cost and value of this article. Mr. Flavelle was unable to go, but when requested to do so, sent the manager of the company, L. C. Van Bever. The majority refused to take his evidence, declaring that the investigation was closed, but the following statutory declaration was made and subsequently read in the House.

### THE EXPERT'S AFFIDAVIT.

"In the matter of the Arctic investigation into the supplies purchased for the Arctic under reference to a special committee of the House of Commons, by a resolution in the House of Commons, on May 18, 1906:

"I, Leon Constant Van Bever, of the City of Toronto, in the County of York, Manager of the Canadian Departments of the William Davies Company, Limited, do solemnly declare:

1. I have been for a number of years engaged in the manufacture of meat products, including meat extracts, such as fluid beef, solid extract of beef, beef cordial, powdered, dried and fresh beef and various products made therefrom.

2. I have examined a sample of the Pemmican (so-called), furnished for the Arctic expedition and the firm with which I am connected would be pleased to furnish to the government, or any institution, or individual, an article similar and equal in quality to such sample in lots of one thousand pounds or over, packed in ten-pound tins, boxed, strapped and ready for shipping, freight prepaid, to any railway station in Canada at the price of 35 cents per pound.

3. My said company have been willing to supply the same article at the same price at any time during the year 1904.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act, 1893."

(Signed) L. C. VAN BEVER.

Declared before me at the City of Ottawa, in the County of Carleton, this 26th day of June, A.D. 1906

(Signed) F. M. BURBIDGE,  
Notary Public for Ontario.

Similarly 5,900 lbs. Bovril were bought at \$1.65 a lb., which an expert declared he would have been willing to sell at \$1.10 per pound.

PAID \$19,635 FOR \$9,290 WORTH OF GOODS.

We have, therefore, the fact that the department paid \$10,000 for pemmican which could have been purchased for \$2,800, and \$9,635 for Bovril which could have been bought for \$6,490.

It was further proved that out of the 5,900 lbs. of bovril only 449 lbs. were used during the thirteen months of this expedition, showing that the supply purchased would have been sufficient for thirteen years.

#### PROVISIONED FOR THEIR LIFE TIME.

It was shown by Mr. Northrup, by the quantity used on the ship, that at the same rate they had eight years' supply of fancy biscuits, seven and a half years' supply of sausages, 264 years supply of sweet chocolate, fourteen years' supply of currie, nine years' supply of essences, seven years' supply of dried fruit, twenty-one years' supply of honey, five years supply of Lacto Globuline, bought at the request of Mr. Gervais, M.P., eighteen years' supply of lime juice, nine years' supply of olive oil, six years' supply of dessicated potatoes, twelve years' supply of sago, six years' supply of tea, six years' supply of chili sauce, nine years' supply of canned vegetables, and seventeen and a half years' supply of vermicelli.

#### THE MAJORITY APPROVED.

The minority report was signed by Mr. Northrup, Mr. Bennett, Mr. Bergeron, and Mr. Stockton, but the majority of the House, like the majority of the committee, in both cases strictly partisan, whitewashed the whole supply bill, with the exception of the double price paid for the tobacco.

The minority report was rejected and the majority report affirmed by straight party majority.

#### AFTERWARDS.

It remains to be said that the historian of the Arctic, who received \$125 a month for his services besides his maintenance and uniforms, has not yet written the story of that wonderful expedition. The Arctic, after her return to Quebec in October, 1905, was laid up for repairs and remained at Sorel and Quebec until July, 1906. Then she sailed again for the Hudson Bay, but a few hours after her departure she got into collision with another vessel and went back to Quebec for repairs. After incurring a new bill of expenses she got away, and is now supposed to be doing her first Hudson Bay work over again.

# A TRANSACTION IN FILES.

**Two Hundred and Seventy Dozen Shipped from France to Rolland Prefontaine.—Bought at Less than Half Price by Charles Strubbe and Sold at Full Price to the Marine Department.**

## GOVERNMENT SUPPLIED FOR THE NEXT HALF CENTURY.

In the Auditor-General's Report for 1905 (page 163) the following item may be read:

Strubbe, Charles, Montreal—

Cool steel bars, 4,961.56 lbs. at 45 cents.	
Files, 12 doz. flat bastard.....	\$ 58 77
"    18    "    .....	267 57
"    30    "    half round.....	326 34
"    30    "    round bastard.....	326 35
"    30    "    flat half smooth.....	379 67
"    60    "    half round, half smooth....	759 34
"    30    "    flat smooth.....	425 45
"    30    "    half round smooth.....	425 05
"    30    "    round smooth.....	425 35
Casing.....	5 21
Discount.....	\$844 65
Amount Paid.....	\$4,786 45

### A MYSTERY.

It is not surprising that practical business men in the House were curious about this item.

In the first place, the prices for steel files, such as are used in saw mills and machine shops, are commonly very much lower than these.

Secondly, no one could understand what the Marine Department wanted of these steel bars, and of 270 dozen files.

Inquiry was made in the House without much result. Finally the papers were moved for in Public Accounts Committee and the officers were summoned to explain. The Deputy, the engineers and other officers all stated that they had neither made nor received requisitions for these goods. The officer in charge of construction at the Sorel works, where dredges are built and repaired, said a few dozen a year were bought there, but that he never asked for the huge supply sent to him. It was learned that a great part of the files purchased were piled up in these shops, and the rest were distributed among the light-houses, evidently much to the surprise of the keepers, who have very little filing to do.

### THE HISTORY REVEALED.

Finally the mystery was cleared up by the evidence of Mr. Busted, a Montreal lawyer, who had been summoned as a witness. This is the substance of his testimony:

In the spring of 1904 Mr. Busted was asked by a firm in France to collect an account for some \$5,000 worth of files and steel shipped to Mr. Rolland Prefontaine, proprietor of mills at Ste. Agathe. Mr. Prefontaine had refused to take the goods or to pay for them, and they were still lying in the control of the customs broker. The lawyer pointed out to his clients

in France that payment was refused and that the process of collection might be tedious and costly. Meeting Hon. Raymond Prefontaine, then Minister of Marine, father of Mr. Rolland Prefontaine above mentioned, Mr. Busted asked him to assist in effecting a settlement. The lawyer had supposed that the Minister was interested with his son in the milling business, but the Minister declared himself to be in no way responsible.

So the matter stood, until one day Mr. Charles Strubbe, of Montreal, told Mr. Busted that he would take the consignment of files and steel if the firm in France would let him have the goods at half price and pay him a further commission of \$500. After some discussion the shippers decided to accept this offer rather than prosecute the lawsuit or return the goods to Europe.

#### THIS RAKE-OFF WAS 107 PER CENT.

Having acquired the hardware for \$2,315.45, Mr. Strubbe immediately turned the goods over to Mr. Prefontaine's department for \$4,786.45, making a profit for himself, or some one with whom he divided, of \$2,470, or 107%.

We have, therefore, this state of affairs:

Mr. Rolland Prefontaine was asked to pay for a consignment of goods on an order which he disputed.

The Department of Marine at the same time made an extraordinary purchase of files at an extraordinary price.

The files so purchased were the identical goods which had been shipped to the son of the Minister.

The goods came into the hands of a friend of the Government at \$500 less than half the invoice price.

This gentleman was able to turn them over to the Government immediately at more than double the price that he paid for them.

The Department of Marine is now supposed to have on hand from thirty to forty years' supply of steel files.

#### THIS IS SUGGESTIVE.

In respect to this transaction a singular discovery was made in the Public Accounts Committee from an examination of the original cheque for \$4,786.45 given to Mr. Strubbe by the Department. Although this cheque was drawn on the Bank of Montreal, which has an establishment near the Western Block, where the cheque was received, Mr. Strubbe went, with a companion, whose name was not discovered, to the Ontario Bank and presented his cheque. The teller's figures showed how the money was paid. Mr. Strubbe, who lives in Montreal, took a draft for \$2,500, payable in that city, and drew the remaining \$2,286.45 in bills and silver. On examination Mr. Strubbe admitted that he had made this arrangement, and produced his bank book showing a deposit of \$2,500 to his own account. The remainder of the money he could not or did not account for, and the only explanation he gave for drawing this sum at Ottawa was that he had a present need of the money. It will be observed that Mr. Strubbe would have a fair profit out of the \$2,500 draft even if he had to leave the remaining \$2,286 in Ottawa.

# Timber Limits.

**Abrupt Changes in Timber Regulations.—For One Short Period they were Favorable to the Limit Holders.**

**That was the Time for Mr. Burrows, Brother-in-law of the Minister, to Secure 305,920 Acres, Mainly on Most Favored Terms.**

**A Peremptory Man Who Demands What He Wants, and Gets What He Demands, While Others are Held to the Regulations.**

One of the grounds upon which Mr. Borden proposed an investigation into crown land administration of the Federal Government was the policy and conduct of the Department of the Interior in regard to timber limits in the West.

In the year 1903 two abrupt and important changes were made in the timber regulations. Immediately following these changes, which were greatly to the advantage of the limit holders, a near relative of Mr. Sifton acquired a large number of areas under circumstances justifying an inquiry.

## FORMER RESTRICTIONS.

Previous to 1903, all timber leases were subject to revision of the rental and royalty, and also to the condition that any portion of the limit might be opened for settlement to homesteaders, the limit holder having a short time to clear away the large timber. Neighboring settlers were also allowed to get wood and timber for their own purposes on the licensed premises.

Following are among the regulations containing these provisions. Section 3 of the regulations of 1898 reads as follows:

"When a licensee has complied with all the conditions herein set forth in his license and the regulations, and where no portion of the timber berth is required for settlement or other public purpose, of which the Minister of the Interior is to be the judge the license may be renewed for another year, subject to such revision of the annual rental and royalty to be paid therefor as may be fixed by the Governor-in-Council."

Sub-section 2, of Section 10 of the regulations of 1898, provides that the license shall not interfere with the settlement of any lands within the limit which may be desirable for settlement, and that the only recourse of the licensee against the ruling of the Minister in favor of permitting settlement is that he may within sixty days after notice remove all timber over ten inches in diameter. It also provides that individual homestead settlers with free permits shall be allowed to cut and remove from land covered by a

license such building timber, fence rails or fire wood as the permit might set forth.

#### LEASES MADE IRREVOCABLE.

In 1903 the Government changed all this. On recommendation of Mr. Sifton an Order-in-Council was passed on the 14th of April of that year repealing the above conditions and substituting the following (Hansard, 1906, page 4177):

"So long as the licensee complies with the conditions of his license and of the regulations he shall be entitled to a renewal of his license from year to year while merchantable timber remains upon the area licensed. When a substantial portion of the said area has been denuded of timber, the minister may dispose of the same under sale or settlement regulations, provided that no such disposition shall be made of land immediately contiguous to merchantable standing timber, or in such a way as to endanger destruction thereof by fire."

This change makes the license permanent on the terms of the grant, whereas it was previously renewable year by year at the option of the Minister and subject to the revision of rental and royalty.

The same Order-in-Council rescinded the regulation which allowed settlement within the timber berth, and also the provision allowing neighboring settlers to obtain timber on the limits for their own use.

#### A VALUABLE CONCESSION.

Speaking of this change on May 17th, 1906, in the House, Mr. Perley, M.P. for Argenteuil, a practical lumberman, said that the order of 1903 "was valuable to the limit holders to an amount not to be expressed in small figures." He added:

"If I could get an Order-in-Council of that kind put in force with regard to the limits I own in this part of Canada and it could be enacted as a permanent law I would be only too glad to pay to the government of the Province that gave it, a large sum of money for what I would regard as much greater rights than I possess at the present time."

Again, Mr. Perley said:

"If anything of that kind was offered to me in this part of Canada I think I would be largely increasing the value of my holding because I would know exactly where I stood and would be sure that my rights in the limit would not be disturbed in any way. . . . and therefore I hold that the Order-in-Council is an improvident order and that it will increase, in fact I feel justified in saying that it may double the value of the timber limits affected by it."

#### WHERE BROTHER-IN-LAW BURROWS COMES IN.

Mr. T. A. Burrows, M.P. for Dauphin, Manitoba, is a brother-in-law of Mr. Sifton. The above Order-in-Council increasing the value of timber



limits and giving the owners greater security was passed as above stated on the 14th of April, 1903. The following is a list of berths granted to Mr. Burrows between 1898 and 1904. It will be seen that the majority of them were obtained immediately before or soon after the above changes in the regulations:

No. of Berth.	Date Granted.	Area.
814.....	May 30, 1898.....	15 square miles.
827.....	Sept. 4, 1898.....	44 "
966.....	.....	50 "
992.....	Dec. 30, 1901.....	40 "
1,000.....	Feb. 10, 1902.....	5 "
1,001.....	" 10, 1902.....	6 "
1,002.....	" 10, 1902.....	4 "
1,046.....	March 7, 1903.....	40 "
1,047.....	" 7, 1903.....	50 "
1,054.....	April 8, 1903.....	1 "
1,068.....	June 24, 1903.....	5¼ "
1,073.....	July 15, 1903.....	20 "
1,093.....	Nov. 11, 1903.....	12 "
1,094.....	" 11, 1903.....	27 "
1,099.....	" 11, 1903.....	44 "
1,120.....	Jan. 27, 1904.....	15 "
1,191.....	Dec. 7, 1904.....	50 "
1,192.....	" 7, 1904.....	50 "

The total of the areas held by Mr. Burrows is 478¼ square miles, or 305,920 acres. It is evident that the Minister's brother-in-law was by far the largest gainer in the whole country from the Order-in-Council making the license permanent and shutting out the berths from settlement and from the use of neighboring farmers.

#### A MAN WHO GETS WHAT HE WANTS.

In the address of Mr. W. J. Roche, M.P. for Marquette, Manitoba, it was shown that Mr. Burrows had other exceptional privileges. About six months after Mr. Sifton became Minister of the Interior he requested Mr. Burrows to inspect the district of Manitoba, northwest of Dauphin Lake, known as the Swan River Valley. Mr. Burrows reported concerning the "unfailing supply of wood and building timber in the wooded districts "and also the immense areas of solid timber on the Duck Mountain to the "south, and the Porcupine Mountain to the north and west." Since then Mr. Burrows has obtained large timber areas in those districts.

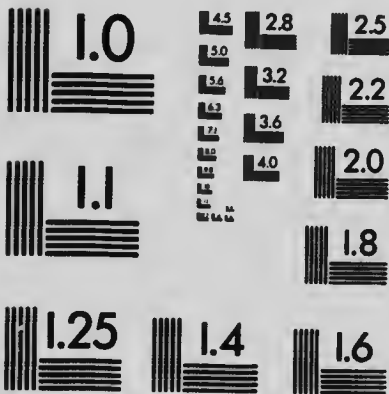
In July, 1898, a regulation was passed allowing the Minister of the Interior to grant permits to saw-mill owners to cut over a definitely described tract of land not exceeding 50 square miles in extent. No tender or competition was required for this privilege, which was intended for mill owners who could show that they needed timber to keep a neighboring mill running. This order came into effect on the 13th of August, and eight days





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afterwards Mr. Burrows applied for a permit for 50 square miles. Mr. Roche states that others who complied with the conditions obtained permits in some cases and those who did not were refused. Mr. Burrows was the only one who did not comply and was not refused. He did not define his limit. He did not manufacture the lumber in a neighboring saw-mill, but sold the timber to the Dauphin Railway & Canal Co.

At the same time another applicant for a limit was refused on the ground that he did not indicate that his supply was exhausted, and that it was absolutely necessary to get a supply to keep his mill running. Still another was refused on the ground that the berth would produce more if put up for competition, and a third, because he did not furnish the department with a definite description of the land.

#### QUITE DICTATORIAL.

At this time Mr. Burrows was writing to the Deputy Minister of the Interior in the following language:

"I cannot define by sections the timber I want. Where I made the mistake was in not including a larger area in the block which I was to choose, berth 814. Now, Mr. Smart, I want this permit, and owning as I do berth 814, I am entitled to first right of permit.

"Kindly have permit sent me. I intend cutting ties on it this winter.

"Sorry I did not see you when I was last in Ottawa."

It is hardly necessary to say that Mr. Smart kindly had the permit sent to Mr. Burrows.

There was one range in one township, however, that the Deputy Minister withheld from the permit. He wrote to the local agent: "You may issue a permit except for township 32, range 22."

Nevertheless, Mr. Burrows went on and cut timber in this forbidden area. Afterwards he wrote to the department that he had cut it inadvertently, and added: "I beg therefore to ask that the lands I have defined in township 32, range 22, be included in the tract covered by my permit."

They were included.

# Grazing Lease Scandals

Nine Fortunate Men Get 371,749 Acres of Grazing Land  
Under Irrevocable Twenty-One Year Leases  
Not Available for Others.

## 15,283 Acres of Farm Land

Allotted to Favorites at One Dollar an Acre.—When Friends  
are Satisfied the Doors are Closed.—Several  
Political Characters in this List.

### Mr. Oliver's Deceptive Statements.

On May 30th, 1906, Mr. Borden asked for a select committee of nine to be appointed for the following purposes:

(a) To inquire into the management, alienation and disposal of the Crown lands of Canada (including timber and mineral lands and all other Dominion lands) managed and controlled by the Department of the Interior;

(b) To inquire whether there have been any irregular, improper, unauthorized or improvident dealings or transactions in respect thereof and who have been concerned therein;

(c) To inquire into the practical operation of the Dominion Lands Act and the amendments thereto and the regulations made by virtue thereof, and whether any abuses have arisen thereunder, and

(d) To report to the House upon the matters aforesaid and whether any amendments are necessary or desirable in the said laws and regulations.

That the committee have power to send for persons, papers and records and to examine witnesses on oath or affirmation.

That three be a quorum of the Committee. (Hansard, 1906, p. 4187).

Among the subjects which Mr. Borden proposed to have investigated was the granting of grazing leases in the Northwest.

The following facts were disclosed in the course of the debate and by returns brought down to the House by the Minister of the Interior.

#### FORMER LEASES REVOCABLE.

When the present Government took office the section of the Dominion Lands Act dealing with the grazing leases read as follows (Hansard, 1906, page 4163):

The Governor-in-Council may, from time to time, grant leases of unoccupied Dominion lands for grazing purposes to any person for such term of years and at such rent in each case as is deemed expedient, and every lease shall contain a condition by which the Governor-in-Council may authorize the minister at any time during the term of the lease to give the lessee notice of cancellation thereof, and at the end of two years from the service of such notice such lease shall cease and determine.

Attention is called to the condition that the lease can be cancelled at any time on two-years' notice. As the leases covered large areas, some of which might be required for settlement, this condition was in the interest of the public, though it undoubtedly reduced the value of the grazing lease for speculative purposes:

#### MR. SIFTON TAKES DOWN THE FENCE.

Numerous changes were made in the law and regulations within the next ten years. Power was withdrawn from the Government as a whole and given to the Minister of the Interior. Mr. Sifton took authority to grant twenty-one year grazing leases without the power of cancellation. He also took power to give to the holders of these leases absolute grants of land to the extent of ten per cent. of their holdings at the price of \$1.00 an acre.

Down to 1905 only one irrevocable lease was given. That one went to A. T. Mackie, of Pembroke, Ontario, a member of a family of well-known Liberal politicians. He obtained a lease of 41,288 acres. This was on the first day of August, 1902.

The practice of granting irrevocable grazing leases was then discontinued for more than two years, but between April and August, 1905, such leases were handed out to eight applicants, who received areas of 330,461 acres.

#### THE FENCE PUT UP AGAIN AFTER FRIENDS ARE WITHIN.

After August, 1905, no more irrevocable leases were granted, so that the persons who came in during the short period when the gate was open have valuable and exclusive privileges.

Mr. Sifton left office on February 27th, 1905, and Mr. Oliver was appointed in April, 1905.

Following is a statement of leases given in the short but happy period when the favored speculators had the run of the department:

#### THE LUCKY GROUP.

Date.	Area Acres.	Grantee.
April 9, 1905.....	55,747.....	Brown, Bedingfield & Co.
" 26, 1905.....	42,777.....	Geo. Lane.
" 28, 1905.....	60,000.....	C. E. Hall.
May 2, 1905.....	13,794.....	Glengarry Ranch Co.
" 5, 1905.....	47,615.....	Jas. D. McGregor.
" 9, 1905.....	48,867.....	A. Hitchcock.
July 17, 1905.....	1,280.....	Duncan Cameron.
March 10, 1906.....	60,381.....	H. P. Brown.

These leases, with that of A. T. Mackie's 41,288 acres, comprise 371,749 acres, or 580 4-5 square miles withdrawn from settlement for twenty-one years, no matter what the demand for homes may be in that vicinity.

## WHAT THEY GET.

The last of these leases, though given on March 10th, 1906, was dated back to August 1st, 1905, a date previous to the change of policy.

The irrevocable grant to A. T. Mackie of 41,288 acres embraces two townships on the United States boundary, through which flows the south branch of the Milk River. On two sides are irrigated lands growing large crops of sugar beets and wheat. The south side of this ranch is fenced by the international boundary fence, built at the expense of the people.

The grant of April 26, 1905, to George Lane, of 42,777 acres, is in two separate areas, ten miles apart, located at the head of Willow Creek, near Staveley, on the MacLeod branch of the Canadian Pacific Railway. It is in a section rapidly filling up with settlers.

The lease to C. E. Hall of 60,000 acres has been transferred to the Milk River Cattle Co., Ltd. It is not very clear who at present comprise this company, but the names of prominent politicians have been associated with it. It is fair to say that Mr. Sifton, who was said to have purchased the principal interest in this lease, has contradicted the statement. Whether he has arranged to have an interest later will be learned in due time. The lands of this company lie in three townships and include nearly the whole of them. It had been expected that these lands would soon be settled, as the neighboring districts are pretty well occupied.

The lease of May 2, 1905, of 13,794 acres, lies north and east of the Porcupine Hills. Two streams run through it and it is surrounded by homesteads that are occupied. This lease was taken out by a prominent Liberal worker.

The Brown-Bedingfield lease was at last accounts in the hands of the original grantees.

## A VALUABLE PROPERTY.

The two leases of May 9th, 1905, one of 47,615 acres, taken by James D. McGregor, and the other of 48,867 acres, taken by A. Hitchcock, are now owned by the Grand Forks Cattle Co., Ltd., which thus holds 96,482 acres. These lands lie in the elbow of the Saskatchewan, within five miles of the Bow Island station on the C.P.R. Crow's Nest Pass Line, immediately below and adjoining the C.P.R. irrigation belt, and immediately northeast of the area of settlement. It is said this land could readily be brought under irrigation, and land on either side of it, when irrigated, is worth \$15 to \$20 an acre or more.

## POLITICIANS AND OFFICIALS.

The lease of March 10, 1906, of 60,381 acres, has been assigned to the Galway Horse & Cattle Co., Ltd. This adjoins the lands of the Grand Forks Cattle Co. and is a very fine property. It is interesting to note that the subscribers to the memorandum of incorporation of the Galway Co. include

A. J. Adamson, M.P. for Humboldt, Sask., J. M. Adamson, wife of this member, and sister of Mr. J. G. Turriff, who is also a member of Parliament, and was for several years Commissioner of Dominion Lands, and Mr. A. C. Bell, who is a cousin of Mrs. Adamson and of Mr. Turriff.

Under the special regulation adopted shortly before these leases were given, and discontinued immediately afterward, three of these grantees have received absolute titles to one-tenth of the area covered by their leases by paying the minimum price of one dollar an acre. The Grand Forks Cattle Co. on the 29th of October, 1905, bought 9,452 acres, and the Milk River Cattle Co. 5,831 acres on the 27th of January, 1906, on the same terms. The first mentioned company, as stated above, holds two grants.

#### FARM LAND FOR \$1.00 AN ACRE.

Now the original idea of a freehold sale of a small portion of the leased area was to enable the rancher to own enough land for buildings and farm at headquarters. It was not understood that this would run up into the thousands of acres, and that the grantee should thus obtain for \$1.00 an acre land that was worth in the market five or ten dollars.

But see how it works out in the case of the Grand Forks Cattle Co. That concern holds about 150 square miles of territory under an irrevocable 21-year lease, and instead of being allowed to take a ranch farm at some convenient point, it has obtained the privilege of selecting its 9,452 acres of freehold land in quarter sections or half sections over the whole area. Undoubtedly the company has been able with this freedom of choice to select lands worth \$5 to \$10 an acre, and perhaps a great deal more in the open market.

#### WHAT THE MINISTER SAID.

On June 12, 1905, Mr. Lake, one of the western members, questioned Mr. Oliver in regard to sales of land. Mr. Lake said: "I would like the assurance of the Minister that there will be no sale of land en bloc made, or no sale of land to any but the actual settlers."

To this Mr. Oliver made reply: "There will be no sale of land en bloc to any one, and so far as the interval between now and the next session is concerned, there will be no sales of land to any one but actual settlers."

As a matter of fact, in spite of this statement, these two sales of land en bloc, amounting to 15,283 acres, were made before the next succeeding session. It is true that Mr. Oliver has said that they were made by virtue of contracts of agreement already entered into before Mr. Oliver became Minister, but the records show that the transactions were not completed, or the property acquired, or the price paid until shortly after Mr. Oliver's pledge to Mr. Lake and the House. If there was an agreement made by Mr. Sifton to sell this land to political and personal friends, Mr.



Oliver was guilty of duplicity in concealing the fact when the question was put to him.

#### ONE OF THE GRANTEES.

It should be noted that James D. McGregor, the grantee of one of the leases transferred to the Grand Forks Co., has been rather prominent in political and official life during the last ten years. He was formerly a livery stable keeper and horse dealer in Brandon, where he made himself useful to Mr. Sifton in election campaigns. By that Minister he was made an official in the Yukon and his conduct in that capacity was under discussion during several sessions. On one occasion, when Mr. McGregor was in Ottawa, during session time, he was very much needed as a witness in a public accounts' investigation. His sudden and mysterious disappearance, rapidly pursued by messages and telegrams, which he adroitly avoided, was a subject of much humorous discussion at the time.

It seems to be quite the natural thing that Mr. McGregor, who has held several offices under the Government since his Yukon days, but apparently never ceased to be a politician, should now appear as one of the prize-winners in the western land game.

#### NO MORE CHANCES.

There are no more 21-year irrevocable grazing leases. There are no more 10 per cent. grants of land at a dollar an acre. For some six months it was the privilege of the chosen few to rush in and gather up these lands on terms that are no longer available. Then the door is shut and the privileged parties are left in exclusive possession; at least, until contributions are wanted for another election campaign.

The lowest price at which lessees can now obtain land for the home ranch is \$3.00 an acre. As compared with the grantee who came in a few weeks later, the Grand Forks Co. makes \$18,904 on its purchase of land, while the Milk River people clear \$11,662.

# Fake Homesteading.

## Crown Land Maladministration.

End of Free Homesteading Drawing Near.—Yet Millions of Acres are Held by Bogus Settlers.—The Facts Concealed by Garbling the Official Reports.

In a careful calculation made by H. B. Ames, M.P., it is shown that about 20,000,000 acres of land in what is known as the Fertile Belt of the Northwest remain unappropriated. Of this 10,000,000 acres, comprising the even-numbered sections, is open for homesteading. In 1905 34,500 homesteads were taken up, which, at 160 acres each, makes 5,520,000 acres. It is, therefore, calculated that in two years more, at the present rate of settlement, the 10,000,000 acres will be exhausted. Two more years would exhaust the 10,000,000 acres in odd-numbered sections if they should be thrown open. It is, therefore, obvious that the greatest care should be taken to give bona fide settlers the advantage of such lands as are available, the more so as there are strong temptations to speculators to get possession of these settlement lands, seeing that values are rapidly increasing.

### NO MAN'S LAND.

In the course of the discussion, Mr. Ames showed that whereas a homesteader is allowed three years to perfect his entry, there were thousands of entries which after many years were neither patented nor cancelled. He said:

Prior to the 30th of June, 1902, there had been recorded in the department 108,409 homestead entries. In the ordinary course of events by July 1, 1905, all of these entries would have been patented or would have been cancelled. But the number of patents issued to homesteaders up to 30th June, 1905, was 49,455. Thus there remain to be accounted for 58,954 entries. But the cancellations must be deducted from that. We find that the total number of cancellations of entries prior to June 30, 1902, was 33,053, that in the year 1903 there were 4,756 cancellations of homestead entries, made prior to the 30th June, 1902. That during the year 1904, 4,298 more were cancelled and that during 1905, 2,106 were cancelled. Thus at the end of the three years, out of those 108,409 entries, there have been 49,455 patents granted and 44,213 cancellations made. That leaves a residue of 14,471 or nearly 15,000 entries unaccounted for.

That, said Mr. Ames, is an indication that "there is a large quantity of land held in the Northwest by people who are neither given patents nor having their entries cancelled, nor going on with their settlement work."

The report of the Interior Department for 1905 shows that entries had

been cancelled in that year which had been made six years before, and some entries made 20 years ago have been neither perfected nor cancelled.

Officers do not themselves make inquiries as to whether the homesteader is performing the settlement duties, and the entry stands until some neighbor desiring the homestead undertakes cancellation proceedings.

#### FAKE HOMESTEADING.

It is freely charged in the Northwest that the system of fake homesteading is extremely common. That is to say, entries are made by speculators who do not intend fulfilling the conditions of settlement and are not bona fide homestead settlers. Mr. Ames gave the result of his investigations on the spot. At the town of Radisson, situated in a fertile part of the country and surrounded by magnificent wheat-bearing land, he asked the settlers what were the hindrances to progress in that part of the country. They said that fake homesteading, or bogus homesteading, was so prevalent in the neighborhood that it was a discouragement to the people round about. They gave him on the spot eight instances of persons in that neighborhood who were holding homesteads without becoming settlers. J. W. Waddill, a citizen of Radisson, wrote to Mr. Ames, mentioning the name of a man who had held a homestead quarter section for four years and had never been near the place. Other men had tried to get it, but the Manitoba man was a Grit and it was held for him. Another quarter section (160 acres) was held by an official for his son who was absent in Brandon and had never lived on the place. A third was held by a man who broke ten acres the first year, let it go back to grass and never lived on the homestead.

It is well known that land company agents are offering to throw in to purchasers of their lands a quarter section of Government land.

#### GOVERNMENT PRESS ADMITS IT.

On the 3rd of March, 1906, the *Manitoba Free Press*, a leading Liberal paper in the Northwest, editorially discussed the question of "Blanketing Homesteads," and made this statement:

The 'Free Press' has reason to believe that this fraud is being practised on a large scale. In some districts the homestead lands are all tied up in this way. No doubt the official records in the land offices show that each of these quarter sections has been duly entered for in the name of some individual and the conditions fixed by the Act complied with. Superficially the record is probably quite correct; but behind the forms of law, a daring, cold-blooded hold-up and swindle is being perpetrated.

In pursuance of his inquiry in this matter, Mr. Ames moved for returns giving the reports of land agents at various points. Mr. Oliver accused him of insatiable curiosity and told him that the reports which he sought were available in the blue books. Ultimately, however, some original reports were brought down, one of which, the report of the agent at Battle-

ford, addressed to the Commissioner of Dominion Lands, dated 15th July, 1905, supported the charges of general fake homesteading by speculators.

#### A DAMAGING REPORT SUPPRESSED.

The agent wrote as follows:

"One remarkable and most satisfactory feature of the immigration that is now coming in is the large number of homesteaders who are immediately taking possession of the land. The element of speculation seems to have entirely disappeared. There is no doubt that a considerable proportion of the homestead entries made two or three years ago were made by speculators, and a number of those entries are still being held by persons who are yet to make an appearance. Neighbors are complaining bitterly of this, as an obstacle in the formation of school districts, and impeding settlement as a whole. The majority of land seekers do not care to go through the process of cancelling an entry with the necessary delay attending the same. In the interest of settlement I would suggest that steps be taken to throw open, as soon as possible, all lands so held, making same available for actual settlers.

On referring to the blue book, in which the report was printed, and which Mr. Oliver assured Mr. Ames would be found to contain the matter which he was seeking, the astonishing discovery was made that the whole of this paragraph except the first two sentences had been struck out of the report as printed and presented to Parliament, and there was nothing to indicate that the report had been thus mutilated.

A further examination showed that another report had been mutilated and garbled in the same way, by striking out a passage showing that the illegal cutting of timber was going on in the public domain, and that "existing regulations do not prevent trespassers and irresponsible operators from carrying on business, to the injury of bona fide dealers and holders of lease limits, who have vested interests."

These two examples of mutilated and garbled reports show that the head of the department or his chief officers, or both, have conspired to prevent the circumstances coming to light and to give the public a false impression of the reports made by the officers on the ground.

The facts above stated were brought out in a discussion in Commons, May 10th, 1906, and further information will be obtained from Hansard of that date.

# Bronson and Ray Concession.

**A Member of Parliament "Moves Heaven and Earth" to Save a Lease.—And with his Partner Receives \$100,000 Worth of Stock as his Reward.**

## STORY OF A YUKON POLITICAL MINING DEAL.

When a member of parliament takes his seat he becomes by the terms of his election and his oath a representative of the people. He is not sent to Ottawa to traffic in his services in the House or in any of its committees, or to sell to private clients the influence with ministers which his representative position gives him.

But on certain occasions it has been represented that members of parliament supporting the Laurier Government have received pay for their influence and services in the House, and for their "pull with ministers."

A striking case was before Parliament in the session of 1906 (Hansard, 1906, pages 1511-1548).

### A LEASE THAT WAS FORFEITED.

The case, as disclosed, is as follows:

In 1898 two business men of Ottawa, Mr. C. C. Ray and Mr. E. H. Bronson; obtained a concession for hydraulic mining on Bonanza Creek in the Yukon. Dr. Thompson, at present Member of Parliament for the Yukon district, has declared in the House "that of all the concessions which have been cancelled, and of all the concessions still remaining, of which there are many, the most iniquitous is the one known as the Bronson and Ray." It covered a distance of two and one-half miles to the mouth of Bonanza Creek, and the same distance up that stream, including an area described by the member for the Yukon as one of the richest portions of that country.

The conditions of the lease required that "the lessee shall have sufficient hydraulic or other machinery in operation on the premises within one year from the date of the lease to permit the beginning of operations for the efficient working of the rights and privileges granted, and that such operations shall be begun within one year," after which an expenditure of \$5,000 each year was required.

Though the lessees did nothing in the first two years, an extension of time was allowed them until 1902, when they were given to understand that their concession would be terminated. This announcement was several times confirmed. In 1900 the firm of Belcourt & McDougall, the senior member of which is Honorable N. A. Belcourt, M.P., who shortly afterward became Speaker of the House, were engaged as solicitors for the concessionaires.

With the latter was then associated Mr. Joseph Tyrrell, then residing at Dawson.

#### MR. BELCOURT TO THE RESCUE.

During the four years that this concession was held idle, mining operations were going on all around it, and there was strong indignation in the district over the special privileges and immunities allowed these favored leaseholders.

In the summer of 1902 the Ottawa members of the firm received notice that the extension of the time had expired, and that the lease would be cancelled. One reason for this cancellation was that no work had been done. Another ground was that a sub-lease had been made by the lessees contrary to the terms of their concession. Mr. Belcourt wrote from Ottawa to Mr. Tyrrell, at Dawson, saying: "Both Mr. Ray and Mr. Bronson are very much exercised over this matter, and they have asked me to try and straighten it out with the Minister, which I am trying to do."

Hon. J. H. Ross, then Chief Commissioner in the Yukon, insisted that the concession should be cancelled. In the same letter mentioned above Mr. Belcourt writes to Mr. Tyrrell: "You are no doubt aware that Mr. Ross is very much opposed to these concessions, and that he has set himself to the task of abolishing as many of them as he can." Mr. Belcourt asked for two letters from Mr. Tyrrell, one stating the exact facts for Mr. Belcourt's own information, and the other containing statements to be communicated to the Government. This instruction was as follows: "I am also instructed by them (Ray and Bronson) to request that you will be good enough to forward at once to me a letter which I can show to the Minister, and, if necessary, have filed with him, giving the best explanation possible why this lease (that is the objectionable sub-lease) was entered into, and containing such details as will enable me to get over the difficulty created by its execution. Please do so. You might also write me a letter in which you will give me such information as you think will enable me in the matter."

#### MOVING HEAVEN AND EARTH.

Mr. Belcourt was now performing services other than those of the solicitor. He was interviewing the Minister, and according to the following letter written by Mr. Ray, in July, 1902, to Mr. Tyrrell, he was making extraordinary efforts to have the concession continued. Meanwhile, Mr. Belcourt had arranged to receive as his reward an interest in the concession itself. Mr. Ray writes to Mr. Tyrrell: "It looked as if we would have no concession to work. Mr. Ross and the Minister seemed determined that it should go. If we hold it we can thank our solicitor, who is moving heaven and earth to save it."

In this July letter to Dawson, Mr. Ray says: "I hope the proposed arrangement with Belcourt & McDougall will meet with your approval.



"It seemed the only thing to do if we are to save the concession, and if we cannot save it there is nothing lost by giving him an interest."

The proposed arrangement with Belcourt & McDougall, which seemed to be "the only thing to do to save the concession," is set forth in several documents. The substance of it was admitted in the House by Mr. Belcourt himself. A company was formed with \$1,000,000 capital, of which \$500,000 was paid up. Belcourt & McDougall were to have \$100,000 of paid-up stock, or a one-fifth interest in the enterprise.

#### \$100,000 IN STOCK TO THE MEMBER'S FIRM.

Explaining this arrangement further on (July 2nd), Mr. Bronson wrote to Mr. Tyrrell:

"A short time ago we received a letter from the Minister in which he stated to us that our extension of time for working had been cancelled; that he could not give us any additional ground for dumping purposes for the reason that we had granted a lease for a portion of our territory contrary to the conditions granted to us, and that therefore the concession would be cancelled and notice to that effect posted on the ground. . . . We saw at once that prompt action must be taken if we were to save the concession, and after talking the matter over decided to interest Mr. Belcourt and Mr. McDougall with us in order to secure their assistance, both in arranging to retain the concession and also later on in connection with the working or sale of it . . . Mr. Belcourt will draw the memoranda . . . you will notice from Mr. Belcourt's memoranda that the firm of Belcourt & McDougall, Mr. Ray and Mr. Bronson each are to receive \$100,000 of paid-up stock in the company."

Here was a further inducement to keep Mr. Belcourt "moving heaven and earth," and especially moving the Minister, to save the concession.

In November Mr. Sifton, then Minister of the Interior, inquired of the Government Mining Engineer in the Yukon, what work had been done on the Bronson and Ray concession. That officer, Mr. A. J. Beaudette, replied: "I have the honor to report that no work has been done, nor any preparatory work to commence operations has been started, nor any machinery placed thereon."

#### THE DEPARTMENT PERSUADED.

Mr. Tyrrell seems to have been anxious to make good the concession by doing some work, but the Ottawa partners continued to depend upon Mr. Belcourt. Meantime Commissioner Ross had resigned. Apparently the first information given to the world as to his successor was communicated to the company. On January 7th, 1903, Mr. Ray, the president of the company, was able to write to Dawson in the most encouraging tone. He said to Mr. Tyrrell: "Now that the irritation against the concession is allayed here, and I think the head representative of the Government in Dawson, who, among ourselves, is to be Mr. Congdon, if you are careful in not



"infringing on any of the conditions of the lease. . . . I hope and feel "that our troubles have come to an end."

This hope seems to have been justified, for the concession was not cancelled, but stands to this day.

Mr. Belcourt himself had been meanwhile, and was for some time afterwards in communication with Mr. Sifton. In March, 1903, Mr. Belcourt was elected Speaker of the House, and is addressed in the correspondence subsequently by the Minister as "My dear Speaker." Concerning the negotiations then going on for changes in the terms of the concession, Mr. Bronson wrote Dawson, saying: "Mr. Belcourt is to see Mr. Sifton as "soon as he can, and get his consent if possible."

#### A VALUABLE PROPERTY.

At the time that the arrangement giving Mr. Belcourt an interest in the property was made, that Member of Parliament wrote to his partner in Dawson: "We feel that the concession is a valuable one, and we know that "there is considerable enmity shown to the concession in certain quarters, "and we are naturally anxious to do anything that can be done and get out "of it what we all think is in it."

The correspondence from which the above extracts are made was filed at Dawson in connection with a law-suit growing out of this partnership.

The only explanation given by Mr. Belcourt for his share in this transaction was that he received this \$100,000 of paid-up stock in exchange for the legal services of his firm. It would appear, however, that about the time when the partnership transaction was arranged, the firm of Belcourt & McDougall had submitted an account for their legal services amounting to \$400, in addition to which there was a charge of \$179.30 by the law firm of Belcourt & Ritchie. It is evident that the stock was not given him to pay this bill. The correspondence shows very clearly for what services and what influence the stock was given.

#### WHAT THEY THINK IN THE YUKON.

The fact is that the Ray and Bronson lease was not obtained and held through all these years to be worked by the men who secured it. The purpose was to hold it until it could be placed on the market successfully, and then allow other people to make the necessary expenditure.

Dr. Thompson, Member of Parliament for the Yukon district, thus pictures the result of the deal above described. He says:

"It is difficult for me to come here from a constituency five thousand miles away and tell this House about gold mining in that country, or present to the minds of Hon. Gentlemen the picture that is presented to the eye of any man who goes up Bonanza Creek, where this concession is. I will tell you that an analogy is not to be found, so far as I know, on the continent of America. You will have to go to the island of Ireland, where

you will find an analogy to the conditions that exist on the two and a half miles of the Bronson and Ray concession. . . . It covers two and a half miles of the richest portion of Bonanza, one of the richest creeks on this continent, or in the world, and surrounding it, above it, below it, on the right, on the left, on all sides of it, are men who have been working and earning a living for years and are doing so to-day. Yet the two and a half miles of the Bronson and Ray concession are lying idle because these concessionaires have not developed it. We, in the Yukon, have beside us one of the most powerful mining nations in the world, the United States, in their territory of Alaska, and because this concession is locked up our miners have had to leave the country and go to the United States to get land to work. While these men, for seven years have controlled two and a half miles, our people have had to go across the border, and yet my hon. friend (Mr. Belcourt) defends it. I say it is absolutely indefensible. . . . My hon. friend may defend it, but I know what is the fact; I have gone over the Bronson and Ray concession time and again. I have seen the industry above, below and around it, and I have seen the blankness, the dreariness, the wilderness covering the Bronson and Ray concession."

Mr. Belcourt, ex-Speaker of the House of Commons, and his law partner got their \$100,000 of stock in this concession. Mr. Belcourt "moved heaven and earth" and the concession was not cancelled.

# The Case of Joseph Nixon.

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**Four Years of Fraud in Macleod Land Office.—Public Money Taken, Books Falsified, and Records Mutilated.**

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**Officer Permitted to Resign and at once Appointed to a Better Position.—He was an Election Worker.**

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On the 3rd of May, 1899, Joseph Nixon was appointed sub-agent of Dominion Lands at Macleod, and took charge of the land office at that place. Until April, 1900, he was paid by commission. After that he had a salary beginning at \$25 a month and increased in March, 1905, to \$50 a month. In May, 1904, he was made caretaker of the immigration building at Macleod at \$25 a month, in addition to his other office.

According to Mr. Oliver's statement, Mr. Nixon was not a Government official in the ordinary sense, but carried on a business of his own and performed his public duties in addition. One of Mr. Nixon's activities was the energetic service of his party in that part of the Northwest, where he acted as a member of Mr. Oliver's campaign committee.

## MONEY MISSING.

In 1905 the Department of the Interior found reason to investigate Mr. Nixon's accounts. Complaints came from persons who had paid money for land and had not received their titles, and it became plain that the money had been stolen at the office. Accordingly, in March, 1905, Mr. R. E. A. Leach, Inspector of Agencies, was asked to go to Macleod and hold an investigation.

Mr. Leach has a record of his own as a Liberal campaign manager and adjuster of electoral lists. He was apparently not disposed to be too severe on Mr. Oliver's particular friend in office.

The irregularities discovered by the inspector covered a period of four years, and, as will be seen, were rather complicated. However, he seems to have finished his investigation at Macleod in less than 24 hours and submitted his report.

Mr. Leach reported that Mr. J. W. Martin, Dominion Lands Agent at Lethbridge, went with him and that they spent Monday, the 27th of March, 1905, and most of the night at Macleod and the following day at Lethbridge, collecting information. The result of this hasty research is thus set forth in Mr. Leach's report (Hansard, 1905, pages 8101-2):

PICTURESQUE VARIETY OF FRAUDS.

1. Receipt book, with stubs, used prior to Nov. 18, 1904, missing.
2. Counterfoils for November, 1904, and February, 1905, also counterfoil No. 23,614 for December 3rd, missing.
3. Stub of receipt No. 33,670 torn out of the receipt book and missing, supposed to be for \$80, paid by M. McNaught on account of some land, and should be dated about February 16th.

4. Very often there was a great difference between the dates moneys were received at sub-agency, and dates of remittance to the Dominion Lands Office, Lethbridge, the moneys being held by the sub-agent.

5. On several applications for homestead entries the dates have been altered, presumably to suit the dates of making remittance. This also applies to dates upon receipt of counterfoils.

6. No application could be found for the following, for which entry fees had been paid to the sub-agent—one of December 3rd, from Burdette, and of February 22nd, from Barber.

7. Timber requisitions could not be found for the following, who paid the fees (giving names of seven men).

8. The following moneys were received, for which apparently no receipts were issued. (Sums mentioned are \$10, 25 cents and 25 cents).

9. For the sum of \$100 reported by the agent of Dominion Lands, Lethbridge, March 18, 1905, on account of one Clifton, there was no entry to show that it had been remitted direct to the department.

But the departmental receipt of 20th March on form 42 was accepted by me as evidence of the remittance.

10. Items of moneys received by the sub-agent and not noted in his register. (This includes six sums of \$10 each and one of \$25.)

11. The following is a list of moneys received by sub-agent Nixon, other than the town site lots at Macleod, which were not remitted to the Agent of Lands, Lethbridge, from the 1st of November, 1904, to the 27th of March, 1905, though no stubs are to be found for dates between the 31st of October and 18th of November. (Items amount to \$329.05.)

12. Re the lots, Macleod townsite, for which sub-agent Nixon had received payment. For these there are no data whatever in the records of the sub-agency, but I procured sufficient evidence to convince me that the following payments had been made, which were not remitted to the agent of Dominion lands, Lethbridge.

Brought forward.....	\$329.05
1901—	
April 11, G. F. Beere, lot 13, N. 17, W. 5th avenue..	30.00
1902—	
M. J. Gallagher, lots 10 and 11, S. 27th, W. 5th ave.	80.00
J. Struthers, lot 20, N. 20, W. 5th avenue.....	30.00
1904—	
Jane Hoge, lot 7, S. 24, W. 5th avenue.....	30.00
Total shortage.....	\$499.05

BLAMED THE BOY AND GOES FREE.

It will be seen that the irregularities included the destruction or loss of a receipt book covering several years, and of a number of counter foils;

the mutilation of a book by tearing the stub of a receipt; the withholding of public monies for long periods; the fraudulent alteration of dates; the failure to acknowledge receipt of money; failure to enter receipt of money in the books and the misappropriation of many suras of money received.

Mr. Leach gives the following statement in excuse of all these:

"From the sub-agent we learned, that he had trusted the work entirely to his son, and kept little or no supervision of it. The son had left Macleod about the 15th of March, and at the time I was there his whereabouts was unknown."

Mr. Nixon was not dismissed. He was permitted to hand in his resignation after the facts were disclosed. The amount of money discovered to be missing was \$499.05 and this Mr. Nixon restored to the land office.

It was stated in the House a few weeks later that the Nixon, whose father had accused him of all these thefts and frauds had never left Macleod except for a few days during the time that the inspector was there. It was well known then that he was a few miles away at Frank, and that he immediately returned to Macleod and was there at the time the matter was discussed in the House. He was not prosecuted or arrested or disturbed in any way. Moreover, it was stated in the House that the young man could not have been more than fifteen years old at the time when the defalcations and irregularities commenced. That they could have been going on for five years to the extent mentioned, with such a variety of different kinds of fraud, and that none of these things should be known to the officer in charge, is an impossible state of affairs. Moreover, it was shown in the House that numerous persons, who had paid money into the office, had personally delivered it to Mr. Joseph Nixon, and had received receipts personally from him. For instance, here are two declarations:

"I, Gerald Frederick Beere, of the Town of Macleod, in Alberta, do solemnly declare that on the 11th of April, 1901, I paid to sub-agent Nixon thirty dollars on account of purchase of lot 13 N., 17th street, West 5th avenue, Macleod townsite."

"I, William Henry Struthers, of the Town of Macleod, in Alberta, do solemnly declare that I am the brother of J. A. Struthers, who holds sub-agent Nixon's receipt for thirty dollars, paid on account of lot 30 N., 20th street, West 5th avenue, Macleod townsite, dated 2nd of June, 1902."

Neither of these two payments was remitted to the Government.

#### NIXON RESIGNS AND GETS A BETTER OFFICE.

But the failure to prosecute either the defalcating officer or the son, whose father accused him of the theft, was not the whole or the worst in this matter.

Mr. Leach made the investigation and the full discoveries on the 27th and 28th of March, 1905. At that time Nixon handed in his resignation.

Mr. Leach's report was sent to the Government on the 3rd of April,

and would be received about the 7th. Twelve days afterwards Mr. Joseph Nixon, whose defalcations had thus been made known to the Minister, was appointed to a position in the Immigration Department as a checker of immigrants on the train between Macleod and Fernie, at a salary of \$25 a month. This was on the 19th of April, and on the 4th of May, after an apprenticeship of two weeks, his salary was increased to \$75 a month.

#### GOVERNMENT HAS NOTHING TO DO WITH JUSTICE.

When the matter was brought up in the House Mr. Oliver made a defence somewhat the same as that for his other friend, Philip Wagner. Mr. Oliver declared that if Nixon had committed a crime it was open to Mr. Foster or any other member to institute prosecution. He assailed Mr. Foster for his "efforts to expose to the gaze of Parliament and the country the misfortunes of a man and his family, who whatever their shortcomings may be, however guilty he may be of having supported the Liberal party in the past, whatever sin he may have committed in that particular, is not entitled to be alluded to as a thief." Mr. Oliver added: "If there is criminal guilt the courts are established for the punishment of that guilt."

Mr. Foster. "Where does the hon. gentleman come in?"

Mr. Oliver. "The government of this country comes in as administering its public affairs, not as administering justice."

Mr. Foster asked Mr. Oliver whether he took the ground "that as a Minister he has no right to see that his officers are punished when they steal public money," but Mr. Oliver still insisted that the law was open to anybody else to administer, and refused to take any responsibility for the failure to prosecute.

It should be further stated that one of the parties who paid in money personally to Mr. Nixon, which money had not been accounted for, wrote a letter to the crown prosecutor, an officer of the Department of Justice, laying the case before him and asking him to take the matter up. The officer replied, saying that "as crown prosecutor it is not part of my duty to advise in connection with any matters of criminal nature until such are referred to me by the police."

It is unnecessary to state that the crown prosecutor also is a good Liberal and a friend and supporter of Mr. Oliver.

# A Favorite of Mr. Oliver.

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**Philip Wagner, Official Interpreter, Convicted of Swindling Ignorant Galicians.—And Stealing Money Entrusted to him by Confiding Foreigners.**

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**Dismissed From the Service.—Sent to Jail with Hard Labor on Two Charges.—Re-appointed by Mr. Oliver at More than Double his Former Salary.**

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**Then, as a Public Officer, he Distributes Campaign Funds and Arranges for the Distribution of Campaign Beer Among the Galicians.**

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A sample of the class of men who have been selected by the Laurier Government for special favor and tokens of gratitude at the expense of the country is Philip Wagner, of Edmonton, Alberta. This Philip Wagner is something of a linguist, and a good deal of an electioneer. He has been exceedingly useful to the Hon. Frank Oliver at election times. Philip Wagner is a tailor by trade, and Mr. Oliver was able to procure for him some Government patronage in the matter of uniforms. Mr. Oliver has recently explained to the House that his friend Wagner was not favorably regarded by the Conservatives in his neighborhood. He seems to have been an active campaigner for Mr. Oliver among the Galicians, since the beginning of the Minister's career as a Dominion politician.

As early as 1898 Mr. Oliver procured for Mr. Wagner an appointment to the public service. Wagner entered upon his duties as Government interpreter at Edmonton on the 1st of January, 1899. He had not been long in that position before complaints began to be made that he was imposing upon the European immigrants and extracting money from them by fraud.

## THE FIRST CHARGE.

On the 30th of October, 1899, Toder Warenka deposited with Wagner \$7 to pay the freight charges due the C.P.R. on a case of clothing shipped from Europe. The poor man did not get the clothes, and after a long time it was discovered that the goods were held for payment and that the money remained with the interpreter.

The Secretary of the Department of the Interior wrote to Wagner about it on November 9th, 1900, and again on December 1st, 1900, in the



last case ordering him immediately to repay the \$7 into the hands of the local departmental officer. Wagner was then told that if he failed it would be necessary "to take immediate further steps in the matter." On the 17th a further letter was sent demanding an instant reply, and Wagner was told that he had already made one false statement to the department. It does not appear that the Galician's money was ever refunded. The department paid the bill to the railway and caused the immigrant's clothing to be delivered to him.

#### A PASTOR'S TESTIMONY.

This was one of many such incidents. Abbe Francois Olszewski, Roman Catholic missionary at Beaver Lake, wrote to the department as follows:

Sir,—I beg to address myself to you to make complaints with regard to the conduct of Mr. Philip Wagner, official interpreter at Edmonton. For some time I have known, and I am certain of the facts, that the said Mr. Wagner takes advantage of the poor Galicians and abuses the confidence that they place in him. I have proof of this that I can give if necessary. In the meantime I will give you a few instances. It happens, and very often too, that people who have just arrived have to stay three or four days at the land office without Mr. Wagner bothering himself about them in the slightest. Having received from Mr. Jean Krystal \$275 to put in the bank, Mr. Wagner preferred to keep them for him. He sent Austrian money of the value of \$729 to Hamburg to have it changed for Mr. Matwi Gack, Galician, but instead of giving the latter's address he had it returned to himself, and Mr. Matwi Gack has not yet received his money, although I myself received a letter from Hamburg saying it had been sent in June, 1900. Many Galicians give Mr. Wagner money to pay into the land office, and this money is never remitted. Then Mr. Wagner gives a certain slip of paper with the stamp of the land office under the pretext that the land is paid. At the same time I know that this money is never paid into the office. I enclose one of these slips of paper as a proof. These facts and many more oblige me, so to speak, to agitate the question. I beg of you, therefore, to better the condition of these poor Galicians and to punish him who abuses them and to put another in his place who will be worthy of the confidence which the government places in him. You understand why I interest myself with the question. It is of great importance to immigration, and in the second place I am the Roman Catholic missionary to these poor people, and finally justice demands that this should not be prolonged for any length of time. I place my hopes in you, Sir, and in offering sentiments of gratitude, I am respectfully yours,

ABBE FRANCOIS OLSZEWSKI,  
Catholic Missionary.

(Hansard, 1906, p. 5576).

#### WAGNER'S GROWING RECORD AND OLIVER'S INCREASING AFFECTION.

During the year 1900 at least three criminal informations were laid against Wagner. He was charged with having received \$75 from Fred Lacuste to be delivered to the said Lacuste's wife, and keeping the money himself; also with stealing ten dollars from one Ilia Chlustawek, and with converting to his own use the sum of \$723 received from Hamburg for one

Matwi Gack. In one of these cases the jury disagreed, and in all of them there was a failure to convict.

Early in 1901 the Young Men's Liberal Club of Edmonton forwarded a request to the Government for an increase in Wagner's salary, and this request was supported by a strong letter from Mr. Oliver, who closed with the remark: "I cannot too strongly endorse the resolution of the Association." The Superintendent of Immigration replied, referring to the trouble already experienced with Wagner, and remarking: "Until he replies satisfactorily to the department it would scarcely be possible to recommend him for an increase of salary." Wagner was then receiving \$40 a month, having had one increase since he started, and seems to have been at the same time carrying on his private business and his Government contract.

As to the contracts, however, it should be stated that the secretary of the department wrote: "I am to request that care may be taken not to pay Mr. Wagner's account for these uniforms without first referring to the head office, as there is an unsettled money question pending between the department and Mr. Wagner at the present time."

In March, 1901, Wagner was charged with fraud, "for that he did induce one Aronetz to sign a certain lien note for \$25 on a cow purchased by the said Aronetz by stating to the said Aronetz that the said lien note was only a receipt for the amount paid by the said Aronetz for the said cow."

In the same month he was charged with receiving \$80 from the same Aronetz to be deposited at the Merchants' Bank in Canada for the benefit of Aronetz, and "did contrary to his obligation convert the said sum of \$80 to his own use and thereby steal the same." He was convicted on both charges, sentenced to two months' imprisonment at hard labor at Fort Saskatchewan for the first, and to three months' hard labor at Fort Saskatchewan for the second.

These convictions took place in June, 1901, but in May, 1901, the Justice Department was seeking witnesses from the Interior Office with regard to other charges respecting payments on homestead entries.

#### WAGNER HAD TO GO, BUT OLIVER HAD HIS PAY EXTENDED.

While the charges upon which Wagner was convicted were pending, and just one week before he was sentenced, Mr. Oliver wired to the Deputy Minister as follows: "Edmonton, N.W.T., June 11. James A. Smart, Deputy Minister of the Interior. Smith writes Wagner not employed since last March. Wagner never notified, has acted continuously. What does Smith mean. Wagner should be paid forthwith until June first."

Again Mr. Oliver had his way, and a telegram was sent from Ottawa to J. Obed Smith, Commissioner of Immigration: "If Wagner has acted continuously during April and May pay his salary."

To make sure of his dismissal this time, the secretary of the department wrote on June 15th, 1901:

MR. J. OBED SMITH,

"Sir,—I am directed to inform you that the services of Mr. P. Wagner, an interpreter at Edmonton, have been dispensed with from the 31st ult., and I am to ask you to kindly notify Mr. Wagner and the local agent accordingly."

Even after this, Wagner declared that he had not been notified and his influential friend, the present Minister of the Interior, caused him to be paid down to the end of June.

On his release from prison, towards the end of 1901, Wagner seems to have renewed his political activity on behalf of Mr. Oliver and his friends. He was on hand and apparently active in the election of 1904, when Mr. Oliver was again a candidate.

#### OLIVER A MINISTER; WAGNER GETS TWO OFFICES.

In April, 1905, Mr. Oliver became Minister of the Interior, and on the first day of July, 1905, the Minister of the Interior restored Mr. Philip Wagner to the public service. But this time it was not a single \$40 a month office, but two offices, that of assistant immigration agent at Edmonton, with a salary of \$25 a month, and interpreter at a salary of \$75 a month, making a total income of \$1,200 a year.

Under the circumstances the appointment of such a man to such offices is surely a grave public scandal. But it is not the whole of the Wagner scandal.

#### THE PREMIER'S PIOUS DELIVERANCE.

On July 17, 1905, not three weeks after Wagner's appointment, the House of Commons, on the motion of Mr. Lake (Qu'Appelle), passed the following resolution:

"That whilst it is desirable that every official in the employ of the government of Canada should enjoy perfect freedom of political opinion and the untrammelled exercise of his franchise in accord therewith, no official should be engaged or permitted to engage in partisan work of any description in the election of a representative to the Provincial or Dominion Legislature."

Though this motion was moved by a Conservative, it was accepted by the Premier, who said:

"I have no hesitation at all in saying that I am ready on the part of the government to accept this resolution. The only point I had any hesitation about was as to whether this resolution should be limited to Dominion elections or to Provincial elections. . . . After reflection have come to the conclusion that we would accept the motion as it reads. Political parties are not so differentiated between Dominion and Provincial

politics as to make it advisable that they should be treated in a different manner. . . . For my part I am strongly of the opinion I held when in Opposition that an official who takes an offensive part in election campaigns makes himself and his party a scandal."

#### CHEERFULLY DISREGARDED.

In November of the same year, a provincial election took place in Alberta and Mr. Oliver went west to take part in the campaign, which he made his own. The law laid down by the Premier, who was Mr. Oliver's chief, and the House of Commons, of which he is a member, was violated at once in the most outrageous fashion by Mr. Philip Wagner, former prisoner at Saskatchewan, now a double office-holder in Mr. Oliver's department. The conduct of Mr. Wagner is set forth in certain affidavits which have been submitted to the government, and read in the House of Commons. (Hansard, 1906, pages 4446-4447.):

#### CAMPAIGN MEETINGS AND BEER.

Dominion of Canada, Province of Alberta.

In the matter of Philip Wagner, a federal government official, to wit:

1. I, Jacob Baronowski, of the City of Edmonton, in the Province of Alberta, boarding-house keeper, do solemnly declare that I am personally acquainted with Philip Wagner, above mentioned.

2. That on the evening of the 6th of November last past said Wagner came to me and asked me to work in the interests of the Liberal candidate in the City of Edmonton in the election then pending. He further told me that I would be paid for my services. I agreed to work as requested on this understanding. Said Wagner then asked me to bring as many of my boarders as possible to the meeting to be held that night in the Thistle rink, and as an inducement for them to attend, he instructed me to purchase two barrels of beer to be drunk at my boarding house after the meeting in question.

3. Accordingly, I attended the said meeting and took with me forty men, all of them being Galicians. Subsequently they consumed the two barrels of beer in my house.

4. Said Wagner saw me frequently after this and always urged me to work and redouble my efforts in the interests of the Liberal candidate, as aforesaid.

5. On or about the 8th of November last past, said Wagner called upon me and asked me to bring my boarders and others to a meeting to be held in a room near one Paul Rudyk's place of business and to induce my boarders to attend as before with two barrels of beer.

6. I attended this meeting with my boarders and purchased two barrels of beer which was consumed by my boarders and others on my premises.

7. Before election day said Wagner took me up to the Liberal committee rooms in the City of Edmonton and questioned me as to what I had done. I informed him fully and he then and there promised me \$15 for my services.

And I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act, 1893.

his  
JACOB X BARONOWSKI.  
mark

Declared before me at Edmonton, in the Province of Alberta, this 29th day of December, in the year of our Lord, 1905, having been first read over and explained in the Ruthenian language by Charles F. Hellwig, he having been first sworn by me well and truly to interpret and explain the same and said Baronowski seeming perfectly to understand the same and having made his mark thereto in my presence

(Signed) W. D. GURARD,  
A Commissioner in and for the Province  
of Alberta.

#### ENGAGED IN BUYING VOTES.

Dominion of Canada, Province of Alberta.

In the Matter of Philip Wagner, a federal government official, to wit:

I, Wasyl Ferbyj, of the City of Edmonton, in the Province of Alberta, labourer, do solemnly declare that:

1. On or about the first day of November last past I was engaged by the said Wagner to work in the interests of the Liberal candidate in the constituency of the City of Edmonton. I was particularly engaged to secure as many idle men as possible and take them to work in certain coal mines where work and wages were provided for them, as I was instructed by the said Wagner.

2. I took 20 to one mine and 17 to another, and 10 others were supplied with employment on the city electric light plant.

3. Twenty of the persons above named boarded and lodged at my house in the City of Edmonton, and 27 others I supplied with wood, coal, water, etc., for a period of five days, being the five days immediately before the election day (November 9).

4. These 47 persons I caused to enter various polling booths for the purpose of voting and I verily believe that they did vote for the Liberal candidate in the said city.

5. I applied to said Wagner for funds to cover my expenses and services and received from the said Wagner on one occasion \$40, and on another occasion \$12, and was to receive the balance due to me after the election.

6. That I am personally acquainted with the said Wagner and I say that he frequently instructed and advised me in so canvassing and working on behalf of the Liberal candidate in the said city, and to my personal knowledge was engaged himself in canvassing and working in the interests of the Liberal candidate in the said city.

And I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act, 1893.

Declared before me at Edmonton, in the Province of Alberta, this 20th day of December, in the year of our Lord, 1905, the same having been first read over and explained in the Ruthenian language by Joseph Schuster, he having been first sworn well and truly to interpret the same, and the said Ferbyj seeming perfectly to understand the same.

(Signed) G. A. GOUIN,  
Notary Public in and for the Province of  
Alberta.

#### DISTRIBUTES ELECTION MONEY AMONG THE GALICIANS.

Dominion of Canada, Province of Alberta.

In the Matter of Philip Wagner, a federal government official, to wit:

I, Prokop Chakaluk, of the City of Edmonton, in the Province of Alberta, merchant, do solemnly declare that:

1. I was engaged by the said Wagner on or about the middle of last October to work in the interests of the Liberal party in the election which took place on the 9th of November last past.

2. Said Wagner engaged a conveyance and drove me to Beaver Creek, in the constituency of Victoria, and there he and I worked together among the Galician and Ruthenian electors in the interests of the Liberal candidate for that constituency.

3. The said Wagner, at the time of my engagement, agreed to pay me the sum of \$50 then and a larger sum after the elections.

4. That I personally know the said Wagner, and I say that he was actively engaged in working for the Liberal candidate in the local constituencies of Edmonton and Victoria for at least the two months immediately preceding the election.

5. The said Wagner paid me for expenses \$26.

And I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act, 1893.

(Signed) PROKOP CHAKALUK.

Declared before me at Edmonton, in the Province of Alberta, this 20th day of December, in the year of our Lord, 1905, the same having been first read over and explained in the Ruthenian language by Joseph Schuster, he having been first sworn well and truly to interpret the same and the said Chakaluk seeming perfectly to understand the same.

(Signed) G. A. GOUIN,  
Notary Public in and for the Province  
of Alberta.

#### HAS OLIVER FOR HIS FRIEND.

Though these affidavits and a good many others of a similar character have been forwarded to the Government, no action has been taken upon them. Mr. Oliver practically endorsed the conduct of his official when



speaking publicly in Edmonton a few days before the election. The Minister had been told what Wagner was doing and asked about his record. Mr. Oliver admitted that Wagner had been in jail, and that he was an employee of the department, and he closed with the declaration: "I want to tell Mr. Griesbach that I will not go back on my friends because of anything that he himself and their opponents say about them." One further incident may close this record. On the 14th day of March, 1906, some four months after Mr. Oliver's statement in Edmonton, Mr. Foster, after proper notice, asked these questions to Mr. Oliver from his place in the House of Commons:

1. Has Philip Wagner been at any time since 1900 in the employ of the government?
2. If so, where, during what period, in what capacity, and at what pay?
3. Was Philip Wagner previous to or during his employment by the government, convicted of crime, and did he serve any time in prison therefor?
4. Has he ever been given larger pay or promotion in office since these occurrences?

The following are Mr. Oliver's replies to these questions in their order:

1. Yes.
2. As Galician interpreter at Edmonton at \$40 per month from 1st of January, 1901, to 30th of June, 1901, and as Assistant Immigration Agent at \$25 per month and interpreter in the Dominion Lands Office at \$75 per month from 1st July, 1905, to date.
- 3 and 4. Nothing on record in the Department of the Interior to show that P. Wagner served any time in prison.

It will be seen that this is a deliberate attempt to deceive the House. The record of Wagner's employment was in another department, but it was known to the Minister and was not then known to the House of Commons. He was asked as to the fact and not as to the record in his department. The equivocation was unsuccessful, because western members afterwards disclosed the circumstances.

#### WAGNER PROTECTED BY THE LIBERAL MAJORITY IN THE COMMONS.

On the 19th of June, 1906, Mr. Fowler, M.P. for King's, set forth in a resolution the circumstances of Wagner's first appointment, his offences, his convictions, dismissal, subsequent appointment, and later offences, closing with this motion. "That in the opinion of this House the said Philip Wagner should be forthwith dismissed, or if he denies the truth of the said allegations, an immediate investigation should be held into the matter aforesaid."

This motion was rejected at the request of Sir Wilfrid Laurier and Mr. Oliver, by a straight party majority.



# YUKON FINANCE.

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**MOST EXPENSIVELY GOVERNED PEOPLE IN THE WORLD.**

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**A District Largely Populated with Highly Paid Government Officials.—The Less the Country Produces the More it Costs the Nation.—One-fifth of the Product Required to Pay for Maladministration.**

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## DISASTROUS TELEGRAPH MANAGEMENT.

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The financial management of the Yukon Territory by Sir Wilfrid Laurier's Government has not reflected much credit on the business capacity of the administration.

### THE NINE YEARS' DEFICIT.

During the nine years down to June 30th, 1905, covering the period in which there has been any considerable gold production in the Yukon, the Dominion Government has expended in that country \$2,388,355 more than the Yukon revenue.

The full statement, from June, 1894, to June, 1905, is as follows:

Total revenue.....	\$11,571,243
Total expenditure.....	13,959,598
Total deficit.....	\$2,388,355

### THE SITUATION FIVE YEARS AGO.

Down to June, 1901, the revenue exceeded the expenditure. At that time the balance to the credit of the Yukon was over \$600,000.

In 1901 the population of the Yukon, as given in the census of that year, was 27,219.

The gold output of 1900, largely returned in the fiscal year 1901, was \$22,275,000.

In the fiscal year 1900-1901 the cost of ordinary government of the Yukon was \$1,254,156. In addition there was spent on capital account, chiefly for the telegraph system, \$416,929, making a total expenditure of \$1,671,085.

The revenue that year was \$1,993,983.

Therefore, there was a surplus of \$322,898.

## THE SITUATION NOW.

In 1905 A. J. Beaudette, Government Mining Engineer, reports: "I would estimate the population at not more than 10,000."

In 1905 the gold output was \$8,327,200.

In 1905 the total revenue of the Yukon was \$879,106.

That is, the population is not much more than one-third what it was in 1901. The value of the product is little over one-third of that year. The revenue is considerably less than half that of the census year.

Yet the total expenditure for all purposes was \$1,647,054 in 1905. as compared with \$1,671,085 in 1901.

But the expenditure of 1901 included a large outlay on what was called permanent works, which outlay did not occur last year. The ordinary cost of governing the country in the two years is given in the blue books as follows:

In 1901.....	\$1,254,156
In 1905.....	1,611,606
	<hr/>
Increase in 1905 .....	\$357,450

So it cost 28 per cent. more in 1905 to govern 10,000 orderly people, earning \$8,000,000, than it did in 1901, a time of excitement and tumult, to administer the government of 27,000, producing three times as much and paying more than double the revenue.

## THE DOWNWARD ROAD.

In 1901 the cost of government was about \$46 per head of population, which was much more than it should have been.

In 1905 the cost had risen to \$161 per head.

In 1901 the cost of government was five per cent. of the total produce of the country.

In 1905 the cost of government was 19.3 per cent. of the value of the produce.

In 1905 the Yukon budget showed:—

Current expenditure.....	\$1,611,606
Current revenue.....	879,106
	<hr/>
Deficit.....	\$732,500

## INCREASE BY DEPARTMENTS.

While the rate of wages has steadily decreased in the Yukon, while the cost of living has gone down, while the population has decreased and

has become orderly and regular, the cost of nearly all the departments has advanced, as is shown in the following table:

	1901	1905
Interior.....	\$288,897	\$476,227
Post Office.....	116,915	128,248
Customs.....	30,548	43,769
Public Works.....	215,575	325,733
Mounted Police.....	498,824	509,367
Justice.....	74,787	97,586

There was an item of \$14,321 for Militia and Defence in 1901 which does not appear last year, but 1905 has charges of \$25,000 for services which are not mentioned in 1901.

While the Interior Department cost nearly twice as much in 1905 as it did in 1901, it collected only \$408,473, whereas in 1901 it collected \$1,216,500.

The Customs Department, which cost \$43,769 in 1905, against \$30,548 in 1901, collected only \$296,204 in revenue, whereas the customs receipts in 1901 were \$630,958.

The cost of customs collection thus increased from 5 per cent. to 15 per cent.

It cost nearly \$23,000 more to administer justice among an orderly and settled population of 10,000 than it did four years before among 27,000 people of unsettled character and habits.

The above statements as to revenue and expenditure may be verified by Public Accounts, 1905, pages XVIII. and XIX.

#### PATRONAGE DOES IT.

The explanation of all this is that the Yukon has the largest and highest priced official population in proportion to the number of residents and business done of any country in the world. It has been made the dumping ground for office seekers and patronage hunters from the beginning, and is used for that purpose more now than it was in the days of prosperity. The Interior Department has in the Yukon some seventy officials, with salaries and living allowances of nearly \$200,000. There is a Chief Commissioner at \$6,000 a year salary, and \$6,000 living allowance, besides a house maintained for him at a cost of \$10,816 in 1905. There is a Gold Commissioner at \$5,000 and \$1,100 living allowance, an assistant at \$4,000, and the same allowance, a Registrar at \$4,000 and \$1,500 allowance, three Supreme Court Judges, each at \$5,000 salary and \$5,000 allowance, a clerk, a sheriff and a police magistrate, each at \$4,000 salary and from \$1,400 to \$1,800 allowance. The postmaster at Dawson has \$5,000 salary and \$900 living allowance. The Superintendent of Public Works has \$4,000, and the district is swarming with officials at \$2,000 to \$3,000 salary.

## YUKON TELEGRAPH FINANCE.

A fine illustration of Yukon finance is furnished by the history of the telegraph system in that country. This system cost \$758,094. In 1901 Mr. Tarte announced in the House that the Yukon Telegraphs were making a substantial profit, and were a good investment. Then he made the following announcement: "I may add that Mr. Hosmer made me a standing offer, "if I may call it so, in which he said that the C. P. Telegraph Co. would be "ready to take up our line and pay us an interest of 4 per cent. on the cost "of the work. I expect we will do better, and I am not prepared to rent "the line." (Hansard, 1901, page 4285.)

In Hansard 1906 (page 1865) we find the following statement of receipts and expenditure of Yukon Telegraph since the time of the above offer of Mr. Hosmer. The statement is given by Mr. Hyman, Minister of Public Works:

	Revenue	Expenditure	Surplus	Deficit
1901.....	\$108,272	\$ 84,536	\$23,736	.....
1902.....	93,283	130,220	.....	36,937
1903.....	113,605	281,608	.....	168,003
1904.....	126,991	199,226	.....	72,235
1905.....	115,878	227,824	.....	111,946

Mr. Hyman explained that the deficit of 1903 includes some arrears of previous years on construction, but the standing deficit must now be placed at least at \$100,000 a year, whereas the Government would have had a net revenue of \$30,000 a year from Mr. Hosmer's offer, which was refused with the expectation of earning more.

### BAD AS WELL AS DEAR.

Not only is the Yukon more expensively governed than any other country on earth, but its administration has probably the worse reputation for mismanagement, injustice and corruption of any region under the British flag. So intolerable had the condition become that Dr. Thompson was elected to the House of Commons over the united efforts of the official population, and in spite of all the influence that the Government could exert.

# INTERCOLONIAL FINANCE.

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**Mr. Emmerson Produces Two Record Deficits.—His Average the Worst of any Minister.—It Would be Still Worse if Accounts were not Doctored.—Instead of a \$100,000 Surplus in 1905-6 there was More than \$500,000 Deficit.**

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## Unique Railway Bookkeeping.

**Tracks, Engines and Cars Renewed on Capital Account.—Obsolete Engines Stand as Assets at their Original Cost.—Construction Account is Charged with Two Sets of Rails.**

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The Laurier Government took office in the beginning of the fiscal year 1896-97. Mr. Blair's predecessor as Minister of Railways and Canals was Mr. Haggart, who took the office in 1892, and therefore had administered the department for four years. Following is the financial statement for this period:

Fiscal Year	Miles	Gross earnings	Working expenses	Profit	Loss.
1893.....	1142	\$3,065,499	\$3,045,317	\$20,181	.....
1894.....	1142	2,987,510	2,981,672	5,838	.....
1895.....	1142	2,940,717	2,936,903	3,814	.....
1896.....	1142	2,957,640	3,012,828	.....	\$55,188

Mr. Haggart's net deficit for the four years was \$25,354, an average of \$6,438.

### THE GOVERNMENT'S PROMISES.

When the Laurier Government took office, the Ministers declared that this deficit was unnecessary, and that there should be a large surplus. They proposed to run the road on business principles and to produce good business results. They arranged the Drummond and Grand Trunk deal, extending the Intercolonial to Montreal and gave through the Minister of Railways the following estimate of the results which were to be produced by this departure (Hansard of 1897, Volume 2, page 4268):

"The gross earnings of the Intercolonial of 1895-96 was \$2,957,640 and the working expenses \$3,012,827, a difference against the road of about \$55,000. It is estimated that the gross earnings for the year after

the extension to Montreal will be \$3,885,000, and the working expenses \$3,363,000. In other words the gentlemen who are responsible for the management of the Intercolonial, and who have advised me in this regard, estimate that there will be a surplus of \$520,000, in the first year's operation of the I.C.R. extended to Montreal. Now if I deduct from the earnings which I have stated, the rental of \$210,000, I get a net surplus of \$310,000, or a margin of say \$300,000 as a result of carrying on this policy of extension."

#### THE GOVERNMENT'S PERFORMANCE.

The Drummond railroad was taken over in the winter of 1898 and the rental was paid during that year. Afterwards the road was bought by the Government and the charge of \$64,000 a year disappeared from the Intercolonial accounts. Though of course the country paid interest on the \$1,600,000, the amount was not charged against the railroad and the Government's financing was made easier by that amount.

The following are the financial returns of the seven years before Mr. Emmerson took office:

Fiscal Year	Miles	Gross earnings	Working expenses	Surplus	Deficit
1897.....	1155	\$2,866,028	\$2,925,968	.....	\$ 59,940
1898.....	1201	3,117,669	3,327,647	.....	209,978
1899.....	1301	3,738,331	3,675,686	\$ 62,645	.....
1900.....	1301	4,552,071	4,431,404	120,667	.....
1901.....	1301	4,972,235	5,460,423	.....	488,186
1902.....	1301	5,671,385	5,574,563	96,822	.....
1903.....	1315	6,324,323	6,196,653	127,670	.....

The net deficit for these seven years amounted to \$350,303, or \$50,040 a year. In place of wiping out the deficit and obtaining a net balance sufficient to pay interest on the additional capital and expenditure, the Government increased the average deficit. At the end of this period the Intercolonial had shared with other railroads the advantages of the great traffic development. The earnings of the road had doubled. It was carrying twice as many passengers, and twice as much freight. Yet it was losing more money than before this promising scheme of development had been initiated.

#### EMMERSON WORSE THAN BLAIR.

The year 1903-4 belonged half to Mr. Blair's regime and half to Mr. Emmerson's. The mileage had increased to 1321.

The earnings were \$6,339,231.

The working expenses rose to \$7,239,982.

The railway had a record deficit of \$900,751.

In the next year Mr. Emmerson had the responsibility all to himself. He had added the Canada Eastern Railway to the system, increasing the mileage to 1,446.

Gross earnings were \$6,783,523.

Working expenses were \$8,508,826.

There was a deficit of \$1,725,304.

Much more than double that of any year before Mr. Emmerson took office.

As yet there is no return of traffic for the year 1905-6, but Mr. Emmerson claims a surplus of \$100,000.

This still leaves him with average deficit far beyond that of any previous minister.

In addition to the working expenses mentioned above, the following amounts were expended and charged to capital:

Year	Amounts
1896-7.....	\$ 149,112
1897-8.....	252,757
1898-9.....	1,081,930
1899-1900.....	3,255,348
1900-1.....	3,633,837
1901-2.....	4,626,841
1902-3.....	2,254,267
1903-4.....	1,880,857
1904-5.....	4,737,632
1905-6 (sums voted less lapses).....	6,349,330

\$28,000,000 ADDED TO THE COST.

The sum total of these outlays represents an addition of \$28,221,911 to the cost of the Intercolonial system, calling for an annual interest payment at three per cent. of \$846,657 a year.

This amount added to the Intercolonial construction account during the ten years is nearly \$20,000 a mile for the whole mileage, or almost as much as Mr. Fielding's estimate of the total cost per mile of the Transcontinental Railway east of Quebec.

#### BOGUS CAPITAL ACCOUNT.

But, as a matter of fact, the expenses charged to capital during the last ten years are very largely ordinary working expenses of the railway. For example, there is no charge made on current account for depreciation of rails, although it has been necessary to replace the whole of the rails twice since the original road was completed. On the first occasion the Conservative Government took up 56 pound rails and replaced them with rails of 67 pounds. By the ordinary system of railway bookkeeping, construction accounts should have been charged with 11 additional pounds weight of metal, which was a betterment, the remainder of the cost of the change should have been charged to working expenses as depreciation. The late Government charged the whole cost to current expenses, thus increasing the deficit reported beyond what it really was.

Mr. Blair and Mr. Emmerson have taken a different course. They



have charged to capital account the whole cost of the change, so that there is now a charge to construction of the cost of two sets of rails, with only one set represented in the assets. This means that rails which the Laurier Government found on the track have been replaced, but no allowance has been made for depreciation.

#### MR. EMMERSON'S MISSTATEMENT OF THE CASE.

Mr. Emmerson does not appear to understand, or else has mis-represented this business. Early in the session of 1906 he produced a letter from Sir Thomas Shaughnessy explaining the C.P.R. system of capital charges. This is the doctrine: "When light rails are taken out of the track and replaced by heavier rails, the difference in the weight of rail and weight of fastening is charged to capital." After reading this in the House, Mr. Emmerson said: "That is precisely what I did on the Intercolonial."

It is precisely what Mr. Emmerson did not do. He did not charge the difference in the weight of rail to capital, but charged the whole weight and the whole cost, less the proceeds of the sale of old rails at the price of scrap iron.

The whole story is set forth in the Auditor-General's account. In that statement for 1905, page W-43, it is shown that 30,722 tons were bought, at an average cost, freight and expenses included, of \$33 a ton. They replaced 25,758 tons of old rails, most of which were turned over to the Prince Edward Island Railway and charged to that road at \$20 a ton. The total cost of the new rails was \$1,015,275, and the credit \$520,265, leaving a balance of \$495,010, all of which Mr. Emmerson charged to capital account.

Now, what Sir Thomas Shaughnessy would have done, according to his own statement, was to charge to capital the difference between the weight of the old rail and the new, which is 13 pounds to the yard, or thirteen-eightieths of the whole. Thirteen-eightieths of \$1,015,275 is \$164,851. That is the amount which Sir Thomas Shaughnessy would have charged to capital, while Mr. Emmerson charged \$495,010. Of this amount \$330,158 should have been charged that year to working expenses. That would have increased his deficit by so much, but it would have been an honest statement of the case.

#### NO SURPLUS; HALF A MILLION DEFICIT.

In the year 1905-6 Mr. Emmerson claims a surplus of \$190,000. He estimated an expenditure on capital account in that year of \$380,000 for rails to continue his work of re-laying. Since in the previous year he relieved the current account by \$330,158 on a charge of \$495,010, we may, on the same basis, assume that there are false charges for 1906 relieving the regular accounts of \$253,000.

## ENGINES AND CARS REPLACED OUT OF CAPITAL.

But this is only one item of similar misrepresentation and accounting such as would ruin any railroad company in existence. Mr. Emmerson is practically making no charge at all for wear and tear of his rolling stock. He had, in June, 1905, 331 locomotives. Concerning these his deputy says that: "162 are old, small and of obsolete type, unfitted for economical operation on a road with grades such as those of the Intercolonial. Of these "about one-half should, at an early date, be discarded or rejected."

Of course, locomotives become obsolete, but during the period that these have been growing old, the present Government has bought no new ones on current account to keep good the stock. Mr. Emmerson started out in 1904 with 300 locomotives. He bought none on operating account, but had three re-built in the shops, seven were taken over from the Canada Eastern with the railway, and twenty-two new ones were bought at an average cost of \$22,500 each, every one of which was charged to capital account. Mr. Emmerson can hardly keep up his stock by re-building three old engines a year out of 300, while the whole outfit gradually grows obsolete. If he had bought one new engine for every twenty, charging the cost to depreciation, his deficit would have increased by \$300,000. This item alone would more than three times wipe out his alleged surplus of last year.

Again, Mr. Emmerson started out in July, 1904, with 31 first-class sleeping cars. Not one cent was charged in his current account for wear and tear of this stock. He bought 10 new sleeping cars, at a cost of \$190,000, and they were all charged to capital. So it goes all through the list of rolling stock. No part of the cost of 4 new second-class sleeping cars, or 4 parlor cars, or 2 dining cars, or 20 other passenger cars, was borne by the traffic of the year. Everything was bought with borrowed money.

If the road had been properly charged with rails and stock required to keep up the plant and road bed, construction account would have been half a million to three-quarters of a million less, and Mr. Emmerson would acknowledge a deficit of more than half a million, instead of claiming a surplus \$100,000.

Then the statement would have been an honest railway report such as shareholders expect from their managers.

# MONCTON LAND DEAL.

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## Case of 167 Per Cent. Rake-off.

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**Mr. Emmerson Discusses Prospective Intercolonial Land Purchase with his Friend, Matthew Lodge.—The Friend Straightway Buys the Required Lots for \$5,075.— And Turns them Over to the Government for \$13,880.**

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### **MINISTER MISREPRESENTS A FORMER LAND PURCHASE.**

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In January, 1904, Hon. H. R. Emmerson became Minister of Railways and Canals. At that time he was President and General Manager of the New Brunswick Petroleum Co., whereof Mr. Matthew Lodge, of Moncton, was Secretary-Treasurer. Mr. Lodge had been an active campaign operator in Moncton for Mr. Emmerson and his friends. He was the local manager and the dealer with the Government of the Eastern Supply Co., an organization incorporated in Newfoundland, apparently for the purpose of selling supplies to the Department of Railways. It will be seen that the relations, political and financial, between Mr. Emmerson and Mr. Lodge were remarkably intimate.

#### A PRELIMINARY UNDERSTANDING.

In the spring of 1904 it became evident to Mr. Emmerson, and, at the same time, apparent to Mr. Lodge, that the Government would shortly require to purchase a quantity of land in the neighborhood of the railway shops and station at Moncton. Some time in May Mr. Lodge was at Ottawa, and according to Mr. Emmerson's evidence, he told the Minister that a lot of land five acres in extent, called the Tannery Property, could be purchased from Mr. R. W. Hewson, who controlled the land and was part owner. Mr. Emmerson knew this before, for Mr. Hewson had for some years been offering to sell the land to the Government, and had long complained that the railway department was continually trespassing on the property. Mr. Emmerson acted at once on the hint given him by Mr. Lodge and communicated with the General Manager, Mr. Pottinger, telling him that he was offered the Hewson lot.

### LODGE SECURES OPTIONS ON THE RIGHT PROPERTIES.

Mr. Lodge returned to Moncton and took an option on the Hewson property at \$5000. He also engaged Mr. Hewson to negotiate with the owners of four other properties lying farther away from the railway works, extending to and including a piece of marsh. Mr. Hewson carried out the instructions and secured the option on these properties at prices ranging from \$255 to \$484 an acre, the whole amounting to nearly 14 acres.

In August Mr. Emmerson was in Moncton and accompanied Mr. Pottinger in an examination of the Hewson property, known as the Tannery Lot. Mr. Emmerson, in his evidence on this matter given before the Public Accounts Committee, and in his speech in the House, said that on this examination and in subsequent discussion with the railway officers, it was found advisable to purchase the whole of a certain area.

It turned out afterwards that the land then found necessary to take over included exactly those lots which Mr. Lodge had engaged Mr. Hewson to obtain for him, and no others.

### THE LAND DEAL IN DETAIL.

On the 15th of September, 1904, Mr. Hewson, as the agent for Mr. Lodge, acquired a property held under these options called the Jones lot, including 6 3-10 acres, for which he paid \$3,050, or \$484 an acre.

On the same day Mr. Lodge purchased through Mr. Hewson the Gibson lot of 3 3-10 acres, for which he paid \$925, or at the rate of \$280 an acre.

On the 10th of October, twenty-five days after the purchase, Mr. Hewson, as agent for Mr. Lodge, transferred to the Government his own five acres, together with the 9.6 acres contained in the Jones and Gibson lots, receiving therefor for Mr. Lodge \$14,600, or \$1,000 an acre.

On the 6th of May, 1905, Mr. Hewson, acting as before for Mr. Lodge, took over the Milner lot of 3.93 acres, for which he paid \$1,000, or \$255 an acre. On the same day he acquired the Gibson fraction, 35-100 of an acre, for which he paid \$100, or at the rate of \$286 an acre.

On the 29th of May, the two last-mentioned lots, amounting to 4.28 acres, were transferred to the Government for \$1,000 an acre, or \$4,280.

This completed the sale of all the lands mentioned above as included in Mr. Lodge's options.

### 167 PER CENT NET PROFIT.

In his testimony before the committee Mr. Hewson stated that he received for his services from Mr. Lodge the sum of \$300. His own property, which was much more valuable than the rest, he regarded as a good bargain

at \$5,000, which sum he received directly from the Government at the time that the Department of Railways took over the land.

The other properties, for which Mr. Hewson, acting for Mr. Lodge, paid \$5,075, could undoubtedly have been bought by Mr. Hewson for the Government at the same price. Instead of buying direct the Government purchased in the manner above stated, paying for this \$5,075 worth of property no less than \$13,880, leaving to Mr. Lodge a rake-off of \$8,505 after he had paid Mr. Hewson for his services.

The following table gives the profits in an easy form for reference:

Property	Price paid by Lodge	Price paid by Government	Lodge's profit	Percentage of profit
Jones.....	\$3,050	\$6,300	\$3,250	106
Gibson.....	925	3,300	2,375	257
Milner.....	1,000	3,930	2,930	293
Gibson.....	100	350	250	250
Total.....	\$5,075	\$13,880	\$8,805	
	less expenses	300	less 300	
		\$13,580	\$8,505	167

This is a very fair rake-off for the Minister's friend to make on transfers which gave him no trouble, but were all arranged for \$300. The transaction means simply that the Government purchased the Hewson lot and paid for it direct at about the lowest price for which Hewson would sell, and for the other lots paid more than two prices for one and more than three prices for the rest. The middleman receiving nearly twice as much for his few weeks' ownership, his influence and his agency, as the owners of the properties obtained for their whole possession.

#### THE MINISTER'S TWO PLEAS IN DEFENCE.

Now, what is the defence that the Minister of Railways offers for this astonishing transaction? Mr. Emmerson's speech in the House contains two pleas. The first is that he asked some Moncton business men to place a value on the property, and they pronounced the whole lot worth a thousand dollars an acre. The other was that in 1884 the late Government had purchased 55-100 of an acre adjoining the Tannery lot, and had paid for it \$1,000, or approximately \$2,000 an acre.

#### THE FIRST HAS NO VALUE.

The first plea confuses the Hewson lot with the other purchases, that lot being far more valuable than the lower and more remote properties. A far better test of the value of the four properties on which Matthew Lodge got his rake-off, is the price at which the owners valued them. Not one of

the several owners of these lots demanded or received half the price per acre which Mr. Emmerson says their land was worth. It will hardly be supposed that they would have conspired against their own interest to sell the land for one-quarter to one-half its value in order that the go-between should make \$8,000 out of them. The commercial value of the land in the open market was established on the spot and at the time by Mr. Lodge's purchase, through Mr. Hewson, and the average price was not \$1,000 an acre but \$366.

#### THE SECOND BASED ON MIS-STATEMENT.

The second plea is disposed of by an appeal to the facts, and the fact is that the purchase in 1884 for \$1,000 was a half acre, but  $6\frac{1}{2}$  acres, and the price per acre was therefore not \$2,000 but \$168. It is not necessary to discuss the question whether Mr. Emmerson intended to mislead the House when he made his statements regarding the purchase of 1884. But the deed of the land speaks for itself, and is a sufficient answer to Mr. Emmerson's *tu quoque* argument.

For the sake of a complete record, Mr. Emmerson's statement is here quoted (Hansard, 1906, pages 5832-5834):

"But in 1884 the Intercolonial Railway purchased right off this block of land, right adjacent to the property we purchased here in 1904, half an acre from Mr. Milner. And how much did the Intercolonial Railway pay for that? One thousand dollars for one-half acre."

And again Mr. Emmerson says: "We were able to purchase it at \$1,000 when the administration of the Intercolonial Railway in 1884, at a time when my honorable friend (Mr. Ames), the mover of this resolution, would have every confidence in the then administration of the Intercolonial Railway bought  $55/100$  acre and paid \$1,000."

Further on in his speech Mr. Emmerson made the comparison again, saying: "judged by what transpired in 1884 when half an acre was purchased by the Intercolonial for \$1,000, we in 1904 made a good bargain when we bought the whole acreage at the rate of \$1,000 per acre, not at the rate of \$1,000 a half acre."

Mr. Fielding, who came to Mr. Emmerson's rescue, also dwelt upon this 1884 transaction as a justification for the Lodge deal.

It is a pity to spoil an argument which was expected to accomplish so much, but here is a copy of the description of the land purchased for a thousand dollars in 1884. It is copied from the registry of deeds, Dorchester, the shiretown of the County of Westmoreland. The land purchased for a thousand dollars by the Conservative Minister is thus bounded and described: "Beginning at a point on south side of Intercolonial Railway at right angles "to the centre line of said railway and distant  $49\frac{1}{2}$  feet from said centre "line at the boundary line between the lands of Oliver Jones and Thaddeus "Milner, thence running south 54 degrees 40 minutes east for a distance of "53 feet, thence north 87 degrees 20 minutes east for a distance of 211 feet, "thence south 57 degrees 20 minutes east for a distance of 229 feet, thence



"north 44 degrees 40 minutes east for a distance of 269 feet, thence south  
"73 degrees 20 minutes east for a distance of 181 feet, thence south 12  
"degrees 40 minutes east for a distance of 200 feet, thence north 54  
"degrees 40 minutes east for a distance of 124 feet more or less, thence  
"north 4 degrees 30 minutes east for a distance of 522 feet more or less,  
"thence 14 1/2 feet more or less to a point on southern side of Intercolonial  
"railway 49 1/2 feet from centre line of said railway and at right angles to  
"said centre line, then westerly parallel to centre line of Intercolonial rail-  
"way for a distance of 936 feet more or less to the point of beginning,  
"CONTAINING IN ALL SIX 55-100 ACRES (6.55) MORE OR LESS.

#### PROGRESS OF PRICES.

So now we have the following: It is stated by Mr. Emmerson that in 1875 (he should have said 1880) "some 28.100 of an acre was purchased for \$30." This is at the rate of \$107 an acre.

In 1884 something over six acres was purchased at the price of \$168 per acre.

In 1904 Mr. Lodge purchased from various parties nearly 14 acres at an average price of \$366 an acre, which he immediately turned over to the Government at \$1,000 an acre.

This transaction is in itself comparatively small compared with the total trading of the Intercolonial Railway, or still more with the enormous transactions of the Railway and Canal Department, whose purchases and expenditures will in the next few years run up into tens of millions annually. But, if in a simple transaction involving a few thousands, 167 per cent. "rake-off" is allowed, what must be the aggregate plunder in dealings running up into the millions?

#### THE DEAL ENDORSED BY THE LIBERAL MEMBERS.

On the 21st of June, 1906, Mr. Ames set forth the above facts in the preamble of a resolution, closing with this motion: "That the action of the Government in paying to a middleman the sum of \$8,505 more than was necessary in order to acquire the said property, was unjustifiable and deserves the censure of this House." This motion was defeated by a vote of 89 to 46, every Liberal member of the House, who was present, voting against it.

Thus the Moncton land deal, as above set forth, has the endorsement of the Government supporters in the House of Commons.



# A PUBLIC WORKS SCANDAL.

## Fat Prices for Survey Equipment.

Favored Dealer who Sells All Kinds of Things to the Department.—When Price is Questioned he Offers Fur Coat with Five Discounts to the Objector.

## A DEPUTY MINISTER WHO CARES FOR NONE OF THESE THINGS.

Some of the investigations into the expenditure of the Public Works Department made by the Public Accounts Committee, during the session of 1906, revealed transactions hardly less scandalous in their own way than those in the Marine and Fisheries Department.

For example, there was an inquiry into the expenditure connected with the Georgian Bay Canal Survey.

### A COSTLY SURVEY.

The total charged on account of this survey during the year 1905 was \$251,540.96.

From the firm of Woods, Ltd., of Ottawa, a concern that is very greatly favored by this Government, purchases of tents, blankets and clothing were made to the amount of \$6,951.99. This included eiderdown sleeping robes at \$25 each, boots at \$9.00 per pair, etc.

From the Hobbs Hardware Co., of London, Ont., supplies to the cost of \$21,088.56 were bought.

A somewhat particular inquiry was made into the following purchases from W. Cunningham, Ottawa:

6 horses at \$150, 2 sets of double harness at \$50, 1 single harness \$30.....	\$1,030.00
14 robes at \$15, 3 sleighs at \$60, sundry \$52.20..	442.20
5 horses at \$150, 2 sets double harness at \$50, 1 single \$30.....	880.00
10 robes at \$15, 2 sleighs at \$60, 1 at \$25.....	295.00
Sundries \$53.20, groceries \$79.85.....	133.05
1 team at \$400, 1 at \$380, 2 at \$375, horse \$165....	1,695.00
4 sets double harness at \$37.50, 1 single harness at \$27.50, 4 double sleighs at \$50, 1 single at \$25.	402.50
18 robes at \$10, 9 blankets at \$2.50, sundries \$81.40	283.90

### ENGINEER OBJECTS TO THE PRICE.

Mr. Cunningham is a grocer and provision dealer in Ottawa, but seems to have a monopoly in the purchase of horses, sleighs and general equipment for the Ottawa section of the survey. Mr. E. J. Rainboth was the district engineer for this section. He reported to the department that Mr. Cunningham's prices for horses were excessive, and as he was the man in a position to know, this statement should have force.

But Mr. Cunningham is an active politician and seems to have made use of his influence. His charges for horses were accepted over Mr. Rainboth's strong protest, and at the time when the investigation closed the department was still dealing with some of the other items.

The engineer swore that robes for which Mr. Cunningham charged \$18 in the unsettled accounts could have been bought from other dealers for \$4 and \$5. He showed that the Ottawa middleman had put in charges of \$75 for sleighs of the same style and quality as men in the trade furnished for \$40, and that engineers of another district had purchased the same articles in a neighboring town for \$45.

### COON-SKIN COAT PEACE OFFERING.

It was in this connection that Mr. Rainboth exposed what he described as an attempt to bribe him with a present of a coon-skin coat. The engineer's statement was that while the accounts were under investigation, and while the engineer was protesting against the payment, two boys from Mr. Cunningham's office came to him with a coon-skin coat and an invoice of the same. The invoice price was \$100 and Mr. Rainboth was credited with five discounts, of 40 per cent., 25 per cent., 15 per cent., 15 per cent., and 3 per cent. On looking over the discounted bill, Mr. Rainboth at once reached the conclusion this was a bold effort to bribe him into passing the accounts. He straightway sent the coat back to the dealer, with the message that he had sent it to the wrong place.

Mr. Rainboth went to the Deputy Minister, who was the final authority on Cunningham's accounts, and protested once more against their payment, and as he testifies, showed the Deputy the discounted bill for the coat, indignantly denouncing the attempted bribery.

### DEPUTY TAKES NO NOTE.

It is a peculiar and illustrative element in this case that Mr. Gobeil, the Deputy Minister, in his testimony, admitted that Mr. Rainboth had come to him, and as near as he could remember, had told him a story about certain furs and an attempt of Mr. Cunningham to bribe him.

A strange feature of the case is that Mr. Gobeil, who was then dealing

with the price of the horses, did not consider this to be a matter bearing upon the subject at all. He proceeded to over-rule Engineer Rainboth's objections to the price, accepting instead that of a veterinary, from whom Mr. Cunningham had obtained an opinion favorable to the claim. The veterinary had not seen the horses for months, and at the time when he saw them, had agreed with Mr. Rainboth that the charge was excessive. This latter fact was communicated to Mr. Gobeil by the chief engineer of the survey, who knew of the matter.

As to the matter of the fur coat, Mr. Gobeil informed the committee that he considered it a personal affair altogether, between the officer and the contractor. He testified that he had noticed a considerable bitterness on the part of Mr. Rainboth, but did not think that as permanent head of the department he need trouble himself anything about it.

This comfortable attitude on the part of the Deputy Minister is naturally full of encouragement to any officer who feels disposed to accept a bribe from contractors dealing with his department.

# THE COSTLY "KESTREL."

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## \$10,500 Paid for Ten Months' Supplies for Twenty-two Men.

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In the course of a discussion on May 15, 1906, Mr. J. D. Reid, M.P. for Grenville, showed that the cost of maintaining and repairing five Government vessels which he named had more than doubled in four years. Elsewhere are given a number of facts connected with the Marine Department administration which account for these increases. The Merwin contract, the "Montcalm's" outfit, the "Arctic" equipment, tell their story of extravagance and of "graft."

An illustration in a small way is furnished in the case of the Government steamer "Kestrel," a little vessel of 300 tons which cruises on the Pacific coast.

In the fiscal year 1904-5 the officers and men of this ship were paid for ten months' services. She had, besides three officers and two engineers, a crew of 17, making a full complement of 22.

The provisions charged to this ship in the ten months cost the country \$7,500.

Let it be borne in mind that these men were not boarding at a hotel and paying for rooms and provisions served up to them. The bill was for provisions in their raw state sent on board the ship to be prepared by the cooks and stewards engaged for that purpose.

The provision bill alone for this vessel amounts to more than \$34 a month for each person on the ship.

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# "Thin Red Line" Scandal.

## MANITOBA ELECTORAL LISTS MUTILATED

By Campaign Organizers for the Advantage of the Government.—9,399 Names Erased in Seven Ridings.—How the Government Carried One Province.

Hansard for 1905, page 1152, contains the following question and answer:

Mr. Boyce asked: "Is R. E. A. Leach at present in the employ of the Canadian government? If so, what position does he hold, when was he appointed, and at what salary?"

Rt. Hon. Sir Wilfrid Laurier, "Yes, he is Inspector of Dominion lands agencies, was appointed Jan. 1st, 1905, at \$2,000 a year."

Before this appointment was made, Mr. Leach had been active as a campaign manager. He was the party organizer in Manitoba during the federal election campaign which ended in November, 1904, and in this capacity became associated with the "Thin Red Line" affair.

### THE CONSPIRACY.

In Manitoba, as elsewhere, the original election lists are prepared under provincial law. Those for 1904 were reprinted at the bureau at Ottawa for the Dominion elections and sent to the returning officers. A number of these officers turned over the lists to Mr. Leach in Winnipeg. It was the duty of the returning officer to arrange for polling places and to decide where each elector should vote. Instead of doing this themselves, those officers, who obeyed the party instructions, handed over the task to Mr. Leach's office. From the organizer the lists went back to the returning officers beautifully carved up. Hundreds of names were erased with red lines.

Conservative voters, whose names were thus struck out, had no knowledge of the change until they appeared at the polls originally designated for them and asked for ballots. Some of them were then told that their names were probably on a list in some other polling place, though if they were not Government supporters they could not learn what place it was.

Hundreds went from village to village all election day looking for their poll and never finding it. Hundreds who were struck off in one place were never registered in another. Hundreds were transferred to polls farther from their homes than the one where they expected to vote, and too far to be reached after they had learned the facts. No Conservative had any way of knowing before he went to the poll what had happened. The re-arranged

lists were not posted as the law required, but private notice was given to Liberals who might have been transferred.

Mr. Leach was not an election official. He was not openly known in the case until afterwards. But he had his agents all over the province beforehand ascertaining the political sympathies of the electors and preparing for this splendid operation.

#### BETWEEN NINE AND TEN THOUSAND.

Additional light is now thrown upon this steal by the statement of Hon. Robert Rogers, Minister of Public Works of Manitoba, who has made examination of the "Red Line" list, and declares that 9,399 electors were disfranchised by this process. The following is the record by constituencies: Marquette, 1,919; Provencher, 568; Portage la Prairie, 1,395; Souris, 1,258; Lisgar, 1,131; Macdonald, 1,721; Selkirk, 1,406. Now the Government majority in Provencher was 10, in Portage, 385; in Lisgar, 180; and in Selkirk, 507. Marquette, Souris and Macdonald elected Conservatives in spite of the conspiracy.

#### A MATTER OF TESTIMONY.

Some of the men concerned in this conspiracy were prosecuted and a number escaped to the United States. Several pleaded ignorance and the juries disagreed as to their personal criminality. Others escaped on legal technicalities. But the main facts were well established. One deputy returning officer swore that he took the original list into the office of Mr. Leach who undertook to fix it for him. He left the paper with the organizer and afterwards went back and obtained it with a number of names struck out. Though the returning officer was responsible he did not take the trouble to ascertain whether the changes were proper or not, as is shown by his own testimony, given below:

Question. You did not know anything about the list?

Answer. No.

Q. They may have been different lists altogether for all you know?

A. Yes.

Q. They may have been lists for Macdonald or Winnipeg?

A. Yes, they may have been.

Q. You took his word (Mr. Leach's) that these were the lists you wanted with the different polling sub-divisions and that satisfied you then?

A. Yes.

This officer admitted that he left the red line list open in the Liberal committee rooms after it had been fixed. This was in Provencher, where 568 were disfranchised and where the Government majority was 10.

In one polling place 13 names were struck out and they were all Conservatives; in another polling division the red line went through the names of 15 men who had voted at that place for years, every one of whom was a Conservative.

### ONE RESULT.

A special committee of the House of Commons, charged with amendments to the Election Law, was appointed and held a number of meetings during the session of 1906. The evidence furnished to that committee set forth the above facts in detail. One witness showed that at the Beausejour poll 41 names were found to have been crossed out with the red line. Government supporters, whose names were thus erased, were placed in other lists, notified beforehand, and knew where to vote. Eighteen electors, who had expected to vote at that poll were not so notified, and could get no information to show them where they ought to go. In this instance the outraged men in a body forced the returning officer to take their ballots and record them as having voted. The officer put the ballots in a separate envelope, from which they were afterwards counted. It was explained that one of the 18 had made a mistake in marking his ballot and thus unintentionally voted for the Government candidate. Another had arrived unexpectedly during election day from Toronto, and though he was a Liberal, he had not been able to get to the poll to which he had been assigned.

The count of votes in the envelope showed 16 Opposition and 2 Government ballots.

### A NEW YEAR'S PRESENT.

Election day in 1904 was the third day of November. As will be seen at the beginning of this chapter, Mr. Leach received his reward on the following New Year's Day; an office at \$2,000 a year.



# Prince Albert Election Fraud.

SHARE WHICH DOMINION OFFICIALS HAD IN THEM.

The Interior Department Loves Such Officers.—Perpetrator Rewarded with a Public Office.

Many instances could be given to show the morbid preference which the Department of the Interior displays for disreputable characters and even criminals when it has occasion to make appointments or promotions. With plenty of capable and honorable party men available, the head of this department and those who share his responsibility seem constantly to go out of their way to find men willing to commit grave offences against law or decency or morality, or all three, and to place such men in positions of responsibility and trust.

Of the three men who perpetrated the Prince Albert election fraud—perhaps the most cold-blooded, insolent and scandalous election steal ever known on this continent—one was a Government officer, another had been a Government official, if he was not so at the time of the offence, and the third is believed to have been twice since his conviction engaged on Government business.

## AN AUDACIOUS FRAUD.

The crime itself needs but a brief description. The provincial election in Saskatchewan took place in the autumn of 1905. The local law provides that a returning officer may establish additional polls to those fixed by proclamation. If the returning officer orders these polls he must not later than six o'clock on nomination day notify both candidates that he has done so.

The Prince Albert returning officer established three additional polls in a remote district in the north. He said nothing about it to the candidates on nomination day, but after the proceedings drove thirty-five miles to a country post office which had two mails a week. He waited there until the mail for Prince Albert had departed, then posted his notice to the Opposition candidate, and drove back to town. Of course, the candidate did not get the letter in time to send representatives to these polls. He was not intended to know that the polls were ordered, and the returning officer, who frequently met him after nomination day, and before he got the notice, did not mention the matter.

Meanwhile, a former Fishery Inspector of the Marine Department, a Farm Instructor in the employ of the Department of Indian Affairs, and H. J. Moberley, the man who was said to have applied for the northern polls,

were sent out to hold the election in those districts. In due time they returned, bringing their poll-books and ballot boxes, showing that over 150 persons had voted, every one of them for the Government candidate.

Afterwards there was an exposure, and these officers were prosecuted. They then made confession that they had never gone anywhere near the places where the polls were ordered, but sat down in a camp, a day's journey or so out, wrote down 150 names, invented for the occasion, put in for each name a ballot marked for the Government candidate, appended their affidavits and other statements, and returned with their stuffed ballot boxes, their forged records and their perjured certificates.

#### NOT SEVERELY PUNISHED.

The culprits got off quite easily. Federal and provincial Government officials declined to prosecute, but one officer of the Justice Department appeared for the accused, put in a plea of guilty and asked for mercy. The culprits got off with a moderate fine, which is understood to have been paid out of the party funds.

Mr. Oliver, in explaining the matter to the House, had little to say in condemnation of the crime, but he took occasion to explain that in his opinion Moberley was the member of the party most responsible for the transaction.

This Mr. Moberley has since been singularly elusive. On June 29th, 1906, a Prince Albert paper stated that Moberley had been appointed by the Federal Government to take the census in the same district where he did not hold the poll. The Minister of Agriculture was asked by Mr. Lake, M.P. for Qu'Appelle, if this was true. Mr. Fisher took time to examine the official list of enumerators and reported that Moberley's name was not on it. He added, "This is only another instance of exposing a reckless and foundationless assertion." (Hansard, 1906, page 6931.)

But Mr. Fisher found out before long that Moberley had been engaged in connection with this census. Confronted with the facts, he was obliged to make a further statement, and declared: "If that man is working in my department, just as soon as I find it out, he will cease to work for the department." (Hansard, 1906, page 7437.)

Before Mr. Fisher took action, Moberley had departed on his engagement. A mounted policeman was sent after him, but the machine in the West works more quickly than Mr. Fisher's messenger could travel. At latest accounts Moberley had changed over to the Department of the Interior, or else had associated himself in some way with the officers of that department, and was moving toward the Arctic Circle with Mr. Oliver's commissioners, who are distributing scrip among the northern Indians. It will be a surprise if his name does not appear in the Auditor-General's account for this year, and for so many years to come as the patronage remains where it is now.

# How Did Your Member Vote ?

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## Some Divisions of the House in 1906.

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March 21st the House divided on the motion of Mr. Andrew Broder, M.P. for Dundas (Conservative):

"That this House would be pleased to learn that the volunteers of the several South African contingents from Canada, suffering total disability, incurred in such service, will receive recognition from their country, as part of that Empire on behalf of which they willingly made such sacrifices."

This motion was opposed by the Government and rejected on a straight party vote of 97 to 59. The names are recorded in Hansard, 1906, page 434.

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March 26th the House divided on the following motion of Mr. F. D. Monk, Conservative M.P. for Jacques Cartier:

"That it is desirable that the government of Canada should recognize in some substantial manner the services rendered during the Fenian raids of 1866 and 1870 by our Canadian volunteers."

This motion was opposed by the Government and rejected by a straight party vote of 90 to 40. The names are recorded in Hansard, 1906, page 646.

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April 3rd the House divided on the motion of Dr. Roche, Conservative M.P. for Marquette, demanding that ungranted western lands should be held for the settler. The text of this resolution will be found on page 899 of Hansard, 1906, and elsewhere in this book. The motion was opposed by the Government and rejected by a vote of 111 to 58, two Liberals, Mr. Bourassa and Mr. Verille, voting against the Government. The names are recorded in Hansard, 1906, page 1076.

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May 1st, the House divided on the motion of Hon. Geo. E. Foster that the conditions of the contract with the North Atlantic Trading Co. are injurious, improvident and absurd, and that immediate steps should be taken to terminate the existing contract.

The full text of this resolution will be found on page 1816 of Hansard, 1906.

Mr. Foster's motion was rejected by a straight party vote of 115 to 61. The names are recorded in Hansard, 1906, page 2449.

May 7th, Mr. Lennox, Conservative M.P. for South Simcoe, moved this resolution:

"That it is inexpedient that any member of the government, or deputy head of a department, should act or appear as barrister, counsel or advocate in an action, suit or proceeding, except where the interests of the Crown are involved, in any court presided over by a judge appointed by the Government of Canada." (Hansard, 1906, p. 2731).

This was destroyed by an amendment proposed by Mr. Fitzpatrick, then Minister of Justice.

The amendment was carried by a party vote of 99 to 54. The names are recorded in Hansard, 1906, page 2808.

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May 17, Mr. Blain, Conservative M.P. for Peel, moved this resolution:

"This House condemns the expenditure of public money for purposes not contemplated or authorized by Parliament, and especially that any sums voted for the construction of public works should have been expended for purposes not so contemplated or authorized." (Hansard, 1906, p. 3428).

This motion was rejected by a straight party vote of 100 to 48. The names are recorded in Hansard, 1906, page 3500.

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May 18, Mr. R. L. Borden, Opposition Leader, moved an amendment to the Premier's resolution for a limited investigation into the "Arctic" affair. Mr. Borden asked for a committee of seven to inquire into abuses and mal-administration of the Marine Department. The text of his resolution is printed elsewhere in this book, and will be found on page 3629 of Hansard, 1906.

Mr. Borden's amendment was rejected by a party vote of 88 to 45. The names are recorded on page 3669 of Hansard, 1906.

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May 30, Mr. R. L. Borden moved a resolution asking that a select committee be appointed to inquire into the management of the crown lands of Canada. The text of this motion will be found on page 4187 of Hansard, 1906, and elsewhere in this book.

Mr. Borden's motion was rejected, June 5th, by a straight vote of 99 to 52, two Liberals voting with the minority. The names are recorded in Hansard, 1906, page 4698.

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June 19, Mr. Geo. W. Fowler, Conservative M.P. for Kings and Albert, moved a resolution setting forth the record of Philip Wagner and closing as follows:

"That Philip Wagner should be forthwith dismissed, or if he denies the truth to the said charges and allegations, an immediate investigation should be held into the matter aforesaid."

The text of this resolution will be found on page 5570 of Hansard, 1906. Mr. Fowler's motion was rejected by a straight party vote of 88 to 41. The names are recorded on page 5612 of Hansard, 1906.

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June 21, Mr. H. B. Ames, Conservative M.P. for Montreal, St. Antoine, moved a resolution condemning the Moncton land deal. The text of this motion will be found in Hansard, 1906, page 5286.

The House divided on this motion the same day, when it was rejected by a party vote of 89 to 46. The names are recorded on page 5856 of Hansard, 1906.

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June 28, the House divided on the minority report of the Committee for the Investigation of the "Arctic" outfit. The motion of Mr. Northrup, Conservative M.P. for East Hastings, for the adoption of that report was rejected by a party vote of 93 to 37. The names are recorded on page 6525 of Hansard, 1906.

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July 3rd, Mr. Monk, Conservative M.P. for Jacques Cartier, proposed the following:

"In the opinion of this House, and for causes disclosed in the evidence taken before the Committee on Public Accounts and the Committee on Agriculture and Colonization, and for other reasons, W. T. R. Preston, Inspector of Immigration, should be no longer continued in that office."

The House divided on this motion July 4th, when the resolution was rejected by a straight party vote of 89 to 39. The names are recorded on page 6928 of Hansard, 1906.

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# THE LIBERAL PLATFORM.

Adopted in Convention of 1893.

## A Ghastly List of Broken Promises.

The facts set forth in the foregoing pages may be read in the light of the platform of the Liberal party, adopted at the Ottawa convention of June, 1893. This platform is republished here in order that the reader may see how far it has gone into operation:

### No. 1.—TARIFF.

That the customs tariff of the Dominion should be based, not as it is now, upon the protective principle, but upon the requirements of the public service; that the existing tariff, founded upon an unsound principle, and used, as it has been by the government, as a corrupting agency wherewith to keep themselves in office, has developed monopolies, trusts and combinations: It has decreased the value of farm and other landed property; it has oppressed the masses to the enrichment of the few; it has checked immigration; it has caused great loss of population; it has impeded commerce: it has discriminated against Great Britain.

In these and in many other ways it has occasioned great public and private injury, all of which evils must continue to grow in intensity as long as the present tariff system remains in force.

That the highest interests of Canada demand a removal of this obstacle to our country's progress, by the adoption of a sound fiscal policy, which, while not doing injustice to any class, will promote domestic and foreign trade, and hasten the return of prosperity to our people; that to that end, the tariff should be reduced to the needs of honest, economical and efficient government; that it should be so adjusted as to make free, or to bear as lightly as possible upon the necessaries of life, and should be so arranged as to promote freer trade with the whole world, more particularly with Great Britain and the United States. We believe that the results of the protective system have grievously disappointed thousands of persons who honestly supported it, and that the country, in the light of experience, is now prepared to declare for a sound fiscal policy.

The issue between the two political parties on this question is now clearly defined. The government themselves admit the failure of their fiscal policy, and now profess their willingness to make some changes; but they say that such changes must be based only on the principle of protection. We denounce the principle of protection as radically unsound, and unjust to the masses of the people, and we declare our conviction that any tariff changes based on that principle must fail to afford any substantial relief from the burdens under which the country labors. This issue we unhesitatingly accept, and upon it we await with the fullest confidence the verdict of the electors of Canada.



## No. 2.—RECIPROCITY.

That, having regard to the prosperity of Canada and the United States as adjoining countries, with many mutual interests, it is desirable that there should be the most friendly relations and broad and liberal trade intercourse between them; that the interests alike of the Dominion and of the Empire would be materially advanced by the establishing of such relations;

That the period of the old reciprocity treaty was one of marked prosperity to the British North American colonies;

That the pretext under which the government appealed to the country in 1891 respecting negotiations for a treaty with the United States was misleading and dishonest and intended to deceive the electorate;

That no sincere effort has been made by them to obtain a treaty, but that, on the contrary, it is manifest that the present government, controlled as they are by monopolies and combines, are not desirous of securing such a treaty;

That the first step towards obtaining the end in view, is to place a party in power who are sincerely desirous of promoting a treaty on terms honorable to both countries;

That a fair and liberal reciprocity treaty would develop the great natural resources of Canada, would enormously increase the trade and commerce between the two countries, would tend to encourage friendly relations between the two peoples, would remove many causes which have in the past provoked irritation and trouble to the governments of both countries, and would promote those kindly relations between the Empire and the Republic which afford the best guarantee for peace and prosperity;

That the Liberal party is prepared to enter into negotiations with a view to obtaining such a treaty, including a well considered list of manufactured articles, and we are satisfied that any treaty so arranged will receive the assent of Her Majesty's Government, without whose approval no treaty can be made.

## No. 3.—PURITY OF ADMINISTRATION.

That the Convention deploras the gross corruption in the management and expenditure of public moneys which for years past has existed under the rule of the Conservative party, and the revelations of which by the different parliamentary committees of inquiry have brought disgrace upon the fair name of Canada. The government which profited politically by these expenditures of public moneys of which the people have been defrauded, and, which, nevertheless, have never punished the guilty parties, must be held responsible for the wrongdoing. We arraign the government for retaining in office a Minister of the Crown proved to have accepted very large contributions of money for election purposes from the funds of a railway company, which, while paying the political contributions to him, a member of the government, with one hand, was receiving government subsidies with the other. The conduct of the Minister and the approval of his colleagues after the proof became known to them are calculated to degrade Canada in the estimation of the world and deserve the severe condemnation of the people.



#### No. 4.—STRICTEST ECONOMY.

We cannot but view with alarm the large increase of the public debt and of the controllable annual expenditure of the Dominion and the consequent undue taxation of the people under the governments that have been continuously in power since 1878, and we demand the strictest economy in the administration of the government of the country.

#### No. 5.—INDEPENDENCE OF PARLIAMENT.

That the Convention regrets that by the action of Ministers and their supporters in Parliament, in one case in which serious charges were made against a Minister of the Crown, investigation was altogether refused, while in another case the charges preferred were altered and then referred to a commission appointed upon the advice of the Ministry contrary to the well settled practice of Parliament; and this convention affirms;

That it is the ancient and undoubted right of the House of Commons to inquire into all matters of public expenditure, and into all charges of misconduct in office against Ministers of the Crown, and the reference of such matters to Royal Commissions created upon the advice of the accused is at variance with the due responsibility of Ministers to the House of Commons, and tends to weaken the authority of the House over the Executive Government, and this convention affirms that the powers of the people's representatives in this regard should on all fitting occasions be upheld.

#### No. 6.—THE LAND FOR THE SETTLER.

That in the opinion of this convention the sales of public lands of the Dominion should be to actual settlers only, and not to speculators, upon reasonable terms of settlement, and in such areas as can be reasonably occupied and cultivated by the settler.

#### No. 7.—PROVINCIAL FRANCHISE.

That the Franchise Act since its introduction has cost the Dominion treasury over a million of dollars, besides entailing a heavy expenditure to both political parties; That each revision involves an additional expenditure of a further quarter of a million; That this expenditure has prevented an annual revision, as originally intended, in the absence of which young voters, entitled to the franchise have, in numerous instances, been prevented from exercising their natural rights; That it has failed to secure uniformity, which was the principal reason assigned for its introduction; That it has produced gross abuses by partizan revising barristers appointed by the government of the day; That its provisions are less liberal than those already existing in many Provinces of the Dominion, and that in the opinion of this convention the Act should be repealed, and we should revert to the Provincial Franchise.

#### No. 8.—COUNTY BOUNDARIES FOR RIDINGS.

That the Gerrymander Acts, the electoral divisions for the return of members to the House of Commons have been so made as to prevent a fair expression of the opinion of the country at the general elections, and

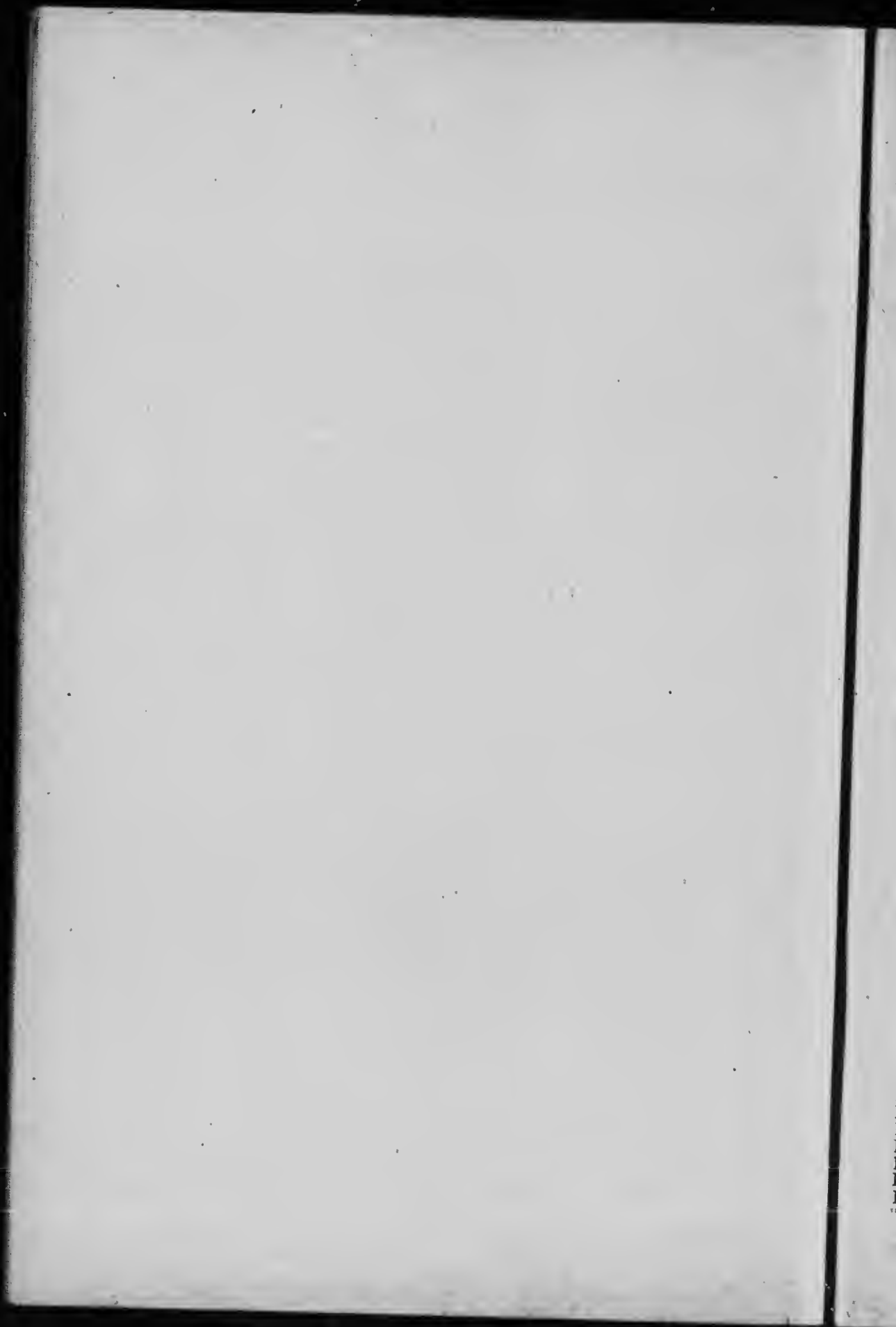
to secure to the party now in power a strength out of all proportion greater than the number of electors supporting them would warrant. To put an end to this abuse, to make the House of Commons a fair exponent of public opinion, and to preserve the historic continuity of counties, it is desirable that in the formation of electoral divisions, county boundaries should be preserved, and that in no case parts of different counties should be put in one electoral division.

#### **No. 9.—THE SENATE.**

The present constitution of the Senate is inconsistent with the Federal principle in our system of government, and is in other respects defective, as it makes the Senate independent of the people and uncontrolled by the public opinion of the country, and should be so amended as to bring it into harmony with the principles of popular government.

#### **No. 10.—PROHIBITION PLEBISCITE.**

That whereas public attention is at present much directed to the consideration of the admittedly great evils of intemperance, it is desirable that the mind of the people should be clearly ascertained on the question of prohibition by means of a Dominion Plebiscite



# Index

- Adamson, A. J. (M.P.), Grazing leases, 92. Saskatchewan land deal, 13, 15.  
Agriculturists, infant, North Atlantic Trading Co., 23.  
Alexander, E. A., N. A. T. Co., incorporation, 25; Leopold's solicitor, 49.  
Ames, H. B. (M.P.), Fake homesteads, 94; Moneton land deal, 127.  
"Arctic," description and cost, 70; crew, 72; explorations, 71; inquiry, 76; majority and minority committee reports, 78; supplies, 73.  
Arundel Printing Co., 53.  
Auditor-General, payments to F. L. Brooks & Co. and Geo. T. Merwin, 60; "Montcalm's" inventory, 69.  
Aylesworth, Hon. A. B., West Elgin election, 20.  
Barker, Samuel (M.P.), N. A. T. Co., 60, 23, 28; Arundel, 55.  
Belcourt, Hon. N. A., Yukon mining deal, 98.  
Blain, R. (M.P.), motion re wharves, 58.  
Borden, R. L. (M.P.), "Arctic," 76; Sir Richard Cartwright, 52; grazing leases, 89; J. B. Jackson, 52; Marine and Fisheries Department, 64; North Atlantic Trading Co., 37; timber limits 85.  
Bourassa, H. (M.P.), condenses Saskatchewan land deal, 17.  
Boyce, A.C. (M.P.), Manitoba election lists, 132.  
Broder, A. (M.P.), South Africa Veterans, 137.  
Brodeur, Hon. L. P., Merwin contracts, 60.  
Bronson & Ray, Yukon concession, 97.  
Brooks & Co., F. L., Merwin contracts, 60.  
Brown, H. P., grazing lease, 90.  
Burrows, T. A. (M.P.), timber limits, 86.  
Canadian Fog-Signal Co., Merwin contracts, 60.  
Canadian Labor Bureau, 39.  
Cartwright, Right Hon. Sir Richard J., pledges of economy, 78; defends J. B. Jackson, 52; promotes W. T. R. Preston, 51.  
Coghlin, B. J., "Montcalm's" equipment, 66.  
Crow's Nest Pass Co., Strike and Leopold, 44.  
Cunningham, W., Supplies for Georgian Bay Canal Survey, 128.  
Debt, increase of, 10.  
Disraeli wharf scandal, 57.  
Divisions of House of Commons, session 1906, 137.  
Elgin (West), election scandal, 19.  
Emmerson, Hon. H. R., I. C. Ry. deficit, 119; I. C. Ry. finance, 121; Moneton land deal, 123, 126.  
Ennis, J., letters re N. A. Trading Co., 41.  
Expenditure and Taxation, 7, 10, 11; Liberal pledges, 7; Liberal and Conservative record, 10.  
Farmers' Auxiliary and N. A. Trading Co., 40.  
Fenian Raid Veterans, motion re, 137.  
Fielding, Hon. W. S., pledges of economy, 7; Merwin contracts, 61.  
Files, A Transaction in, 83.  
Finance Department, Taxation and expenditure, 7.  
Fisher, Hon. Sydney A., re Prince Albert election fraud, 136.  
Foster, Hon. Geo. E., re Philip Wagner, 113; N. A. T. Co., 137.  
Fowler, G. W. (M.P.), re Philip Wagner, 115.  
"Free Press," fake homesteading, 95.

Georgian Bay Canal Survey, 128.  
 Gourdeau, F., re "Arctic" supplies, 80.  
 Grand Forks Cattle Co., 91.  
 Grande Vallee wharf scandal, 57.  
 Grazing lease scandals, 89.  
 Guthrie, H. (M.P.), re W. T. R. Preston, 50.  
 Homesteading, 94.  
 Intercolonial Railway, Party records compared, 118; deficit, 118. Laurier Government pledges re, 118; Moncton land deal, 123.  
 Interior Department—Arundel Printing Co., 53; Bronson and Ray Concession, 97; grazing leases, 89; homesteads, 94; Joseph Nixon, 102; N. A. T. Co., 18; Saskatchewan land deal, 12; timber limits, 85; Philip Wagner, 106; Yukon, 114.  
 Jackson, J. B., appointment, 51; election scandal, 51.  
 Johnston, A. (M.P.), re W. T. R. Preston, 51.  
 Judges, H. Lennox (M.P.), motion re, 138.  
 Jury, Alf., charges against W. T. R. Preston, 34; Ennis letters, 43.  
 Just, C. F., re Arundel Printing Co., 53.  
 Karlsberg, B.—Arundel Printing Co., 54; N. A. T. Co., 55.  
 "Kestrel," The Costly, 131.  
 Laborers. importation of skilled, 38.  
 Lake, R. S. (M.P.), grazing leases, 92; Prince Albert election fraud, 136; Philip Wagner, 109.  
 Lands for the settler—Liberal Platform, 12.  
 Laurier, Right Hon. Sir Wilfrid, official partisanship, 109; pledges of economy, 7; Restricts inquiry in Marine Department investigation, 76.  
 Leach, R. E. A., MacLeod Land Office defalcation, 102; Manitoba electoral list scandal, 132.  
 Lennox, H. (M.P.), motion re judges, 138.  
 Leopold, Louis, Arundel cheque, 54; Canadian Labor Bureau, 40; Crow's Nest strike, 44; Farmers' Auxiliary, 40; N. A. T. Co., 48; W. T. R. Preston, 40.  
 Liberal Platform, 12, 140.  
 Lighthouse expenditure, 59.  
 Lodge, Matthew, Moncton land deal, 123.  
 McGregor, J. D., grazing lease, 91.  
 McNish, confession re West Elgin election, 19.  
 Mackie, A. T., grazing lease, 90.  
 MacLeod Land Office Frauds, 102.  
 Manitoba election lists mutilated, 132.  
 Marine and Fisheries Department, "Arctic," 70; expenditure, 59; files, transaction in, 83; "Kestrel," 131; "Montcalm," 65; Marine Hospitals expenditure, 59; Merwin contracts, 59.  
 Merwin, G. T., contracts with Marine and Fisheries Department, 62.  
 Moberley, H.J., re Prince Albert election fraud, 135.  
 Moncton land deal, 123.  
 Monk, F. D. (M.P.), motions re Fenian Raid Veterans, 137. Preston's dismissal, 49. "Montcalm's" equipment, 65.  
 Moodie, Supt. J. D., statement re "Arctic," 71.  
 Mulock, Sir William, Pledges of economy, 8.  
 Nixon, Joseph, MacLeod Land Office frauds, 102.  
 North Atlantic Trading Co., Bonuses, 26; incorporation, 25; Leopold, agent of, 48; Scandinavian agents, 34.  
 Northrup, W. B. (M.P.), "Arctic," 82; Merwin contracts, 62.  
 Ocean and River service expenditure, 59.  
 Oliver, Hon. Frank, Mutilated reports, 96; deceptive statement re grazing leases, 92; Joseph Nixon, 105; N. A. T. Co., 37; W. T. R. Preston charges, 50; misstatement re Lord Strathcona and N. A. T. Co., 22; Philip Wagner, 106.  
 Pemmican for "Arctic," three prices, 81.  
 Perley, G. H. (M.P.), timber limits, 86.

Prefontaine, Hon. Raymond. See "Transaction in Files," 84.  
Prefontaine, Rolland. See "Transaction in Files," 84.  
Preston, W. T. R., Appointed trade commissioner, 51; Arundel Printing Co., 54;  
H. H. Cook, 18; Crow's Nest Co. strike, 44; motion for dismissal, 50; West  
Elgin election; Ennis letters, 41; C. F. Just, 53; Leopold, 38; Liberal organizer,  
18; N. A. T. Co., 20; promotion, 51.  
Prince Albert election fraud, 135.  
Public Works Department, expenditure, 56; Georgian Bay Canal Survey, 128;  
wharves, 56.  
  
Railways and Canals Department, I. C. Ry. finance, 118; Moncton Land deal, 123.  
Rainboth, E. J., Georgian Bay Survey scandal, 129.  
Ray, C. C., Yukon concession, 97.  
Roche, W. J. (M.P.), lands, 16; timber limits, 87.  
Rogers, Hon. Robert, "Thin Red Line" list, 133.  
Saskatchewan Land Co., 12, 15.  
Scott, W. D., re N. A. T. Co., 29, 30, 36.  
Sifton, Hon. C., grazing leases, 90; Hudson Bay expedition, 70; Saskatchewan  
Valley Land deal, 16; timber limits, 86; Yukon mining deal, 100.  
Smart, Jas. A., artisan immigrants, 39; Leopold, 46; destroys letters concerning N.  
A. T. Co., 32; N. A. T. Co., 20, 22, 29, 31, 35; timber limits, 88.  
Smith, Ralph (M.P.), denounces Leopold, 45.  
Somerville, Roy V., and Arundel Printing Co., 54.  
South Africa veterans, motion, 137.  
Speers, C. W., Saskatchewan lands, 13.  
St. Joseph wharf scandal, 56.  
Strathcona, Lord, objects to N. A. T. Co. contract, 21.  
Strubbe, Chas, sale of files to Government, 83.  
  
Tarte, Hon. J. I., Yukon telegraph, 117.  
Taxation and Expenditure, 7; Liberal pledges, 7; Liberal and Conservative  
record, 8.  
"Thin Red Line," 132.  
Thompson, A. (M.P.), re Yukon mining deal, 97, 100.  
Timber limits, 85.  
Tobin, E. W. (M.P.), Disraeli wharf scandal, 58.  
Turrieff, J. G. (M.P.), grazing leases, 92; Saskatchewan land deal, 13, 15.  
  
Van Bever, L. C., price of pemmican for "Arctic," 81.  
Verville, A. (M.P.), dismissal of Preston, 51.  
Votes in House of Commons during session of 1906, 137.  
  
Wagner, Philip, appointment to office, 106; convicted of stealing, 108; dismissal,  
108; re-appointment, 107; election campaigner, 110.  
Wharves, Government, 56.  
Wilson, Mr., Williams & Wilson, states prices paid by Geo. T. Merwin, 62.  
  
Yukon, finance, 114; mining deal, 97; officials, 116; telegraph deficit, 117.

