

Railway Bungling

(and worse)

in

British Columbia

Notes by

A. B. Cotswarth, New Westminster, B. C.

Printed to inform B. C. citizens and intended (if deemed advisable) to aid the Meredith Commission, now sitting in Toronto, to fairly appraise the value of Mackenzie and Mann's share in the Canadian Northern Pacific portion of the Canadian Northern Railway —with fair regard to the Government cash investments which the late B. C. Government arranged with those promoters of the C. N. P. Railway.

To fix blame on the plunder-schemers, copies were given to Premier Oliver on his way to testify before the Meredith Commission.

The complete pamphlet will contain, in preface, concise financial statements, etc., and will end with some notes, etc., regarding the costly nature of the projected extension of the P.G.E. Railway through the deeply gulched Peace River Country.

In November, 1918, it seems my duty to publish these records for the information of members of the Legislature and citizens of B. C., in order that before they sanction any further railway legislation involving too heavy drains upon the Provincial treasury, they may decide upon the advisability of a commission experienced in inland water-way and railway transportation, investigating the economies and other advantages of water-transportation along the great lengths of Northern navigable Rivers and connected Lakes, so far as they can be made valuable feeders to our existing and projected railways, by utilizing the combined systems of transport as successfully applied by the Government of Sweden, who thereby developed its almost identical variety of country, to great profit, as indicated on page 18.

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1918

SUMMARY OF TYPICAL FACTS DISCLOSED CONCERNING
THE CONSTRUCTION OF THE CANADIAN NORTHERN PACIFIC
RAILWAY IN BRITISH COLUMBIA—UNDER THE LATE B. C.
GOVERNMENT'S PATRONAGE AND AT THE EXPENSE OF
PROVINCIAL BONDS THEY GUARANTEED.

N.B.—The main proofs hereof were handed to the late Premier Brewster, before he left on his fatal trip to Ottawa in February, 1918 — when the italic parts and sub-headings were inserted.

The large sums of money acquired by Mackenzie and Mann under false pretenses, for payment of certain parts of the Vancouver Island portion of the C.N.P. Ry. which they failed to construct, is not included with the statements herein, because the reading public naturally expect the B. C. Minister of Railways to appeal against those over-payments.

The statement quoted below my signature was prepared by one of Mackenzie & Mann's accountants, who had intimate knowledge of their "system" of operations forced upon him, during his work connected with their construction of the C. N. P. Ry. through B. C.

He was indignant at the cruel treatment and impoverishment unjustly inflicted upon their contractors, and particularly the laboring men who did the hard work of clearing, grading and building the C. N. P. Ry.

That to my personal knowledge impelled him to offer that description of their methods to the then Editor of a Vancouver newspaper, who had it set up in type for publication while I was doing other literary work in the adjoining room, where during most of that time the accountant wrote his statement, and told me about it.

Unfortunately the publicity, then so necessary in the public interest, was prevented by the then manager of the allied newspaper (who financially controlled the former newspaper) whom I knew and who I am reliably informed, had received about \$5,000 in cash from Mackenzie & Mann, through their then manipulating "Real Estate and Press Agent," to prevent the publication of such facts to the B. C. people, who wanted to know the truth.

That is further evidenced by the fact that the directors of the paper dismissed that manager directly they ascertained the facts, and their party leader learned that the manager had beforetime taken that bribe by which Mackenzie & Mann subverted the Canadian people and voted C.—4

By consent I got the original press proofs wet from the original paper's galleys, while duplicates were being taken by the editor down to that business manager for approval or rejection. Having acquired from the accountant and others much knowledge of Mackenzie & Mann's methods, they led me to expect that, for the bribe received, he would be likely to serve Mackenzie & Mann's purpose in suppressing information from the public—as he did, by ordering the editor to destroy the type and not publish it.

The exact date in the year 1914, together with the names of the above and other witnesses can be supplied in due course.

I can never forget the earnest manner of that worthy editor (who was heartily anxious to thus do his duty by the public) when he took the proofs down, and how utterly annoyed he and the staff were when they learned that their hopes for publicity were thus thwarted.

Now that the material witness has returned from fighting on the Western Front, and these facts can now be substantiated, I feel it my duty, at whatever cost, to publish these facts with others which the Canadian public should know—and especially their arbitrators now called upon to finally settle the amount of cash (if any) which Mackenzie & Mann are to receive from the Canadian treasury, for their "stock" in the Canadian Northern and Canadian Northern Pacific Railways and their subsidiary companies.

Beyond the three "Excerpts" reprinted below, there were four other paragraphs in the first paper's "Foreword" which during 1914 was set up in type, but as they might be considered inadvisable, appearing too strongly worded, I refrain from sending copies—unless required by government authority,—because my only desire is to protect the interests of Canadian citizens by helping the Arbitrators now appointed to test such apparent facts from this important (British Columbia) end of Messrs. Mackenzie and Mann's shares and interests acquired in the Canadian Northern Pacific Railway and its subsidiary concerns,—before awarding Messrs. Mackenzie and Mann the final payment the Dominion Parliament and Government have empowered able Arbitrators to decide in equity.

I respectfully submit that the people of British Columbia generally feel, and seek to impress upon their Provincial Government and Dominion authorities, that a right adjustment of their just claims against Messrs. Mackenzie and Mann for alleged fraudulent manipulation of B. C. Bond moneys through the Northern Construction Company and other subsidiaries, should be rectified through the award of the Arbitrators now beginning to consider the complex problems relegated to their decision.

As Messrs. Mackenzie and Mann's Account Books, etc., were removed from British Columbia to Toronto (out of the jurisdiction of B. C. Authorities) may I suggest that the essential facts could be quickly ascertained by telegraphing the Government of British Columbia to send East their Railway Engineer and accountant to verify and submit the most important facts to the Arbitrators and establish the needed evidence, while witnesses are available.

(Signed) M. B. COTSWORTH.

New Westminster, B. C., 25th January, 1918.

3 EXCERPTS FROM THE ORIGINAL "FOREWORD" IN 1914.

"The story published on this page is the real story of the Canadian Northern in British Columbia. It reveals the sordid methods practiced to extort the last penny and give little in return. It is the 'inside' story of the crookedest railway deal in the history of Canada and proves Mackenzie & Mann to be a pair of financial tricksters. The facts are authentic and prepared by an accountant who 'knows.' For the past two years he has been employed in a position where the knowledge of the 'system' was forced upon him. For the protection of the people of British Columbia and only for that reason has he consented to tell what he knows. It is a story which all citizens of British Columbia and Canada should read and insist upon remedying. Mackenzie & Mann appear in many disguises. As titled financiers they are welcomed by the socially elect. Strip off the titles and they stand revealed as two dangerous men who exploit the money and labor of others, depriving them of returns for Government money and credit."

"The construction of the Canadian Northern Railway is the most awkward question confronting the Canadian people today. Unless the railway is completed Canada's credit will suffer very seriously for many years to come. Mackenzie & Mann, promoters of the railway, have succeeded in placing the country in such a position that there is no possibility of escape. It is not a question of politics; it is a question of the country being seriously crippled by designing schemers."

"The story of the Canadian Northern in British Columbia is a story without parallel. The government has been rendered helpless. Mackenzie & Mann are the autocrats. They do not ask; they demand.

The above was originally bordered by rules, indicating it as the "Foreword" to his story. The numbers were prefixed to the following paragraphs by M. B. Cotsworth to facilitate later reference and discussion.

N.B.—The following 269 "quoted" lines were reprinted from the above mentioned proofs, on which I underlined some important parts and noted some revisions, which Mackenzie and Mann's accountant as the originator considered it would be better to make, as we read that proof together.

Those underlined, etc., parts the printer has distinguished by setting in heavier faced type—Please bear in mind that both the "Foreword" and statement printed below were written during the Autumn of 1914, except the italic parts, added in January, 1918.

The unjust financial stringency and cruel losses inflicted upon British Columbians were mainly caused by Mackenzie and Mann's scandalous exploitations, in conjunction with certain cunning, powerful and unscrupulous politicians—long before the Great War began. Those are instanced by their Accountants' statements following; their "Real-Estate" manipulations at Port Mann, Nanaimo, etc.; together with their outrageous over-capitalization of the Dunsmuir Coal Mines and many other "profiteering deals" involving such large expenditures, which fair-working operators of Government Guaranteed Railway construction should never have been allowed (by responsible Ministers of the Crown) to sway the dominating financial power that Mackenzie and Mann acquired through political influence and our Government's credit perverted by means of excessive guarantees of Railway Bonds.

MACKENZIE AND MANN'S ACCOUNTANT'S STORY.

1. "The general public who read in the daily and weekly press of the amazing finances of Mackenzie & Mann have probably no idea how simple a matter it may be to **finance** a transcontinental railroad. I will endeavor to show not only how this can be done, but how it is actually being done at the present moment in the construction of the Canadian Northern Pacific Railroad. The principal qualification to start in the construction of a railroad is that the original contractor should have no capital that can be attached. To explain this it is requisite to show as simply as possible how this can be done. Mackenzie & Mann by astute financial schemes have in the past raised enormous sums in London and elsewhere for the ostensible purpose of building a transcontinental railroad. To the man on the street it would still appear that this is what they have been doing with the money. This is not the case. The railroad is being built without spending more than a major percentage of the amount borrowed, the balance being carefully salted away in investments in Vancouver Island, Brazil, Argentina, Mexico and elsewhere."

2. "In order to build a railroad on this principle it is obvious that someone must be got hold of who can be induced to put up the real **money, or collateral to construct the line.** This is done in the following manner:—In the first place the Canadian Northern Pacific Railroad and Mackenzie & Mann are, of course, identical for all ordinary purposes. Mackenzie & Mann sublet the construction of the line to the Northern Construction Company, Limited, who are Mackenzie & Mann under another name. But here comes in the first margin, as between the Northern Construction Company and Mackenzie & Mann **comes in a difference in price which puts an enormous sum directly in the pockets of Mackenzie & Mann.** The next deal—for which purpose we will take the section lying between Kamloops to the crossing of the North Thompson River at Mile 152—comes in when the Northern Construction Company sublet to Twohey Bros., Limited, and further north to Palmer Bros. & Hening and other contractors. Here comes in another big margin in prices by which the Northern Construction Company have cleaned up several million in the course of construction, and it must be remembered that the Northern Construction Company is only Mackenzie & Mann in disguise."

3. "The next step in the scale of middlemen comes in when Twohey Bros. sublet part of their work, say to W. T. Parsons for example. Here is another margin of profit; finally W. T. Parsons sublets to a station gang, that is a gang of six or more men who take a small piece of work, say from ten to thirty stations (1,000 to 3,000 feet) **and actually do the work.** Now it will be seen that between the actual builders and the original contractors comes in a long string of middlemen whose existence is of little service in the construction of the railroad and **who are simply parasites living upon the proceeds** of the actual builders, Government and taxpayers of British Columbia **who guaranteed the railway bonds and must pay the interest and repayments when due.** But to Mackenzie & Mann they are absolutely necessary as these subcontractors are paying the men, feeding them, buying the explosives, etc., and actually providing through their bankers most of the money required to build the line. And now comes in the first crucial point."

FINANCIAL STRINGENCY AND LOSS, NOT CAUSED BY WAR.

4. "It would be bad enough that any railroad should be built on this principle even if the subcontractors were paid; but they are not. At the present moment there is hardly a contractor on the C. N. R. between Kamloops and Yellowhead who can meet a wage check and they cannot take on more men and complete the line, simply because they cannot pay them. This is by no means the fault of the subcontractors, but nearly all of these, except such large firms as Twohey Bros., are comparatively small men working on a capital of \$50,000 or less. When their bank balance and line of credit is exhausted they are faced with the problem of either closing down on their work or waiting indefinitely for payment."

5. "In many cases large sums have been owing these subcontractors for over a year. At the present moment, I have reason to believe, the sums of three-quarters of a million are due to Twohey Bros., half a million to Palmer Bros. & Hening, and corresponding amounts to other firms. The policy of Mackenzie & Mann is to build up a huge private fortune by coercing or impoverishing contractors and others working for them."

6. "Now let us consider how this affects the actual worker. Owing to the crowd of subcontractors, all taking their margin, the price paid the men who do the work is so small that but few of them get anything worth while. The subcontractors who let the work to the station men have to take the work at such a low price that they cannot make anything to speak of on the actual work so they make it on the commissary supplies, such as powder, clothing, boots, etc. The station men taking a contract are compelled to purchase all their supplies from them so that the actual workers who are nearly all foreigners—Swedes, Italians, Russians, etc.—are completely at the mercy of any unscrupulous subcontractor. The men working by the day last month were getting \$2.25 per day, less \$8 a week board, \$1 a month hospital fees, and monthly 25c mail. Here comes in two more choice side lines of wealth. Mackenzie & Mann, the medical department of the C. N. R. Ry., collect one dollar a month, or for any period over three days, from every man on construction ostensibly for medical or hospital fees, for which they practically provide very little. At long distances a hospital of sorts is put up, but it consists only of one room so that surgical cases are all mixed up with typhoid, etc., with the result that if a man breaks a leg or is injured in blasting, etc., the chances are he acquires an attack of typhoid, and in some cases with fatal result. It is true that the doctors themselves do their utmost for the men, but everything is done by the heads of the medical department to cut down every possible cent of expenditure, meanwhile \$10,000 or \$20,000 a month comes in to the medical department. A smaller item which only affects the subcontractors and the men working for him is the item of 25c charged every man for delivery of mail, though as most of the men are illiterate this would appear to be a farce or worse."

HOW THE INTERESTS OF B. C. AND CANADA ARE AFFECTED.

7. "Having considered the general outline of the scheme we will look into how this affects the interests of the province of British Columbia. The C. N. P. Ry. is bonded by the provincial government at \$45,000 a mile and the only country opened up by the C. N. P. Ry. not already served by the G. T. P. and C. P. R. is the 150 miles of country lying between Tete Jaune Cache and Kamloops. Tete Jaune Cache corresponds to about Mile 48 on C. N. R. (mileage reckoned from Yellowhead summit). From Mile 48 to Mile 69 is a long sand cut and fill which could have been taken out with a steam shovel at \$15,000 a mile; from Mile 69 to Thompson Crossing it is sand with some rock cuts, average cost, say, \$30,000 a mile; from Thompson Crossing to Kamloops an average of \$20,000 or \$25,000 would well cover the cost of construction—so that it will be seen that this part of the line could be built for about 50 per cent. of the amount for which it is bonded. **One run through this country would convince any business man that this part of the line could never locally pay expenses.** There is a small amount of merchantable timber for which branch lines would have to be built and a few thousand acres of land which if cleared might possibly be of some value, but this is very doubtful, owing to the enormous amount of sand, clay, etc. The rest of that strip of country is rocky and of little value."

8. "Large sections of the line north of Kamloops from Mile 109 and beyond is built by laying the ties down on muskeg and will cost more for maintenance than the construction. It is difficult to see how this province is going to gain anything but a vast debt by the building of this line. It is claimed by many of its supporters that it will bring the products of Alberta to Vancouver. It must be obvious that this purpose will be better served by the Pacific Great Eastern, now being built to connect with the G. T. P. at Fort George. The Grand Trunk has a fine roadbed infinitely better than the C. N. P. Ry. and passing through a better country."

9. "One of the outstanding causes of the present financial stringency in Vancouver is the fact that almost every firm of any size is involved with one or other of the contractors who are tied up by Mackenzie & Mann."

NOTE—These defaults through Mackenzie and Mann's failure to pay their contractors, merchants supplying stores, and their workmen; not only caused ruinous financial stringency, but by forcing thousands of men out of work, flooded the labour market on the P. G. & E. contracts thereby let at lower prices, thus adding greatly to the P. G. E. profits of Foley, Welch & Stewart.

Those Mackenzie & Mann caused defaults, resulted in imposing financial burden of interest and other charges upon the B. C. Treasury, also upon municipal expenditures for providing meals and others costly forms of relief those manipulators thrust upon the Cities of Vancouver, Victoria, New Westminster, etc., long before the war.

HOW EARNINGS OF CONTRACTORS AND WORKERS WERE CUT.

Meantime Mackenzie and Mann thereby scooped more plunder from the Provincial Treasury, through their excessively high fixed contract prices allowed by the McBride-Bowser collaborated agreement, despite the fact that Mackenzie and Mann's diversion of Provincial moneys and defaults, lowered the wages of their men and so inflated their already greatly excessive profits.

10. "The position of a subcontractor today is anything but ideal. For months payments on estimates are held up, meanwhile interest at anything from seven to ten per cent. had to be met on overdrafts, not one cent of which is paid by Mackenzie & Mann, and when finally the bank tightens up and it is impossible to meet the wage checks for workmen, who suffers? Why the subcontractor; all the men working on the line go out saying, 'Smith, Jones & Company's checks are no good—all broke.' Not a word of the great Mackenzie & Mann, who are too big to be interested. It is only the small men who get caught and these are the men who have actually built the line. These are nearly all men who have worked themselves up by long years of economy and hard work from small contracts. They gradually got together a flourishing business by working for such firms as Foley, Welch & Stewart and others of the highest repute. Now they find themselves up against Mackenzie & Mann and all their stake and credit involved in the frenzied finance of this outfit."

11. "Lower in the scale comes the small station gang working often in the summer sixteen hours a day, seven days a week, and after months of work finding themselves with perhaps five or ten dollars apiece two hundred miles from civilization and all the work finished between them and the outside world. To quote but one of dozens of examples the writer knows of one gang—a first-class gang of twelve men who worked for fifteen months on 3,000 feet of rock work and at the end of that time had three dollars a month coming to them. There is hardly a station gang now working between Kamloops and Tete Jaune Cache who will have enough coming to bring them out when the work is done, and if these men were paid the prices paid the Northern Construction Company they would all come out with comparatively big stakes. The result of this will be that next winter hundreds of men will be wandering into this city penniless and becoming a source of expense and danger to the city. Had it not been for the herd of middlemen all these men would have had big stakes, the spending of which would have materially assisted the financial situation here."

12. "A comparison of prices paid station men with those paid the Northern Construction Company will give some idea of the effect of the system of finance. For clearing, the average station man, if lucky, may get \$75 to \$100 an acre, the Northern Construction Company \$200. Taking a sand contract of say three thousand feet with 100,000 cubic yards to be excavated, the station gang getting at the most 22 cents, the Northern Construction Company say 32 cents. To take this out by hand labor would cost 24 cents, so that it is obvious the station gang can make nothing, but if he got Mackenzie & Mann prices they would make \$8,000."

HOW MACKENZIE & MANN'S SYSTEM OF "PROFITEERING" WORKED.

13. "Anyone who has had the slightest experience can work for these wide margins. Say, for a rough example, at the lowest figures that in British Columbia the C. N. R. has 500 miles costing—an average at the Northern Construction Co.'s prices of \$25,000 a mile totalling \$12,500,000. Of this, at the lowest estimate, 20 per cent. is net profit for the Northern Construction Company. That is that they are taking at least \$2,500,000 which should rightly be spent or invested in this province, and for which this province does not gain true value."

"Beyond this they are making vast sums out of supplies, most of which are purchased in Edmonton and shipped to Mile 49 on the G. T. P."

14. "The whole system is one of the most audacious that modern finance can disclose. Why should the Government of British Columbia, the local wholesale houses and merchants of Vancouver and Victoria give their utmost credit, risk all their future and chance their utmost hopes in order to support the frenzied greed for personal wealth of such exploiters of finance as Mackenzie & Mann?"

"How long will the people of this province be contented to sit down and grovel because the 'Molocks' Mackenzie & Mann pose and are knighted as 'Empire Builders,' when they are really UNDERMINERS OF OUR EMPIRE IN CANADA."

"This great Dominion that ten years ago was the fairest jewel in the crown of our Great Empire, has now become, through the financial trickery of Mackenzie & Mann, and their political imitators, financially sneered at in comparison with South Africa, New Zealand, or even the small but wealthy Federated Malay States."

15. "The writer, after nearly ten years' experience in the Eastern and Western Provinces of Canada, feels, as all of us should, that such men as Mackenzie & Mann are blasting the credit and good name of our country."

"Why should we citizens of Canada, especially in British Columbia, with its vast natural resources ready to manufacture, and with its healthy climate capable of developing a vigorous race and great nation within our great Empire; why should we for a single instant throw our inheritance at the feet of a pair of men, working through provincial confederates, all bent only on acquiring personal wealth at our expense?"

16. "Now is the time for us all to pull together and make our country known as determined to insist upon honest and efficient government—whose business amongst railway companies as well as amongst every class of other companies and citizens shall be conducted in an upright and straightforward manner, and where dishonesty and trickery of any shade will not be tolerated."

"MUZZLED."

WHY THE ACCOUNTANT WROTE THOSE 16 PARAGRAPHS.

"Muzzled" is the scribe-name assumed by Mackenzie and Mann's Vancouver accountant, after writing the foregoing plea for newspaper publicity to safeguard the Interests of British Columbians, when he realized how unjustly his faithful purpose had been balked by Mackenzie and Mann's agent's bribery to the newspaper-manager, who had forced the impartial editor to destroy the type and refuse publication—against the public welfare—as explained on pages 2 and 3 hereof.

Indignant at Mackenzie and Mann's unscrupulous methods, "Muzzled" enlisted for the War in 1914, but before going un-muzzled himself to me, placing the proofs and part of the original "copy" in my charge, to use when and as I deemed best,—after he had been convinced by the following record of my prior efforts to protect the interests of British Columbians in Railway and other expenditures, that I would safeguard and use them when suitable opportunities developed.

DANGER IN "COLD-STORAGE" OF UN-PAID SHARES.

Hearing of the covertly astute schemes of some American Railway and other Company promoters who shared the proceeds of "promoters' Shares" with their political confederates, by placing such shares in the "cold-storage-safes" of Bankers and Trust Companies until they could be sold and the un-identifiable money proceeds divided amongst them; I asked their accountant whether he knew, (but he replied that he did not know) what had been done with the original \$25,000,000 worth of Canadian Northern Pacific Shares, which did not seem to have been sold to rightly raise the first requisite of capital to build the Railway,—as required by Section 21 of the C. N. P. Act?

Clause 21 reads:—"The money raised upon the Capital Stock of "the Company shall be applied in the first place to the payment of all "fees, expenses and disbursements in connection with the incorporation of the Company, and for making surveys, plans and estimates, "or purchasing those already made, connected with works hereby "authorized, and the remainder of such moneys shall be applied to the "making, equipping and maintaining of the said Railway AND "OTHER PURPOSES OF THIS ACT."

WHAT DID MACKENZIE AND MANN DO WITH THE \$25,000,000

C. N. P. "COLD-STORAGE" SHARES?

My question referring to that clause is now (January, 1918) significantly applicable to the proceeds of the \$25,000,000 C. N. P. Rly., because of the year 1917 disclosures during the P. G. E. Rly. Legislative Inquiry when the fact was proved, on pages 24 and 33, that instead of the latter having publicly sold the shares for money to build the Railway, the four promoters had actually divided the \$25,000,000 shares into four parts, taking \$6,250,000 each without payment—beyond the mere total of \$40,000 cash paid, which was less than one-sixth of one-per-cent of the share values they thus scooped up.

It is because the Hon. John Oliver's efforts through that Inquiry resulted in recovering those \$25,000,000 worth of shares for the Province of B. C.; and there seems a probability that the C. N. P. shares were similarly secured unpaid for by promoters and may be recovered, or their value adjusted to the credit of this Province, through the efforts our new Premier can exert before the Merédith Commission now sitting in Toronto; that the following Exhibit "A" and notes are printed, to show how efforts were put forth during 1909 to prevent such exploitations as since then have caused this Railway Crisis in B. C.

Before reading those, attention is called to the fact that the late Attorney-General Bowser was responsible for the wording of both the C. N. P. Rly. and P. G. E. Rly. Acts which were identical in Clause 21, and also Clause 9 reading:—

"9. The Company is hereby authorized and empowered to purchase, acquire, lease, open up and operate Coal Measures and Coal Mines within the Province of B. C.; and to acquire all necessary and convenient lands in connection therewith."

EX-ATTORNEY-GENERAL BOWSER IS ASKED TO EXPLAIN.

Perhaps our Ex-Attorney-General Bowser will make public whether the words "**and other purposes of this Act**," ending Clause 21, enabled Mackenzie & Mann under Clause 9, to use part of the money received from the C. N. P. Bonds to buy the Dunsmuir Coal Mines, and load so many extra millions of capitalization upon B. C. householders who now have to pay about \$1.00 more per ton for their coal, because of Mackenzie & Mann's manipulations?

Further, will Mr. Bowser announce whether it is a fact, as ex-Lieut.-Governor Dunsmuir told me, that he offered both the Coal Mines and the E. & N. Rly. to the B. C. Government for use in the public interest, before they were sold to Mackenzie and Mann and the C. P. Rly. Co. respectively?

There can be no refutation of the fact that as the then Attorney-General of B. C. it was his duty to see that before any of the money received from Provincially guaranteed Bonds was paid to the C. N. P. Rly. under Clause 21,—that the original C. N. P. shares had been publicly sold and all the money from them rightly used to build the earlier portions of the Railway—because Section 3, sub-sec. (b) of the "Attorney-General's Act" required that "He shall see that the administration of public affairs is in accordance with the law."

The Law further required him in that way to safe-guard British Columbians from the great wrong the P.G.E. promoters tried to perpetrate upon them, by "Cold-Storing" the other \$25,000,000 in shares they seized without paying for them, (but later were forced by the Oliver Administration to return to the B. C. Government.) as recorded above.

Finally, Section 5 prescribes: "It shall be the duty of the Attorney-General to make a Report to His Honour the Lieut.-Governor of the conduct of his department up to the 31st day of December in each year—which shall be laid before the Legislative Assembly."

Will he publicly explain why that most definite duty he was highly paid for was never done, and Mackenzie and Mann were allowed by him to ignore the law upon such vital issues?

Does he remember the following:—

M. B. COTSWORTH'S NOTES AND SUGGESTIONS

Submitted to Premier McBride and all Cabinet
Ministers—Before their "Railway Policy"
was announced to the Electors during 1909.

EXHIBIT "A"

(COPY)

Parliament Buildings,

Victoria, B. C., October 16th, 1909.

RAILWAY AND OTHER TRANSPORTATION FACILITIES FOR BRITISH COLUMBIA.

1. "The permanent prosperity of British Columbia can be effectively enhanced by wise RAILWAY, WATER, PORTAGE and ROAD "DEVELOPMENT" prudently combined; but to ensure the best public welfare, it is essential that each of those productive developments should be thoughtfully worked out and co-ordinated in accordance with its relative importance, and harmonized into one comprehensive plan—carefully designed in advance, to ensure the fullest economic benefits to British Columbia, whose circumstances are widely different from those of the flatter and more agricultural provinces of Alberta, etc."

This was the first constructive step which right government should have taken.

SHELTERED COAST WATERS.

2. "The dominant factor to be borne in mind, is, that the most valuable avenue of provincial commerce and great cities will inevitably be the priceless sheltered waterways along the coast."

"Therefore it must inevitably be the greatest factor in determining railway and general transportation policy."

RIVERS, LAKES AND PORTAGES.

3. "The next most economic natural routes for commerce and travel are the great rivers and lakes which, when linked by inexpensive 'Roller Portage,' hydraulic lifts or even short canals, will by the utilization of water, electric, gasoline, etc., power, prove more useful than railways in some districts as British Columbia rapidly becomes more thickly populated."

RAISE RAILWAY BRIDGES.

4. "Therefore it is highly advisable that provisions should be made in all railway legislation for the Public Works Department being authorized to require that all bridges should be high enough to allow freight and passenger craft to pass and prevent the blockade of future water traffic."

"The low fixed bridge at Sicamous spoils the natural link of water communication which could so easily have been saved to connect the 120 miles range of the Adams Lake and Shuswap with the 70 miles of the Shuswap River and Mabel Lake, which probably will be linked up ultimately by canalized rivers or short canals connecting the Okanagan, Arrow and Kootenay Lakes and their outflowing rivers which form such admirable channels of commerce, even though they are isolated from each other now."

Failure of the McBride-Bowser Government to heed the following warnings, resulted in permanently increasing the cost of Freight Rates, and the wasteful litigation of the B. C. Express Co. against the Grand Trunk Pacific Railway Co. through the Fraser & Nechaco Bridges obstructing River Navigation by being built too low (see page 17). Further, those neglectful politicians, withheld from their electors all information concerning the annually increasing loss thus inflicted upon settlers and citizens, who have to pay for the transportation of produce, which could have been conveyed more cheaply had the Government enacted that such bridges should be high enough, or swing, for river traffic.

6. "Another great link of importance to the Province was cut off by the C. P. R.'s low bridge over the outlet from Harrison Lake, which controls about 125 miles of waterway that could be inexpensively made a useful route for traffic by cable portages between Lillooet, Seaton and Anderson Lakes, etc."

7. "The public will be deprived of that use of those routes which say ten feet higher bridges could have secured for all time—until the need becomes more pressing, and then higher lines and bridges will have to be built at greatly increased expense, as has had to be done out of public funds in England, France, Germany and the United States, where the national value of water transportation is being increasingly recognized every succeeding year—so much so that the British Government have decided to resuscitate part of their canals as Germany, France, etc., have already done."

ECONOMIC DEVELOPMENT OF B. C.

RESOURCES DEPENDS UPON CHEAP TRANS-

PORTATION AND IS MOST VITAL TO BOTH

CANADIAN AND PROVINCIAL PROSPERITY.

8. "British Columbia should profit by their experience, especially when there are so many other lake and river routes available along the Quesnel, Nechaco, etc., valleys—many of which will form not only by far the most economical water routes for freight transportation, but also (as experienced along the Arrow Lakes and Columbia River) the most agreeable for travel in sparsely populated districts where the bulk of both freight and travel passes between March and November."

"Even between November and March (when many of the lakes and rivers are frozen) they form the best means for transit by sleighs along many valleys where the insufficiency of prospective traffic cannot justify railway expenditure."

9. "The most extensive and later developed river and canal communications of Germany have enabled that country to gain commercial advantages over Great Britain in the great iron, coal and manufacturing developments during recent years."

"Sweden, across the Baltic Sea, observing those advantages and possessing vast iron and other mineral deposits, together with extensive forests in a country of crumpled mountainous formation (more like British Columbia than any other, with its chains of ribbon-like lakes and rivers), has most wisely developed its lake valleys and connected them by navigable rivers and canals."

"By the same means she has extended water communication down the chief rivers to the sea to secure the cheapest means of transportation, by which she has secured and is extensively building up the timber, mining and manufacturing industries of that country within which mills, factories and prosperous towns are raising a happy and progressive people."

10. "The northern half of Sweden is very similar to British Columbia in forest-clad valleys, ravines and mountain spurs trending southwards, as the two countries were geologically formed under almost identical conditions, and yet although the Swedes have had seventy years concurrent experience of both railway and river transportation whilst their well-known prosperity and wealth in timber and minerals easily calls forth any required capital—they have only two small railways of about 250 and 100 miles respectively in that great 'NORHLAND,' where approximately 80% of the traffic is most economically and expeditiously floated down the rivers to the factories and ports along the coast."

THE BEST DEVELOPMENT FOR CENTRAL BRITISH COLUMBIA.

11. "Southern Sweden is like central British Columbia in having great agricultural areas well served by lakes and rivers. There, during nearly 2,000 years of settlement it is so satisfactorily cultivated that few Swedes will leave it. BUT IN BRITISH COLUMBIA, AROUND THE QUESNEL, CARIBOO AND OMINICA DISTRICTS TO THE PEACE RIVER COUNTRY THERE EXISTS ABOUT 1,000 MILES OF EASY FLOWING CHAINS OF RIVERS AND LAKES WHICH AT LESS THAN ONE-TENTH THE EXPENSE OF RAILWAYS COULD ALMOST FORTHWITH BE OPENED UP FOR TRAFFIC AND SETTLEMENT in the manner best suited to the nature of that great farming and grazing country."

NOTE—What a vast expenditure could have been saved—especially as the Upper Country and Peace River Lands must suitable for grain-growing could have their wheat, etc., stored in up-bank elevators, to slip straight down into boats to float down to Railway Elevators along the main lines for transit to Vancouver, etc.—M. B. C.

**WATER ROUTES CAN BECOME VERY VALUABLE FEEDERS
FOR TRUNK RAILWAYS.**

12. "The value of cheap water transport towards developing British Columbia can scarcely be over-estimated when we come to realize the bounteous manner in which Nature has endowed Central British Columbia with naturally navigable waterways along which we can carry freight at less than one-tenth of railway cost down the Bulkley Valley, Babine Lake, Francois Lake, Nechaco Valley, Stuart River, Salmon River, Crooked River, Fraser River, etc., to act as valuable feeders to the G. T. P. Railway.

13. "In like manner the C. N. Railway can be advantageously fed by traffic at economical through rates along the Clearwater Valley, Quesnel Lakes, Horsefly Valley, etc."

The two latter areas linked by the Fraser, Nechaco, Stuart, etc., Rivers, with the great Stuart, Tula, etc., Lakes, and by Giscome Portage with the vast Peace River Country, would much sooner help the P. C. E. Line to pay its way and earn its interest.

**UTILIZATION OF NATURAL WATER ROUTES MOST NEEDED
TO PERMANENTLY HELP SETTLERS.**

14. "For the average settler whom British Columbia most needs to encourage, the easiest and cheapest natural routes to the markets of the world are along the rivers as now being increasingly used by every progressive nation in Europe, as well as the United States and Eastern Canada."

"For settlers generally, easy-grade roads to the nearest navigation, and thence by navigable waters to the nearest market or rail, form what both they and the Province most urgently need and by which they can soonest derive the best permanent benefits."

15. "Those great natural highways of the country so easily utilized by the Indians cannot be longer neglected without serious permanent loss to both British Columbians and Canadians."

16. "The fact that Premier Sir Wilfrid Laurier has already spoken in the Dominion Parliament his conviction as to the practicability of a cheap waterway for steamers of 1,000 tons from Montreal right into Alberta through the Saskatchewan River indicates the waterway development which British Columbians could most successfully press the Dominion Government to furnish from Quesnel, etc., through the greatest agricultural area of British Columbia along the Peace River country."

NOTE—The control of and responsibility to develop Rivers and Canals for traffic is vested in the Dominion Government.—M. B. C.

Unfortunately Mackenzie and Mann's manipulation of politicians in the Prairie Provinces, prevented that more economic development.

ROADS.

17. "The great importance of good roads should never be lost sight of, as railways can never supersede them; indeed the progress of inventions indicate the strong probability of oil-driven motors and road conveyances propelled by electric accumulators becoming exceedingly useful for British Columbia—hence the same care and economy should be exercised in constructing easy graded new roads by contract as on railway construction."

18. "Some valleys which are already supplied by roads and only have small agricultural populations, may reasonably be required to wait whilst the larger northern valleys which have no roadways are furnished with the canalization of their rivers, or 'light railways' to be fed by auto-trucks to facilitate the settlement of the Province."

RAILWAYS.

19. "One highly practical reason why the Government should give reasonable facilities and guarantee the interest on the shares in suitable cases, is, that the advent of a Railway means large Government economies in Road construction and maintenance—e.g., The Nicola Railway has practically abolished road transit between Nicola and Spence's Bridge."

20. "Any Government can get more out of Railways by treating them fairly than straining undue advantages, as a willing horse always works better than a driven one—and Railways when harassed by politicians can resort to very effective subterfuges through subsidiary companies and legal cover."

WHY THE GOVERNMENT SHOULD

ASSIST RAILWAY CONSTRUCTION.

21. "1st. To facilitate the development of the Province."

"2nd. British Columbia being a land of valleys, they dominate the normal course Railways would traverse, as it pays Railway companies far better to get a longer mileage rate by going ROUND a mountain chain, than spending heavily on tunnelling THROUGH it."

22. "But as freight transit and travelling have become a necessity, it is manifestly in the interest of British Columbians that their time and expense should be saved to them where practicable, therefore when it is advisable to pierce a mountain it is good for the Province to guarantee the increased capital required to tunnel, or to build larger or higher Bridges than it is in the interest of the Railway Company alone to provide."

"British Columbia would benefit far more by tunnelling through the Hope Mountain one mile even at the cost of twenty times the ordinary construction rate if they saved 19 miles as against going round, and the Company or Government could rightly be authorized to charge 20 miles for that one."

RAILWAY AND ROAD BRIDGES COMBINED.

23. "The wise policy of the Government providing or assisting to pay the cost of joint Road and Railway Bridges, as at New West-

“minster, is commendable, and quite feasible for expansion to the
 “extent even of direct connection with Vancouver Island, if the
 “Dominion and Provincial Governments, as well as say the three trunk
 “Railways, joined in fair proportions, as was done by the seven Rail-
 “ways who collectively constructed the Forth Bridge in Scotland.”

24. “The principle of Joint Road and Rail Bridges is worthy of
 “being considered as a policy adaptable in the construction of all
 “future Railways and when existing bridges have to be replaced at
 “such places as Lytton, Revelstoke, Nelson, etc. The Albertan Gov-
 “ernment and Edmonton City has now arranged with the C. P. R. to
 “build a Joint Road and Railway Bridge across the Saskatchewan
 “River from Strathcona.”

*This was about the only recommendation the McBride-Bowser Govern-
 ment acted upon. One Cabinet Minister whom I had asked why others re
 Shares, etc., had not been decided upon to benefit the Province, significantly
 replied that “They could not have made a ‘deal’ with Mackenzie and Mann
 where such safeguards were asked.”*

RAILWAY CROSSINGS AND FREE-WAYS OVER RIVERS.

25. “Much waste of money can be saved and facilities for
 “public convenience gained during construction by prudent anticipa-
 “tion of the need for Railway Crossings and free-ways for steamers,
 “etc., to pass under bridges to be erected over Rivers during future
 “Railway development.”

*NOTE—Had this needed precaution been taken by simply embodying the
 British Clause s in the B. C. General Railway Act, British Columbia would
 have been saved from all losses, such as those imposed upon Boat Freighters and
 Contractors in Litigation against the new railway companies for building the
 Bridges too low, causing extra cost to Boatmen on the Upper Fraser, and the
 greater losses caused by cutting off water traffic for hundreds of miles north-
 wards.*

26. “If in the Public interest a crossing or higher bridge is
 “required where the increased cost would be a hardship upon the
 “Company, then the payment of the increased Capital required or
 “guarantee of interest on the extra capital outlay should be favorably
 “considered by the Government.”

PERMANENT ARBITRATORS COULD BE APPOINTED.

27. “To settle what is fair from time to time, an inexpensive
 “arbitrator or Judge (such as Judge Macdonald) might be legislated
 “for without fees till called in. Such Arbitrators in England have
 “proved of great benefit and their simple provision has ensured great
 “harmony and saved vast trouble, even though some have never been
 “called in to arbitrate. The knowledge that the Arbitrator COULD
 “DECIDE, caused both sides as a rule to agree quickly between them-
 “selves. Large amounts of money have thus been saved, which with-

"out that protection would have been worse than wasted on lawyers' wranglings."

INFORMATION REQUIRED TO SECURE WISE DEVELOPMENT.

28. "Probably the wisest course would be for the Government to appoint a Commission of two or not more than three persons of practical experience (one of whom should probably be the Public Works Engineer because of his large practical engineering knowledge of British Columbia's requirements) who should first investigate the unrivalled natural water transportation facilities prevailing in the Cariboo and Ominica Districts through the Rivers and Lakes feeding the Fraser and Peace River Basins, and then run speedily through the chief Canadian and U. S. A. Waterways in the East on their way to Sweden, and thence return quickly across the Denmark Ferry by the Elbe, etc., navigations through the Iron and Coal Canals of Belgium and Northern France, from whence they could with great advantage to British Columbia return by the Panama Route to Victoria."

29. "En route on the Railways and Canals they could gather much valuable experience and useful information to lay before the Government with a view to having the wisest possible development policy designed to help the Province as a whole."

NOTE—I submit that had the Government acted upon that advice, got the best information and decided upon the policy most advantageous to this Province, B. C. citizens would have benefited thousands of dollars for every dollar thus spent.

30. "As I am informed that a small steamer is being chartered to run a party interested in British Columbia development some few hundred miles above Soda Creek next spring, no doubt such Commissioners could then get quick and cheap transportation thereon."

NOTE—I knew that, because the men forming that party had invited me to join them on that trip—which I later found was undertaken to stake vast areas of land—by false Powers of Attorney, in advance of both surveys and settlement.

31. "If the Government see their way to either approach the Dominion Government directly or allow someone to do so indirectly, I have reason to believe that the Dominion Government could be prevailed upon to send a representative of their Railway and Canal Department at the same time and so pave the way for getting the Dominion Government to do their full share in the opening up of that vast agricultural territory containing about 15,000 square miles of good land by the cheapest and most effective transportation."

NOTE—That I knew, because through the late Hon. Ralph Smith and the Interior Department, I had made enquiries while in Ottawa.—M. B. C.

32. "The following quotation from a speech in the British House of Commons in July, 1909, concisely records:—

'A Railway Company is a privileged Company upon which this House and the Nation have conferred peculiar rights and

'monopolies. In return, this House has a right to expect that 'the business of these Companies should be conducted upon the 'principles which this House requires.'

GLADSTONE'S CLAUSES SAFEGUARDING THE PUBLIC.

33. "Excerpt from 7 & 8 Viet. c. 85. An Act to attach certain "Conditions to the Construction of future Railways authorized or to "be authorized by any Act of the present or succeeding Sessions of "Parliament; and for other Purposes in relation to Railways. (9th "August, 1844).

'That whatever may be the rate of divisible profits on any 'such Railway it shall be lawful for the said lords commissioners, 'if they shall think fit, subject to the provisions hereinafter 'contained, at any time after the expiration of the said term of 'twenty-one years, to purchase any such railway, with all its 'hereditaments, stock and appurtenances, in the name and on 'behalf of her majesty, upon giving to the said company three 'calendar month's notice in writing of their intention, and upon 'payment of a sum equal to twenty-five years' purchase of the 'said annual divisible profits, estimated on the average of the 'three then next preceding years; Provided that if the average 'rate of profits for the said three years shall be less than the 'rate of ten pounds in the hundred, it shall be lawful for the 'company, if they shall be of opinion that the said rate of 'twenty-five years' purchase of the said average profits is an 'inadequate rate of purchase of such railway, reference being 'had to the prospects thereof, to require that it shall be left to 'arbitration, in case of difference, to determine what (if any) 'additional amount of purchase-money shall be paid to the said 'company; Provided also, that such option of purchase shall not 'be exercised, except with the consent of the company, while 'any such revised scale of tolls, fares, and charges shall be in 'force.'

34. "Mr. Gladstone's statesmanlike clause has been inserted in "every British Railway Act since about 1850, giving the Government "perpetual power to purchase the Railway at a fair valuation, and "and although that power has never been exercised, its existence has "proved a great blessing to the British public, who, by that over- "hanging power have secured low rates and quick transit. **ABOVE** "ALL OTHER CLAUSES THIS SHOULD BE INSISTED UPON."

35. "Mr. Mann could not fairly object, as it would never be "acted upon unless his Company proved too exacting, and there is "the British precedent and proof."

NOTE—This proves that Mr. D. D. Mann's notorious operations were then in question.

My reason for inserting that clause was that I had learned from Premier McBride that Mackenzie and Mann were scheming to get their friends, McBride and Bowser, to exclude by B. C. Act the control of Rates, which rightly belonged to the Dominion Railway Commission. That I feared would lead to collusion and loss of Provincial moneys.

JOINT STATIONS AND JUNCTIONS.

36. "Joint terminal Stations and Junctions should be insisted upon where advisable in the public interest."

THROUGH RATES.

37. "Reasonable Through Rates between all Companies should be provided for."

This Clause was purposely worded "All Companies" to include Through Rates between Railways, Boatage Companies, Road Expressmen and Electric Companies between whom Through Rates would have benefited Settlers by less transportation costs throughout the Interior—thus advancing permanent development and Provincial prosperity.—M. B. C.

38. "Fair scales of Rates and Charges should be assured by definite schedules in the Acts. These should be carefully scrutinized in advance and securely safeguarded in any negotiations prior to legislation, as they form the vital principle in the Act which determines how far the Company can tax the people."

LIMITATION OF DIVIDENDS.

39. "The mere limitation of Dividends is not sufficient. There should be a public issue of all Capital and full value thereof provided as capital outlay, with the further safeguard of prohibition of Bonus."

NOTE—Had that clause been acted upon, neither the C. N. R. nor the P. C. E. Railway people could have evaded the public sale of their shares, and ample capital would have been provided for all legitimate railway use in B. C.

Had even that single clause been acted upon, the present great difficulties in the Government's Railway Policy and Finances would have been prevented, and many millions of dollars would have been saved for Provincial Taxpayers, and profitable B. C. development.—M. B. C.

PROHIBITION OF BONUS ISSUE.

40. "The recent issue of C. P. R. Stock at \$125 to existing Shareholders when the market price is \$187, should warn all statesmen of the futility of mere legislative limitation of Dividends unless Bonuses are prohibited—In effect the C. P. R. subverts the Law which intended that as population and traffic increased, the rates should be reduced after the earning of a fair Dividend was assured. They are thus overtaxing British Columbia in defiance of the conditions upon which their Charter was granted, and that too at a time when the cost of living is advancing by leaps and bounds."

COMPETITION BY RAILWAYS CANNOT BE RELIED UPON.

41. "Competition between Railways is constantly weakening, and whenever parallel lines are allowed, results in Pooling or other

"arrangements which handicap the District with higher charges than would otherwise be levied on the people. That necessarily results because the two lines together have expended double the Capital which economic working needed for that area, and they are driven to secretly unite to pay interest to their shareholders on that combined capital which cements their interests together."

Had that clause been acted upon, how many millions of dollars could have been saved by using "running powers" over the C. T. P. and C. P. Railways where the C. N. R. now runs parallel to them.—M. B. C.

42. "From personal investigations in both England and the United States, I can testify that Pooling of traffic and sharing of profits to avoid competition are becoming universal on all Railways, as I have the actual basis of many such apportionments."

GOVERNMENT SHOULD DECIDE WHICH VALLEYS SHOULD HAVE RAILWAYS.

43. "The leading Statesmen in Britain and Europe now recognize the folly of allowing waste expenditure in duplicate railways which inevitably keep up the cost of transportation, because there is two or more times the desirable capital outlay to pay upon when duplicate lines are allowed too near each other, as will be the case if both the V. V. & E. and the C. P. R. run up the Similkameen Valley, when better results could be derived for all concerned by inducing the C. P. R. to go by Fairview, Penticton and Douglas Lake to Nicola. Though two Railways may have to come through the Yellowstone Pass, both should not be allowed to come down the Fraser, but one should be compelled to come down the North Thompson."

NOTE—The then Government should have heeded that warning, and thus save the duplication of 350 miles on the C. N. P. Ry. That would have saved about \$15,750,000 in Capital Outlay, and \$647,500 per year to B. C. people have now to pay for Interest.—M. B. C.

44. "The principle of the Gladstone Clause is the only effective remedy after once the wasteful expenditure of duplication has been made. The point to realize is the foolishness of the public conception that duplicate Railways down a valley will bring lower rates—in actual working they operate to tax the people under modern conditions of conference and financial combinations."

SUBSIDIES.

45. "Subsidies should not be granted on a mere mileage basis, but in proportion to the public utility of the short-cut tunnels, bridges and other costly works undertaken for the development of the Province."

"IN ALL CASES, THE PROVINCE SHOULD GET SHARE
 "VALUE FOR ITS OUTLAYS, EVEN ON GUARANTEED INTER-
 "EST ALSO, OTHERWISE THE PROVINCIAL FINANCES WILL
 "PERMANENTLY SUFFER."

NOTE—This would have prevented any such private division and allocation of the Shares unpaid for in the C. N. P. and P. C. E. Railways.—M. B. C.

PUBLIC FACILITIES.

46. "It is quite feasible for the Government to be safeguarded
 "so that its outlay can be distinctly evident for the welfare of the
 "Province, as the surveys say round the Hope Mountains and also
 "through them can be made (as Railways already do) to show the
 "cost both ways to enable the Executive to decide from time to time
 "whether the extra outlay would be profitable to the Province."

47. "In like manner Public Crossings, Road and Street Bridges
 "or Subways could be more satisfactorily apportioned as to cost—
 "though that and similar matters are largely within the power of the
 "Railway Commission."

THE PRESENT GREAT OPPORTUNITY.

48. "We now have this great opportunity to formulate a complete policy and plan for combined Railway, Road and Water transportation which will enable British Columbians to profit by the costly experience of Europe and America, by deciding in advance what is best to be done for the Province as a whole, having due regard to the merits of each style of transportation in the several Districts and due co-ordination of the whole, so that through-freight arrangements can ultimately be most economically provided by Railway, Water and Road convenience."

STEAM FERRIES TO VANCOUVER ISLAND.

49. "Until the proposed Bridge across Seymour Narrows becomes practicable, the best Policy to ensure speedy Island development is to advocate a fast Passenger and Car Ferry from both the C. P. R. at Vancouver and the C. N. R. at New Westminster to Nanoose, which affords the speediest means of transit to the bulk of the Island, and forms the present natural geographical point of contact between Islanders and the Province's most numerous population in Vancouver, New Westminster and the Fraser Valley."

OPENING UP B. C.'S NORTHERN AREA.

50. "The most imposing factor to be borne in mind, is the future development of the most extensive Northern fertile lands, the cultivation of which will probably result in developing a partly migratory people who will go there to cultivate during the Summer and come out in Winter—for that, lighter and less expensive Railways linking with the Waterways, will probably be necessary—but before prudent

"decisions can be made in that direction, rough surveys should be made early, by practical men to ensure reliable knowledge of the Unsurveyed Areas."

Had that sound advice been acted upon, a large portion of the money paid by the B. C. Government for construction on the C. N. P. and P. C. E. Railways could have been saved, as responsible Government engineers could thereby have provided information that would have enabled any honest government to have saved about \$20,000,000 of waste, from the McBride-Bowser Government's wide scheme of railway construction.

BAR ADVANCES IN RAILWAY RATES.

51. "In all Railway Acts, a clause should be inserted debarring the Company and any of its subsidiary shipping or other Companies from advancing their rates of charges, except with the written consent of the Railway Commission. That consent would always be obtainable in just cases, such as if the Seattle people tried to take advantage of the restriction and unduly handicap the C. P. R."

"This is highly important as otherwise any Company can use its overwhelming power to cut rates and wipe out worthy competitors on the Rivers, Lakes, Seaboard, etc., to later resume unduly high rates which would cripple the industries of the people and retard the development of the Province."

Yours respectfully,

(Signed) MOSES B. COTSWORTH.

NOTE—I respectfully submit that in face of the above, the fact of Messrs. McBride and Bowser (as Agents for the Province) inserting Clauses in Agreements with both the C. N. P. and the P. C. E. Railway Companies not to appeal to the Railway Commissioners, indicates that they had secret understandings with the Promoters of those Railway concerns, as indicated in my notes detailing conversation with the Hon. Capt. Tatlow—then British Columbia's able Finance Minister.—M. B. C.

NOTE the FOLLOWING SIGNIFICANT FACTS and DATES:—
Memo. A. of 37 Clauses (quoted as Exhibit "A." in lighter type), was delivered to each member of the Executive, 16th October, 1909.

On 21st October the Hon. Capt. Tatlow (then Minister of Finance) and Hon. F. J. Fulton (Minister of Lands) both resigned office, because Messrs. Bowser and McBride had concluded the notorious C. N. P. Ry. DEAL with those arch-political manipulators and exploiters, Messrs. Mackenzie and Mann, conducted in the seclusion of Mr. Bowser's office as Attorney-General, WITHOUT ANY OF THOSE CONSPIRATORS EVER TAKING INTO THEIR CONFIDENCE THE OTHER SIX MINISTERS—Messrs. Young, Tatlow, Fulton, Taylor, Price Ellison and Carter-Cotton (the President of the Council).

Both those Ministers were aware (from conversation I had with them) of the fact that no Western Railway projected in either U. S. A. or Canada had been able to pay either Interest on Bonds or Dividend till many years after it began to carry freight and passengers.

But when then Premier McBride asked me to prepare Memo "A" for his guidance in framing a "Railway Policy," he said that the inability of such Railways to pay Interest during their early years of operation was so well known, that I need not record that obvious fact in my Memo, because they accepted the view that the projected Railways would save much otherwise required cost for public roads, and expedite development of the country.

But directly Messrs. McBride and Bowser disclosed to the Cabinet on October 21st, 1909, their deal with Mackenzie & Mann, making believe that Mackenzie & Mann would pay the Interest on the Bonds "and that the Province would never be called upon to pay one cent," the Hon. Capt. Tatlow and Hon. F. J. Fulton knowing that there was a practical certainty that the Provincial Treasury would have to pay the Interest accruing, emphatically protested against thus over-burdening British Columbia, and as their protests proved futile, they promptly resigned to emphasize their protest, and warn the voters before the 1909 General Election could be swung over the people to confirm the deal with Mackenzie and Mann.

The Hon. Capt. Tatlow came straight from the Executive Council to tell me in the "Cedar Room" (adjoining the Legislative Chamber) that he had resigned, because that heavy financial burden would inevitably fall on British Columbia taxpayers, and practically none of the safeguards suggested in my Memo "A" would be applied by Messrs. McBride and Bowser in the draft of the Bill which I understood Mr. Bowser had either read or outlined to the Ministers in that Executive Council.

WHY HONOURABLE MINISTERS RESIGNED.

Capt. Tatlow said he had felt impelled to resign, because it was his duty as Finance Minister to take that constitutional course, and tell me first of anyone outside, because I had so freely given that Memo to help Ministers to protect the public interest. He asked me pointedly, "Is that democratic government on the part of Messrs. McBride and Bowser to decide such vital policy and incur such heavy Provincial liabilities, without frankly consulting their colleagues' opinions in Executive before arriving at such momentous decisions—much more before making such a binding agreement with Mackenzie and Mann?"

I replied that it appeared very trying, but suggested that he (Capt. Tatlow) could probably exert more effective guidance by remaining in the Cabinet and trying to lead his fellow ministers to adopt a more prudent policy. He replied that such a course was practically useless, because it was "too late" as Messrs. McBride and Bowser had literally bound the Province by their agreement.

Next I suggested that at least it would be wise to sleep

overnight and then reconsider such an important decision. Capt. Tatlow replied that he would do so, provided that I would note down the guarantee rates of \$35,000 per mile and other factors named in the agreement with Mackenzie and Mann,—and be prepared by 10:00 a.m. next day to prove to him whether there was any possible chance of the burden of Interest being obviated by the projected Railway Companies' earnings being able to pay it?

He knew that British Railways had thus used me to estimate the probable earnings of projected railways and extensions, before companies decided to either survey, obtain powers, or contract.

He also knew that none of the railways in the U. S. or Canada had earned interest on their Bonds during the early years, and that the progressive policy of the Canadian Pacific Railway with its practical control of through traffic, and over-powering financial sway, together with northward traffic diversion the Grand Trunk Pacific would make by its earlier Trans-continental opening to Prince Rupert, would make it practically impossible for the C. N. R. to pay the Interest on those Bonds which Messrs. Mackenzie and Mann had induced Messrs. McBride and Bowser to pledge the Province's guarantee by ulterior means Capt. Tatlow so seriously dreaded, that he also consulted with some of his Conservative friends, who were opposed to Mr. Bowser's abuse of "patronage" and official power.

Next morning he came to see me and was very anxious to know whether I had been able to find any reasonable assurance that the C. N. P. Ry. through Mackenzie & Mann would be able to guard the B. C. Treasury against having to pay that interest liability and also whether I had been able to find from U. S. A. Railway records any case of a railway paying from the date of opening for traffic.

Unfortunately I could not find any such record, neither could I find any reliable ground for hope that Mackenzie and Mann could make such a line (through the least profitable part of British Columbia) pay interest on its Bonds.

Therefore his resignation, with Mr. Fulton's, was completed, Capt. Tatlow telling me very significantly that by the term "too late" he meant that subtle secret understanding made between Messrs. McBride and Bowser on the one part, and Mackenzie and Mann as to the ulterior arrangements between them—(in the same covert manner we later find was employed by Ministers McBride and Bowser in negotiating with the builders of the P. G. E. Rly., on pages 342 to 522 of the B. C. Select Committee's proceedings during the 1917 Session.)

SAMPLES OF SECRET MANIPULATIONS.

Later I found samples of such ulterior arrangements Capt. Tatlow had thus suggested in,—

1. The B. C. Legislature's Journals, 1903, on pages 39, and also on pages 164 to 174, where the Select Committee investigated the 'attempted Coal Land Steal' of 625,000 Acres in connection with the Columbia and Western Railway, in which Mr. Dan. D. Mann (who later became Mr. Wm. Mackenzie's partner) was mixed up with a B. C. Minister of the Crown who betrayed the interests of his Department, and played a discreditable part in machine politics."

2. The B. C. Legislature's Journals, 1905, pages 164 onwards, manifest crooked transactions during the time he was Chief Commissioner of Lands, in which **Mr. Dan D. Mann** was again concerned in efforts to secure the Land upon which the then projected Grand Trunk Railway was expected to locate its Terminus, anent which Mr. McBride vide page 164, declared '**The Department is not always absolutely bound by the Laws of the Country.**'

3. The B. C. Legislature's Journal, 1906, pages 117 onwards, record similar efforts made by interested parties to secure the present Prince Rupert Townsite.

Those disclosed to me how Ministers had become mixed in with Messrs. Mackenzie & Mann in the C. N. R. Deals—also why the public safeguards I drafted, as per Exhibit "A," for the guidance of B. C. Cabinet Ministers, were so significantly omitted from the C. N. R. Act—(and later from the P. G. E. Act).

THE C. N. R. GENERAL ELECTION, 25th NOVEMBER, 1909.

That danger caused me to give further consideration to the matter, and expand my Memo "A" to the 51 clauses by adding the dark typed print. That document I again personally addressed to each then remaining Minister on the 16th of November, 1909, because the General Election was on the way for securing on 25th November, 1909, the deluded public endorsement of the agreement demanded by Mackenzie and Mann's wily attorney.

That corporation-needed endorsement of that fateful agreement made with Mackenzie and Mann for the construction of the Canadian Northern Pacific Railway, and especially the guarantee of its heavy bondage, was the prime purpose of that deplorable election.

It was unmistakably deplorable in many ways, as I found out by watching the astounding audacity with which it was carried over the heads of the people. The methods used forced me to very reluctantly lower my opinions of Messrs. McBride and Bowser, who went about stump-orating to the misguided electors "that the bringing in of these railways would DOUBLE "THE PRICE OF REAL ESTATE." Electors were told "to get in, boys, on the city lots and acreage adjoining the projected railways, as they would never again have such another "opportunity."

ENDORSEMENT GOT BY DECEIVING ELECTORS.

Those words were used over and over again to seduce the electors to vote that endorsement, as I so well remember then Premier McBride using them in such a bare-faced manner, at the Grand Rally on Nov. 24th in the old Victoria Theatre, that I felt impelled to cover my face with my hands and get out from among the foolishly deluded electors there working themselves up into a frenzy of cheering as reports came in by wire that nearly all the Opposition candidates were being defeated and mostly losing their deposits.

I commented adversely on that experience whilst dining with prominent Victoria friends, who seemed to belittle the degrading influence of such tactics by party leaders, who seemed to be bent upon forcing out the legislative opposition, which was surely needed to criticize and amend the projected legislation.

Unfortunately Capt. Tatlow was "too much of a gentleman to fight" that election, which he knew the McBride-Bowser political machine organization would railroad through the corrupted electors. But some of the truest Conservative men of prominence, such as Sir Charles Hibbert Tupper and Mr. George Cowan, ex-M.P., valiantly but unsuccessfully struggled to safeguard British Columbians against their railway-controlled leaders.

It would be highly interesting and profitable to Canadians generally, if Sir William Meredith's commission now sitting in Toronto to value the Canadian Northern Railway shares, would insist upon authentic examination of both Mackenzie and Mann's and the C. N. Railway accounts and then disclose the large amounts of money they are reported to have "given," and the names of the B. C. politicians to whom each sum was paid before and during the 1909 and 1912 elections—to foist their schemes upon the deceived electors—and practically "steal the election."

[We need something stronger than the present Criminal Code of Canada to punish election stealers, and curb avaricious newspaper authorities, such as that other manager of a Vancouver newspaper who refused to allow his paper to be used to protect public rights during that 1912 election,—unless his then party would pay down \$10,000, beyond what he got from those railway companies. Yet that man now has the audacity to run another newspaper in Vancouver, criticising "all and sundry," while misleading many workers who have neither time nor means to counter-act his deplorable writings and cartoons.]

Some interested ministers had months before tried to prejudice my mind against "Honest" John Oliver, whose able efforts had frustrated the great grab of about 625,000 acres of coal lands in the Kootenays when Mackenzie and Mann, of Canadian Northern notoriety, and other exploiters were thereby deprived of highly valuable concessions which had been illegally diverted to their intended control—as proved by the 782 pages of evidence and report by the Legislative Committee

during the 1903 session, who investigated that fraudulent transfer. The able manner in which Mr. Oliver conducted that famous investigation deservedly earned for him the title of "Honest John" because he forced the return of those lands to the Province.

ousting "HONEST JOHN."

After hearing Mr. Oliver so prudently outline his "railway policy" (despite the ridicule of interested parties), I was astonished to find that about \$60,000 of Government and party election funds were being so freely used to prevent his re-election, when it was decidedly in the public interest to have such an able critic in the Legislature to improve the crude railway legislation then being submitted to the people for endorsement.

A highly significant fact about that effort to oust "Honest John," was forcibly brought to my mind by one remark Premier McBride made to me when expressing his thanks for the pointers given in my Memo. "A," date Oct. 16th, 1909. He referred to paragraph 23, wherein I suggested the advisability of requiring future railway companies to unite with the Government in the wise policy of assisting to pay the cost of joint road and railway bridges, as at New Westminster.

He said they would do so, significantly adding that he had just concluded negotiations with the B. C. E. Rly. Co. to run over that bridge and as what they would pay in addition to the other railway companies for use of that bridge would pay the interest and sinking fund on its cost of about \$1,000,000. HE WAS GOING TO FREE THE WESTMINSTER BRIDGE IN APRIL, 1910, WHEN B. C.'S NEXT REVENUE YEAR BEGAN.

MACKENZIE DELUDED ELECTORS TO OUST "HONEST JOHN."

Knowing how Mr. John Oliver had striven many years to free that bridge from tolls which exacted 25 cents per rig used by himself and Fraser Valley farmers crossing to Westminster, I was shocked by hearing then druggist Mackenzie addressing meetings as the McBride candidate for Delta, loudly proclaiming that he "would free that bridge if they would elect him instead of 'Honest John'—and that if he did not keep his promise, he would resign on the 1st of April, 1910"

That was so obviously a trick to delude the farmers into voting "Honest John" out, that I spoke to Premier McBride about it; but he laughed it off by saying that politics in B. C. were so entirely different to the milder ways of politicians in England.

SURELY HE MUST HAVE KNOWN.**IT WAS HIS DUTY TO KNOW.**

I later found that the profligate yearly expenditure through party appointed employees, painting, stores, etc., was on the average costing B. C. Taxpayers more than \$60,000 for Interest, and Expenditure **in excess of the money paid by the Railways.** Thus Premier McBride's misleading statement indicated that it was dangerous for B. C. citizens to leave their "Railway Policy" and Finance under the political exploitation of such cunning workers, through the Party Machine, to bribe electors to prevent the re-election of the man then most earnestly striving, and needed, to protect right "Railway Policy" by fair criticism of the C. N. P. Rly. Bills in the Legislature.

While my suggestions to the McBride-Bowser Government were all directed towards helping permanently progressive development to overcome varied transportation difficulties in that vast Central area, by the specially economic means needed to serve the prospective and widely-scattered settlers along the Plateaux, Valleys and Rivers, the Government's resentment of well-meant criticisms submitted by Mr. John Oliver and other Legislators, at first led me to regard these Liberal and Socialist opponents unfavourably.

None of them were personally known to me, until after Mr. Oliver, as their deputed spokesman, began to denounce publicly the grave dangers which he pointed out in the Canadian Northern Pacific Bill, then giving Mackenzie and Mann such notorious powers to hoodle the moneys received from Government Guaranteed Railway Bonds, through themselves acting as contractors under the guise of the Northern Construction Company and other subsidiary companies. Long experience in Railway Agreements attracted me to the well-directed criticisms of duplicate routes Mr. Oliver pointed out to the Legislators similar to my ignored suggestions previously made through Exhibit "A." Then I began to respect Mr. Oliver the more, on realizing the gravity of those dangers which became more evident when finding out that Dan D. Mann intended to burden B. C. finances by the needless duplication of the Canadian Pacific Railway route for 260 miles between Kamloops and Vancouver, thereby imposing a yearly Tax of \$364,000 per year for Interest—since increased to \$581,000—instead of opening up a new district through the Lillooet.

That has since resulted in the Pacific Great Eastern having to go through that territory deprived of the prairie and Eastern traffic advantages which would much sooner have enabled the P. G. E. to earn expenses and interest—now sorely needed.

But despite all such efforts of Conservative politicians to prejudice me against "Honest John," their very transparent veneer of party interest had the effect of causing me to admire

the right efforts of Mr. Oliver, whom I learnt to so thoroughly trust that I gave my only son to his training as a practical farmer, and am thankful I did, because he worked his way thence by his own earnings through Guelph Agricultural College, and is now with a group of Guelph graduates helping to fire artillery on the Western Front.—Frankly Mr. Oliver became my steadfast friend, despite the well known fact that he during the 1908 session moved the resolution compelling me as a stranger to withdraw from the floor of the Legislature when, at Premier McBride's request, I was assisting the Hon. Dr. Young with the Public Service Act.

Fortunately the officials of the Grand Trunk Railway had to leave the floor also, thus I got to know them and was in 1911 enabled to ascertain the fact that they declined Premier McBride's bait to build the secret understanding with the McBride-Bowser Government—different from the contract scheduled in the 1912 Act.

That gives credence to the P. G. E. evidence of Contractor Welch recorded on pages 343 and 353, that Foley, Welch & Stewart had a secret understanding with B. C. ministers—different from the contract scheduled in the 1912 Act.

The excitement caused by the promises of doubling real estate values, speculation in acreage, etc., during that 1909 election, so inflated the boosting tendencies of the electors that till their delusive boom began to burst in 1912, they would not consider any suggestion of danger in that deluded "railway policy" of exploitation by Mackenzie and Mann through the Canadian Northern Pacific Railway and their array of subsidiary companies.

GENERAL ELECTION OF 1912 FOR P. G. E. RAILWAY.

But when the McBride-Bowser Government had been led by Mackenzie and Mann to let them leave the grazing areas of Cariboo unserved by the C. N. P. Rly. which was finally located, to come down the more barren North Thompson route, and those two designing ministers decided to try the more dangerous policy of casting for a further renewal of power by projecting the Pacific Great Eastern Railway as a separate company to be politically promoted through offering such delusive inducements to Messrs. Foley, Welch & Stewart to become both railway contractors and railway owners through the flotation of bonds guaranteed by the B. C. Government, I felt in duty bound to make another effort to safeguard B. C. citizens and bring them to concern themselves seriously, by writing my letter dated 3rd Feb., 1912, to the leaders of both opposition parties, while that draft legislation for the P. G. E. Rly. was being submitted to the people.

At that time the Opposition Members numbered 3—Messrs. Hawthornthwaite and Williams, two Socialists, while Mr. Brewster was the solitary Liberal. Therefore my main letter, in duplicate, was addressed to Mr. Hawthornthwaite, the Leader of the Opposition—as below, and a copy sent to Mr. Brewster, because, contrary to the repeated lies of a notorious politician, I had never then, nor have I ever since been a member of any political party—knowing that my duty was to vote and help whichever proved right on the chief measures of public benefit:

7th Street, No. 231. (Copy.)
 New Westminster, B. C., 3rd February, 1912.
 J. H. Hawthornthwaite, Esq., M.L.A.,
 Legislative Assembly, Victoria.
 "B. C. Railway Policy" (re P. G. E.)

"Dear Sir,—"

"In view of impending legislation which may prove in some respects seriously detrimental to the best permanent interests of this Province, I enclose 2 copies of my memo.'s to the Executive Council, dated 16th October and 16th November, 1909—1 for yourself and the other for your colleague."

"From these you may see that before the Government brought down proposals to the Legislative Assembly, they were each provided with the information necessary to enable the Executive Council to adequately protect the best policy for future citizens of this great country.—You know the result."

"Whilst on the one hand I am anxious not to be brought into controversy with the Government, I feel in duty bound to do all in my power to prevent an extension of erroneous policy which seems to be developing around us the worst 'Trust System' attempted thus far."

"That memo. was freely given (without a cent of fee to me, as I never thought of anything therein but the welfare of B. C. citizens)—so that the Government had no claim upon me in the matter.—Yet they knew of my 30 years' experience as a Railway Expert and as the author of the standard publication on British railway rates, as per enclosed."

"Yours faithfully,"

"(Signed) MOSES B. COTSWORTH."

Will Mr. Hawthornthwaite say what he did to protect B. C. from the P.G.E. exploitation? The 1912 Journals indicate he let it pass.

The B. C. Legislative Journals for 1912 prove that not only was the P. G. E. Bill passed through all its stages in **four days**; but further during those same four days **five more railway bills were passed**—G. T. P.; Railway Subsidies; E. & N.; Kettle Valley; and C. N. P.—all railroaded through during day and night sessions.

Later, in final efforts to protect the taxpayers against such excessive drains upon the B. C. Treasury, I personally applied to both ex-Lieut.-Governor Dunsmuir and then Lieut.-Governor Paterson—but they were then too trammelled by the red-tape of office and precedents to safeguard more, though then Lieut.-Governor Paterson as an old Railway Contractor took the matter up personally with Premier McBride.

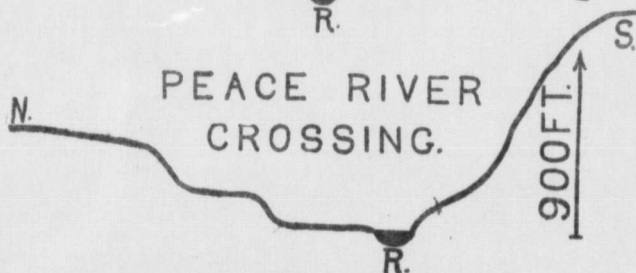
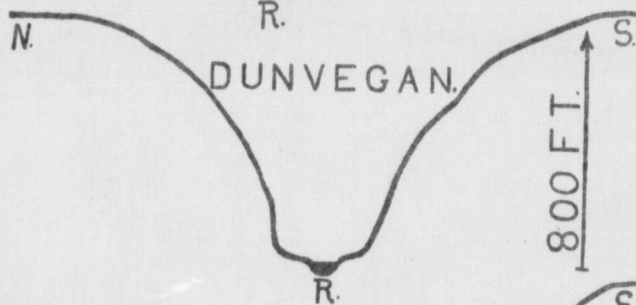
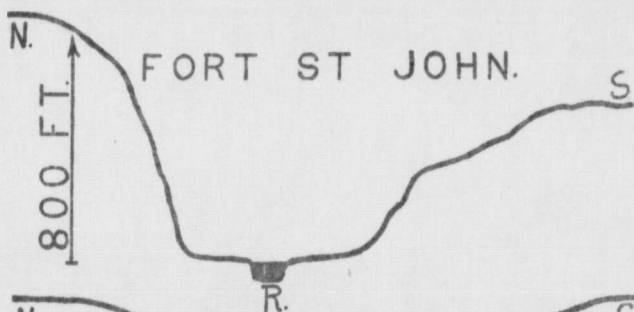
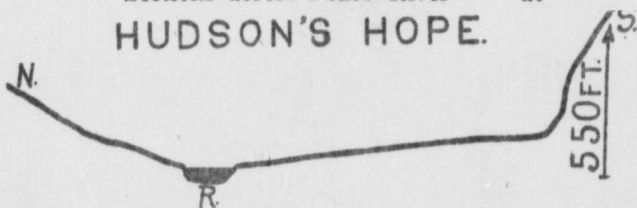
The Legislature was dissolved on 28th Feb., 1912.

Their general election on 28th March, 1912, endorsed the proposed P. G. E. Rly. through those whirlwind and bluffing tactics by which Mr. Bowser et al deluded the gullible electors.

It is because we need ample time and such full enquiry as was suggested in my Memo "A," before finally deciding upon a combined "Railway and Navigation Policy" suited to the needs of the great Peace River Country, with its immensely wide and deep ravines, so costly to bridge, but so suited for help by navigation, that I am now impelled to issue this pamphlet. Sections on next page, indicate grave transportation difficulties confronting that **half** of settlers who locate on non-railway side

of river, until down-shoots, navigation and elevators are provided.

Sections across Peace River — at HUDSON'S HOPE.



Dunvegan and Peace River Crossing are in Alberta.

N—North; S—South; R—Peace River.