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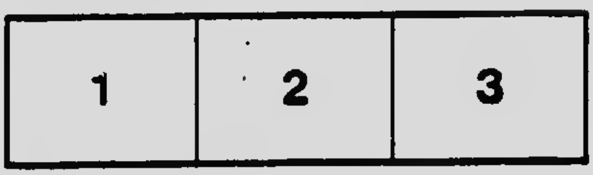
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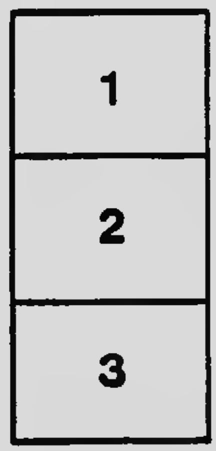
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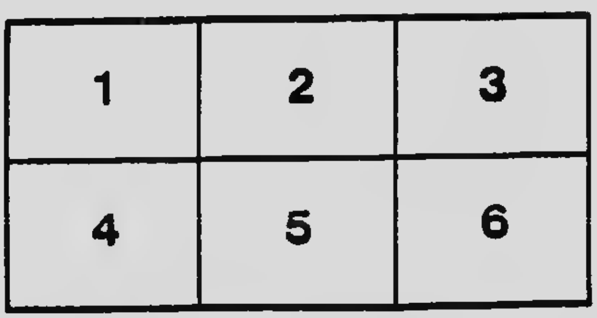
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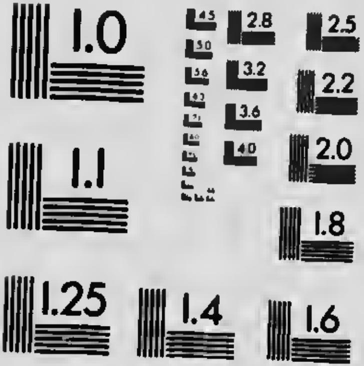

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"LET CANADA FINISH HER WORK."—R. L. Borden.

THE

# LIBERAL-CONSERVATIVE HANDBOOK

1911

**A Consideration of Reciprocity and an Exposition of the Policy of the Liberal-Conservative Party, with Statements of some Extravagant and Improper Transactions of the Laurier Administration in Recent Years**

**"I am absolutely opposed to this reciprocity agreement; so strongly opposed to it that if you were prepared to make me Prime Minister of Canada to-morrow, upon condition that I would support that agreement, I would not do it. I would rather sustain defeat in fighting against it than win victory in fighting for it. These are my convictions; and I would not be fit to be leader of an opposition, much less to be Prime Minister of Canada, if I did not frankly and truthfully make them absolutely clear to you."**—*R. L. Borden to the Grain Growers at Brandon, June 20th, 1911.*

# CONTENTS

# THE LIBERAL-CONSERVATIVE PLATFORM

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**AS LAID DOWN BY R. L. BORDEN, M. P., OPPOSITION LEADER, AT HALIFAX, AUGUST 20th, 1907.**

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PUBLIC FINANCE.

1. Honest appropriation and expenditure of public moneys in the public interest.

APPOINTMENT BY MERIT.

2. Appointment of public officials upon considerations of capacity and personal character and not of party service alone.

HONEST ELECTIONS.

3. More effective provisions to punish bribery and fraud at elections, to ensure thorough publicity as to expenditures by political organizations, to prevent the accumulation of campaign funds for corrupt purposes and to prohibit contributions thereto by corporations, contractors and promoters, to expedite the hearing of election petitions and to prevent collusive arrangements for the withdrawal or compromise thereof, to provide for a thorough investigation of corrupt practices, and if necessary to appoint an independent prosecuting officer charged with that duty, to simplify the procedure therefor and to enforce the laws so amended.

CIVIL SERVICE REFORM.

4. A thorough and complete reformation of the laws relating to the Civil Service so that future appointments shall be made by an independent commission acting upon the report of examiners after competitive examination.

REFORM OF THE SENATE.

5. Such reform in the mode of selecting members of the Senate as will make that Chamber a more useful and representative legislative body.

IMMIGRATION.

6. A more careful selection of the sources from which immigration shall be sought, a more rigid inspection of immigrants and the abolition of the bonus system except under very special circumstances and for the purpose of obtaining particularly desirable classes of settlers.

PUBLIC LANDS AND FRANCHISES FOR THE PEOPLE.

7. The management and development of the public domain (in which are to be included great national franchises) for the public benefit and under such conditions that a reasonable proportion of the increment of value arising therefrom shall inure to the people.

NON-PARTISAN MANAGEMENT OF GOVERNMENT RAILWAYS.

8. The operation and management of our government railways by an independent commission free from partisan control or influence.

NATIONAL PORTS, TRANSPORTATION AND COLD STORAGE.

9. The development and improvement of our national waterways, the equipment of national ports, the improvement of transportation facilities and consequent reduction of freight rates between the place of production and the market whether at home or abroad, and the establishment of a thorough system of cold storage.

A PUBLIC UTILITIES COMMISSION.

10. The reorganization of the present Railway commission as a Public Utilities commission with wider powers and more extended jurisdiction, so as to establish thorough and effective control over all corporations owning or operating public utilities or invested with franchises of a national character.

PUBLIC TELEGRAPHS AND TELEPHONES.

11. The establishment, after due investigation, of a system of national telegraphs and telephones under conditions which shall be just to capital already invested in those enterprises.

IMPROVED POSTAL FACILITIES.

12. The improvement of existing postal facilities, especially in newly developed portions of the country, and the inauguration, after proper inquiry as to cost, of a system of free rural mail delivery.

TARIFF POLICY.

13. A fiscal policy which will promote the production within Canada of all useful articles and commodities that can be advantageously produced or manufactured from or by means of our natural resources, having due regard to the interests of the consumer as well as to the just claims of our wage earning population.

IMPERIAL PREFERENCE.

14. The promotion by negotiation, legislation and other constitutional means of a system of mutual preferential trade within the Empire.

15. The restoration of the public lands to the Provinces of Alberta and Saskatchewan upon fair terms.

PROVINCIAL RIGHTS.

16. The unimpaired maintenance of all powers of self-government which have been conferred upon the Provinces of Canada under the constitution.

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The foregoing is what is generally known as the Halifax Platform. The constructive nature of the Liberal-Conservative policy can be observed from the number of these planks which the Government has been forced to pass. Fighting in opposition, Mr. R. L. Borden has in four years placed on the statute book a considerable portion of his platform. Holding the reins of power, an autocrat in his cabinet, Sir Wilfrid Laurier in fifteen years has placed on the statute book far less of the Ottawa Platform of 1893.

During the four years which have elapsed since 1907 Western Canada has grown rapidly in population and in the complexity of its problems. Mr. R. L. Borden has recognized this, and has taken advanced ground in recognition of the special needs of this most important portion of the country. Speaking in the House of Commons on November 21, 1910, he expressed himself very clearly. Again, during his Western tour of 1911 he used language which could not be mistaken. The Saskatoon *Capital* of July 4, 1911, and the Yorkton *Enterprise* of July 6, thus report his utterances in those places:—

CONTROL OF PUBLIC LANDS.

To-day in Canada six provinces own, control, and administer the public lands, mines, minerals and other natural resources within their boundaries. That right is not enjoyed by the three prairie provinces. From 1902 down to the present time, and especially in 1905 and 1907, the Liberal-Conservative party has firmly asserted and maintained the undoubted right of these three provinces to their public domain. We stand for that right to-day, and we will maintain it. The time is not far distant when Manitoba, Saskatchewan and Alberta will receive from a Liberal-Conservative government at Ottawa the just recognition of this undoubted right so long and so unjustly denied.

THE HUDSON BAY RAILWAY.

The Liberal-Conservative party has been committed to the construction of the Hudson Bay Railway since 1896, when Sir Charles Tupper embodied it in his policy. It will be built by the next Liberal-Conservative administration without one day's unnecessary delay. It will be operated by an independent, non-political commission on behalf of and in the interests of the people, with full control of rates, and it will not be handed over to the control of any railway corporation.

TERMINAL ELEVATORS.

The proper grading of wheat, the preservation of the grades at the proper standard, the prevention of mixing and manipulation, by which the producer is robbed, are of vital importance, not only to the west, but to all Canada. Our country produces the best wheat in the world and our producers are entitled to the full advantage and value of the high quality of their production. I have reached the conclusion that the desired result can only be attained by state control and operation of the terminal elevators; and we propose to carry out that policy without delay when returned to power.

## CHILLED MEAT INDUSTRY.

We stand also for such aid and encouragement by the state as will place the chilled meat industry of this country upon a sound and healthy basis. In countries possessing no greater opportunities than Canada, this industry has assumed vast proportions to the great advantage of the producers and of the community as a whole. By resolution moved during the present session we have advanced this policy and we will carry it out if returned to power.

## THE RAILWAY COMMISSION.

The time has arrived when the Railway Commission of Canada should be constituted in two divisions, one of which should have its headquarters west of the Great Lakes, and should have special jurisdiction and control over questions of railway operation and transportation in the four western provinces. The Railway Commission should pre-eminently be a people's court, to which any man or group of men should be able to present their grievances in a summary manner and have these grievances redressed without delay if they should prove well founded. The step we propose will materially aid in bringing about the desirable result.

## PERMANENT TARIFF COMMISSION.

The fiscal policy of Canada should be based on a fair and business-like consideration of ascertained facts. For this purpose a permanent tariff commission of strong, representative and independent men should be created and the advice and report of that commission, after due enquiry and investigation, should be available to the government in power for the time being. Safeguards against exaction or extortion by trusts or combines should be provided, and the commission should be clothed for this purpose with ample powers of investigation. The Liberal-Conservative party when it assumes power will establish such a commission with no unnecessary delay.

# THE ST. PETER'S INDIAN RESERVE

## How the Government Discharged the Duties of Trustee—The Indians' Patrimony Dissipated.

The St. Peter's Reserve is a strip of land on both sides of the Red River, near Selkirk, Manitoba. It comprises 48,000 acres. It is about 25 miles from Winnipeg, and has excellent communications by boat, railway, and electric road with that city. Nearly all of the land is of splendid quality. The Inspector of Indian Agencies, Rev. John Semmons, describes it as "some of the best land in Manitoba"; Chief Justice Howell describes it as "excellent farm land." The officials of the municipality of St. Andrews, within which part of the reserve lies, estimated the value in 1909 at $20 per acre. Quality of soil, situation and communications combine to render the land very desirable. At $20 an acre it would be worth $960,000.

THE INDIAN OWNERS.

This district, so desirable in itself, and worth in 1909 about a million dollars, was owned by a band of Indians, which now numbers about 1,300 souls. It was allotted to them in 1871. As a tribe they deserved well of the white men; in early days when they were powerful they protected the infant white settlement against the Sioux. For nearly 40 years they lived on this reserve and on the whole did very well. Agents and missionaries agreed that they made progress. The government of Canada, through the department of Indian Affairs, was the trustee of this million-dollar estate.

THE GOVERNMENT AS TRUSTEE SELLS THE ESTATE.

In 1907 the trustee of the estate, the guardian of the Indians, made up its mind that they should be moved out. They were given an area of about 75,000 acres far to the north, on the shores of Lake Winnipeg.

Their land near Selkirk was broken up and disposed of in the following manner:—

THE BARGAIN MADE.

1. To each Indian was given a piece of land, varying according to the size of his family. He was to own this outright, and could sell it if he chose. The area so allotted amounted to from 21,000 to 23,000 acres.

2. About 3,000 acres, which happened to be hay land, were reserved by the government.

3. The rest, from 22,000 to 24,000 acres, was sold by the government at auction and the proceeds were invested for the benefit of the Indians, after the cost of moving them to their new reserve had been defrayed.

THE INDIANS OVERREACHED.

The Indians promptly sold their individual holdings. The idea of giving these holdings to the Indians was that they should sell them, the proceeds being a sort of cash bonus. The speculators who bought the lands often made the owners drunk, trumped up bills against them, paid them in truck, and otherwise overreached them. The evidence is that the Indians were paid about $5 an acre for their individual holdings, and did not get all that in cash. We may however, put the sum realised by this part of the Indians' estate at $115,000.

The sale of 15,000 acres of the residuo by auction was so managed as to realize $5.68 an acre; or about $85,000.

### INDIANS RECEIVED ONLY ONE-FIFTH OF VALUE.

Thus the government realised for the Indians out of their million dollar estate the following approximate amounts:—

| | |
|---|---|
| Received by the Indians direct, say | $115,000 |
| Received by the government | 85,000 |
| Total | $200,000 |

Together with any sums which may be realised from the hay lands; and about 9,000 acres of the poorer parts of the land, which remain unsold.

### ONLY ABOUT $50,000 IS LEFT.

The cash proceeds of the individual holdings were promptly spent, and all the Indians to-day have to show for their patrimony is that sum of $85,-000. But it cost $32,000 to sell the lands, move the Indians to their new home, pay law costs, defray the expenses of a Commission, etc. This sum is charged up to the Indians. So all they have is about $53,000 of an investment. It will be less than that, for about 1,100 of them have not yet been moved. That will mean more expense-money to come out of this fund.

### HAD A MILLION DOLLAR ESTATE.

The Indians in 1909 had an estate of 18,000 acres worth about a milliou dollars.

They have to-day 75,000 acres in a wild part of the country, some $50,-000 invested, and a prospect of getting some money from the hay lands.

Is not that brilliant and conscientious work for a trustee?

### WHO PROFITED? WHY, LIBERALS.

It should be added that the sales were so managed that four men, all Liberals, got 18,000 acres of the Indians' individual tholdings and 14,000 acres of the amount sold by auction: or about 32,000 acres in all. These men are selling to real settlers at prices ranging from $40 to $75 an acre. Thus, when the land is fully occupied by white farmers, it will have cost them about two million dollars. Thus if the lands had been sold so as to get simply the assessors' estimate of its value in 1909 they would have brought a million, and if they had been sold so as to bring the actual selling value of to-day they would have realised perhaps two millions. All the Indians will have to show is their new reserve of wild land: about $50,000 or less in the bank; plus the memory of the liquor with which they were plied.

Now let us look into the details.

### ONLY SPECULATORS DESIRED TO MOVE THE INDIANS.

1. Why did the government hreak up the reserve?

No public petition was presented from any important body asking for it. Only one public man put himself on record as favouring it; he was S.

J. Jackson, from 1904 to 1908 Liberal M.P. for Selkirk. The speculators of course desired it, and they were bringing influence to bear upon the department for several years before it succumbed.

### INDIANS' CONSENT OBTAINED UNFAIRLY.

2. How was the Indians' consent gained?

The law is that an Indian reserve can only be broken up when the majority of the men of the band vote for it. Official evidence and numerous affidavits unite to show that great pressure was brought to bear on the Indians; that some of this influence was exerted by the Department of Indian Affairs; that less than 37 per cent. of the men of the band voted for the surrender, though the Indian act provides that more than 50 per cent. of tha legal vote is necessary to legalize a surrender; and that there was unfairness in the handling of the transaction.

### MR. FRANK PEDLEY'S PART.

Mr. Frank Pedley, the Deputy Minister, repaired to the reserve in September, 1907, carying $5,000 in cash in his satchel.

The chief and his four councillors up to that time had opposed the surrender. Mr. Pedley promised them that they should have larger individual land grants than the others. The average was to be 16 acres per head for the ordinary Indians. The chief was to get 180 acres and each councillor 120 acres.

### HOW THE MEETING WAS MANIPULATED.

Having made this offer of special treatment to chief and councillors, Mr. Pedley called the meeting. One day's notice was given, though there were 289 men qualified to attend and these were scattered over an area of 80 square miles. One-third of the qualified voters were not present—many knew nothing about the meeting. The meeting was held in a room capable of holding 50 men. The meeting was adjourned on the first day, and a decision was reached on the second day. On the first day strong opposition was offered; a vote was called for, but Mr. Pedley would not allow it and adjourned the meeting. Affidavits state that overnight efforts were made to bribe the Indian who led the opposition. On the second day, late in the afternoon, Mr. Pedley is alleged to have pressed for a vote, and to have said that he had in his satchel $5,000 which would at once be divided amoug them if they voted "yea," but if they voted "nay" he would take the money and go home and they would not get one cent. It is also said that an Inspector of the department in taking the vote ordered "all who wanted $90" to go to one side and "all who did not want $90" to go to the opposite side. Thus the Indians in many cases did not understand what they were voting for. The majority was only 7, and evidence has been produced in the House of Commons to show that minors and non-treaty Indians were allowed to vote; while even so the favourable vote, 105, is less than 37 per cent of 289. It is expressly admitted that $5,000 cash was distributed.

#### GOVERNMENT FORCED ITS WARDS INTO A RUINOUS BARGAIN.

It would seem that the government exerted all its influence to induce the Indians to make the bargain which has resulted so peculiarly.

#### HOW THE INDIANS WERE CHEATED.

3. What happened to the Indians?

The speculators rushed on them. Four men, all strong Liberals, got 18,000 acres of the 21,000 or so of individual holdings. Payments for this land were often made in truck, viz., orders on stores, in bogus bills trumped up against the Indians and presented for payment, and transactions were carried out with Indians who when drunk were completely at the speculators' mercy and when sober were in most cases no match for the shrewd buyers. **The letters from the Indian agent Lewis, and from lawyer Hudson, of Winnipeg, to the Minister, detail pitiful instances of this cruel work.** "The Indian gave a statutory deed as soon as he sold setting forth the price. He received a small payment down......... There was nothing expressed in the deed as to the future payments. In fact as far as anything was set forth in the deed the Indian was paid in full. He was dependent entirely on the honour of the buyer for the fulfilment of the verbal contract." So wrote Indian Agent Lewis.

#### A SAMPLE CASE.

And listen to an Indian's own story:—

"My son has been robbed of his home; he had beautiful land, land worth $30 or $40 an acre, when he was drunk he went to Selkirk, and the land dealers got around him, and got him to give them his land. I was willing to let them take the first forty acres they got from the boy, because I thought it served him right for getting drunk; but when they went to the jail and bought the last piece of land from him, while he was drunk and did not know what he was doing, his house, farm and everything he owned, and got him to sign it all off, I thought that was something which could not be borne. His wife came to me crying, and I went to the jail, and took out the boy, and we went to Funk's office, and I offered to Funk the $15 which he had advanced my boy, and I said to him: This is my son's wife, you have his farm, and all that he has, here is your money back, give him back the land. Funk said, No, I have got the land, and intend to keep it, and he did."

#### MR. FRANK OLIVER'S INDIFFERENCE.

4. How did the government protect the Indians in this matter?

Mr. Oliver's reply to the complaint just quoted was: "he has made his own bargain and must abide by it."

Ostentatiously an order was published by the Department that the patent in each case was to go to the Indian himself, and that no previous sale would be recognized; in reality 90 per cent. of the lots were purchased from the Indians three to twelve months before the patents issued and a statutory deed secured therefor, and the Indians never saw their patents.

The transactions by which the Indians were wheedled out of their individual farms for $5 an acre, and cheated out of much of that poor purchase price, were perfectly well known to the department and to its agents.

5. How was the auctioning of the residue of 22,000 or 24,000 acres managed?

The auction was held on December 16, 1908, in mid-winter, when travel was difficult and the land could not be inspected.

The advertisement was inserted for only six days. It was exceedingly inconspicuous, and it stopped on November 28th; from that date to the moment of the sale nothing was done to attract the attention of the buying public.

Of the 15,000 acres sold all but 1,015 acres went to the few men who had grabbed the individual holdings allotted to the Indians at prices running from $2 up to $12.

The lands brought in on an average $5.68 per acre!

### BAD FOR THE INDIANS: GOOD FOR THE SPECULATORS.

In all about 35,000 acres of the best lands of Manitoba went at a price of about $5 an acre into the hands of a small group of speculators. These men are re-selling the lands, and agreements were produced in the House of Commons to show that they are charging settlers who purchase from them from $40 to $75 an acre.

That is the story.

### THE TRANSACTION DEBATED.

Mr. George H. Bradbury, M.P. for Selkirk, devoted nearly two years of unremitting toil to the investigation of this transaction, and to efforts to obtain redress. He finally presented the case to the House of Commons in a four hours speech dealing with every phase of the question.

### MR. OLIVER'S CALLOUS REPLY.

The reply of the Minister consisted of abuse of Mr. Bradbury for bringing the matter up and a virtual admission of the main features of the transaction. He made light of the divestment by the government of its trust on behalf of the Indians, and justified the manner in which the deal had been carried through. He showed no concern whatever as to what the Indians did with the lands allotted to them, or the manner in which they had been led to sell them, or the trifling prices realized therefor. As to the procedure of the speculators and their treatment of the Indians, or the profits they made out of them, he professed absolute indifference. If there had been fraud it was no part of the government's duty either to safeguard the Indians or punish the perpetrators. The government did not compel the Indian to sell and did not bother as to how he sold or what he got. It was, in fact, a cold-blooded repudiation of any duty of trust or guardianship on the part of the government for these wards of the nation. He refused any further investigation and called upon his followers to negative the resolution. A spirited and able debate participated in by Messrs. Middlebro, Crothers and Meighen in support of the amendment ended in its rejection by 107 to 57.

# WHERE DID FIELDING'S $120,000 COME FROM?

## GIFT TAKING BY MINISTERS—THEN AND NOW.

In 1891 leaders of the Liberalism of that day condemned in the strongest terms the acceptance of gifts of money by Ministers of the Crown. In 1911 the same men, leaders of a different Liberalism, defend the practice which twenty years ago they condemned. Conservative leaders of to-day stand where stood the Conservative leaders of 1891.

On motion of Sir Richard Cartwright, supported by Sir Wilfrid Laurier, and agreed to by Sir John Thompson, the House of Commons on the 13th of August, 1891 unanimously adopted the following resolution:—

"That the acceptance of gifts or testimonials of any kind on the part of Ministers of the Crown or of any members of their families, from contractors, government officials, or other persons having pecuniary relations with the government is entirely opposed to sound principles of administration, and is calculated to bring Parliamentary government into contempt; and that the example thus given tends to corrupt and demoralize the officials serving under Ministers who have accepted or permitted the acceptance of gifts or testimonials as aforesaid."

WHERE LIBERALS STOOD IN 1891.

Sir Richard Cartwright, a colleague of the present Minister of Finance, said in 1891:—

"If a man's political supporters do really desire to testify their admiration by making him a gift of money, **let them wait till he is out of office, and then subscribe to their hearts' content.**"

"You cannot by any possibility—and every man knows that I speak the truth—you cannot by any possibility allow a minister of the state to accept gifts of any kind, without, if the practice becomes known, **demoralizing in a very high degree the whole society over which he presides.**"

"A public minister has no right whatever to allow any gift to be made to him unless it is done publicly, and unless he knows from what sources it proceeds; and, Sir, I would say this, that if a Minister of the Crown tells me that he has accepted a gift, not knowing and not choosing to know from whom it proceeded, so far from regarding such a plea as a mitigation, **I say that such a plea raises a presumption of guilt. It was his duty to know it; it was his duty to find out; it was his duty to see that not one penny went into his pockets or into his coffers unless it came from such sources that he could honourably and fairly receive it.**"

Sir Wilfrid Laurier said in 1891:—

"Sir, if he did not know, why did he not look at the list? If the hon. gentleman did not know, it was because he chose to remain ignorant of who were the names on the list, and if he chose to be ignorant of the names which are on the list, is it not because **his moral sense told him that he might there find names of persons giving contributions which could not be accepted at all?** Is it not simply because his conscience told him that if he were to look at that list he would find there **the names of men who were every day supplicants in his office for favours?**"

The Halifax Chronicle, the organ of the present Minister of Finance, said on the 15th of August, 1891:—

> "The testimonial business has gone and the swindling business transactions with contractors must end, and so must the high protective tariff, which is only another form of swindle in a more insidious and expensive form."

WHERE LIBERALS STAND IN 1911.

At a banquet held in the House of Commons on April 26th, 1910, Hon. W. S. Fielding accepted a gift of *One hundred and twenty thousand dollars* subscribed by men *whose names he did not know*. Sir Wilfrid Laurier assisted at the presentation of this money. Sir Wilfrid Laurier had sanctioned the raising of the money by a committee, beginning in 1909, *knowing that the suppression of the names of the contributors was to be a condition in the acceptance of the gift.*

Mr. A. C. Boyce of West Algoma, moved in the House of Commons on the 31st of January, 1911.

> "That the acceptance of gifts or testimonials of any kind on the part of Ministers of the Crown or of any member of their families, from contractors, government officials, or other persons having pecuniary relations with the government, is entirely opposed to sound principles of administration and is calculated to bring parliamentary government into contempt: and that the example thus given tends to corrupt and demoralize the officials serving under ministers who have accepted or permitted the acceptance of gifts or testimonials as aforesaid.
>
> "That in order to maintain this principle the source of any gifts of money to Ministers of the Crown ought not to be surrounded with secrecy, and that an authentic statement of the names of the donors should forthwith be made public."

The same resolution, word for word, as was adopted on motion of Sir Richard Cartwright in 1891, plus a declaration embodying what was the belief of Sir Richard Cartwright and Sir Wilfrid Laurier in 1891.

This resolution was voted down, on a strictly party division by 118 to 63. Sir Wilfrid Laurier, who voted "Aye" in 1891, voted "Nay" in 1911.

When the Liberals denounced the enriching of Ministers in 1891, Sir John Thompson, on behalf of the Conservative Government, accepted the Cartwright resolution which thus became the unanimous expression of the House.

When A. C. Boyce, M.P. brought back the Cartwright-Laurier resolution in 1911, he was viciously attacked by the Laurier-Cartwri t followers with the tacit approval and encouragement of Sir Wilfrid Laur . H. H. Miller, a Liberal from South Grey, was put up to answer Mr. Boyce, immediately after a statement from the Minister of Finance. Mr. Miller described Mr. Boyce as the only man in the House "who could make the attack which has been made." He then delivered himself of this choice bit of somewhat labored metaphor, "House flies are said to carry typhoid fever germs, mosquitos are supposed to scatter yellow fever, there are even said to be in the water we drink, millions of little bacilli, that are able to conceal themselves in a drop of water, and yet are able to do much harm and scatter disease."

So that, in the opinion of H. H. Miller, Sir Richard Cartwright, in 1891, was a house fly carrying typhoid fever germs.

And, in the opinion of H. H. Miller, Sir Wilfrid Laurier, in 1891, was a mosquito scattering yellow fever.

Note the change between 1891 and 1911.

## WHERE DID THE MONEY COME FROM?

The Government refused to be bound by the principles laid down by its leaders in 1891. The list of donors was not produced, and the question, "Where did the money come from?" remains unanswered.

Every man who does business with the Hon. W. S. Fielding as head of the Department of Finance, is a possible contributor to the Fielding bank account. Every man who seeks a favour of the Minister of Finance,—say a banker or bank promoter—appears before the Minister as a man whose name may be on the list of donors. Had the list been made public, as required in the Boyce motion, the Minister of Finance would at least have known where the influence of the gift began and ended. By the concealment of the names he is placed in a false position, not with a few of those seeking departmental favors, but with all.

## THE BRITISH STANDARD.

The standard of ministerial morality is higher than this in Great Britain. William Pitt, when facing forced retirement from the office of Premier in 1789, at a time when he was heavily in debt, was offered a testimonial of £100,000 by the business men and bankers of London.

"No consideration upon earth" said Pitt, "shall ever induce me to accept it."

In 1801, when Pitt was going out of office, when he was hard-pressed by creditors, a deputation of London merchants again waited upon him. They said that a sum of £100,000 had been subscribed as a mark of esteem and would be deposited in any bank designated by him. Pitt's biographer says,—

> "This noble gift was, however, as nobly declined. If (said Mr. Pitt) he were ever again in office, he should always feel abashed and constrained when any request was addressed to him from the city, lest by non-compliance he should be thwarting the wishes of some among his unknown benefactors."

How does the Canadian Finance Minister know, in refusing any request addressed to him as Minister, that he is not "thwarting the wishes of some among his unknown benefactors?" What must be the result of his not knowing? The situation in which the Canadian Minister of Finance finds himself is exactly the situation which the great Englishman, Pitt, refused to accept under far greater pressure, both as to his personal need and as to the amount of money offered for its relief.

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Lord Morley is a living Liberal high in reputation and authority. In his Life of Cobden, vol. 1, page 404 occurs the statement that Lord John Russell in 1846 abstained from asking Cobden to join the Ministry which he was forming, in view of certain "circumstances." "It is pretty certain," says Lord Morley, "that they related to a project of which a good deal had been heard during the last four or five months. There would undeniably have been some difficulty in giving high office in the State to a politician whose friends were at the time publicly collecting funds for a national testimonial of a pecuniary kind. Whether the Whig Chief was glad or not to have this excuse for leaving Cobden out of his cabinet, the ground of the omission was not unreasonable."

# THE LAURIER NAVY

## GOVERNMENT REFUSED TO CONSULT THE PEOPLE THOUGH CHALLENGED TO DO SO BY THE CONSERVATIVE PARTY

## WHAT THE OTHER DOMINIONS ARE DOING.

### Canada Alone Stood Out For Inefficiency.

The Canadian navy, as established, or proposed to be established, under the direction of Sir Wilfrid Laurier:—

Was not asked for by the people of Canada, whom Sir Wilfrid Laurier refused to consult.

Was not asked for by the British Admiralty, whose proposal Sir Wilfrid Laurier rejected.

By being split up and placed on two oceans is only half as effective as it might be.

Represents a maximum of cost for a minimum of efficiency.

Is a peace navy.

Let us consider what are the outstanding points in the history of this navy project.

CANADA'S SAFEGUARD.

The power of the British navy has always been the safeguard of Canada since Canada became British. Canada has never contributed a dollar toward the upkeep of this power and the maintenance of this safeguard. This bulwark standing between Canada and the aggression of foreign countries, has been the free gift of the taxpayers of Great Britain. Other British dominions, smaller and poorer than Canada, have contributed toward the upkeep of the British navy. While Canada was in this position Australia and Newfoundland were furnishing men for naval service. This was the situation up to 1909, after the question of imperial defence had been considered repeatedly at successive Imperial Conferences, first in 1887, then in 1902, and again in 1907. At the latter two conferences the feasibility of co-operation for naval defence was discussed specifically.

THE CONFERENCE OF 1902.

In 1902, when the other colonies declared their readiness to contribute, Sir Wilfrid Laurier pleaded the "autonomy" of Canada, and refused to pledge the Dominion to a contribution of any kind. All that the Empire could get from him at that time was a half promise that, at some time in the future, Canada might establish a naval reserve force at home. That was Canada's answer. What was the answer of the other overseas dominions?

Australia increased her annual contribution from £106,000 to £200,000.
Natal increased hers from £12,000 to £35,000.
Cape Colony increased hers from £30,000 to £50,000.
New Zealand increased hers from £20,000 to £40,000.
Newfoundland increased hers from £3,000 to £4,800.

### THE CONFERENCE OF 1907.

Canada's half promise of a naval reserve was not fulfilled, and in 1907 Sir Wilfrid Laurier went back to the Imperial Conference with a record of having done—nothing.

At this conference the do-nothing position of the Canadian Government was still more sharply defined. When the British Admiralty placed their views frankly before the Conference and invited still further co-operation, the other dominions expressed their willingness to increase their contributions. New Zealand increased hers to £100,000. What did Canada do? Hon L. P. Brodeur, speaking for the Canadian Government, talked about the money Canada was spending for fishery protection, hydrographic surveys on inland waters, and the possible need of doing something on the Great Lakes as a means of protection against United States aggression. Canada refused to co-operate.

When Dr Smartt, a delegate from South Africa, proposed a resolution simply affirming the principle of co-operative aid, leaving the amount and method to be determined by each dominion, Sir Wilfrid Laurier bluntly told the Conference that Canada (which at this time was doing absolutely nothing) could not undertake to do "more." "For my part," he said, "if the motion were pressed to a conclusion, I should have to vote against it." When Dr. Smartt urged him to accede to the principle, he said, "I have said all I have to say on the subject." When the desirability of having the Conference unanimous was again urged, this time by Sir Joseph Ward of New Zealand, Sir Wilfrid said, "I am sorry to say that this is a question upon which we could not be unanimous. Dr. Smartt can move it if he chooses, or withdraw it, but if he presses it, I should have to vote against it."

The motion was dropped, and the opportunity thus offered of providing a lesson to the watching nations of the world was lost. The crisis of 1909 followed closely upon this exhibition of Canadian governmental inaction.

### THE FOSTER RESOLUTION.

In November, 1908, Hon. George E. Foster, M.P., for North Toronto, gave notice of the following resolution:—

"That in the opinion of this House, in view of her great and varied resources, of her geographical position and national environments, and of that spirit of self-help and self-respect which alone befits a strong and growing people, Canada should no longer delay in assuming her proper share of the responsibility and financial burden incident to the suitable protection of her exposed coast line and great sea ports."

This resolution affirmed the same principle as that which was embodied in the Smartt resolution at the Imperial Conference in 1907. Mr. Foster's resolution was discussed in Parliament on the 29th of March, 1909. In the interval there had arisen what became known as "the German scare." The

British Empire was stirred into action by reports of German naval preparations, directed, it was believed, against Great Britain. New Zealand and Australia had offered Dreadnoughts. The eyes of the Empire, if not of the world, were fixed upon Canada. What happened?

Sir Wilfrid Laurier moved an amendment to the Foster resolution as follows:—

"The House fully recognizes the duty of the people of Canada, as they increase in numbers and wealth, to assume in larger measure the responsibilities of national defence.

"The House reaffirms the opinion, repeatedly expressed by representatives of Canada, that under the present constitutional relations between the mother country and the self-governing dominions the payment of any stated contribution to the imperial treasury for naval and military purposes would not, so far as Canada is concerned, be a satisfactory solution of the question of defence.

"The House has observed with satisfaction the relief afforded in recent years to the taxpayers of the United Kingdom through the assumption by the Canadian people of considerable military expenditure formerly charged upon the Imperial treasury.

"The House will cordially approve of any necessary expenditure designed to promote the organization of a Canadian naval service in co-operation with and in close relation to the Imperial navy, along the lines suggested by the admiralty at the last Imperial Conference, and in full sympathy with the view that the naval supremacy of Great Britain is essential to the security of commerce, the safety of the empire and the peace of the world.

"The House expresses its firm conviction that whenever the need arises the Canadian people will be found ready and willing to make any sacrifice that is required to give to the imperial authorities the most loyal and hearty co-operation in every movement for the maintenance of the integrity and the honour of the empire."

This amendment, involving as it did, the withholding of immediate aid to Great Britain in what appeared to be a grave crisis in the Empire's affairs, was not satisfactory to the Opposition. At the same time it was, so to speak, better than no bread, and the Conservative party took the position that some pronouncement should be made, even though, on the part of the Government, it was a half-hearted one. Mr. R. L. Borden proposed some changes in the amendment, notably an important change in the second paragraph and the omission of the third paragraph of the resolution as proposed by the Prime Minister; and the following was unanimously agreed upon and passed:—

"This House fully recognizes the duty of the people of Canada, as they increase in numbers and wealth, to assume in larger measure the responsibilities of national defence.

"The House is of opinion that under the present constitutional relations between the mother country and the self-governing dominions, the payment of regular and periodical contributions to the Imperial treasury for naval and military purposes would not, so far as Canada is concerned, be the most satisfactory solution of the question of defence.

"The House will cordially approve of any necessary expenditure designed to promote the speedy organization of a Canadian naval service in co-operation with and in close relation to the imperial navy, along the lines suggested by the admiralty at the last imperial conference, and in full sympathy with the view that the naval supremacy of Britain is essential to the security of commerce, the safety of the empire and the peace of the world.

"The House expresses its firm conviction that whenever the need arises the Canadian people will be found ready and willing to make any sacrifice that is required to give to the imperial a[illegible]ties the most loyal and hearty co-operation in every movement for the ma[illegible] of the integrity and honour of the empire."

This unanimous resolution affirmed:—

(1) An acknowledgment of Canada's responsibility in regard to Imperial naval defence, and a promise of action.

(2) That in time of emergency, special contributions are advisable and proper.

(3) That, as a means of permanent aid and co-operation, Canada should organize a naval service ALONG THE LINES SUGGESTED IN 1907 BY THE ADMIRALTY, to co-operate with the Imperial navy AND TO BE UNDER ONE COMMAND WITH THE IMPERIAL NAVY IN TIME OF WAR.

## THE CONFERENCE OF 1909.

At the conference of 1909, called for the consideration of the problem of Imperial naval defence, Great Britain announced her readiness and determination to go on protecting the overseas dominions unaided to the utmost limit of her resources. At the same time she invited the dominions to assist in bearing a burden, already great, and growing greater by reason of the increasing naval power of Germany, as well as by reason of the increasing cost of ships of war and armaments.

The Admiralty made no secret of the fact that cash contributions would be the ideal form of aid, but they recognized the fact that insuperable local difficulties might stand in the way. As an alternative they recommended:—

The construction by the colonies of fleet units, each consisting of:—

One Dreadnought cruiser.

Three unarmoured cruisers.

Six torpedo-boat destroyers.

Three submarines.

The idea of the Admiralty was that Canada and Australia should each supply a fleet unit, and New Zealand, in co-operation with the Mother Country, a third. These fleet units would be under control of the colonies in time of peace, and of the Admiralty in time of war. They would be effective for offence and defence, and they would afford a combination giving the whole range of practice to the naval forces of the Dominions. The other colonies could go on with their annual cash contributions in the meantime.

It was proposed that these three fleet units should be placed on the Pacific, where, in the opinion of the Admiralty, the need was greatest. This would have provided a powerful fleet consisting of:—

Three Dreadnoughts.

Nine unarmoured cruisers.

Eighteen destroyers.

Nine submarines.

What did the other dominions do?

Cash contributions were guaranteed as follows:—Natal, £35,000; Cape Colony, £50,000; Newfoundland, £1,800; and New Zealand, £100,000 annually.

Australia provided for a fleet unit, one Dreadnought, three cruisers, six torpedo vessels, three submarines, to cost £3,700,000.

New Zealand and India, assisted by Great Britain, provided for a fleet unit, one Dreadnought, three cruisers, six torpedo vessels, three submarines.

Australia also undertook the maintenance of the naval station at Garden Island, an annual charge of £800,000.

New Zealand also undertook the maintenance of her Dreadnought when completed, an annual charge of £150,000.

### CANADA ALONE STOOD OUT.

They all did their parts but Canada.

Canada refused:—

To co-operate with Australia and New Zealand on the Pacific.

To contribute a dollar for naval purposes outside of Canada, or to admit the principle of contributions.

To accede to the principle of Imperial control in time of war.

The excuse was—autonomy and the limitations of responsible government. The Canadian Government finally offered to construct a separate navy for Canadian defence only, under Canadian control, with the proviso that it might be lent to Great Britain in time of war by Order-in-Council. There was also some talk of the construction of navy yards and docks at various points in Canada. The Admiralty were asked to advise as to what could be done with a minimum expenditure of £400,000 and a maximum of £600,000.

### THE CANADIAN NAVY BILL.

The Imperial Conference ended on August 19th, 1909. The Canadian parliament met on November 12th. It was not till January 18th, in the following year, that Sir Wilfrid Laurier introduced the navy bill. It provided, not for a fleet unit, but for four protected unarmoured cruisers of the Bristol class (5,000 tons each), one Boadicea (unarmoured, 3,300 tons) and six destroyers of the improved "River" class. The cost of ships if built in England, would be $11,000,000. They are to be built, as far as possible, in Canada, at an additional cost of 33 1-3 p.c.

The proposed navy is to be under the control of the Minister of Marine, assisted by a Department of Naval Affairs. It does not pass automatically under the control of the Admiralty in time of war, but, in case of emergency —"war, invasion, riot or insurrection, real or apprehended"—it *may* be placed by the Government at the disposal of the Admiralty for general service in the Royal navy. If this is done when Parliament is not in session, then Parliament is to be summoned within fifteen days to approve of the Government's action.

In other words, if the Government does not choose to have the Canadian navy take part in an Imperial war, Parliament will not be summoned, and will not be in a position to force the Government.

Sir Wilfrid Laurier moved the second reading of this bill on February 3rd. He declared that the policy of the Government was in perfect accord with the terms of the resolution adopted in March, 1909, and ought therefore to command Conservative support. He defended his attitude at the Conference on the ground that Canadian autonomy must not be impaired. That the Canadian Navy would not be lent by the Government to take part in all British wars, he made clear when he said, "If England is at war, we are at war and liable to attack. I do not say that we shall always be attacked, neither do I say that we shall take part in all the wars of England. That is a matter that must be determined by circumstances, upon which the Canadian Parliament will have to pronounce and will have to decide in its own best judgment."

Thus the proposed navy is in no sense Imperial. That local considerations actuated the Government, was made plain in Sir Wilfrid Laurier's remark:—"Why do we ask Parliament to vote for this naval service? It is simply because it is a necessity of our condition and the status we have reached as a nation."

### THE CONSERVATIVE ATTITUDE.

Mr. R. L. Borden attacked the Government proposal on these grounds:—The suggestions of the Admiralty had been disregarded, both as to the establishment of a fleet unit, and as to unity of control.

The bill provided for delay, discussions in Council, etc., in time of emergency, and delay might be as fatal from the standpoint of efficient aid, as if the Government decided not to lend the navy at all.

Such a decision would be tantamount to a declaration of Canadian independence.

Mr. Borden moved the following amendment,—

"That the proposals of the Government do not follow the **suggestions and recommendations of the admiralty**, and in so far as they empower the Government to withhold the naval forces of Canada from those of the Empire in time of war, are ill-advised and dangerous;

"That no such proposals can be accepted unless they thoroughly ensure unity of organization and of action, without which there can be **no effective co-operation** in any common scheme of Empire defence;

"That the said proposals, while necessitating heavy outlay for construction and maintenance, will give **no immediate or effective aid to the Empire** and no adequate or satisfactory results to Canada;

"That no permanent policy should be entered upon involving large future expenditures of this character **until it has been submitted to the people** and has received their approval;

"That in the meantime, the immediate duty of Canada and the impending necessities of the Empire can best be discharged and met by placing without delay at the disposal of the Imperial authorities as a free and loyal contribution from the people of Canada, such **an amount as may be sufficient to purchase or construct two battleships or armored cruisers of the latest Dreadnought type**, giving to the admiralty full discretion to expend the said sum at such time and for such purposes of naval defense as in their judgment may best serve to increase the united strength of the Empire and thus assure its peace and security."

This amendment was negatived on March 9th, on a vote of 129 to 74.

On March 10th, Mr. W. B. Northrup of East Hastings, moved the six months' hoist. This was voted down by 119 to 78.

On March 10, the bill was given its second reading.

### CHANGED THEIR PLANS.

Hardly had the Government's plans been decided on than they were changed. The proposal was to build four Bristols, one Boadicea and six destroyers. The British Admiralty offered to sell to the Canadian Government, at something like a third of its original cost, the protected cruiser "Niobe," an eleven-thousand ton ship belonging to the "Diadem" class. The

Niobe has been purchased and takes the place of the Boadicea. She is of a type which has been, to some extent, discarded by the Admiralty and is a very costly ship to maintain. She is to be used as a training ship, stationed on the Atlantic, with two Bristols and the destroyers—when they are built.

The Government has also purchased, as a training ship, the Rainbow, a twenty year old cruiser of 3,600 tons, which is to be stationed on the Pacific with two Bristols—when they are built.

It is part of the Government policy that the ships of the navy shall be built in Canada, a good policy except from the all-important standpoint of speedy and effective defence. There are in Canada, no facilities for building these ships. It will take a year at least to provide such facilities and four years more to build the ships. That was the estimate a year ago. Had the Government acted at once, the facilities would have been provided by now. They have not even let the contracts for the yards, and the Canadian-built ships cannot be in service till 1916 at the earliest.

What does Canada pay for this navy, and what do the people of Canada get for the money? What does the Empire get?

The official estimates of cost for the first four years are as follows:—

| | | |
|---|---|---|
| Cost of the Niobe | | $1,075,000 |
| Cost of the Rainbow | | 250,000 |
| Four years cost of maintenance | | 6,685,000 |
| Cost of building ten vessels (if built in England) | | 9,940,000 |
| Add 33⅓ p.c. for increase in cost of construction in Canada | | 3,313,333 |
| Cost of Naval College, barracks, houses, dockyard, and battery | | 715,000 |
| Total cost at end of four years | | $21,978,333 |
| Cost of maintenance, per annum, after four years | $3,680,000 | |
| amounting in six years to | | $22,080,000 |
| Total cost at end of ten years | | $44,058,333 |
| Add interest and depreciation, 4 p.c. on average of six years | | 10,500,000 |
| | | $54,558,333 |

FOUR YEARS UNPROTECTED.

Canada will be without naval protection of her own for four years and will have nothing to contribute toward Imperial naval defence for four years. In ten years the people of Canada will have spent enough money for the construction of six Dreadnoughts, and will have,—

On the Atlantic.—The twenty-year-old Niobe.
Two unarmoured cruisers (Bristols).
Six destroyers.

On the Pacific.—The Rainbow (by that time thirty years old.)
Two unarmoured cruisers (Bristols).

In four years Canada will have spent, outside of the cost of construction of the ships, over eight million dollars, enough for the construction of a Dreadnought, and during that interval will have had nothing in the way of an effective aid to the Empire in the event of war.

Thus Canada takes the most expensive way with the least results in good to the Dominion or to the Empire. What do the other overseas Dominions do?

The Australian unit is being constructed in British shipyards under Admiralty supervision, and will be ready in 1912. Two of the destroyers, vessels of the most modern type, already are in Australia. A third destroyer has been completed in Australia.

The New Zealand unit is being built—the Dreadnought in England—and will be ready in 1912.

These two units will be on the Pacific, where they are most wanted in the interests of the British Empire, which must always be the interests of Canada.

It must be remembered that Canada has a Pacific coastline. The very same dangers which are alarming Australia and New Zealand threaten the Western Coast of Canada. They are establishing fighting navies. Canada has the Rainbow.

## CONSERVATIVE PARTY'S POSITION.

What was and is the position of the Conservative party on this question of naval defence?

It was clearly and unequivocally defined by Mr. R. L. Borden, the Conservative leader, speaking on the third reading of the Laurier bill, April 20th, 1910. Mr. Borden said:—

"What I contend for is the principle that in time of war there shall be one united naval force for the whole Empire, and that naval force shall be available to meet any enemy that may assail the integrity of the Empire.

* * * * * * * *

But there is something beyond and above all that. If the naval forces of the Mother Country and all the dominions form part of one great united naval force of the Empire in time of war what follows? Any enemy assailing the British Empire knows that it must meet those forces in time of war, that they are available for attack or resistance, for upholding the integrity of the empire and the supremacy of its sea control. What is the other alternative? Under the proposals of the government what may an enemy anticipate? It may anticipate that it will have to meet the naval forces of the Mother Country plus a potential order-in-council which may not come into force until the integrity of the empire shall have been destroyed.

"The proposals of the government seem to me in one aspect to be absurd and unworkable, but in another aspect they are dangerous and revolutionary. In so far as they are not unworkable, they are dangerous; in so far as they are not absurd they are revolutionary because it is absolutely inconceivable that if Great Britain were engaged in a naval war and the Canadian naval force acted as if it belonged not to the empire or to Canada but to some neutral country, such a condition would not lead or at least conduce to the early separation of this country from the British empire."

"I am desirous, that this country shall co-operate upon some permanent basis in the naval defence of the empire. I do not see how it is possible for us to remain within the empire without taking some responsibility in that regard. What will the proposal of the government work out to? If we are to abstain from taking part in some war which may concern Great Britain or other dominions of the empire chiefly, will Great Britain, on the other hand, when our Pacific coast may be assailed, say that she will take no part on our behalf, and that her navy shall remain in the North Sea? I am disposed to think that there is only one way of dealing with the naval forces of the empire, and that is to have them united under some central control, and let the world know that those united forces are available for the maintenance of the sea supremacy of the empire in time of war. They may not be called upon when certain wars occur, even wars involving the employment of the naval forces; but the mere fact that they are available is the important consideration. This is the principle I stand for and the principle I desire to see carried out. It is desirable, in the first place, that we should co-operate upon some permanent basis. It is desirable, in the second place, that if the conditions of the empire at the present time are emergent, we should bear some immediate and effective aid to the empire as a whole. I still maintain, notwithstanding all the arguments that have been advanced to the contrary, that the proposal I submitted to the House involves the true principle in that regard; and that the true solution, the wise solution, of the great problem that is before the people of Canada to-day would be, in the first place, to bring immediate and effective aid in the manner I have already indicated to the House on the second reading of this Bill, and, in the second place, to mature more carefully and wisely the proposals for permanent co-operation by Canada i the naval defence of the empire—to bring these proposals into parliament and discuss them, then to submit them to the people at a general election, and after that to have them carried into force according to the mandate and the direction of the free people of Canada."

### GOVERNMENT REFUSES TO CONSULT THE PEOPLE.

Another and exceedingly important feature of the situation is the persistent refusal of the Government to consult the people of Canada upon the budget. It voted down demands for consultation on March 9, 1910, and again on December 1, 1910. The Conservative party holds that any such step should have behind it the ascertained will of the people of Canada; and that the will of the people of Canada should be ascertained by consulting them. Speaking in the House of Commons on February 3, 1910, Mr. R. L. Borden said:—

### CONSULT THE PEOPLE.

"I am as strong as any man in this country in the belief that it is the duty of Canada to participate upon a permanent basis in the defense of this empire and to do our reasonable share in that regard. But I say that to attempt to force a policy of this kind upon the people of this country without giving them an opportunity to say yea or nay with regard to it, would be one of the worst mistakes that could be made by any man who really favoured that policy. If my hon. friend was able, in very short metre indeed, in 1899, to respond to the popular will, there seems no reason why he should not to-day be equally ready to respond to the popular will upon this question. What the people of this country want, as far as any man can judge who has observed currents of public opinion, what the people of this country desire, is immediate and effective aid to the empire, and to have any proposals of a permanent character very carefully considered and matured, as they ought to be considered and matured, before any such policy is embarked upon, because there are a great many considerations that must be taken into account."

### MR. BORDEN'S AMENDMENT LAST SESSION.

On November 24, 1910, when the session of 1910-11 opened, Mr. Borden moved the following amendment to Mr. Monk's amendment to the address in reply to the speech from the Throne:—

We beg to assure Your Excellency of the unalterable attachment and devotion of the people of Canada to the British Crown and of their desire and intention to fulfil all just responsibilities devolving upon this country as one of the nations of the empire. We desire, however, to express our regret that Your Excellency's gracious speech gives no indication whatever of any intention on the part of Your Excellency's advisers to consult the people on t' ; naval policy of Canada.

In su, , orting this Mr. Borden said:—

### NAVAL CONTROL.

"Perhaps I should say a word or two on the subject of naval control which has been spoken of during this debate. While I respect the opinions of able and intelligent men who disagree with me, I cannot see that it is possible to maintain the naval supremacy of this empire by a series of disunited navies, not under one central control. We may be of different minds as to whether Canada should contribute to the defence of the empire outside of her own territory, but if we once make up our minds that Canada is so to contribute to the naval defense of this empire, then it seems to me absolutely sure and beyond argument that the naval supremacy of the empire can only be upheld by one great naval force under one great central control. That is my conviction, that is one reason why it seems t[o] me the naval proposals of the government are useless and could not be carrie[d] out effectually.

## WHAT THE CONSERVATIVES WOULD DO.

"It may be fairly asked what we would do if we were in power to-day with regard to a great question of this kind. It seems to me that our plain course and duty would be this: The government of this country are able to understand and to know, if they take the proper action for that purpose, whether the conditions which face the empire at this time in respect to naval defence are grave. If we were in power we would endeavour to find that out, to get a plain, unvarnished answer to that question, and if the answer to that question, based upon the report of the government of the mother country and of the naval experts of the admiralty were such—and I think it would be such—as to demand instant and effective action by this country, then I would appeal to parliament for immediate and effective aid, and if parliament did not give immediate and effective aid I would appeal to the people of this country.

## PEOPLE MUST PRONOUNCE ON PERMANENT POLICY.

"Then, Sir, as to the permanent policy, **I think the people have a right to be consulted.** I do not know whether I have made my position clear, but I have done so according to my humble capacity. I think the question of Canada's co-operation upon a permanent basis in imperial defence involves very large and wide considerations.

## CANADA MUST HAVE A VOICE.

"If Canada and the other Dominions of the empire are to take their part as nations of this empire in the defence of the empire as a whole, shall it be that we, contributing to that defence of the whole empire, shall have absolutely, as citizens of this country, no voice whatever in the councils of the empire. I do not think that such would be a tolerable condition. I do not believe the people of Canada would for one moment submit to such a condition. Shall members of this House, representative men, representing 221 constituencies of this country from the Atlantic to the Pacific, shall no one of them have the same voice with regard to those vast imperial issues that the humblest taxpayer in the British Isles has at this moment? It does not seem to me that such a condition would make for the integrity of the empire, for the closer co-operation of the empire. Regard must be had to these far reaching considerations, a permanent policy would have to be worked out, and when that permanent policy had been worked out and explained to the people of Canada, to every citizen in this country, then it would be the duty of any government to go to the people of Canada to receive their mandate and accept and act upon their approval or disapproval of that policy."

# THE QUEBEC BRIDGE

## Mismanagement Upon a Colossal Scale—Seven Million Dollars and 75 Lives Lost—How the Control of a Great National Enterprise was Turned Over to a Straw Company.

### PART I. THE STORY.

The story of the Quebec Bridge affords a striking study in the way in which the Laurier government does business.

#### IMPORTANCE OF THE PROJECT.

The bridge will be one of the largest in the world. Its construction raises very difficult problems in engineering. Now that a commission of eminent engineers has examined the situation the contract for the superstructure amounts to $8,650,000, in addition to a million and a quarter more for sub-structures. Apart from the money cost, there is the consideration that the bridge is to be a link in the Transcontinental Railway project. It is to connect the lines on the north shore of the St. Lawrence with the Moncton Extension, and until it is completed a line some 400 miles long and costing some $25,000,000 or $30,000,000 will be cut off from the rest of the system.

In short, the work is enormous both in size and in importance. How did the Laurier government handle it?

#### THE PROPER METHOD OF BUILDING THE BRIDGE.

How would an ordinary commercial company, investing its own money, go about such an enterprise?

It would make sure of a sound financial basis. It would obtain the best possible engineering advice. It would make exhaustive and most careful preliminary studies, investigations and explorations, so as to prevent expensive miscalculations. It would take every precaution that money could buy and human brains could devise to obtain the right plans. It then would take pains to give the contracts to responsible firms, and it would have able and forceful engineers to supervise the work.

#### THE LAURIER GOVERNMENT'S METHOD.

Did the Laurier government do this?

It left the work to a private company. What sort of private company?

The first chapter begins with the incorporation of The Quebec Bridge Company in 1887. The capital was $1,000,000. Of this only $65,000 was ever paid up. It had assurances of aid from the Dominion and Provincial authorities.

Little was done till 1897. At that date Mr. Simon Napoleon Parent became President of the Company. The situation then was:—

Mr. Parent was Premier of the Province of Quebec.

Mr. Parent was Mayor of the City of Quebec.

Mr. Parent was President of the Quebec Bridge Company.

Sir Wilfrid L- -ier was Premier of Canada.

In 1899 the Dominion government (Sir Wilfrid Laurier) granted a subsidy of $1,000,000.

In 1900 the Quebec Provincial government (Mr. Parent) granted $250,-000.

In 1900 the Quebec City Council (Mr. Parent) granted $300,000.

The actual financial resources of the Company in 1900 were:—

| | |
|---|---|
| Capital paid up | $65,000 |
| Subsidies | $1,550,000 |
| Total | $1,615,000 |

In short, the company was one of straw.

The engineer in sole charge was a fairly good man for ordinary work, without technical or experimental knowledge of large constructive work of any kind.

## INVITED TENDERS ON SPECULATION.

In September, 1898, the Quebec Bridge Company (Mr. Parent) invited tenders for both sub-structure and super-structure. The tenderers were to provide their own plans. No preliminary engineering work had been done.

No expert investigations had been made as a foundation for the design and construction.

No plans, no information existed on which to base the call for tenders. There was no money to provide them. Mr. Parent's work consisted of issuing prospectuses which drew pictures of the profits which would accrue from the enterprise: and of asking his political friends for subsidies.

Thus the tendering was speculative. Thus only two tenders were received. The tender of the Phoenix Bridge Company was provisionally accepted on a lump sum basis.

## HIGH FINANCING WITH QUEBEC BRIDGE BONDS.

There was no money. Mr. Parent and the Phoenix Bridge Company set out to find a market for the securities. They failed. So the Phoenix Bridge Company did nothing.

In 1900 the Quebec Bridge Company made a contract with M. P. Davis for the sub-structure—the stone piers, etc.,—for $1,000,000. He was paid, partly with subsidies, partly with bonds. The bonds were given him at the rate of 60 cents on the dollar. On one issue the account stood:—

| | |
|---|---|
| Face value of bonds | $472,000 |
| Amount at which M. P. Davis accepted them | 284,000 |
| Loss | $188,000 |

## A CONTRACT MADE.

In 1903 the Quebec Bridge Company entered into a contract with the Phoenix Bridge Company on plans submitted by the latter for the superstructure involving on a lump sum basis $2,438,612.

The Quebec Bridge Company engaged as Consulting Engineer Theodore Cooper, of New York, an engineer of repute, but nearly 70 years of age, and in such indifferent health that as a matter of fact he never gave personal supervision to the work of construction at Quebec. Mr. Cooper approved the plans of the Phœnix Bridge Company.

The engineer who had charge of the sub and super-structure was Mr. Hoare, who the Royal Commission of investigation later declared had no special qualifications for so important a work.

## THE QUEBEC BRIDGE COMPANY BANKRUPT.

Early in 1903 the inherent weakness of the Quebec Bridge Company showed itself. The company was on the verge of collapse. Its affairs were in the following position:—

Its paid up capital was $65,000.

Of this there had been paid up in fees $49,601, which the directors had voted to themselves.

Thus the only real money which the company put into this work was $15,400.

In addition there had been paid:—

| | |
|---|---|
| Salary to Mr. Barthe, the secretary | $16,890 |
| Salary to Mr. Hoare, the engineer | 45,150 |
| | $111,641 |

| | |
|---|---|
| The company had expended | $1,416,394 |
| It owed | 779,550 |
| It had obligations estimated at | 7,500,000 |

It had drawn by way of subsidy from the Dominion $374,353.

It had used up the subsidies from the City and Province of Quebec.

It was heavily indebted to the bank.

## THE LAURIER GOVERNMENT TO THE RESCUE.

So the Quebec Bridge Company, its affairs being in this cheerful condition, turned to the Laurier government.

The Laurier government was so favourably impressed with the way in which the company had managed the enterprise so far that it came to the rescue. It agreed to guarantee the company's bonds for $6,678,200 to meet these liabilities.

## PARLIAMENT KEPT IN THE DARK.

Although rumours of this action by the government were rife as early as July, 1903, the House, then in session, could get no information and nothing in the way of legislation was brought down until, at the close of a long and tedious session, and after repeated protests, on October 20th the papers were produced. On October 21st the notice of resolution was given, on O[ctober] 22nd Mr. Fielding moved the resolution, and on the same day the B[ill] was rushed in all its stages through a depleted House which then had be[en] nearly eight months in session, and which was prorogued on the 24th.

### THE GOVERNMENT'S PROMISES.

The government assured the jaded House that the expenditure would b[e] strictly guarded and that all plans and specifications would be submitted fo[r] approval to the government. It took power to appoint three directors t[o] the board. A condition of the guarantee was that the company should pay up $200,000 additional capital—ostensibly to make good the $188,000 loss on the sale of bonds at 60 p.c.

So ends the first chapter. The government turns this huge enterprise over to a political company of straw. The company mismanages the enterprise, the finances and everything but the payment of emoluments to itself. The government then rewards it for making such a hash of the business by pledging itself for nearly $7,000,000 to it. It studiously keeps Parliament and the country in the dark on the subject.

### HOW THE PROMISES WERE NOT FULFILLED.

Now the second chapter begins. The people in charge had money at their command. The work went ahead. What did the government do? It had promised to do these things:—

1. To guard the expenditure.
2. To supervise all plans and specifications.
3. To make the Quebec Bridge Company find $200,000 more capital.

And it had power to appoint three directors on the board. It did none of these things.

### DEFECTS IN THE PLANS.

As early as 1898 Mr. Douglas, an engineer in the Department of Railways and Canals, had criticised the plans and specifications furnished by Mr. Hoare, the Chief Engineer of the Quebec Bridge Compny, pointing out grave defects. No notice was taken by the Department.

In 1903 Mr. Collingwood Schreiber, Deputy Minister and Chief Engineer of the Department of Railways and Canals, advised the employment of a bridge expert, Mr. Nichols, to oversee the plans and construction (Evidence p. 320). An order in council to this effect was passed on July 21, 1903.

### NO SUPERVISION.

Mr. Cooper, the New York engineer engaged by the Quebec Bridge Company as Consulting Engineer, objected to having his plans supervised. The Quebec Bridge Company was averse. In the end no such expert was employed.

Thus Canada supplied the money, and the whole matter of plans, specifications, construction and supervision of this enormous bridge was left in the hands of—Mr. Parent.

### BAD ARRANGEMENTS.

A local engineer of limited ability and no large experience supervised everything.

Mr. Cooper was an old man whose health was too bad to allow him to exercise personal supervision.

No attempt was made to provide an adequate supervising and testing staff at Quebec.

### THE DISASTER.

On August 29, 1907, the bridge collapsed and fell into the St. Lawrence. Seventy-five Canadian workmen were killed.

There was not one dollar in the hands or control of the Quebec Bridge Company at the time of the collapse. (Hansard 1910, p. 3185).

So ends the second chapter.

### WHAT THE QUEBEC BRIDGE COMPANY HAD DONE.

The third chapter opens with a death-roll of 75 Canadian tax-payers, whose lives would have been saved if there had been proper supervision; with the whole guarantee of $6,678,200 lost to the country; with the necessary link for connecting the eastern and western ends of the National Transcontinental delayed—probably till 1916. This lamentable smash was due to the way in which the Quebec Bridge Company had handled the great national enterprise, the management of which it had snatched with the consent of the Laurier government.

### HOW THE LAURIER GOVERNMENT REWARDED IT.

What did the Laurier government do?

It took care of Mr. Parent. Having made such a success of the Quebec Bridge Company, he was made Chairman of the National Transcontinental Railway Commission.

It took care of the other directors and members of the Quebec Bridge Company. In 1908 it passed an act through Parliament. By this it:—

1. Took over the whole undertaking as a government work—as it should have been from the beginning.

2. Assumed all the liabilities of the Quebec Bridge Company—bonds, debts, etc.

### GAVE THE SHAREHOLDERS $555,000.

3. Paid back to the shareholders the par value of their stock, $365,000; plus interest at 5 per cent. on it up to December, 1908; plus 10 per cent, bonus on the stock subscribed. Total, $555,279.

4. Paid to the Bank of Montreal interest on Company's loans $889,687 and interest on interest in arrear $75,673 (Hansard 1909, p. 628).

The total loss to the country was $6,905,852, besides $31,765 which it had to pay in investigating the mess. It had to pocket this and then set to work to build the bridge. About five years had been lost.

Happy Quebec Bridge Company! See what it is to "have a pull w
Laurier." This company pounced upon a great national undertaking, grabb
it, sat on it, mismanaged it, killed 75 Canadian workingmen, lost nea
seven millions of good, hand-made Canadian dollars, lost some five years
precious time. Its members put up $15,400 of real money. The Laurier go
ernment bids it go in peace, and pays it in cash, not merely the real mon
which it put in but the full value of the stock which its directors vote
themselves in fees, and interest on the watered stock, and a bonus on th
watered stock—in all over half a million dollars.

Be a Political Pet under the Laurier government. Then you can in
vest $15,000 of real money, ruin a great enterprise, crush the lives out of
few score fellowmen, and be given more than half a million dollars in return

A GOVERNMENT ENTERPRISE AT LAST.

At last the enterprise was taken over by the government. The government now did the thing which should have been done in 1900, when it first touched the proposition. It appointed a Commission of competent engineers; they examined the whole problem, and held an inquest on what had been done on the old bridge. The cost of this work was:—

| | |
|---|---|
| Cost of inquiry ........................................ | $31.765. |
| Cost of studying the problem, preparing plans and specifications, etc., up to 31st Dec. 1910 .................. | 342,060 |
| | $373,825 |

WHAT IT WILL COST NOW.

The contract for the superstructure was let on April 5th, 1911, for $8,650,000.

We must add the loss of several years during which the Transcontinental will be completed otherwise, and cut in two through the absence of this link.

Thus our account for this great public enterprise stands:—

| | |
|---|---|
| Lost on the old bridge through mismanagement .......... | $6,905,852 |
| Returned to Quebec Province and Quebec City ........... | 550,000 |
| Cost of investigation, preliminary expenses of new bridge, etc. ........................................ | 373,825 |
| Contract for superstructure, new bridge ................ | 8,650,000 |
| Contract for sub-structure, new bridge (estimate) ........ | 1,224,375 |
| Total ........................................ | $17,704,052 |
| Add the loss of five year's time. | |

It may be added that of the foundation piers, one is possible of partial utilization, and is to be taken down to low water and greatly enlarged, one is unnecessary and will be removed, and two anchor piers are useless and will have to be removed entirely. The material that has fallen is useless and the government pays a contractor $45,000 to remove it. The part of the bridge not fallen is useless and will be removed.

Three interesting details come out of the story of the loss.

1. The bridge was being built by the Phoenix Iron Company, a very large concern situated at Phœnixville, in Pennsylvania. This company has ample financial resources. But the Quebec Bridge Company had no contract with this strong and responsible company. Its contract was with the Phœnix Bridge Company, and this has a capital of only $50,000. In plain terms the Phœnix Iron Company, the real concern, created this subsidiary company, a company of straw, for the purpose of making contracts. The work was done by the big company; the risk and responsibility were borne by the fake company. There is no recourse against the builders who drew the plans and made the mistakes.

SECURITY LOST THROUGH NEGLECT.

2. The Phoenix Bridge Company gave the Quebec Bridge Company a Security Company's Bond for $100,000 as guarantee for the due performance of a work running up to three millions of dollars. It was trivial security at best.

It now transpires that after the fall of the structure the Quebec Bridge Company (Mr. Parent's Company) neglected, whether purposely or not, to give the notice required by the security company within the specified time, and in the session of 1910 the Minister of Railways confessed that he had little hope of recovering a single dollar of it.

Here is a loss outright to the country of $100,000 because of the indifference or worse of Mr. Parent's Company.

3. The Province of Quebec had granted $250,000 and the City of Quebec $300,000 to the Quebec Bridge Company on the condition that the structure which it was to erect was to have provision for street car and vehicular traffic. The Quebec Bridge Company spent the money and the bridge it undertook fell down. The contract which the Dominion government awarded made no provision for street car and vehicular traffic, and the Dominion government therefore returned their $550,000; though it was granted, not to the Dominion government but to the Quebec Bridge Company.

Thus Mr. Parent's Company did not take the trouble to see that it was making its contract with the right company. It did not take the trouble to cash its guarantee bonds. For this its members are rewarded by being paid back money they never put in, and interest and bonuses up to half a million dollars.

Can you beat it?

## PART II. THE INQUEST.

On August 31, 1907, the government appointed a Royal Commission to examine into the cause of the collapse. This Commission consisted of Mr. Henry Holgate, C.E., Montreal; Mr. J. G. G. Kerry, C.E., of Campbellford, Ontario; and Professor John Galbraith, of the University of Toronto. It was a strong Commission, and it had the advantage of advice from highly competent engineers in the United States. It reported on February 20, 1908.

### A JUDICIAL DOCUMENT.

The report is a scientific, judicial, thorough document. Though moderate in language, it constitutes a severe arraignment of the Quebec Bridge Company on the grounds of:—

1. Financial weakness.
2. Engineering inefficiency.
3. Bad methods of management.

### THE FAULT OF THE GOVERNMENT MADE CLEAR.

It indirectly makes clear the lack of control and oversight of the Government in providing no expert supervision and trusting everything practically to the Quebec Bridge Company, though the enterprise was so difficult, the conditions upon which Parliament authorized the guarantee so specific, and the obligations assumed by the country so vast.

### THE FINDINGS IN FULL.

First, it is advisable to quote the findings of the Commission in full. They were as follows:—

### DEFECTIVE DESIGN.

"Your commissioners find:

"(a) The collapse of the Quebec bridge resulted from the failure of the lower chords in the anchor arm near the main pier. The failure of these chords was due to their defective design.

"(b) The stresses that caused the failure were not due to abnormal weather conditions or accident, but were such as might be expected in the regular course of erection.

"(c) The design of the chords that failed was made by Mr. P. L. Szlapka, the designing engineer of the Phoenix Bridge Company.

"(d) This design was examined and officially approved by Mr. Theodore Cooper, consulting engineer of the Quebec Bridge and Railway Company.

"(e) The failure cannot be attributed directly to any cause other than errors in judgment on the part of these two engineers.

"(f) These errors of judgment cannot be attributed either to lack of common professional knowledge, to neglect of duty, or to a desire to economize. The ability of the two engineers was tried in one of the most difficult professional problems of the day and proved to be insufficient for the task.

"(g) We do not consider that the specifications for the work were satisfactory or sufficient, the unit stresses in particular being higher than any established by past practice. This specifications were accepted without protest by all interested.

### SPECIFICATIONS UNSATISFACTORY.

"(h) A grave error was made in assuming the dead load for the calculations at too low a value and not afterwards revising this assumption. This error was of sufficient magnitude to have required the condemnation of the bridge, even if the details of the lower chords had been of sufficient strength, because, if the bridge had been completed as designed, the actual stresses would have been considerably greater than those permitted by the specifications. This erroneous assumption was made by Mr. Szlapka and accepted by Mr. Cooper, and tended to hasten the disaster.

"(i) We do not believe that the fall of the bridge could have been prevented by any action that might have been taken after August 27, 1907. Any effort to brace or take down the structure would have been impracticable owing to the manifest risk of human life involved.

### LOSS OF LIFE MIGHT HAVE BEEN PREVENTED.

"(j) The loss of life on August 29, 1907, might have been prevented by the exercise of better judgment on the part of those in responsible charge of the work for the Quebec Bridge and Railway Company, and for the Phoenix Bridge Company.

"(k) The failure on the part of the Quebec Bridge and Railway Company to appoint an experienced bridge engineer to the position of Chief Engineer was a mistake. This resulted in a loose and inefficient supervision of all parts of the work on the part of the Quebec Bridge and Railway Company.

"(l) The work done by the Phoenix Bridge Company in making the detail drawings and in planning and carrying out the erection, and by the Phoenix Iron Company in fabricating the material was good, and the steel used was of good quality. The serious defects were fundamental errors in design.

### DID NOT UNDERSTAND ITS BIGNESS.

"(m) No one connected with the general designing fully appreciated the magnitude of the work, nor the insufficiency of the data upon which they were depending. The special experimental studies and investigations that were required to confirm the judgment of the designers were not made.

"(n) The professional knowledge of the present day concerning the action of steel columns under load is not sufficient to enable engineers to economically design such structures as the Quebec Bridge. A bridge of the adopted span that will unquestionably be safe can be built, but in the present state of professional knowledge a considerably larger amount of metal would have to be used than might be required if our knowledge were more exact.

"(o) The professional record of Mr. Cooper was such that his selection for the authoritative position that he occupied was warranted, and the complete confidence that was placed in his judgment by the officials of the Dominion government, the Quebec Bridge and Railway Company, and the Phoenix Bridge Company was deserved."

Such is the condemnation meted out by the Royal Commission as to the methods of construction sanctioned by the Laurier government.

The report in detail abounds in significant comments upon the way in which the enterprise was undertaken. Some extracts may be given.

### THE QUEBEC BRIDGE COMPANY'S FINANCES.

First, the Laurier government was especially responsible for the undertaking being committed to a corporation which was financially weak. Let us see what the Royal Commission says upon the Quebec Bridge and Railway Company from a financial point of view:—

### A POVERTY-STRICKEN COMPANY.

"Mr. Cooper has stated that 'during the early progress of the work it was an open secret that the Quebec Bridge Company had but a small amount of money in sight.' (See Evidence.)

"In proof of this statement reference may be made to the following facts:—

"Between 1887 and 1898 the Quebec Bridge Company accomplished practically nothing.

"In 1900, it let the contract for the substructure, payments to be made partly out of subsidies and partly in bonds of the company to be accepted at 60 per cent of tho face value, and offered its superstructure contract on similar terms.

"In 1900 its securities were throughly investigated by the leading firms of American bankers, who declined to invest in them.

"The Phoenix Bridge Company was paid for the construction of the approach spans not by the Quebec Bridge Company, which ordered them, but by Mr. M. P. Davis.

"It must have been clear to the engineers from the first that the fina[ncial] conditions were such that nothing but absolutely necessary work could be un[der]taken.

"The effect of the lack of funds is noticeable in the methods of calling tenders and of letting contracts, and in the delays that occurred in the execu[tion] of the work." Report p. 35.

The company had no money whatever when the bridge fell down (Ha[nsard] 1909-10, p. 3485).

The company owed for overdue interest $889,687.81 when the bridge f[ell] down; and $75,673 interest on interest.

NO PROPER SPECIFICATIONS.

"The Quebec bridge was designed to meet the requirements of the spec[i]fications approved by the Dominion government in 1898 and amended in 190[.] The method adopted by the company to procure tenders was to issue a genera[l] specification and to call upon contractors to prepare plans in accordance there[]with.

"Considering all the conditions pertaining to the undertaking the adoption o[f] this method was not in the best interests of the work. The company was known not to have the capital necessary to immediately proceed with construction, and the preparation of complete preliminary plans would involve a large outlay. The evidence and documents show that the preliminary plans submitted with the tenders were incomplete; this was as might have been expected, as the several contractors who tendered for the work had little assurance that they would get any return for their expenditure of time and money." Report. p. 141.

PROPER INFORMATION NOT PROCURED.

"Practically this meant that each bridge company was asked to spend several thousand dollars on the preparation of plans, and that in return it was given an opportunity to bid for a contract to be let by a company of weak financial standing. The result was that although the magnitude of the work placed it outside the limits of established practice most of the tenders submitted were made from immature studies based upon insufficient data. The evidence shows that the Phoenix Bridge Company gave more time and attention to the competition than any other tenderer, but the error afterwards made by it in assuming the weight of the structure for final designs shows how faulty the estimate accompanying its original tender was. We consider that the procedure adopted in calling for tenders was not satisfactory in view of the magnitude of the work, and was not calculated to produce the most efficient results." Report. p. 35.

"These errors we ascribe to failure on the part of the Quebec Bridge Company to provide for sufficient preliminary studies of the project by its own engineers." Report, p. 36.

"The financial weakness of the Quebec Bridge Company seriously interfered with the carrying out of the undertaking." Report, p. 39.

THE ENGINEERING ASPECT.

Secondly, how was the work managed from an engineering standpoint? Here are some of the observations of the Royal Commission:—

"IMMATURE STUDIES BASED UPON INSUFFICIENT DATA."

"Most of the tenders submitted were made from immature studies based upon insufficient data." Report p. 35.

"No one connected with the general designing fully appreciated the magni-
tude of the work nor the insufficiency of the data upon which they were depend-
ing.

"The special experimental studies and investigations that were required to con-
firm the judgment of the designers were not made." Subhead (m) of the Findings.

"The failure on the part of the Quebec Bridge and Railway Company to appoint an experienced bridge engineer to the position of chief engineer was a mistake. This resulted in a loose and inefficient supervision of all parts of the work on the part of the Quebec Bridge and Railway Company." Subhead (k) of the Findings.

"The loss of life on August 29, 1907, might have been prevented by the exercise of better judgment on the part of those in responsible charge of the work for the Quebec Bridge and Railway Company and for the Phoenix Bridge Company." Subhead (j) of the Findings.

### A FATAL ENGINEERING MISTAKE.

"In the rush following the final financial arrangements of 1903, the necessity of revising the assumed weights was overlooked both by the engineers of the Phoenix Bridge Company and by those of the Quebec Bridge Company, with the result that the bridge members would have been considerably over-stressed after completion. This error was sufficient to have condemned the bridge had it not fallen owing to other causes." Report. p. 37.

### BUSINESS ORGANIZATION WAS BAD.

Thirdly, there is the question of the business organization of the work. The Commissioners say:—

"It was clear that on that day the greatest bridge in the world was being built without there being a single man within reach who by experience, knowledge and ability was competent to deal with the crisis. Mr. Yenser was an able superintendent, but he was in no way qualified to deal with the question that had arisen. Mr. Birks, well-trained and clear-headed, lacked the experience that teaches a man to properly value facts and conditions; and Mr. Hoare, conscious that he was not qualified to give judgment, simply assented to the courses of action that had been determined on by Messrs. Yenser and Kinloch and made no endeavour to make a personal examination of the suspected chords." Report. p. 90.

### NO COMPETENT ENGINEER ON THE SPOT.

"The whole incident points out the need of a competent engineer in responsible charge at the site.

"Mr. Hoare was the only senior engineer who was able to reach the structure between August 27 and August 29. He was fully advised of the facts yet did not order Mr. Yenser to discontinue erection which he had power to do: we consider that he was in a much better position than any other responsible official to fully realize the events that had occurred, and his failure to take action must be attributed to indecision and to a habit of relying upon Mr. Cooper for instructions." Report. p. 93.

"No special provision is made in the specification for an oversight of the methods of erection by the Quebec Bridge and Railway Company's engineer, or for his approval of the general system of erection, or of the means adopted to solve the various problems arising in connection with it. There is no evidence to show that anyone outside the Phoenix Bridge Company attempted to deal with this practical problem." Report. p. 151.

"The specification throughout shows that the whole subject was not considered with sufficient care not only from a technical standpoint but from the practical or business standpoint as well." Report. p. 151.

Fourthly, there are some remarks in the Report as to the competency of the Quebec Bridge Company and its Chief Engineer, Mr. E. A. Hoare.

"There is, however, nothing in Mr. Hoare's record that would indicate that he had the technical knowledge to direct the work in all of its branches.

"The company's directors do not seem to have realized the importance of the duties pertaining to Mr. Hoare's position and (see Parent to Holgate, January 11, 1908), while believing that he was not competent to control the work, they still gave him the position, the powers and emoluments of the office of chief engineer." Report, p. 49.

The Commissioners describe this as a mistake, their excuses being, (1), that the same mistake has been made in other cases; (2) that in many cases good executive ability is valued more highly than special professional knowledge. So far as Mr. Hoare's executive ability is concerned, it is only necessary to note the Commission's repeated condemnation of the business organization of the work.

"Mr. Hoare personally considered that he was in general control of the construction, and that everything was under his jurisdiction except the approval of plans; the evidence shows that he gave much personal time to the oversight of the fabrication of the material, to inspection of the erection and the preparation of the estimates; it also shows that he lacked a comprehensive grasp of the work that was being done by the inspectors, and that although his subordinates entertained the highest personal regard for him they did not look to him for advice when technical difficulties arose." Report, p. 49.

"THE STAFF WAS INEFFICIENT AND NOT WELL ORGANIZED."

"As a whole the staff was inefficient and not well organized. The excellence of the work done (i.e. on material) must be largely attributed to the ambition of the constructors to do the work to the very best of their ability; the organization was weak in the absence of a fully competent engineer of erection and of a forceful chief of staff for the inspection of shopwork." Report, p. 51.

"The staff was too small; and it is our opinion that the Quebec Bridge Company would have shown better judgment had it employed a larger staff under the direction of an independent man of wider technical knowledge and who would have been sufficiently forceful to hold his own against the contractors." Report, p. 51.

The two foregoing extracts refer to the precautions taken by the Quebec Bridge Company to check the work of the contractors.

AS TO GOVERNMENT SUPERVISION.

That was the sort of work done by the agencies to which the Laurier government turned over the building of this great bridge. Now let us see what the Commission has to say of the way in which the government supervised the middlemen to whom it entrusted the work.

EVERYTHING COMMITTED TO THE MIDDLEMEN.

First, it is to be noted that the government committed everything to these middlemen:—

"The connection of the government with the enterprise provided the means for building the bridge, and the final approval of plans rested with it, but in no way did the government exercise any check on the work itself, or any authority over the contractors. Tho administration of the contract and the disposition of the funds supplied by the government were left entirely in the control of the Quebec Bridge Company, subject to the approval of the estimates by the government inspector, and except that the quantities of material were checked at Phœnixville by a clerk appointed by the Department of Railways and Canals, and an officer of that department visited the bridge in connection with the checking of estimates, there was no supervision on the part of the government.

## NO CHECK ON THE PHŒNIX BRIDGE COMPANY.

"By no act did the government assume or exercise authority over the Phoenix Bridge Company, nor did it intervene under the contract for the bridge; the checking and inspection done by the government and above referred to were with reference to the operations of the Quebec Bridge Company, as the agreement for financing was between the government and the Quebec Bridge Company. The only party, therefore, who was competent to deal with the Phoenix Bridge Company, and who only did deal with it, was the Quebec Bridge Company.

"On the part of the government, its confidence in the Quebec Bridge Company was complete." Report. p 38

## THE SUPERVISION OF PLANS.

Next, let us examine the relations between the government and the Quebec Bridge Company as to supervision of plans.

In 1898 Mr. Hoare sent specifications in to the Government. The Department of Railways and Canals referred these to Mr. R. C. Douglas, one of its engineers, for report. Mr. Douglas seems to have made some criticisms, but Mr. Hoare met these by explaining that these specifications would be used only in connection with preliminary competitive tenders, and not for the construction of the bridge. Mr. Douglas made no official report upon them. Mr. Theodore Cooper said, and the Commissioners agree (p. 39) that "they were not drawn by anyone having the magnitude of this bridge in mind."

These specifications were issued to intending tenderers, and were embodied in the subsidy agreement of November 12, 1900, made with the Dominion Government.

## MR. DOUGLAS' CRITICISMS.

In 1903, when the promoters became active, these specifications, with amendments prepared by Mr. Cooper, once more were sent to the Department and once more were sent to Mr. Douglas. Mr. Douglas reported on July 9th, 1903; he criticised the "high unit stresses" that were proposed, and other technical points; he also advised that the Quebec Bridge Company be required to submit new specifications, and not merely amendments to the approved Hoare specifications.

## MR. DOUGLAS IGNORED.

On receipt of Mr. Douglas' report, the Report says (P. 41), "Mr. Schreiber (Deputy Minister and Chief Engineer of the Department) had to decide whether he would depend upon Mr. Cooper or upon Mr. Douglas for technical advice, and evidently decided in favour of the former, for, as stated in the evidence, Mr. Douglas from that time had no authoritative connection with the undertaking."

In this connection the Commissioners remark that Mr. Cooper "was throughout impressed with the necessity of making his changes without adding to the financial demands on the resources of the company." That is, he had to work on the cheap.

### AN EFFORT AT SUPERVISION.

Mr. Schreiber moved the Minister of Railways and Canals to have passed an order in council which the Commissioners summarize as follows:—

"Mr. Schreiber's principal recommendation was 'that the department be authorized to employ a competent bridge engineer to examine from time to time the detail drawings of each part of the bridge as prepared, and to approve of or correct them as to him may seem necessary, submitting them for final acceptance to the chief engineer of Railways and Canals.' In other words, it was his intention to place the final control of the bridge construction in the hands of a specially chosen bridge expert, who would be an employee of the department, and who would report directly to the deputy minister. As soon as the order in council was passed, inquiry was commenced for a suitable engineer.

"The policy of Mr. Schreiber was not in accordance with the wishes of the Quebec Bridge Company and its associates—and as soon as Mr. Cooper fully understood the deputy minister's plans he protested vigorously." Report p. 43.

### WHICH WAS BAULKED.

There was great activity to defeat this proposal. Mr. Cooper wrote Mr. Deans, head of the Phœnix Bridge Company; Mr. Deans wrote to Mr. Hoare as to "the necessity of taking immediate action to stop any such plan as suggested by Mr. Schreiber;" and Mr. Hoare and Mr. Parent were very active. Mr. Parent, for instance, wrote to Sir Charles Fitzpatrick, then Minister of Justice, saying:—"If the usual course of submitting plans to the Department of Railways and Canals (which may work very well in ordinary cases) is followed, delays will certainly occur, and in order to avoid anything of the kind, I urgently ask you to have an arrangement made by which all specifications and designs signed by Mr. Cooper be accepted by the government." Mr. Cooper for his part objected to being put "in the position of a subordinate."

### SUPERVISION OF PLANS ORDERED AND NEGLECTED.

The result of this activity was the passing on August 15, 1903 of another order-in-council which modified the foregoing one. Mr. Schreiber, however, procured the insertion in it of a provision that "all plans are to be submitted to the Chief Engineer (i.e. Mr. Schreiber) and until approval is given are not to be adopted for the work."

Mr. Cooper paid no attention to this provision but carried out the work as if he alone were responsible.

Mr. Parent and the Quebec Bridge Company made no effort to enforce it.

Mr. Schreiber made no effort to enforce it.

The Commissioners' comments are:—

"The action of Mr. Schreiber at this time and subsequently can only be explained on the assumption that he considered the order in council of August 15, 1903, to be a direction to him to place the responsibility for the building of the bridge entirely in Mr .Cooper's hands." Report, p. 47.

They also state (p. 47) that the Quebec Bridge Company made no objection to the authority assumed by Mr. Cooper nor to the acceptance of that authority by the Phœnix Bridge Company, "notwithstanding provision to the contrary existing in the contract."

### "EXACTLY WHAT HON. S. N. PARENT ASKED FOR."

Further:—

"The Phoenix Bridge Company was immediately advised of the terms of the order in council of August 15, 1903 (see letter, Cooper to Hoare, August 21, 1903), but being fully aware of the arguments and influences that had brought about the enactment of that order, they concluded that it was intended to grant exactly what Hon. S. N. Parent had asked for in his letter of June 29, 1903 (Exhibit 70 J)." (Report. p. 47). (The letter from Mr. Parent to Sir Charles Fitzpatrick has already been quoted).

"In effect, after August 15, 1903, instructions given by Mr. Theodore Cooper from time to time were the specifications. In the offices of the Phoenix Bridge Company and in the works of the Phoenix Iron Company the Hoare specifications as amended by Mr. Cooper were recognized as official and were so used (see Evidence and exhibits 99, 100, 101 and 102). It was recognized by these companies that Mr. Cooper had authority to alter any requirements of the specifications, and it is in evidence that this authority was not infrequently exercised." Report p. 48.

### DEPUTY MINISTERS THRUST ASIDE.

"Although the Deputy Minister of the Department was charged with the duty of examining the plans and specifications, all of which were subject to his approval, checking up the monthly estimates which were the basis for payments, and exercising general oversight of the work up to the time of its final acceptance, in reality the whole responsibility for specifications, plans and construction was upon the officials of the Quebec Bridge and Railway Company, its interests being identical with those of the government, Mr. Cooper's special qualifications having been officially recognized in the orders in council of July 21 and August 15, 1903 (see Evidence).

"The issue at the time previous to the passing of the order in council of August 15 referred to, was whether Mr. Cooper's approvals were to be subject to cancellation on the advice of an expert engineer employed by the department or not. By the order in council of August 15, 1903, the government practically decided that Mr. Cooper's decisions were to be final, and neither Mr. Schreiber nor his successor, Mr. Butler, at any time, interfered with his control of the technical features of the undertaking. Mr. Cooper's understanding of the situation was the same, and this indicates clearly both the government's position and that of Mr. Cooper on this question." (Report. pp. 48 & 49).

### WHAT THE GOVERNMENT DID AFTER THE DISASTER.

When the government took the wreck over from the well-paid Quebec Bridge Company which had made such a hash of the enterprise, it appointed a commission of highly-paid and eminent engineers; these men spent months **in careful and anxions study** of the problem; they spent $342,060; and in the end they presented plans which differed remarkably from those which the Quebec Bridge Company accepted with such light-hearted irresponsibility.

That is what should have been done at the beginning. It is what any Government possessed of due business sense and of a feeling of responsibility would have done at the beginning.

The record shows what it did instead of tbat.

# THE CENTRAL RAILWAY CASE

## How Mr. Pugsley Handled a Million Dollar Business in New Brunswick—The Enterprise Broke Down: Large Sums Missing—Scathing Report of a Royal Commission—Utter Mismanagement at Every Step of the Proceedings.

Since August, 1907, Mr. William Pugsley has been Minister of Public works in the Laurier Cabinet. He has spent something like $70,000,000; this enormous sum has been disbursed in every Province of the Dominion. To hold such a position surely requires these characteristics:—

1. Honesty.
2. Strict business methods.
3. Watchfulness in the public interest.
4. Administrative ability.

### MR. PUGSLEY'S RECORD IN NEW BRUNSWICK.

What had been Mr. Pugsley's record in managing public business?

Mr. Pugsley entered the Government of New Brunswick in 1901 and left it in 1907. During part of the time he was Attorney-General; during part of the time he was Premier.

During this period he had a great deal to do with the New Brunswick Coal and Railway Company, which absorbed the Central Railway Compauy.

### THE NEW BRUNSWICK COAL AND RAILWAY COMPANY.

These two companies did sundry pieces of business with each other, with contractors, and with the New Brunswick Government. These operations lasted for several years. The gist of this business, so far as the Provincial Government was concerned, was that $917,000 of its money was paid out for certain purposes; that the purposes to be attained were not attained; that the money was wasted; and that even at that the sum of $134,000 disappeared utterly, and could not be traced.

### CONDEMNED BY A ROYAL COMMISSION.

In 1908 the Administration of which Mr. Pugsley had been First Minister was defeated at a general election and was replaced by the Hazen Government. In June 1908 the Hazen Ministry appointed a Royal Commission composed of a High Court judge, a banker, and a merchant. This Royal Commission, which had the status of a Court of Record, reported in terms of scathing condemnation of Mr. Pugsley and his connection with the whole nest of transactions.

## "EXONERATED" BY A SCANTY VOTE.

On May 5, 1909, in the Dominion House of Commons Mr. Crothers, M.P. for West Elgin, laid this report before the House, pointed out that it amounted to a judgment of a court of law, and moved the following resolution of condemnation:—

"The unanimous findings of the commission consisting of the Hon. Mr. Justice Landry, and Messrs. F. MacDougall and A. I. Teed, appointed by the government of the province of New Brunswick by order in council, dated June 5, 1908, set forth serious matters touching the public acts and conduct of the Hon. William Pugsley, formerly a member of the Government of the said province and now Minister of Public Works;

"That persons occupying high offices of state as constitutional advisers of His Excellency ought to be free from just reproach and from reasonable suspicion in respect of their public character and reputation.

"That to this end the said findings in so far as they impugn the public acts or conduct of the said Hon. William Pugsley deserve the serious consideration of this House and demand such action thereupon as may be necessary to enforce worthy and proper standards of public duty."

Mr. Pugsley replied, at great length, but without quoting from the evidence taken by the Royal Commission. Mr. O. S. Crocket, M.P., for York (N.B.), followed and in a remarkably clear and able speech confronted the denials of the Minister with the sworn evidence of the witnesses, including the Minister himself and his friends. The Liberals attempted no reply, the Minister's case against Mr. Crocket's citations from the sworn testimony went by default, the division was called, and only 90 out of about 130 Liberals voted for the white-wash. The majority was only 27,—almost the low record of the Laurier Government.

Thus Mr. Pugsley had a very unsatisfactory "vindication." His fellow Liberal M.P.'s showed no zeal in voting to sustain him. Yet he still spends some $15,000,000 a year; his estimates for 1911-12 are in excess of $23,-000,000.

## THE CENTRAL RAILWAY COMPANY.

Let us now try to get an idea of the transactions which the Royal Commission condemned.

For some years a small railway known as the Central Railway had been operating in New Brunswick. Its capital consisted of 9,000 shares. It had a line 45 miles long from Norton to Chipman, and another line, 23 miles long, from St. Martin's to Upham. These lines did not connect. The Company did not pay and about 1899 went into the hands of the bond-holders. These were Clark & Co. and Drexel & Co., of Philadelphia. These firms held:—

| | |
|---|---|
| Bonds on the Norton-Chipman road .......... | $540,000 |
| Bonds on the St. Martin's-Upham road ...... | $145,000 |
| Stock of the Central Railway Company ...... | 6365½ shares |

The manager of the Central Railway Company, Mr. Evans, was put in charge and ran the road for the bond-holders. The result was unsatisfactory.

In 1900 the bond-holders gave Mr. Evans and an associate named Elkin, an option on the whole thing for $50,000; they also advanced them $5,000 as an unsecured loan, to be repaid when the purchase was completed. Evans and Elkin sold the St. Martin's-Upham section to one purchaser, and in 1901 were looking for someone to buy the Chipman-Norton Section.

In the vicinity of Chipman are certain coal fields.

### THE NEW BRUNSWICK COAL AND RAILWAY COMPANY ORGANIZED.

In 1900, soon after Mr. Pugsley's entry into the New Brunswick Government, the New Brunswick Coal and Railway Company was incorporated by the Legislature. It was to do two things:—

1. Build a railway from Gibson (close to Fredericton) to Chipman—**45 miles.**
2. Mine the coal fields which would be traversed.

### THE AID GRANTED.

The New Brunswick Legislature passed acts helping the company as follows:—

1. It authorized the Provincial Government to guarantee 3 per cent. bonds to the value of $250,000 to help the Company.
2. It gave the Company what was left of a subsidy of $3,000 a mile voted in 1882 for a line from Gibson to Chipman; $13,000 of this had been paid out in some earlier abortive attempts at construction.

In addition, the Tweedie-Pugsley Government gave the Company a lease of all available coal lands in the locality to be traversed.

### THE CONDITIONS PRESCRIBED.

The conditions prescribed by the Legislature were as follows:—

1. The Company was to be bona-fide.
2. It was to build 45 miles of road from Chipman to Gibson.
3. It was to establish a mining plant with an output of not less than 500 tons of coal a day. It was to satisfy the Government that this output could be maintained for 50 years. It was to satisfy the Government that a market could be obtained for this output.
4. These three conditions as to the coal mining industry were to be satisfied before the bonds were guaranteed.
5. The Government was to:—(1) see that the Company kept proper books; (2) see that it made half yearly returns under oath; (3) provide for an efficient audit; (4) regulate and fix the salaries and tariff rates; (5) secure a first mortgage on the road, rolling stock, plant, tolls and earnings of the Company; before it guaranteed the bonds.
6. The Attorney-General (Mr. Pugsley) and the Provincial Secretary (Mr. Tweedie) were to be members of the Board of Directors.

In April, 1904, the Legislature modified the conditions of the bond issue so as to cover completed sections of the road. But a sufficient portion of the bonds was to be retained to cover the cost of the mining plant. The interest of the bonds was raised to 4 per cent. An additional bond issue of $200,000 was authorized to finance the purchase of the Central Railway and pay for betterments on it. The Legislature put the sum to be paid for the railway at $180,000.

### BUYING THE CENTRAL RAILWAY.

It was part of the project that the New Brunswick Coal and Railway Company should acquire the derelict Chipman-Norton line from the Central Railway Company. At the first meeting of the Directors of the new company, in May 1901, steps were taken to this end. On August 1, 1902, Evans and Elkin gave the New Brunswick Coal and Railway Company an option of $180,000. A year earlier, on August 22, 1901, the new Company had made a contract with the Provincial Government to build the Chipman-Gibson line.

This, then, was the starting point. The Legislature had chartered a company, to (1) buy the Norton-Chipman line, (2) build the Chipman-Gibson line. (3) erect an extensive coal plant. It had given about $50,000 in subsidy; it had guaranteed $450,000 of 4 per cent. bonds.

Mr. Pugsley was the moving spirit in the New Brunswick Coal and Railway Company. In effect he was the general manager.

### THE RESULT OF MR. PUGSLEY'S OPERATIONS.

When Mr. Pugsley ceased to manage the Company, in 1907, the state of affairs was:—

1. Only 15 miles had been built from Chipman towards Gibson.
2. There was no coal mining plant.
3. The full issue of $450,000 of bonds had been put forth and guaranteed.
4. The sum of $57,000 was paid out of the old subsidy, though only $32,000 was properly payable.

### SIXTY MILES OF BAD RAILWAY TO SHOW.

5. In all the Province had advanced over $900,000 and had to show the miserable result of 60 miles of railway, in bad repair, starting from a way station on the Intercolonial, and ending in the open country 30 miles east of Gibson. No coal mining industry. Nothing at all but this forlorn railway line.

Such were the results of Mr. Pugsley's business talents, as applied to the public business.

### HIGH FINANCE.

When we delve into the particulars of the business methods by which this remarkable result was achieved, we find ourselves in a witches' dance of complicated transactions with bond issues, accrued interest, options, straw companies, confused book-keeping, lead-pencil entries, and all manner of technicalities. But a few things can be clearly stated.

## THE STATUTORY CONDITIONS DISREGARDED.

For instance, we can examine the extent to which the conditions laid down by the Legislature were observed. These have been set forth already.

1. The New Brunswick Coal and Railway Company was to be a bona fide Company. Instead, it was one of straw. It had 500 shares. Seven men "subscribed" ten shares each; they paid nothing on them. The remaining 430 shares, on which nothing had been paid up, were handed over to C. N. Skinner for promotion purposes. He did not report as to what he did with them, and was not supervised. Not a cent of money was put into the Company by its shareholders or directors. It had no capital.

2. As already noted, only 15 miles of railway was built.

3. As already noted, the mining plant was not built.

## NO MINING PLANT—YET THE SECURITY BONDS ISSUED.

4. Yet the bonds which were to be retained as security for the construction of the mining plant were issued and guaranteed.

5. And the whole of the subsidy money available for the whole 45 miles was paid.

6. The Company did not keep proper books. It did not make half-yearly statements, verified by oath. There was no efficient audit.

7. The Company held 5 shareholders' meetings and 7 directors' meetings. No meeting was held after June 11, 1902, though its operations continued till June 1909. The first President, Mr. Hutchinson, resigned in 1902. The Company had no President till June 30, 1904, when Mr. George McAvity was appointed. The secretary, Mr. Allan, kept no books. The treasurer seems never to have acted. The Secretary and President implicitly obeyed Mr. Pugsley, who really managed the whole concern. The direction about regulating salaries was obeyed: Mr. McAvity was paid $10,880 for his services as President. A payment of $5,000 appears on the books to "W. P."

This, then, was the way in which Mr. Pugsley obeyed the statutory obligations imposed on the Government and on the Company. Next, let us see how the affairs of the New Brunswick Coal and Railway Company were managed.

## HOW THE NEW BRUNSWICK COAL AND RAILWAY COMPANY DID BUSINESS.

The Company advertised for tenders for the first 15 miles of line. There were two tenders: a man named Wheaton bid $109,790, and the Barnes Construction Company bid $117,000. The higher tenderer got it; Wheaton was bought off with $5,000.

The Barnes Construction Company defaulted with its contract and was told to go ahead and finish the 15-mile section; it was paid the cost plus 15 per cent. profit. Though this was the arrangement, the Barnes Company kept no books; no one kept any record of the payments made.

During this period Mr. Pugsley and Mr. Barnes repeatedly discounted notes. These notes were drawn by the New Brunswick Coal and Railway Company, were endorsed by Mr. Pugsley and Mr. Barnes, and were secured by the guaranteed bonds of the Province.

### A SHORTAGE IN THE FUNDS.

The proceeds were not banked, but were taken in cash by Mr. Pugsley and Mr. Barnes.

The credits in the statements of money received by the Barnes Construction Company, which was doing the railway building, and for which presumably these sums were raised, did not tally with the amounts realized by these discounts. No explanation was given as to what became of the balances.

### THE PURCHASE FROM EVANS AND ELKIN.

That gives some slight idea of the business-like way in which the affairs of the New Brunswick Coal and Railway Company were managed. Next comes the transaction whereby this Company became possessed of the Central Railway Company's line from Norton to Chipman. As already related, Evans and Elkin gave the Company an option on the road for $180,000.

### A SHORTAGE OF $38,000.

In the course of several years the New Brunswick Coal and Railway Company paid Evans and Elkin $86,179 in cash. The Company also took care of the $55,800— composed of the price of $50,000, the unsecured loan of $5,000 and $800 interest—which Evans and Elkin owed the American bond-holders; it financed this payment out of bonds. Altogether the New Brunswick Coal and Railway Company paid, to Evans, Elkin and the American bond-holders, $141,679.82. But the option was for $180,000. There was a balance of $38,320 which never was paid. Evans swore that he never got this sum, though he tried hard to do so; in the end he "was worried and simply threw it up." Yet he knew that the Legislature had voted the amount and that he was entitled to it. In his evidence Mr. Pugsley admitted that there was a settlement and that he knew of it.

### MR. PUGSLEY SAID THAT $180,000 WAS PAID.

Compare with that the fact that the Legislature, on Mr. Pugsley's motion, authorized the payment of $180,000. In 1901 Mr. Pugsley by order-in-council placed the amount at $180,000. In 1905 Mr. Pugsley (see pp. 34 and 35, Provincial Hansard) stated in the Legislature that "$180,000 had gone to the purchase of the Central Railway." In 1906 (see p. 63, Provincial Hansard) he declared that "the total amouut paid by the New Brunswick Railway Company for the Central Railway was $180,000."

Where did the $38,320 go?

Evans declared on oath that he did not know. No statement, record or voucher can be found as to its payment. Mr. Pugsley in his evidence admitted the abatement of a balance; he would not tell the amount. No one else had any explanation.

### WHERE DID THE MONEY GO?

Where did the money go? It was paid out of the treasury of the Province. It was paid out by Mr. Pugsley. He did not pay it, as he gave the Legislature to understand, to Evans and Elkin. **Where has it gone?**

## MR. PUGSLEY'S EXPLANATION EXPLODED.

In the House of Commons in 1909, Mr. Pugsley intimated that this sum of $38,000 was used to buy enough stock in the Central Railway to give a clear title to the property. Mr. Crocket from the evidence proved this to be incorrect. It will be recalled that there were 9,000 shares. Three quarters of these, or 6,750 shares, were needed to give a clear title. Evans and Elkins had held 6,365½ shares, so that there was a deficit of 384½ shares. Mr. Pugsley's statement was that it took some $38,000, or about $100 a share to get this stock, in this bankrupt railway which the bondholders sold for little more than $1,000 a mile. But Mr. C. N. Skinner swore that he bought the necessary number of shares from another shareholder, Dr. De Bertram, and that he paid only $400 or $500 for them.

So—where did the money go?

## MANIPULATION OF BOND ISSUES.

So much for the purchase of the Central Railway by the New Brunswick Coal and Railway Company. Now let us see how Mr. Pugsley manipulated the bond issues.

These bonds were not registered with the Deputy Receiver General. His Department had no record of the second issue of $200,000. He had no knowledge of them until July 5, 1905, when the fourth half-yearly coupons were presented for payment. No trace could be found of the three preceding half-yearly coupons.

The bonds at first were deposited in various banks, at various times, as collateral to loans or advances to the New Brunswick Coal and Railway Company. On some of these advances interest as high as 6½ per cent. was paid.

They were finally disposed of bit by bit, at varying prices and by various persons. Here are some of the transactions.

## VARYING CONDITIONS OF SALE.

Hon. Mr. Tweedie, and Premier Provincial Secretary, director of the New Brunswick Coal and Railway Company as trustee for the Prov[illegible] one block of $50,000. He sold at par. He accounted for the accru[illegible] $575. He kept a commission of $500. or 1 per cent.

Mr. McAvity, the President, at Mr. Pugsley's direction, and about the same time as Mr. Tweedie's transaction, sold a block of $8,000 at 95 flat rate. He did not account for the accrued interest.

Mr. Pugsley, Attorney-General, director of the Company as trustee for the Government, sold a block of $8,000 at 95. No particulars were given.

Mr. Barnhill, a director, sold a block at par and accrued interest. He took no commission.

Mr. J. M. Robinson discounted $368,000 of bonds at 97½. He could produce no record, book or particulars of the transaction.

## PROVINCE MULCTED IN A RAIL TRANSACTION.

Here is another transaction.

The New Brunswick Coal and Railway Company (controlled by Mr. Pugsley) wanted rails.

Mr. Pugsley (Attorney-General) pledged the credit of the Province. The order-in-council doing so stipulated that $40,000 bonds were to be deposited by the Company.

The Intercolonial Railway supplied the rails. The Company did not deposit the $10,000 bonds. Instead, Mr. Pugsley (Attorney-General) issued them to the Company (controlled by Mr. Pugsley) and they were put to other uses. In the end the Province had to pay the bill—$39,185, plus several years of interest.

### UNAUTHORIZED AND ILLEGAL LOANS.

Here is another transaction.

The New Brunswick Coal and Railway Company (controlled by Mr. Pugsley) wanted money.

The New Brunswick Government (Mr. Pugsley) advanced funds, without legal authority, to the amount of $54,594. It further, also without legal authority, lent the Company $5,760 to pay interest owed by the Company. Both loans were unauthorized by the Legislature and were illegal.

### THE "W.P." CHEQUE.

Here is another transaction.

In the Bank of New Brunswick on June 30, 1904, appears a balance to the credit of the New Brunswick Coal and Railway Company of $52,250. This is carried forward and under it is written in lead pencil "Less W.P. $5,000." The $5,000 is deducted.

Mr. McAvity, the President of the Company, was asked about this. He swore that he knew nothing about it. He could give no explanation as to who "W.P." was. Later a cheque was found; it was dated June 30, 1904; it was for $5,000; it was filled out in Mr. Pugsley's handwriting; it was signed by Mr. McAvity as President. Mr. McAvity was re-called. He swore that he had signed the cheque blindly, because he was instructed to do so by Mr. Pugsley.

### MR. SCOVIL'S LUCKY PURCHASE

Here is another transaction.

A man named G. G. Scovil sold a gravel pit of 30 acres to the New Brunswick Coal & Railway Company for $3,000. A while before he had bought the 100-acre farm on which the pit was for $2,500. He had the farm buildings, 70 acres and $500 cash as the result of the transaction. Scovil had a conference with Mr. Pugsley before he bought the farm. The Commissioners incline to the belief that he was sure of the sale of the gravel pit before he bought the farm.

Other transactions of a doubtful nature could be adduced. But the foregoing will be sufficient to show how the business was done.

### EXPENDED, A MILLION: REALIZED, WHAT?

To sum up.

The government went into the business of improving the railway facilities of the Province and developing a coal mining industry. It spent nearly a million dollars. When all was done it had to show sixty miles of railway, starting from a way station on the Intercolonial and ending in an open field thirty miles from anywhere. Of this road 45 miles had been sold by the bond-holders for $50,000 or rather over $1,100 a mile; and 15 miles had been built under a contract which called for the payment of $117,000; or $7,800 a mile. It thus was a very cheap line. There had been some improvements on the road, which Mr. Pugsley put at $77,000. There was some rolling stock, which the Commissioners declared to be worth from $20,000 to $30,000, and which Mr. Pugsley contended was worth $78,500. If we put the Central Railway down as worth the $180,000 supposed to be paid for it; if we put the 15-mile section down at $120,000; if we allow for rolling stock and betterments at Mr. Pugsley's own figures, we still have a value realized far less than $500,000. But nearly a million of the people's money went into the sink-hole. It has cost the Province as nearly as possible $16,000 a mile.

AND $134,000 MISSING.

And, apart from waste, bad financing, improper payments and all the other abuses, there is the sum of $134,000 which cannot be traced at all.

Where did the money go?

WHAT THE ROYAL COMMISSION SAYS.

Finally, it may be as well to give the concluding portions of the report of the Royal Commission:—

"We have waded through a chaos of disconnected accounts, and have carefully weighed all the evidence submitted, as well as studying all the documents, Orders-in-Council, etc. Having thus patiently laboured to ascertain, if possible, the true facts of the case, we find a number of leading features governing the operations to which we call special attention.

PROMOTED BY THE GOVERNMENT.

"First—It is clear that the enterprise was chiefly promoted by two members of the Government, the controlling influence of one of whom was clearly evident from the beginning to the end. It is true a Company was organized without any capital, which existed in name only, whose shareholders never attempted to influence its policy. Having everything to gain and nothing to lose they left the control to the ex officio directors, as the Government was putting up all the money. The Company never performed the functions usually exercised by an incorporated Company—it was in fact nothing but a disorganized department of the Government. The policy of granting Government assistance to any Company, whose shareholders have not on their own account a dollar at stake, is unsound if not vicious.

THE PROPOSED COAL MINES.

"Second—On the face of it the motive of the promoters as stated was to develop the coal mines of Queens County. Responsible and respectable men from various parts of the Province were obtained to lend their names as Directors; and from the fact that *$43,000 of the total *$50,000 authorized capital was to be distributed as Founders' shares, we conclude that the interested parties had visions of ultimate large profits, with absolute certainty of no personal loss.

*The original reports read $430,000 and $500,000. It was a typographical error, and the Chairman, Hon. Mr Justice Landry wrote Hon. Mr. Hazen immediately on its discovery making the correction.

## WHICH FAILED TO MATERIALIZE.

"Third—As shown in the earlier pages of this report, the coal mines failed to materialize. It was found inexpedient to even attempt to develop the mines in a large way. Thus at an early stage original visions of profit-making must have departed, and a decision called for as to the abandoning of the expenditure of the $250,000 intended for the coal development. However, it would seem that the prospect of spending large sums of money under cover of the Company was too alluring to be resisted, accordingly a stage name was adopted, and the New Brunswick Coal & Railway Company's existence was continued. How much better it would have been for the Province had these moneys been expended directly by the Government, and a yearly account of the expenditures published in the public accounts.

## NOT ANXIOUS TO GIVE INFORMATION.

"Fourth—It is also clear to your Commissioners that it was never the intention of those controlling the Company to keep books of accounts for public information. For there was never any complete working organization of the Company, or special officers secured whereby method and system could have been pursued. The misuse made of the moneys, the fact that the advances far outran, particularly in the earlier stages, legitimate expenditure, made it imperative that to conceal the truth no uniform system of book-keeping be adopted. It is claimed the Barnes Construction Company kept books, which could not be produced, but we are by no means satisfied that they were not destroyed, or that they were not intentionally concealed. From the evidence before us and from a careful study of the bank accounts and other matters by which we could trace the disbursements of moneys, we have no hesitation in stating that, especially during 1902, the moneys used up and liabilities incurred far out-stripped any legitimate expenditure that was being made, the difference we believe to have been misappropriated, otherwise sufficient money would have been on hand to have paid current bills, leaving the Government in this respect a clear sheet when taking over the road in 1905.

## SUSPICIOUS COURSE OF MINISTERS.

"Fifth—In ordinary course of business the Company's interests and those of the Province, from whom it received all its resources, would have been in a business sense antagonistic. Therefore we believe good business demanded that the Provincial Secretary and the Attorney-General remain outside the Company. Then as members of the Government they would have been in a position to have seen to it that stipulations safeguarding the Provincial treasury were lived up to; as it worked out, by their position in the Company as members of the Government, their influence was paramount, representing as they thus did all the capital invested. By their presence in the House of Assembly, on the other hand, they were able from their knowledge and control of the Company's affairs to present such statements as were necessary to allay the suspicions of the Legislature, and conceal from the country the true state of affairs.

## THE MINISTERS ARE RESPONSIBLE.

"Finally—We believe the Directors of the Company, and especially the ex officio directors, are responsible to the Province for an accounting. They should be called upon to submit an account showing the expenditure of $958,799.75 or at least that portion of it supplied by the Province. What steps should be taken to enforce this finding we hardly feel called upon to determine

## AMOUNT MISSING, $134,000.

'We find, putting the most charitable construction on the entire transaction, that $134,035.35 stated in our recapitulation, following Statement "C" given as unaccounted for, was misappropriated, and diverted from its proper and legitimate channel.

## "THE DOORS WERE NEVER LOCKED."

"Considering that the doors were never locked—that nearly a million dollars were tossed about without any special guardianship, or any reasonable prospect of any one being called upon to account, that temptation in its most seductive form was continually in the path of the politicians interested, it is not very difficult to understand how an amount even larger than $134,035.35 might well have been switched from its legitimate course. The $39,000 underpaid Evans and Elkin on their option, we have not the slightest doubt forms part of the total shortage.

## WHO GOT THE MONEY?

"As to who personally got this money we are unable to state. The want of records, as shown by illustrations given in a former part of this report, the fact that the Secretary, Mr. George W. Allen, and a director, or solicitor, Mr. A. I. Trueman, had died before the investigation began, greatly enhanced the difficulties of discovering anything definite on the above point. Then too many of the leading actors in this drama did not in their evidence disclose with any certainty their relations with transactions with which their names appear in written documents. A notable case was that of Mr. C. N. Skinner, whose memory appeared almost a blank as to his acts and the reasons therefor. Even the amount of the remuneration, he had received had passed from his mind. We cannot but believe that had Mr. Skinner felt more personal responsibility in the duties he performed and better appreciated the ones in which we were engaged his memory would have been much improved.

## EVADING RESPONSIBILITY.

"Leading witnesses, with almost unfailing monotony, referred us to the two deceased officers of the Company, Mr. George W. Allen and Mr. A. I. Trueman, when any critical point as to the disposal of moneys was in question.

## "CULPABLY NEGLIGENT."

"We have become painfully convinced after examining the evidence and the documents submitted to us that in the expenditure of the public funds, provided for this enterprise, every person charged with a public duty in connection with the same, has been culpably negligent in the discharge of such duty. The degree of culpability attached to each individual has, perhaps, not been the same. Some were guilty of negligence in accepting positions of trust and in not acquainting themselves with what was transpiring in regard to same, but allowing others, unquestioned, to undertake the sole discharge of duties, the responsibility of which they themselves had assumed. They lent their names and allowed the moral influence of their high standing in the community to assure the Province that legitimate business methods would be followed. The Provincial Secretary and the Attorney-General, ex-officio directors, who were specially appointed by the Legislature to watch the Company's doings in the interest of the Province, we consider, by their conduct, open to the gravest censure. It is true the Provincial Secretary was not satisfied with matters as they were going, for more than once we find, by letter or otherwise, he registered objections—but it would seem he had assisted to call into play forces he could not control, if he wished to do so, and the bonds were in due course guaranteed and the moneys spent under the conditions stated in this report."

# LAURIER AGAINST BRITISH CONNECTION

## Some Utterances of the Prime Minister of Canada and Other Liberals From 1885 to 1910.

### SYMPATHIZED WITH REBELS OF 1885.

The Montreal Herald reports a meeting held in Montreal at the Champ de Mars condemning Sir John Macdonald's administration with respect to their action in connection with the Rebellion in the Northwest, in which Hon. Wilfrid Laurier stated as follows:

"They (the rebels) had been badly treated, and after nineteen of them had "been incarcerated, their leader had been made the victim of a judicial murder. "* * * * * If he had been on the banks of the Saskatchewan when the re- "bellion broke out he would have taken up arms against the Government. The "men of '37 had fallen victims to the injustice of the British Government, and "he was ashamed for the country to say that Riel had fallen a victim to the in- "justice of the Canadian Government. * * * * * Riel had fallen the victim of "a judicial murder, and it was the duty of all nationalities to see that such a "crime was not repeated."

### PREDICTED SEPARATION.

In a public speech at Boston, on Nov. 17th, 1891, Sir Wilfrid Laurier, then leader of the Opposition in the Canadian House of Commons, said:

"The only tie that binds Canada to the Mother Country is a sentiment of "affection. But this dependence will not always last. Even now Canada and "England have very different interests, and a day will come—necessarily—when "they will have to part. * * * * * When the hour of separation comes we will "part as friends, as when a son leaves his father's house to become the head "of a new family."

(Extract from Discours de Sir W. Laurier 1871-1909 by Beauchemin page 70).

### INDEPENDENCE GOAL OF HIS ASPIRATION.

In a speech in the House of Commons in 1892 Sir Wilfrid Laurier said:

"I hold out to my fellow-countrymen the idea of independence, but, whenever "the day comes, it must come by the consent of both countries, and we shall con- "tinue to keep the good feeling and the good will of the motherland. If we are "true to our record we will again exhibit to the world the unique, the unpre- "cedented example of a nation achieving its independence by slow degrees and "as naturally as the severing of the ripe fruit from the parent tree."

* * * * *

"Is there a Canadian anywhere who would not hail with joy the day when "we would be deprived of the services of British diplomacy?"

* * * * *

"The hon. gentleman (Mr. Foster) no doubt would prefer an English shilling "to a Yankee dollar, but for my part I am differently constituted. I am ready "any day, whether I am charged with annexation or not, to take a Yenkee dollar "in preference to an English shilling. * * * * * I have again and again re- "peated that the goal of my aspiration is the independence of Canada, to see "Canada an independent nation in due course of time."

(The above passages will be found at Pages 1142, 1143, and 1144 of the Official Hansard Debates of the House of Commons of the year 1892).

## REFUSES TO ASSIST THE NAVY.

At the Imperial Conference in London in May, 1907, Dr. Smartt, of South Africa, moved the following resolution:

"That this Conference, recognizing the vast importance of the services rendered by the Navy to the defence of the Empire and the protection of its trade, and the paramount importance of continuing to maintain the Navy in the highest possible state of efficiency, considers it to be the duty of the Dominions beyond the seas to make such contribution towards of the upkeep of the Navy as may be determined by their local legislatures—the contribution to take the form of a grant of money, the establishment of Local Naval Defence, or such other services, in such manner as may be decided upon after consultation with the Admiralty and as would best accord with their varying circumstances."

Sir Wilfrid Laurier speaking on this resolution said:

"I am sorry to say so far as Canada is concerned we cannot agree to the resolution. * * * * * For my part, if the motion were pressed to a conclusion, I should have to vote against it."

Dr. Smartt—"I think it is a great pity we do not pass something. We have done so much in the way of pious affirmation, that I am anxious we should do something of a practical character."

Sir Wilfrid Laurier—"It can be passed if there is a majority. For my part, I must vote against it."

Further on Sir Wilfrid Laurier said: "We, of the different Dominions beyond the Seas, have tried to be unanimous up to the present time. I am sorry to say this is a question upon which we could not be unanimous. Therefore Dr. Smartt can move it if he chooses, or withdraw it. But if he presses it I should have to vote against it."

The motion was therefore withdrawn.

## DOUBTFUL LOYALTY.

Sir Wilfrid Laurier, speaking at the Ontario Club in Toronto, January 5th, 1910, is reported by the Toronto Globe to have said as follows:

"We are under the suzerainty of the King of England. We are his loyal subjects. We bow the knee to him, but the King of England has no more rights over us than are allowed him by our own Canadian Parliament."

Again, in the House of Commons in 1910, (See Hansard, Page 2965), Sir Wilfrid said:

"If England is a war, we are at war, and liable to attack. I do not say that we shall always be attacked, neither do I say that we would take part in all the wars of England."

## ESTABLISHES AN INDEPENDENT NAVY.

The following is an extract from Hansard, 1910, April 19, Page 7462.

Mr. R. L. Borden—I understood the Prime Minister to say that our ships would not fight until they were ordered to do so, and, therefore, they would in effect be neutral until the Governor in Council had made an order that they should participate in the war. Have I misstated my hon. friend's position?

Sir Wilfrid Laurier—No.

Mr. R. L. Borden—Then, inasmuch as our ships, under the conditions mentioned, will be practically neutral, I would like to know whether our ports and harbours will also be neutral in the same way?

Sir Wilfrid Laurier—I do not understand what my hon. friend means by asking if they would be neutral. If he means after an enemy has come into our harbour, then it will be time to resist them with our fleet.

Mr. R. L. Borden—But if our ships do not attack the enemy when they meet the enemy on the high seas, on the same principle, may not the enemy's fleet come into our harbour without resistance or attack, without fear of aggression? Surely, that can be done; is it feasible for the country owning those harbours to maintain neutrality on the high seas?

Sir Wilfrid Laurier—That would be a question to determine any time that a warship entered a Canadian port.

Mr. R. L. Borden—The position of the Prime Minister is that ships flying the British flag should meet an enemy on the high seas and not attack them. That is a new tradition for the British navy.

### THE LAST STEP TOWARDS INDEPENDENCE.

Dr. G. A. Turcotte, Liberal member for Nicolet, in the House of Commons, 1910, (Hansard, Pages 1624-5-8), in supporting the Navy Bill stated in part as follows:

"I intend supporting the present policy of the Government because the more "in my humble opinion we assert our national existence, the more we approach "the state of national perfection, and the closer we get to the status of in- "dependence. * * * * * Is it not proper and fair to acknowledge that the "Canadian people gravitates towards and aspires after a state of complete de- "velopment, complete maturity, which cannot be after all anything but inde- "pendence, if not annexation. * * * * * The establishment of a war navy will, "in my humble opinion, be the last step towards independence."

Dr. Turcotte again stated (See Hansard, Page 515, 1910-11), as follows:

"I take back nothing that I have said. I stand firm in the position I took, "that sooner or later independence or annexation will be the destiny of this "country."

### CANADA OWES MOTHER COUNTRY NOTHING.

M. Y. McLean, Liberal member for South Huron, in his speech in the House of Commons on the Naval Bill, March 1st, 1910, (See Hansard, 1910, Page 1118), stated:

"I say this claim of our hon. friends opposite that we are greatly indebted "to Great Britain is a fallacy which cannot be supported by fact. As a Canadian, "I wish to say that in a material sense we are not indebted to Great Britain "for anything, and in no sense is Canada indebted to her for more than good "will and filial affection."

### LIBERAL SPEAKERS ADVOCATE INDEPENDENCE IN DRUMMOND-ARTHABASKA.

On October 29, 1910, the Montreal Witness, Liberal, reports joint meetings held at L'Avenir and Ulverton in the Drummond-Arthabasca election thus:

"The candidates, Messrs. Perreault and Gilbert, with their supporters, held "two meetings yesterday, one in L'Avenir, and the other in Ulverton. The "feature of the speeches was that IN THE NAVY BILL THE LIBERALS DE- "CLARED THEY SAW A STEP TOWARDS THE INDEPENDENCE OF CANA- "DA, while their opponents concluded that it was a step backwards to the loss "of our autonomy."

The same paper on Nov. 2nd, 1910, reports the meeting held at Victoriaville in the same election as follows:

"Five or six members of Parliament were present at that meeting on the "Liberal side, and they decided to let only two of them speak against the enemy. "Mr. Beland M.P. and Mr. Gauthier ex-M.P.P., two of the best orators of the "Ministerial party were the choice. It was a splendid duel in which EVERY "GOOD REASON for or against the navy were presented in the most able man- "ner. The Liberal speakers advocated the Navy Bill as the most glorious "measure ever passed by the Canadian Parliament. THEY DECLARED THAT "IT WAS A STEP TOWARD THE INDEPENDENCE OF CANADA, FOR ONLY "A NATION COULD HAVE A NAVY."

## WOULD UNDO CONFEDERATION.

"Le Temps," a French-Canadian Liberal newspaper published in Ottawa, under date November 19, 1910, states as follows:

"There are those even who, looking into a more distant future, to which the "present generation will probably not attain, see the two Provinces of Ontario "and Quebec, from Gaspe to Manitoba, become an independent Canadian Re-"public in which the French language and the Catholic religion would pre-"dominate, while the Maritime Provinces would form another Republic with the "New England States. The Western Provinces, whose interests and aspirations "are altogether different from those of the east, would annex themselves to the "States of the West, and would see realized their desire to bring about the disap-"pearance of the customs wall which raises itself between the two countries."

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"Immense expenditures of public money have been incurred for the construction of railroads in the far west, while the roads of the lower provinces remain practically undeveloped. One would think that we were an old and finished country in which nothing remained to be done in the way of public works, and that our money could well afford to be spent in the far west. We know that this is not true, that the development of railroads is more needful to us than to the great provinces of the west, **because the great provinces of the west are not needful to the confederation.** * * *

"To-day we have a high tariff, not for the benefit of the lower provinces, but largely for the benefit of the western provinces, with which we have little common interest. * * *

"For myself, it is my honest conviction that this union has not been satisfactory, that it will not make our people happy and prosperous, and that it is our duty to place ourselves on record."

The foregoing are excerpts from a speech made by Hon. W. S. Fielding in the Nova Scotia House of Assembly, May 8, 1886. Debates and Proceedings, pp. 469 and 470.

# TRADE RECORD OF THE LAURIER GOVERNMENT

## COMPLETE REVERSAL OF ITS PRE-ELECTION PLEDGES

### Preached Free Trade in Opposition, Applied Protection Unskilfully and Oppressively in Office.

### ITS INEPT TREATY RECORD.

The trade policies of the Liberal party when in opposition were many and various. In one thing only were they consistent and united and that was in opposition to the principle and practice of protection.

They advocated at different times a low revenue tariff, Continental Free Trade, Commercial Union with the United States, Unrestricted Reciprocity with the United States and Free Trade as they have it in England. When they made little headway with one they took up another and professed the most ardent attachment to each in turn. But they never forgot to denounce protection and all its works, and when taxed with changing policies they retorted that anything which would kill protection was welcome and advisable.

Hard driven in the campaign of 1896, Mr. Laurier pronounced himself in favour of mutual preference between Canada and Great Britain on the lines proposed by Mr. Joseph Chamberlain, and pledged his word that if the party was returned to power they would at once send a delegation to the Mother Country to negotiate therefor.

#### WHEN IN POWER.

In 1896 they succeeded in getting control of the administration of affairs. They temporized for a year by sending out a commission to ascertain the requirements of trade and the temper of the people. In 1897 they proceeded to eat all their brave words, and repudiate all their solemn pledges. The tariff they brought down was protective in all its features. They let it lie for a month, and then reprinted it, adding substantially to its protective strength.

They retained the system of specific duties which they all along professed to abominate.

They added to the bounties which they had declared to be the worst and most costly form of protection, extended them and enlarged the list of articles on which they were paid.

Though pledged to mutual preference with Great Britain should he be returned to power, Mr. Laurier's first words on reaching Liverpool in 1897, were to warn Great Britain against the first approach to protection, which had been he said, "the bane and curse of Canada," and to declare that Canada did not want any return for any preference she might give.

## AN ALL-THE-WORLD PREFERENCE.

The tariff of 1897 provided for a scheme of reductions in duty to all countries whose tariffs were as favourable to Canada in the opinion of the Minister of Customs as Canada's tariff was to their countries. This was an all-the-world preference scheme of 25 per cent. reduction from our general tariff to such countries as could qualify either by virtue of their existing tariffs or by bringing them to the required level. It was expressly stated by the Finance Minister, by Sir Richard Cartwright and Sir Wilfrid Laurier that this preference was not intended for Great Britain alone, but was open to all the world.

## MET TREATY DIFFICULTIES.

Great Britain being a free trade country got the advantage of this preference at once. Other very low tariff countries were about to come in under its provisions, when a snag was struck in the fact that the German and Belgian treaties compelled Canada to grant to those nations the same tariff rates as were given to Great Britain. The Government had treated these old trade compacts with disdain and flouted their provisions. They were now invoked, and with success. In the end the treaties of 1862 and 1865 with Belgium and Germany were abrogated by Great Britain, and it was pointed out that even with them out of the way Canada, in the face of other most favoured nation treaties, must repeal her all-the-world preference clause and either make her preference exclusively British or go back to the system of one general tariff for all countries.

## BRITISH PREFERENCE BY A FLUKE.

To "save their face" the Government made the preference exclusively British, and so by a fluke and not by design dropped into one-sided preferential trade relations with the Mother Country.

This preference was in 1898 made 33⅓ per cent. of the general schedule rates.

## FAILED IN PILGRIMAGE TO WASHINGTON.

The Liberal party when in opposition claimed that if they came to power they would be able to make a satisfactory reciprocity treaty with the United States. In 1897 they began negotiations first at Quebec and then at Washington, spent $31,000 in expenses and completely failed in their attempts.

Chagrined by the failures Sir Wilfrid renounced the policy of reciprocity with the United States, and he repeated this declaration again and again. From 1896 to 1910 the Laurier Government opened up no market for any single Canadian product in any foreign country in the world on any basis of reduced duties accorded to Canada with or without return reductions. From 1900 German duties *plus* a surtax barred the way of access to German markets, and in 1903 the Canadian surtax raised a barrier to German goods coming into

Canada. Preference to Great Britain and the West Indies was granted without return, and to South Africa and New Zealand, which gave preference in return. Negotiations were begun with Australia, but they were not pressed with much vigour and so far have resulted in nothing.

In 1906 a treaty made between Great Britain and Japan in 1894 was concurred in and adhered to by Canada, by virtue of which Canadian products were placed on an equal footing with those of the United States by Japan, but the total trade between Canada and Japan has not largely increased since, having risen from $2,425,000 in 1905 to $2,863,131 in 1910.

### THE FRENCH TREATY.

In 1909 negotiations were undertaken for an enlarged Treaty of Commerce with France.

In 1893 Sir Charles Tupper, acting with the British Minister in Paris, had succeeded in negotiating a treaty with France, in which the French minimum tariff was accorded to a limited number of articles of Canadian production in return for reduced duties by Canada upon a limited list of French products. The results of that Treaty had not met all the expectations of its negotiators. The minimum tariff of France was so high that Canadian exports were not very successful in surmounting it, whilst French exports were encouraged by the lowering of Canadian duties on the selected list. In 1901 Canadian exports to France were valued at $1,436,628 and French exports to Canada at $5,503,177. In 1910 these stood respectively at $2,601,097 and $10,170,903.

The new Treaty was concluded in 1908 and ratified by the Canadian Parliament in 1909. The French Senate, however, did not accede to its terms, and in 1910 Mr. Fielding made some concessions which, though adversely affecting Canada, had the effect of rendering the treaty more agreeable to France. It finally passed the Senate and became effective February 1, 1910.

In this Treaty several points stand out to be noted.

1. The list of articles is much more inclusive, the French minimum being conceded to 152 items of Canadian production and the Canadian intermediate to 98 items of French production. Many of the goods, however, included in the Canadian products stand little chance of overcoming the minimum tariff of France, which is a high protective country and whose minimum tariff is so fixed as to effectually protect the French competing product. On the other hand most of the articles comprised in the list of French products are, from their nature and quality, such as required no reduction of duty, being articles of luxury and vertu, while a few are highly competitive with Canadian articles and get a distinct reduction of duties below the general tariff. In addition thereto a special schedule is granted to twelve French products with a reduction of duties below the intermediate tariff.

2. As a result of the Treaty, Canada has to admit like products with those of France at French Treaty rates from all most favoured treaty nations —12 in number. In this way the trade of these nations is benefitted, the Canadian revenue is diminished, and competition with Canadian industries effected.

3. The French Treaty and the reduced duty on imports from the most favoured nations cut into and reduce, and in some cases abolish the British Preference. Thus the policy so loudly lauded by Laurier of looking towards British trade, is rendered by so much and materially less effective—is, in fact, being gradually obliterated.

4. A condition of the negotiations with France was the establishment of a line of steamers by Canada direct to French ports. This service is to cost at least $200,000 yearly and to it France contributes nothing. Canada is thus subsidizing to the extent of $2,000,000 for a ten year service the import of French commodities to her markets, for French exports exceed Canadian in respect of trade between the two countries by four to one.

5. The treaty leaves France free to increase its minimum duties as it pleases. Since the treaty was concluded, the minimum duties have been materially increased and cover a large number of the articles in the Canadian schedule. Her minimum duties are therefore still more highly protective and largely prohibitory than when the treaty was made, thus rendering still less easy an increase of Canadian exports to France.

6. The great nearby countries of Europe possess the minimum entrance to France and are by situation and direct easy access in such a position that in most articles they can successfully outbid Canadian far-off products such as would find possible entrance into France.

7. The French Treaty brought in its train the flourish of the big stick by the United States. First, in 1910, came the surrender of a large revenue and very considerable trade to that country without any compensation of any kind. Secondly, in 1911, came the Reciprocity Agreement with its pandering to American anxiety to separate Canada from Great Britain in trade matters.

### THE PULL OF THE UNITED STATES OVER BRITAIN NOT REMEDIED.

The Liberal-Conservative Government was denounced because its policy, said the Liberals, favoured trade with United States and discriminated against Great Britain. They pretended to prove this by showing that under that policy Canada bought more from the United States than she sold her, and bought less from Great Britain, to whom she sold more.

How has this condition been remedied by the Liberal Government and its policy?

Study the following table of imports to and exports from Great Britain and the United States.

| | Great Britain. | | United States. | |
|---|---|---|---|---|
| | 1896. | 1910. | 1896. | 1910. |
| Imports from ...... | $32,800,000 | $95,300,000 | $53,500,000 | $217,500,000 |
| Exports to ........ | $66,600,000 | $149,600,000 | $36,400,000 | $110,600,000 |
| Difference .. .. .. | $33,800,000 | $54,300,000 | $17,100,000 | $106,900,000 |

It appears that whereas we increased our imports from Great Britain from 1896 to 1910 by $62,500,000, we increased our imports from the United States by $164,000,000, and that whilst we increased our exports to Great Britain by $83,000,000, the increase was $74,200,000, or nearly as great, to the

United States. The excess of our exports to Great Britain increased from $33,800,000 in 1896 to $54,300,000 in 1910, an increase of $20,500,000 in our favour, and Great Britain's unfavourable balance of trade, whilst in case of the United States the excess of our imports increased from $17,100,000 to $106,900,000, an increase of $89,800,000 in a balance of trade unfavourable to us but favourable to the United States. These are figures of great significance, and show that the policy of the Liberal Government, instead of reversing has vastly accelerated the conditions of which they complained. Our market is shut to Great Britain, in whom we find the best purchaser of our goods in a free market; it is wide open to the United States.

### LARGE CONCESSIONS—NO RETURN: TO BELGIUM.

On June 7, 1910, shortly after parliament had prorogued, an order-in-council was passed granting admission under the intermediate tariff rates to Belgian products, exported from Belgium, or from a British port, direct to a Canadian port, comprised under 105 items of the Canadian Tariff. These are practically all the items contained in the Treaty with France, with the exception of the small schedule of special rates. For these valuable concessions Canada receives no advantage in reduction of rates on her exports to Belgium

### TO HOLLAND.

On the same date an order-in-council was passed extending to the Netherlands the same reduction on the same list of products. For these reductions the Netherlands give no return in reduced rates upon imports from Canada.

### TO ITALY.

On the 3rd of June, an order-in-council was passed admitting certain products of Italy, comprised under 18 items of the Canadian Tariff, to enter at Intermediate Tariff rates. In return therefor Canadian goods comprised under 17 items of the Italian Tariff are to enter Italy at conventional rates. The Canadian products so treated include wood, furniture and wooden wares, pulp paper and pasteboard, fur muffs, boots and shoes, tools of cast iron or steel for use in the arts and trades, sewing machines, cement and hydraulic lime, horses, cows, cheese, fish in oil. The Italian products on the list include macaroni, vermicelli, tomatoes and other vegetables, lime juice and fruit juices, wines, champagne, castile soap, pomades, essential oils, lace and embroideries, dress goods, church vestments, velvets, velveteens, silk velvets, plush and silk fabrics, ribbons, some musical instruments, brass instruments, beads and ornaments, gloves of kid.

It is stated in the order-in-council that this arrangement is provisional pending the making if possible of a general treaty of commerce.

It transpires that hitherto Italy has admitted Canadian products at the conventional rates, so that here too, as in the case of Belgium and Holland, Canada is getting no return for the reductions she is making on the exports from that country.

# SOME FEATURES OF CANADIAN TRADE.

Since 1896 there has been a large and, in some respects, gratifying increase in the trade of Canada with foreign countries.

### 1. INCREASE DUE IN PART TO RISE IN PRICES

But there are some things well worth noting in connection with this increase. The increase is not all real. The prices of products the world over have greatly increased since 1896, and are to-day on an average 40 per cent. higher. The same volume of products therefore either imported or exported would in the column of values bulk 40 per cent. more than in 1896. To that extent the expansion shown in the trade statistical columns is fictitious and does not represent increased production. In so far as Canada imports more than she exports, the rise in prices operates to her disadvantage.

### 2. DUE MOSTLY TO NATURAL AND WORLD-WIDE CAUSES.

Following the depression in world trade from 1891-5, there has been an outburst of activity and development and consequent prosperity in which Canada has participated in common with all other countries. Young countries with rich resources and sparse populations have shown the greatest forward strides, and of all these, Canada has had the advantage in the possession of vast areas of virgin fertile agricultural lands in healthy latitudes, which in this last epoch of free cultivable areas has enabled her to profit immensely by the land hunger of the world. Argentina alone has surpassed her in growth of foreign trade, followed closely by Mexico.

### 3. MUCH OF IT DUE TO PREVIOUS PREPARATION.

The well distributed and comprehensive system of land and water transport, and the varied industrial activities which had been established previous to 1896, placed Canada in a position to make the most out of the changed conditions. Had not the policy of the Liberal-Conservatives prepared the way and provided the mechanism, the tale of those past years would have been far different.

### 4. THE OVERFLOW OF POPULATION.

The tide of land seekers which had flooded westward in the United States, and filled up her available vacant areas, overflowed into our Northwest, opened up and prepared as it was to receive them, with conveniences of school and church and stable social conditions and transport for themselves and their products. The stream had begun before 1896 and continued in increasing proportions under the stimulus of good crops and advancing prices. With this stream of immigration, effects, property and money came also the call for goods of all kinds, tools, implements, improvements, buildings, stock and added railway transport. The nucleus of settlements attracted fresh immigrants from every quarter and the cumulative and stimulating effect made itself felt in every direction.

### 5. EXPLORATION AND INVESTMENT DID THEIR PART.

Speculation in lands and values took its inevitable hand in and advertised the possibilities, and exploration and adventure sought out our hidden resources. Capital from the east and from abroad sought the scene of rich resources and wide activities and pushed development in a thousand ways. Then came fresh building of transport facilities and new streams of the enterprising and adventurous. The history of the west of the United States repeated itself under different conditions. All this called upon t[illegible]ity and industry and enterprise of the older east, and supply answered to demand.

To attribute all this natural and world inspired development to the advent of the Laurier Government may suit the partisan, but is denied by facts.

## SOME ALARMING SYMPTOMS.

It has been attended by some features which provoke serious consideration.

### THE BALANCE OF TRADE HAS GROWN ALARMINGLY ADVERSE.

The following table shows how it stood in 1896, comparing imports for consumption with exports, and its course since 1902:—

| Year | Imports | Exports | | Balance |
|---|---|---|---|---|
| 1896.. ........ | $105,000,000 | $113,000,000 | + | $8,000,000 |

Take now the table for the last 10 years:—

| Year | Imports | Exports | | Balance |
|---|---|---|---|---|
| 1902.. ........ | $197,000,000 | $210,000,000 | + | $13,000,000 |
| 1903.. ........ | 225,000,000 | 225,000,000 | | ———— |
| 1904.. ........ | 244,000,000 | 211,000,000 | — | 33,000,000 |
| 1905.. ........ | 252,000,000 | 202,000,000 | — | 50,000,000 |
| 1906.. ........ | 283,000,000 | 247,000,000 | — | 36,000,000 |
| 1907.. ........ | 330,000,000 | 254,000,000 | — | 76,000,000 |
| 1908.. ........ | 352,000,000 | 263,000,000 | — | 89,000,000 |
| 1909.. ........ | 288,000,000 | 260,000,000 | — | 28,000,000 |
| 1910.. ........ | 370,000,000 | 299,000,000 | — | 71,000,000 |
| 1911.. ........ | 461,000,000 | 274,000,000 | — | 187,000,000 |

In eight years ending June, 1911, the excess of goods brought into Canada for use, over Canadian products exported amounted to $570,000,000.

### EXCESS OF UNITED STATES IMPORTS.

#### UNDER LIBERAL-CONSERVATIVES.

| | Exports to United States. | Imports from United States. | Adverse Balance of Trade. |
|---|---|---|---|
| 10 years 1887 to 1896 ...... | $356,400,000 | $503,000,000 | $146,600,000 |
| Average ...... | 35,640,000 | 50,300,000 | 14,660,000 |

UNDER LIBERAL GOVERNMENT.

| | | | |
|---|---|---|---|
| 1902.. .. .. .. .. | 69,600,000 | 114,700,000 | 45,100,000 |
| 1903.. .. .. .. .. | 71,200,000 | 128,800,000 | 57,600,000 |
| 1904.. .. .. .. .. | 70,700,000 | 143,000,000 | 72,300,000 |
| 1905.. .. .. .. .. | 75,600,000 | 152,400,000 | 76,800,000 |
| 1906.. .. .. .. .. | 88,000,000 | 168,900,000 | 80,900,000 |
| 1907.. .. .. .. .. | 91,800,000 | 199,300,000 | 107,500,000 |
| 1908.. .. .. .. .. | 96,900,000 | 204,600,000 | 107,700,000 |
| 1909.. .. .. .. .. | 91,000,000 | 170,000,000 | 79,000,000 |
| 1910.. .. .. .. .. | 110,600,000 | 217,500,000 | 106,900,000 |
| 1911.. .. .. .. .. | 103,900,000 | 284,900,000 | 181,000,000 |
| | $869,300,000 | $1,784,100,000 | $914,800,000 |

During these 10 years we have imported from Great Britain to the value of $733,801,424 and sold to Great Britain $1,273,300,895, showing a favourable balance of $539,499,471. But this has all been swallowed up, and more, in the payment of our adverse trade balance to the United States.

This is a most serious condition of things and should be remedied, and that speedily. Canada cannot go on in this way from year to year and not feel the drain. Reason as you may, it is undeniable that, other things being equal, it is better to sell more than you buy, that for a man or a nation the road to prosperity lies in earning more than is expended. Whatever may be said upon the balance of trade theory the fact remains, as stated recently by the General Manager of the Bank of Montreal, that this excess of imports represents an obligation which must be met and which has been growing larger with startling rapidity.

MONEY GOES ABROAD FOR ARTICLES WE SHOULD MAKE AT HOME.

The following table shows the increase since 1896 of imports in some particular lines.

| | 1896. | 1910. | Increase. | Increase. P.C. |
|---|---|---|---|---|
| Breadstuffs.. .. .. .. .. | $6,417,767 | $19,908,765 | $13,480,998 | 210 |
| Carriages.. .. .. .. .. | 1,410,473 | 3,724,522 | 2,314,049 | 164 |
| Twine and cordage.. .. | 261,032 | 2,154,471 | 1,893,439 | 725 |
| Cotton manufactures. .. | 5,229,059 | 18,748,485 | 13,689,426 | 258 |
| Earthen ware and china | 568,393 | 1,843,523 | 1,275,130 | 224 |
| Electric apparatus .. .. | 321,913* | 3,690,966* | 3,369,035* | 1,046 |
| Fish and fish products . | 917,088 | 1,804,335 | 857,247 | 90 |
| Flax hemp and manuf. of | 2,745,582 | 5,368,261 | 2,622,679 | 95 |
| Gloves and mitts.. .. .. | 636,618 | 1,924,754 | 1,288,136 | 202 |
| Hats, caps and bonnets.. | 1,485,742 | 3,417,781 | 1,932,039 | 130 |
| Leather and manuf. of.. | 1,243,113 | 4,239,156 | 2,996,046 | 241 |
| Brass and manuf. of .. | 512,874* | 2,226,585* | 1,683,711* | 310 |
| Copper and manuf. of .. | 295,054* | 3,488,314* | 3,193,260* | 1,082 |
| Agricultural implmts .. | 469,875* | 2,643,162* | 2,173,287* | 482 |

| | | | | |
|---|---|---|---|---|
| All iron and steel manuf. | 10,203,052* | 59,719,739* | 49,516,687* | 485 |
| All metals, minerals and manuf. of.. .. .. .. .. | 14,550,251 | 78,683,141 | 64,132,890 | 440 |
| Paper and manuf. of.. | 1,002,434 | 4,658,714 | 3,656,280 | 364 |
| Provisions.. .. .. .. .. | 1,288,041 | 4,406,363 | 3,118,322 | 240 |
| Vegetables.. .. .. .. .. | 220,560 | 1,313,631 | 1,093,071 | 450 |
| Wood and manuf. of.. | 2,904,196 | 11,468,713 | 8,564,517 | 294 |
| Wool and manuf. of.. | 9,989,437 | 24,680,481 | 14,691,044 | 147 |
| Animals, living.. .. .. | 795,448 | 3,118,217 | 2,322,769 | 292 |
| Books, maps, etc. .. .. | 1,155,624 | 4,051,410 | 2,895,786 | 250 |
| Drugs, dyes and chem... | 3,007,024 | 10,163,357 | 7,156,333 | 238 |
| Fancy goods.. .. .. .. | 1,469,250 | 3,436,427 | 1,967,177 | 133 |
| Glass and manuf. of.. | 1,105,051 | 2,918,129 | 1,813,078 | 164 |
| Watches and parts of .. | 298,861 | 1,044,678 | 745,817 | 249 |
| Brooms and brushes.. .. | 93,205 | 368,854 | 275,649 | 295 |
| | $48,823,248 | $213,419,168 | $164,595,920 | 337 |

* Included in heading "all metals, minerals and manufactures of".

The above totals of the values of the articles given (not counting in duplications) are certainly suggestive.

Most of these are articles which Canada produces or manufactures, and for the production of which she is particularly well situated. Their production calls for labour and capital investment, distributes wages, builds homes, produces wealth in and develops the country. There is no good reason why she should not supply the home demand for these goods to a very great extent, and manufacture for export as well.

The figures above given show that foreigners are capturing our home market, which means that our money goes abroad to employ foreign labour, make profits for foreign capital and build up foreign countries.

## THE LAURIER POLICY AND HOME LABOUR.

Since the Laurier policies have become operative, Canada which in 1896, produced all but $48,000,000 of these products for her own consumption, now calls for and pays for $186,000,000 worth from outside. And the last year's imports are in most of them the largest, showing that not only is the ratio of increase startling, but that the increase itself, is continuous.

Relatively Canada is ceasing to be a manufacturing country and is paying toll to the foreigner. Impoverishment lies that way. In the multiplicity and effectiveness of industries prosperity and nation building are to be found.

We are shearing off our natural resources of lumber, minerals, and fisheries, sapping our virgin and agricultural fertility to pay our enormons import bills, and even so the adverse trade balance is yearly from 30 to 80 millions of dollars against us.

And with that staring them in the face, our Government is eagerly opening our markets to prohibitive tariff countries like France, Italy and Germany; it is giving reduced duties to countries like Belgium, Holland, Switzerland and Austria-Hungary, which have specialized on manufacturing industry, where labour is cheap and the standard of living lower; and it has done this in most cases without securing any compensating advantages. Finally, it has negotiated with the United States the Reciprocity Agreement, which is expressly designed by the American negotiators to further the exploitation of Canadian resources by American manufacturers, to keep Canada in the position of being a non-manufacturing country, engaging only in the rougher, less skilled and less highly paid forms of labour.

Thus the tariff history of Liberalism is at once dishonest and inept. They had not the honesty either to keep their promises or to admit that they had broken them; and having adopted the protectionism which they had denounced they applied it unskilfully, so as to work hardship in some cases, to check the development of Canadian industry in others, and to increase the burden of the tariff. There should be substantial benefits in a tariff; they have not obtained the full measure of these benefits.

One way in which the burden of the tariff has been increased is to be found in the preference of the Liberals for *ad valorem* as against specific duties. In a period of rising prices this constitutes a concealed but heavy increment to the burden of taxation. Goods that in 1896 cost $100, to-day on the average cost $140; the quantity is the same, the quality is the same, they are consumed or wear out as quickly, but more money must be paid for them. Suppose the rate is 30 per cent.; then:—

In 1896 the first cost was $100 and the first cost *plus* duty brought them up to $130; the taxation was $30.

In 1911 the first cost is $140; the first cost *plus* duty is $182; and the taxation is $42.

Not only is this so, but it must also be remembered that the Liberals have paid vastly more bounty to manufacturers for purposes of protection. The trick has been to reduce certain customs duties and make up the consequent loss of protection by paying bounties to the manufacturers. Clearly then the bounties should be added to the customs duties in order to show the real incidence of protection. The following table shows the customs rate on dutiable imports as given in the Government tables.—the amount paid in bounties, and the rate based on both customs and bounties.

The average duty from 1879 to 1896 was 28.62 per cent.

For the period since then the record is:—

| | Duty alone p.c. | Bounty paid | Duty plus bounty |
|---|---|---|---|
| 1897.. .. .. .. .. | 29.96 | $ 86,894 | 30.11 |
| 1898.. .. .. .. .. | 29.22 | 240,814 | 29.54 |
| 1899.. .. .. .. .. | 28.65 | 356,774 | 29.05 |
| 1900.. .. .. .. .. | 27.63 | 356,112 | 27.97 |
| 1901.. .. .. .. .. | 27.42 | 498,020 | 27.90 |
| 1902.. .. .. .. .. | 27.26 | 791,089 | 27.93 |
| 1903.. .. .. .. .. | 27.06 | 1,406,185 | 28.09 |
| 1904.. .. .. .. .. | 27.42 | 1,130,011 | 28.25 |
| 1905.. .. .. .. .. | 27.69 | 2,234,685 | 29.16 |
| 1906.. .. .. .. .. | 26.83 | 2,400,771 | 28.22 |
| 1907 (9 mos.).. .. | 26.35 | 1,581,944 | 27.38 |
| 1908.. .. .. .. .. | 26.58 | 2,787,350 | 28.03 |
| 1909.. .. .. .. .. | 27.31 | 2,467,307 | 28.86 |
| 1910.. .. .. .. .. | 26.87 | 2,414,171 | 27.78 |
| Average.. .. .. .. | 27.59 | 1,339,439 | 28.45 |

Thus it appears that the Liberals during the period when they professed free trade:—

1. Reduced the average customs taxation by the amount of 1.03 per cent. as compared with 1879-1896.

2. But they added bounties which aggregated $18,750,000; paid these bounties solely for protective purposes; and so brought up the average rate of protection to 28.45 per cent.

3. And thus in 14 years reduced their rate of protection by only 17/100 of one per cent.

The Liberal-Conservatives introduced the system of paying bounties on steel and iron, as a temporary inducement and aid to the industry in its initial stage. They relied, however, on the customs duty to create the home market and establish the industry on permanent foundations.

The Liberals vehemently denounced bounties as the most vicious and unrighteous form of protection. In practice they have extended the system to various forms of steel, to oil, lead and binder twine and appear to rely upon them to establish permanently the industries. In opposition the bounty system was public robbery; in power it is a beneficent policy!

# TAXATION—EXPENDITURE—DEBT

## ANOTHER REVERSAL OF PRE-ELECTION PLEDGES

## Taxation Increased, Expenditure Enormously Swollen, Debt Growing.

### A RECORD OF WASTE AND EXTRAVAGANCE.

The public canvass of the Liberal party for 18 years of opposition was against increase of taxation, increase of expenditure and increase of public debt.

Their one unvarying criticism was that the Conservative administration was increasing all these, year by year, abnormally and unnecessarily, and that in thus acting it was prejudicing and injuring if not ruining the prospects of the country.

**Their one consistent** and consecutive pledge to the electors was that if they were given power, taxation would be lightened, expenditure lessened and the debt reduced.

If there is one thing more clear than another in the government of a democratic country, it is that political leaders should be held to strict account for their pledges and platforms. These form the basis of the contract between them and the electorate. These undertakings are solemnly given. They are not actionable in courts of law, and therefore all the more should they be held cognizable in the great moot courts of the people, and their terms rigidly exacted.

#### THE PLEDGES OF LIBERALS WHEN OUT OF POWER.

"Lest we forget" let us recall some examples of the specific pledges made in respect of taxation, expenditure and debt before 1896.

#### THE PLATFORM OF THE LIBERAL CONVENTION OF 1893.

"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 strict economy in the administration of the government of the country."

#### THE PLEDGE OF THE COMING PREMIER.

"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 two, yes, three millions of dollars per year."—Wilfrid Laurier.

#### THE PLEDGE OF A FORMER FINANCE MINISTER.

"For my own part, I do not hesitate to tell him that I consider a yearly expenditure of forty million dollars, or thirty-eight million dollars, 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 and ask for an expenditure of $38,300,000 a year for federal purposes. Sir, the thing is utterly unjustifiable."—Sir Richard Cartwright.

### OTHER UTTERANCES BY OTHER PARTY LEADERS.

"In 1889 we were taking $6,115,000 more in taxes out of the people than we should, and we spent $7,571,000 more than we should. An era of economy in expenditure should be at once entered upon."—Wm. Paterson.

"We say that the government of this country may be carried on for a very much smaller sum than that which is now being taken out of the pockets of the people for that purpose. We are asking for a reduction of taxation: we are asking for economy in the management of public affairs."—David Mills.

"Who can justify the expenditure of our country to-day? It cannot be justified by the wealth of the country. . There is nothing to warrant this enormous expenditure of nearly $38,000,000 except the fact that we are burdened down with debt and with office-holders, great and small."—Wm. Mulock.

"The Liberal party says that several millions may be lopped off the present expenditure, without injury to the public service."—L. H. Davies.

"The Liberal party, if in power, could at once reduce the public expenditure, and effect other savings to the extent of five million dollars per annum, without impairing the efficiency of the service."—John Charlton.

### THE GREAT PROMISE-BREAKER.

The general result of the change of government, as everybody knows, has been that the sums extracted from the people by taxation have trebled; that the expenditure has nearly quadrupled; and that the debt has greatly increased. The pledges have not been kept.

Does the Liberal party show any shame for this breach of faith? It does not. Instead, it uses its betrayal of its promises as an argument for its retention in office. The line of reasoning which it presents to the people is:—

We made those promises prior to 1896.

We broke them.

Because you cannot trust us, you cannot trust any party.

Therefore it is of no use for you to turn us out and trust to any promises of good government which the Conservative may make.

Thus, by a wonderfully brazen avowal of their own dishonour, the Liberals argue that their dishonesty is proof that others are dishonest; and that their failure to keep their promises is a reason for leaving them undisturbed in office.

Yet Sir John A. Macdonald kept his pre-election promise in 1879.

Sir James Whitney kept his pre-election promises when he came into power in 1905.

Mr. Hazen kept his promises when he became Premier of New Brunswick in 1908.

Mr. McBride kept his pre-election promises when he became Premier of British Columbia in 1903.

Mr. Roblin kept his pre-election promises when he became Premier of Manitoba in 1900.

The one Promise-Breaker among Canadian Premiers is Sir Wilfrid Laurier.

Let us now take up the taxation record:—

LAST FIVE YEARS OF LIBERAL CONSERVATIVE ADMINISTRATION, 1892-6.

| | 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 |

FIRST FIVE YEARS OF LIBERAL ADMINISTRATION, 1897-1901.

| | 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 LIBERAL ADMINISTRATION, 1902-1906.

| | Customs. | Excise. | Total. |
|---|---|---|---|
| 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 |

LAST FOUR YEARS OF LIBERAL ADMINISTRATION, 1907-11.

| | Customs. | Excise. | Total. |
|---|---|---|---|
| 1907-8.. .. .. .. .. | $57,543,811 | $15,782,151 | $73,325,962 |
| 1908-9.. .. .. .. .. | 47,415,325 | 14,937,768 | 62,353,093 |
| 1909-10.. .. .. .. .. | 60,156,133 | 15,253,352 | 75,409,486 |
| 1910-11 (incomplete) | 72,704,010 | 16,651,118 | 89,355,128 |
| The average for the above four years is: | | | |
| | $59,454,819 | $15,656,097 | $75,110,916 |

COMPARISON OF TAXATION IN 1896 AND 1911.

| | 1896 Conservative | 1911 Liberal (incomplete) | Increase 1911 over 1896. |
|---|---|---|---|
| Customs .. .. .. .. .. | $19,833,279 | $72,704,010 | 267% |
| Excise .. .. .. .. .. | 7,926,006 | 16,651,118 | 110% |
| Total .. .. .. .. .. | $27,759,285 | $89,355,128 | 221% |
| Tax per head .. .. .. | $5.55 | $11.91 | 110% |

Here, again, is a comparison of taxation in ten-year periods:—

| | |
|---|---|
| Collected by the Conservatives in 1887 .. .. .. .. .. | $28,687,001 |
| Collected by the Conservatives in 1896 .. .. .. .. .. | 27,759,285 |

Thus in the 10 years there was a decrease in taxation of $927,716; or 3.2 per cent.

The total taxes collected in the 10 years 1887-1896 amounted to $287,-931,372.

| | |
|---|---|
| Collected by the Liberals in 1899-1900 .. .. .. .. | $38,242,223 |
| Collected by the Liberals in 1910-1911.. .. .. .. .. | 89,355,128 |

Thus in the 10 years there was an increase of $51,108,895: or 134 per cent.

The total taxes collected in the 10 years 1900-1911 amounted to $599,418,229.

(The year 1906-7 is omitted from the above table as it was a 9-months period).

In the last full ten years of the Laurier Administration, the party that came into power pledged to reduced the burden of taxation, took out of the pockets of the people $311,486,857 more than the Conservatives collected in the last ten years of their administration!

| | Per Head | Per Family |
|---|---|---|
| In 1896 the customs taxes levied were .... | $3.96 | $19.80 |
| In 1911 the customs taxes levied were .... | 9.69 | 48.45 |
| Increase under Liberals .............. | $5.73 | $28.65 |

This is the comparison of the daily and weekly taxation of 1896 and 1911:—

| | 1896 | 1911 |
|---|---|---|
| Total taxation for the year .. .. | $27,759,279 | $89,355,128 |
| Taxation per week .. .. .. .. .. | 533,832 | 1,718,367 |
| Taxation per day, Sundays included. | 76,262 | 245,481 |

To-day the average Canadian family is paying more in Dominion Government taxes than it is paying for bread.

Not only has the Laurier Government increased the total sum of taxation to this enormous extent, but it must not be forgotten that the rate of taxation is increased by higher prices.

As the customs duty is based on the import price of goods the rise in price means an increase in the tax. The duty is added to the cost paid by the importer. He takes his profit on both the invoice price and on the duty. Then comes the retailer who is obliged to take his profit on the increased cost to him by reason both of the higher original price and the higher duty which it causes. Now the recent "History of Wholesale prices in Canada," published by the Department of Labour, has as its frontispiece a chart which shows that between 1896 and 1909 the average price of articles used in the daily life of the people rose by 31 per cent.

### THE RECORD OF EXPENDITURE.

The following tables show the expenditures on Consolidated Fund and capital account for the periods mentioned:

EXPENDITURES LAST FIVE YEARS BY CONSERVATIVES, 1892-6.

| | 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 |

EXPENDITURE FIRST FIVE YEARS LAURIER GOVERNMENT, 1897-1901.

| | Current Expenditure. | Capital Expenditure. | Total Disbursements. |
|---|---|---|---|
| 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 |

EXPENDITURES, SECOND FIVE YEARS LAURIER GOVERNMENT, 1902-06.

| | Current Expenditure. | Capital Expenditure. | Total Disbursements. |
|---|---|---|---|
| 1902.. .. .. .. | $50,759,392 | $10,078,638 | $63,970,800 |
| 1903.. .. .. .. | 51,691,903 | 7,052,724 | 61,746,572 |
| 1904.. .. .. .. | 55,612,833 | 7,881,719 | 72,255,048 |
| 1905.. .. .. .. | 63,319,683 | 11,933,492 | 78,804,139 |
| 1906.. .. .. .. | 67,240,641 | 11,913,871 | 83,277,641 |
| Average .. .. .. | 57,684,890 | 9,772,128 | 74,010,880 |

EXPENDITURES, LAST SIX YEARS LAURIER GOVERNMENT, 1907-12.

| | Current Expenditure. | Capital Expenditure. | Total Disbursements. |
|---|---|---|---|
| 1907 (9 months) | $51,542,161 | $11,329,144 | $65,778,139 |
| 1908.. .. .. .. | 76,641,152 | 30,429,907 | 112,578,680 |
| 1909.. .. .. .. | 84,064,232 | 42,593,167 | 133,441,524 |
| 1910.. .. .. .. | 79,411,747 | 29,756,353 | 115,395,774 |
| 1911 (Mr Fielding's Budget statement) .. | 87,000,000 | 35,500,000 | 122,500,000 |
| 1912 (Estimates) | 109,421,558 | 46,462,621 | 155,884,180 |

Here is a comparison of the total disbursements.

| | |
|---|---|
| In 1896 the total dishursements were .. .. .. .. | $ 44,096,000 |
| In 1911 the total disbursements were .. .. .. .. .. | 122,500,000 |
| | |
| In 1896 the disbursements per head were .. .. .. | $8.80 |
| In 1911 the disbursements per head were .. .. .. .. | 16.30 |
| **The increase in total disbnrsements was .. .. .. ..** | 178% |
| The increase in disbursements per head .. .. .. .. | 85% |
| | |
| 10 years Expenditure, Conservative rule, 1887-1896 | $423,358,830 |
| 9¾ years expenditure, Liberal rule, 1902-1911 .. | 919,748,517 |
| Excess .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. | $496,389,687 |

SOME DETAILS OF EXPENDITURE.

The following are details of expenditure, comparing the fiscal year 1896, the last before the Conservatives left office, with 1910, and the per cent. of increase therein, taken from Public Accounts.

| | 1896 | 1910 | Increase | Per centage Increase |
|---|---|---|---|---|
| Management of Public Debt .. | $ 166,315 | $358,293 | $191,978 | 116 |
| Administration of Justice .... | 758,270 | 1,246,695 | 488,425 | 62 |
| Arts, Agriculture and Statistics | 210,878 | 983,379 | 772,501 | 370 |
| Civil Government .. .. .. .. | 1,396,628 | 4,268,390 | 2,871,762 | 210 |
| Fisheries .. .. .. .. .. .. .. .. | 427,251 | 1,148,048 | 720,793 | 175 |
| Immigration .. .. .. .. .. .. .. | 120,199 | 960,676 | 840,477 | 700 |
| Quarantine .. .. .. .. .. .. .. | 95,247 | 138,136 | 42,889 | 45 |
| Indians .. .. .. .. .. .. .. .. .. | 880,408 | 1,287,404 | 406,994 | 46 |
| Legislation .. .. .. .. .. .. .. .. | 904,688 | 1,837,344 | 922,656 | 110 |
| Lighthouse and Coast Service .. | 466,058 | 2,127,943 | 1,661,855 | 355 |
| Marine Hospitals .. .. .. .. | 36,683 | 66,349 | 29,666 | 85 |
| Militia .. .. .. .. .. .. .. .. .. | 1,136,714 | 4,679,956 | 3,543,242 | 310 |
| Miscellaneous .. .. .. .. .. .. .. | 172,364 | 852,552 | 680,188 | 400 |
| Mounted Police .. .. .. .. .. .. | 533,014 | 676,637 | 143,623 | 27 |
| Ocean and River .. .. .. .. .. .. | 181,452 | 803,922 | 622,470 | 340 |
| Penitentiaries .. .. .. .. .. .. | 385,228 | 538,202 | 152,974 | 40 |
| Pensions .. .. .. .. .. .. .. .. .. | 86,080 | 216,697 | 130,617 | 150 |
| Police .. .. .. .. .. .. .. .. .. .. | 22,703 | 51,808 | 29,105 | 130 |
| Public Works .. .. .. .. .. .. | 1,299,769 | 7,261,218 | 5,961,449 | 457 |
| Scientific Institutions .. .. .. .. | 81,700 | 633,784 | 552,084 | 690 |
| Steamboat Inspection .. .. .. .. | 26,321 | 40,782 | 14,461 | 53 |
| Superannuation .. .. .. .. .. .. | 311,232 | 406,877 | 95,645 | 32 |
| Collection of Customs .. .. .. .. | 896,333 | 2,025,453 | 1,129,120 | 126 |
| Dominion Lands .. .. .. .. .. | 119,908 | 599,613 | 479,705 | 400 |
| Collection of Excise .. .. .. .. .. | 470,870 | 660,464 | 189,594 | 41 |
| Inspection of Staples .. .. .. .. | 2,577 | 184,871 | 182,294 | 7,000 |
| Trade and Commerce .. .. .. .. | 9,463 | 132,103 | 122,640 | 1,300 |
| Weights and Measures .. .. .. .. | 97,925 | 166,223 | 68,298 | 70 |
| Geological Survey .. .. .. .. .. | 52,668 | 236,454 | 183,786 | 350 |
| Railways and Canals .. .. .. .. | 3,826,225 | 10,215,037 | 6,388,802 | 165 |

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, inefficiency and frequently corruption.

### CLASSIFICATION OF EXPENDITURES.

There is another way in which to consider this matter of expenditure. There are certain expenses which on the whole are fixed; they grow to some extent, but not very rapidly. The interest, etc., on the debt is one of these items; in round figures it stood at $12,806,000 in 1896, and at $15,431,000 in the estimates for 1912. Again, the subsidies to the Provinces are a fixed charge, though the Laurier Government has consented to a revision which increased this sum by about 3 millions; while, of course, there are new Provinces now to claim subsidies. The Provincial subsidies were $4,235,000 in 1896, and $9,092,000 in the 1912 estimates. Then, we may count both the Post Office and the Intercolonial as cross-entries; we pay money out and we take money in, and income and expenditure more or less balance. In 1896 the Post Office disbursements were $3,665,000 and those for the Intercolonial Railway $3,826,000 as against $7,215,000 and $10,215,000 respectively in 1910. We may strike these out.

Thus our deductions amount to $24,533,000 for 1896, and $41,689,000 in 1910.

| | |
|---|---|
| The total disbursements in 1896 were . . . . . . . . | $ 44,096,000 |
| The total disbursements in 1910 were . . . . . . . . . | 115,395,000 |

But when we make the aforesaid deductions we get:—

| | |
|---|---|
| Controllable expenditure in 1896 . . . . . . . . . . . . | $20,563,000 |
| " " " 1910 . . . . . . . . . . . . . . . . | 73,705,000 |
| " " " 1912 (estimates) . . . . . . . . | 76,228,000 |

### HEAVY INCREASE IS IN CONTROLLABLE EXPENDITURES.

With certain reservations, we may regard these figures, some 20 millions in 1896, some 73 millions in 1910 and some 76 millions (estimates) in 1912, as controllable expenses. It is in these that the expenditure has risen so heavily.

The interest, subsidies, cross-entries, etc., increased from 1896 to 1910 by 61 per cent.

The controllable expenditures increased in the same period by 258 per cent.

This of itself tells a tale of extravagance. How extravagant may be seen from the following comparisons:—

| | Controllable Disbursements | Controllable Disbursements Per Head |
|---|---|---|
| 1896 . . . . . . . . . . . . . | $20,500,000 | $4.10 |
| 1910 . . . . . . . . . . . . . | 73,700,000 | 9.82 |

In the foregoing calculations the population in 1896 is placed at 5,000,000 and in 1910 at 7,500,000. Thus the population increased 50 per cent. and the controllable expenditure by 139 per cent.

The controllable expenditure per head grew nearly thrice as rapidly as the population.

### MANY INCREASES ARE UNNECESSARY.

Further examination shows that even this does not state the case fully. In the controllable expenditures, which in 1910 totalled $73,700,000 there are included in the Public Accounts 35 or more separate services. Some of these afford opportunities for doing development work. But there are many which may be described as the ordinary routine management of the country. The framework of the country was fixed in 1896; its only physical growth has been the appearance of the Yukon, of some new districts in the West, and of some new centres of population in Northern Ontario and Northern Quebec. In the older places the denser population should render the public service more economical, as the same machinary is needed to serve 100,000 people as 150,000 people in the same area. Parliament is very little bigger than it was in 1896. We have few additional custom houses; law courts sit in a few additional places, but not very many; the penitentiaries are running in the same old way. About 25 services may be described as falling under this category; they include Civil Government (*i.e.* the civil service), legislation, (*i.e.* Parliament), administration of justice, the cost of the customs and excise, the geological survey, pensions, superannuation, quarantine, etc.

### ROUTINE SERVICES SHOW EXTRAVAGANCE.

Adding all these together, we have

| | |
|---|---|
| Cost in 1896 | $7,708,000 |
| Cost in 1910 | 17,685,000 |
| Increase | 9,976,000 |
| Rate per head in 1896 | $1.54 |
| Rate per head in 1910 | 2.35 |
| Increase in population | 50% |
| Increase in total cost | 130 " |
| Increase in cost per head | 52 " |

### A BUSINESS RULE REVERSED.

Thus the increased population seems to be leading to no economy in the routine management of the country. On the contrary, the cost of the routine management has more than doubled in the 15 years, and even when we allow for an increase in population of two and a half millions, the cost per head has increased.

Business men usually find that as the number of their customers rises the cost of management per head falls.

A remarkable instance of this is to be seen in the case of the Northwest Mounted Police. The population in the Northwest has greatly increased since 1896; yet the cost of this service has risen from $533,000 to only $676,000, or only 27 per cent. This is a well-managed department.

ENORMOUS INCREASES IN GREAT SPENDING DEPARTMENTS.

We now can turn to the remaining services—the great spending departments. Here we may include the estimates for 1911-12; the figures are:—

| | 1896 | 1910 | Increase Per Cent. |
|---|---|---|---|
| Agriculture .. .. .. .. .. | $ 210,000 | $ 983,000 | 368 |
| Immigration .. .. .. .. .. | 120,000 | 960,000 | 700 |
| Militia .. .. .. .. .. .. .. | 1,136,000 | 4,680,000 | 312 |
| Public Works .. .. .. .. | 1,300,000 | 7,261,000 | 458 |
| Mail subsidies and steamship subventions .. .. | 534,000 | 1,736,000 | 225 |
| Ocean and river service .. | 181,000 | 804,000 | 344 |
| Lighthouse and coast service | 466,000 | 2,127,000 | 335 |
| Fisheries .. .. .. .. .. .. | 427,000 | 1,148,000 | 169 |
| | $4,377,000 | $19,701,000 | 349 |

That is, these eight services in 1910 cost four and a half times what they cost in 1896. They formerly got along with less than $4,500,000; now they spend nearly $20,000,000. Indeed, in 1909 these services cost $26,465,000, and the estimates for 1911 and 1912 have been as follows:—

| | 1911 Estimates. | 1912 Estimates. |
|---|---|---|
| Agriculture .. .. .. .. .. | $ 1,186,000 | $2,855,500 |
| Immigration .. .. .. .. .. | 1,040,000 | 1,276,250 |
| Militia .. .. .. .. .. .. .. | 6,932,000 | 7,988,450 |
| Public Works .. .. .. .. | 12,766,000 | 18,589,030 |
| Mail subsidies and steamship subventions .. .. .. .. | 2,054,000 | 2,059,600 |
| Lighthouse and coast service | 2,866,000 | 3,014,000 |
| Ocean and river service .. | 954,000 | 1,258,600 |
| Fisheries .. .. .. .. .. .. | 987,000 | 1,075,500 |
| | $28,789,000 | $38,116,930 |

From less than $4,500,000 to over $38,000,000. That's fairly rapid progress.

WHAT VALUE HAS BEEN RECEIVED.

Next comes the question of great development works. It is part of the duty of a Canadian Government, not only to carry on the administration of the country, but to push through great constructive enterprises, especially to aid in developing our transportation system.

From 1896 to 1910 the following sums have been spent on capital expenditure:—

| | |
|---|---|
| Canals .. .. .. .. .. .. .. .. .. | $30,033,000 |
| Intercolonial Railway .. .. .. .. .. | 36,730,000 |
| Prince Edward Island Railway .. .. | 4,914,000 |
| Public Works .. .. .. .. .. .. .. | 23,903,000 |
| Militia .. .. .. .. .. .. .. .. .. | 11,138,000 |
| Transcontinental Railway .. .. .. | 71,934,000 |
| Quebec Bridge .. .. .. .. .. .. . | 6,324,000 |
| | $184,979,000 |

How much of this $185,000,000 went into the actual working out of big constructive works? The Conservatives spent $52,000,000 and got the Canadian Pacific. The present Government will spend about $200,000,000 to get the National Transcontinental and Quebec Bridge; up to 1910 it had spent $77,000,000, and had the National Transcontinental partly built and the Quebec Bridge in ruins. What else? It finished deepening the canals to a draft of 14 feet, a work which had been begun by the Conservative Government, and it had done something to improve the Intercolonial by double-tracking, etc. The public works expenditure contains no outstanding piece of work. There has been some improvement of the St. Lawrence river channel.

An examination of the canal-deepening enterprise reveals a curious fact. A great deal was heard about the vigour with which this was pressed on. If we take the five year periods before and after the change of Government, and lump together all the capital expenditure on all the canals, we find:—

| | |
|---|---|
| Spent by Conservatives, 1892-1896 . . . . . . . . | $11,271,000 |
| Spent by Liberals, 1897-1901 . . . . . . . . . . | 11,155,000 |

The Conservatives, with small revenues, managed to find nearly as much for canal improvements as did the Liberals under far easier circumstances.

As for the Intercolonial, a good deal of the capital expenditure represents improvements of the sort which the road must effect if it is not to go back. We may assign about $10,000,000 of the canal expenditure to the deepening operations, and about $18,000,000 of the Intercolonial expenditure to constructive enterprise of a large sort. Thus we get the following as our capital expenditure on really large things up to 1910:—

| | |
|---|---|
| On the Transcontinental, etc., . . . . . | $77,000,000 |
| On the Intercolonial . . . . . . . . . . . . . | 18,000,000 |
| On the Canals . . . . . . . . . . . . . . . | 10,000,000 |
| | $105,000,000 |

What about the other $80,000,000? It has been spent on a thousand petty objects.

We also remember that the money spent on the Transcontinental has been spent most wastefully. The Quebec Bridge expenditure so far is a dead loss. The work on the Transcontinental is a scandal with its over-classification, etc.

THE PUBLIC DEBT.

Canada began Confederation in 1867 with four provinces and a net debt of $75,728,641. This was made up almost entirely of the debts of the several provinces, which the new Dominion took over.

British Columbia, Prince Edward Island and Manitoba came into Confederation, each with its allowance of debt. The Northwest was bought. There were sundry readjustments with regard to the debts of the provinces These circumstances added $34,546,141 to the Dominion debt.

Canals were dug, railways built and other constructive work done. As a result of all these expenditures, the net debt stood on June 30, 1896, at $258,497,432. This was an increase of $182,768,791 over 1867, and of $118,135,363 over 1878, when the Conservatives came into power.

### THE CONSERVATIVE RECORD.

What had the Conservatives to show for that $118,000,000 of debt increase in their whole 18 years?

They had the following capital expenditures for necessary or constructive purposes:—

| | |
|---|---|
| Increased debt allowances to Provinces . . . . . . | $10,000,000 |
| Canals . . . . . . . . . . . . . . . . . . . . . . . . | 32,000,000 |
| Canadian Pacific . . . . . . . . . . . . . . . . . . | 52,000,000 |
| Intercolonial . . . . . . . . . . . . . . . . . . . . | 20,000,000 |
| Great public works . . . . . . . . . . . . . . . . . | 8,000,000 |
| | $122,000,000 |

or about $4,000,000 more than the debt increase.

As these great works approached completion the increase of debt slackened.

| | |
|---|---|
| For the whole 18 years the increase was . . . . . . . . | $118,000,000 |
| For the last 10 years of the period the increase was | 31,000,000 |
| The average per year for the whole 18 years was . . | 6,500,000 |
| The average per year for the last 10 years was . . . . | 3,100,000 |

### THE LIBERAL RECORD.

During the last 14 years of Conservative rule the Government had a total revenue of $504,000,000. During the 13¾ years from 1896 to 1910, the Liberals had a total revenue of $[illegible]7,000,000; or $123,000,000 more.

The Liberals could have paid off the whole debt and have had $165,000,000 more to spend in increased public services or in great public works.

Did they reduce the debt?

They have increased it.

This is the history of the debt of Canada under the Liberals:—

| | |
|---|---|
| 1896. . . . . . . . . . . . . . . . . . . . . . . . . . | $258,497,432 |
| 1901. . . . . . . . . . . . . . . . . . . . . . . . . . | 268,840,003 |
| 1906. . . . . . . . . . . . . . . . . . . . . . . . . . | 267,042,977 |
| 1909. . . . . . . . . . . . . . . . . . . . . . . . . . | 323,930,279 |
| 1910. . . . . . . . . . . . . . . . . . . . . . . . . . | 336,268,546 |
| 1911. . . . . . . . . . . . . . . . . . . . . . . . . . | 340,168,546 |

The increase has been some $81,000,000.

Such is the history of the Liberal party in office.

# THE FARMERS' BANK

## How Hon. W. S. Fielding, in the Face of Repeated Warnings, Granted a Certificate to a Pirate Bank.

No greater responsibility rests upon the Finance Minister of Canada than that which is involved in the administration of the Bank Act.

RESTRICTIONS AND SAFEGUARDS.

The Bank Act provides certain restrictions and safeguards in regard to the establishment of new banks. They apply:—

To the Treasury Board (a committee of the Government) in the first place.

To the bank promoters in the second place.

The Treasury Board acts upon the advice of the Minister of Finance who assumes practically the whole responsibility in administering the banking law. A bank is chartered by Parliament. That does not authorize it to do business. Until a certificate is obtained from the Treasury Board (i.e. the Minister of Finance), a newly chartered bank cannot open its doors to the public. The law provides that this certificate *must not* be granted until certain specified conditions are complied with.

SPECIFIED CONDITIONS LAID DOWN.

These conditions are:—

1. There must be a *bona fide* subscription of $500,000.
2. There must be a *bona fide* payment of half this subscription in cash.

The words "*bona fide*" are in the Act. They are there to prevent the granting of a certificate on a fake subscription. In order that the Minister of Finance may not be under the necessity of granting a certificate on a nominal compliance with the act, the law provides that:—

> "No certificate shall be given by the Treasury Board until it has been shown to the satisfaction of the Board, by affidavit or otherwise, that all the requirements of the Act of incorporation of the bank have been complied with."

A Finance Minister who, as the active agent of the Treasury Board, grants a certificate before it has been shown to his satisfaction that all the requirements of the act have been complied with, violates the law and betrays the people's trust.

THE CASE OF THE FARMERS' BANK.

In 1904 Parliament granted a charter to the Farmers' Bank of Canada, with an authorized capital of a million dollars and head offices in the city of Toronto.

The promoters, with the charter in their possession, were unable to finance the undertaking, and in 1905 they were back in Ottawa asking Parliament for an extension. Parliament gave it. The promoters again failed to raise the necessary amount of capital within the time limit, and in 1906 further extension was granted.

## MR. FIELDING SUSPICIOUS FROM THE START.

The one man who stood out against this further extension, was the Minister of Finance. Speaking in the House on March 15, 1911, he said:—

"I then opposed the granting of a charter. My view was that the fact that they had not been able to organize promptly, indicated that they were having difficulty, and I confess that from the beginning I did not quite like the name of the Farmers' Bank."

So suspicious was the Finance Minister at that time, and so doubtful of the ultimate success of the undertaking, that he succeeded in persuading the Banking and Commerce Committee to cut down the last extension from a year to six months.

## YET HE DID NOTHING.

It is thus shown, by the Minister's own statement, that he was suspicious as to the real nature of this undertaking. Yet what happened? Did he use the authority vested in him to see that this bank complied honestly with every requirement of the law before obtaining its certificate to do business? A careful steward, such as a Minister of Finance above all others ought to be, would have seen to it that a bank, of which he had been from the very first suspicious, was not authorized to take the money of the people of Canada until every condition of the law had been satisfied. He would have been alert to discover any irregularity in the promotion of the bank and the raising of its capital. He would have been quick to appreciate the significance of any warnings that he received, quick to act upon them and, armed with them, to detect a fraud if such were attempted.

Mr. Fielding was warned. He granted the Farmers' Bank its certificate within three days of the time when the application for the certificate was received.

The day after the issue of the certificate he was in possession of information that a fraud had been committed. He did nothing.

The Farmers' Bank suspended December 19, 1910. An investigation by a curator revealed the fact that the institution was a hopeless wreck. W. R. Travers, General Manager of the Bank, was arrested and afterwards sentenced to six years in Kingston Penitentiary for theft and forgery. Scores of farmers who put their all in the Farmers' Bank are to-day ruined men.

## HOW THE FINANCE MINISTER WAS WARNED.

The first warning that fraud was being resorted to by the promoters of the Farmers' Bank, reached the Finance Minister a month and a half before the certificate was issued. It came from Leighton McCarthy, K.C., a prominent Toronto lawyer and at that time a member of Parliament in the Liberal ranks. A number of farmers and others who had bought or subscribed for stock in the bank, found, as was alleged, that they were being put down for larger amounts than they had in fact subscribed. On October 8, 1906, Mr. McCarthy wrote the Minister of Finance asking the Minister to stay action on the certificate, that "a number of the subscribers will dispute the *bona fide* character of the subscriptions."

These subscribers went to the courts. They went also to the Minister of Finance, through their counsel, Mr. McCarthy, so much in earnest were they. "I beg to assure you," wrote Mr. McCarthy, "that grave conditions have arisen which will require careful consideration before the Treasury Board would grant any certificate for the organization of this Bank."

So grave were the conditions that Mr. McCarthy, getting no immediate reply from the Minister of Finance, telegraphed on October 11, asking that the Minister wire him "assurance in reference to stay of certificate of Treasury Board." The same day Mr. Fielding telegraphed him that no application for a certificate had been received, and telling him to forward his representations immediately. Mr. McCarthy did. He forwarded the endorsement upon a writ of summons in the High Court of Ontario, and his communication contained this paragraph:—

"I have received information that the alleged subscribers for shares paid a large sum of money in cash, and have signed notes for other large sums of money, and that the persons professing to act in the name of the bank have transferred notes and received the proceeds, and that a deposit either has been made or will be made of the cash received and the proceeds of these notes, or sufficient amount to make up $250,000."

### MR. WILLIAM LAIDLAW'S CHARGE BEFORE MR. FIELDING.

On March 16, 1911, Mr. A. C. Boyce, member for West Algoma, on the floor of the House made the following statement, which was uncontradicted:—

"What else was there accompanying that writ of summons? There was an affidavit, sworn to in the High Court by William Laidlaw, K.C., of Toronto, swearing to facts upon information, some of them on personal information, some upon information and belief as a result of personal interviews with some of the subscribers, that the subscriptions were false and fraudulent, and the Minister of Finance had before him this evidence, this sworn affidavit of Mr. Laidlaw, testifying to these facts."

That was the first warning, direct, specific. There was another.

### MR. DAVID HENDERSON'S WARNING.

Mr. David Henderson, member for Halton, a county out of which the wreckers of the Farmers' Bank took nearly half a million, made this statement in the House of Commons, March 15, 1911, dealing with the period prior to the granting of the certificate:—

"I felt very much worried......I told him (the Minister of Finance) the reason why I was anxious. That the reason was that many of my constituents were deeply involved in the matter. I said to him I have personal knowledge of this because I have seen the notes in the hands of the solicitor who was acting for some ten or a dozen of these men, and who had taken proceedings against the bank, and had forced it to give back the money they had paid and the notes they had signed. He had forced the bank to do this because the provisional directors were not carrying out the spirit and intent of the Bank Act. I HAD SEEN THESE NOTES. THEY WERE ENDORSED BY THE PROVISIONAL DIRECTORS FOR THE PURPOSE OF RAISING MONEY, PRESUMABLY TO PROVIDE THE NECESSARY DEPOSIT OF $250,000 TO GET THE CERTIFICATE AND ENABLE THE BANK TO BEGIN BUSINESS."

MR. FIELDING WAS ALARMED.

Mr. Henderson stated further:—

"I met the Minister, possibly about two years ago AND HE CONFESSED TO ME THAT HE HAD SOME ALARM ABOUT THE FARMERS' BANK, AND RELATED TO ME THE CIRCUMSTANCE—WHICH HAD NOT THEN COME TO MY KNOWLEDGE—THAT THE BANK HAD BEEN PEDDLING IN THE CITY OF NEW YORK A DEPOSIT RECEIPT FOR $150,000 AND COULD NOT FIND A PURCHASER. ...... I again repeated to the Minister my anxiety over the standing of this bank. ...... He very kindly said to me, 'Henderson, I don't see why you should worry over this; you are not responsible; besides, YOU DID WARN THE GOVERNMENT.'"

OTHERS WARNED THE MINISTER.

Mr. R. L. Borden declared in the House of Commons on March 15, 1911, that a similar warning had been given the Minister of Finance by Mr. E. B. Osler, member for West Toronto, and he added:—"I have heard of other reputable men also who before this certificate was issued, gave the Finance Minister the same kind of warning."

With all these warnings before him, what did the Finance Minister do? He granted the certificate almost immediately upon application being made for it.

THE M'CARTHY PROTEST WITHDRAWN.

The McCarthy protest stood until the action in the courts was settled, when the Finance Department wrote asking Mr. McCarthy if he still wished the matter brought before the Treasury Board. Mr. McCarthy replied, on November 2nd, 1906, that:—

"I am advised by those who are instructing me that the claims made by them in the action brought HAVE BEEN SETTLED BY THEIR SUBSCRIPTIONS BEING TAKEN UP BY SOME PARTIES INTERESTED IN THE BANK AND REFUNDING THE MONEY PAID BY THE INDIVIDUALS OR RETURNING THE NOTES WHICH HAD BEEN GIVEN. THE OBJECTIONS WHICH I MADE ON THEIR BEHALF TO THE ISSUE OF THE CERTIFICATES ARE THEREFORE WITHDRAWN."

Mr. McCarthy withdrew his protest because the financial claims of his clients had been satisfied. The fact remained of a fraud having been committed. The litigation had ended by interested persons buying out the plaintiff shareholders, the action being accordingly terminated without costs.

THE FRAUD COMMITTED.

The fact was that the promoters of the bank, finding themselves unable to raise the necessary capital for a cash deposit of $250,000 honestly, had taken the subscribers' notes for $100,000 and on them had obtained from the Trusts and Guarantee Company of Toronto $81,000, of which $80,000 went to make up the deposit. That was done by W. R. Travers himself. He took, in addition, other notes, not given by subscribers, raised $20,000 on them in the same way, and added that sum to the deposit. In this way he obtained $250,000 altogether, of which no less than $100,000 was not raised by ***bona fide*** subscription.

It is thus indisputably established that the Minister of Finance was warned and warned repeatedly that the whole organization of the Farmers' Bank was a gigantic fraud. The Minister had at his command every facility for verifying the statements contained in the various protests, were verification necessary. There were, for him, if he chose to make use of them, more sources of information than any other one man in Canada could command. What did he do?

### WHAT MR. FIELDING DID.

He spoke to the man chiefly responsible for the organization of the bank and the financing of the deposit, and asked him if he were guilty. And the man, W. R. Travers, said in reply that he was not guilty. And the Minister of Finance let it go at that.

Travers wrote the Department on October 23, 1906, that the necessary deposit of $250,000 had been made with the Bank of Montreal. On November 21 the Department wrote to Travers asking for a statement of the amounts subscribed by each subscriber. Travers gave it, and the list contained the names of the former subscribers whose shares had been taken up. Travers swore to this list on November 27. He furnished the Minister of Finance with a false affidavit, which the Minister of Finance accepted.

### SUSPICIOUS, YET INACTIVE.

The record shows that even at this stage the Minister of Finance was suspicious. The application of the Farmers' Bank for a certificate, and the statements of Travers, were turned over to the Department of Justice for an opinion as to their sufficiency. The Deputy Minister of Justice, Mr. Newcombe, replied that the statements were sufficient "if they are accepted," and that a certificate might legally issue.

On the 30th of November, 1906, the Minister of Finance wrote to W. R. Travers as follows:—

> "It has been represented to us that in some previous instances where an application was in all respects apparently regular there was actually an evasion of the intention of the Bank Act in relation to the paid-up capital. We have been told that in some cases the subscribers did not actually pay in cash but gave notes to the provisional directors which were used to raise money. On account of information of this kind, which has reached us in relation to a previous case, we deem it proper to scan very closely every application for a certificate which comes to us. I shall be glad to have an assurance that nothing of the kind has taken place in relation to the subscriptions for the Farmers' Bank, but that the amounts set forth in the application as having been paid up have in every case been *bona fide* cash payments."

There is the statement of the Deputy Minister of Finance that the letter was written "for the purpose of record."

Travers wrote back, on the same day:—

> "I have to say that in the case of the Farmers Bank of Canada the provisional directors did not raise the money in the way mentioned by you. You will find the statement put in by me absolutely correct as to the amount of stock subscribed and the amount paid up."

And on the same day, with no other assurance than the statement of the man most concerned in a denial, the Minister of Finance issued his certificate and the Farmers' Bank set out to plunder the people.

## SIR EDWARD CLOUSTON'S WARNING.

Hardly had Travers got out of Ottawa with his certificate, obtained by fraud, than the Minister of Finance was made definitely aware that a fraud had been perpetrated. He received the following letter from the president of the Canadian Bankers' Association, incorporated, under date of November 30, 1906:—

> Dear Sir.—In connection with the application of the Farmers' Bank of Canada for the usual certificate from the Treasury Board, I have reason to believe that the money lodged, or to be lodged, at Ottawa as stock subscriptions, cannot be regarded as paid-up capital, and that a large proportion of the amount necessary to the obtaining of a certificate is a loan made upon the promise of its payment when returned by your Department.
>
> Permit me to request that, if only for the protection of the public, the Treasury Board will exercise its right to refuse to issue a certificate if it thinks best so to do, until a thorough investigation has been made into the circumstances stated therein.
>
> E. S. CLOUSTON,
> President.

The answer of the Department was that Travers had given "a most positive assurance" and that "under these circumstances there did not seem to be any warrant for withholding the certificate."

## MR. FIELDING'S EVASIONS.

On the 30th of January, 1911, Hon. George E. Foster, member for North Toronto, asked the following question in the House:—

> Did the Finance Department, or any of its officials, the Finance Minister or any other member of the government, receive any communication, verbal or written, previous to the issue of the certificate of the Treasury Board to the Farmers' Bank, cautioning, warning or suggesting an inquiry as to the standing or character of the promoters, or the proceedings by which the deposit was procured.
>
> 2. If so, did the government make any inquiry or investigation with the view of satisfying itself as to the *bona fides* and sufficiency of the undertaking?

The record given above shows what warnings had actually been received. Mr. Fielding's answer to the Foster question was in part:—

> "The government did not receive in any form, any information which afforded ground for a refusal of the deposit"
>
> "At one stage of the transaction, some shareholders, through their solicitor, applied to have proceedings delayed until he might be heard. The solicitor afterwards withdrew this request. After the certificate issued, a communication from the Canadian Bankers' Association, bearing same date as that of the issue of the certificate, reached the department next day, stating that there was some question as to the regularity of the subscription. The procedure in respect to the issue of the certificate to enable the Farmers' Bank to do business was substantially the same as in other cases of similar character."

Not satisfied with this answer, Mr. Foster pressed his question and the Minister of Finance then said:—

> "There was some gossip in banking circles concerning the Farmers' Bank, of which we became aware. I do not see how we can take cognizance of that. There is an answer as to any representation that was made in the proper way. There was gossip abroad concerning the Farmers' Bank, I was well aware of it."

The collapse of the Bank was followed by an appeal to the Government on behalf of the ruined shareholders for financial relief and for the appointment of a Royal Commission. The Government refused to do either. It took the position that the investigation by the curator and in the courts of Toronto was sufficient, and that to recoup any class of investors from the public treasury would be contrary to public policy.

### INVESTIGATION REFUSED.

On the 15th of March, 1911, Mr. David Henderson, of Halton, moved in the House, that:—

"This House is of opinion that a Royal Commission should forthwith issue to inquire into and investigate the incorporation and organization of the Farmers' Bank of Canada, and the granting of a certificate by the Treasury Board permitting said bank to issue notes and transact business, and all the circumstances connected therewith; and generally to inquire into and investigate the operation and efficiency of the Bank Act in relation to the affairs and transactions of said bank."

This resolution was voted down after a two days' debate by 97 to 62. The Minister of Finance still insisted that the investigation in Toronto would meet all requirements. He flatly contradicted the Halton member as to the warnings given by Mr. Henderson, declared that the McCarthy protest had been withdrawn, and that the Government was justified in granting a certificate on the affidavit of Travers.

On May 2, 1911, Mr. Haughton Lennox of South Simcoe again laid the facts in connection with the granting of this certificate before the House, and moved that:—

"This House regrets that in permitting the Farmers' Bank of Canada to commence and to continue business, the Minister of Finance and the Treasury Board failed to exercise such proper care and to take such reasonable precautions as were necessary to prevent evasion of the law and to protect the public interest."

This resolution was rejected by the Government on a vote of 97 to 63.

On July 30, 1911, Mr. E. B. Osler, made the following statement in the House (Unrevised Hansard, p. 10,665):—

Before I left this country on January, I was present when we were discussing the question of the Farmers' Bank.

I then made the statement that I had spoken to the Minister of Finance in reference to the issue of a certificate to the bank. The Minister of Finance said that if I was in the House he was sure I would not make that statement. After the deposit had been made with the Receiver General and before the certificate had been issued, I met the Minister of Finance and had a talk with him about the Farmers' Bank. I told him that it was a fraud, that the people connected with it were not worthy, and that the method taken for obtaining the necessary deposit was absolutely illegal. I knew that of my own personal knowledge, because I knew where application had been made to borrow the money on these endorsed notes; I did not know at the time from whom. I saw that the Finance Minister was under a good deal of anxiety about the condition of affairs. The matter ended there so far as I was concerned until some time afterwards, when I learned that a certificate had been issued, and I again spoke to the minister, and said I was exceedingly sorry that the government had issued the certificate. The Finance Minister said that so far as he saw, the law had been complied with, and that if the government had not issued the certificate they would have been open to the charge of protecting the larger banks. Of course there is a good deal of reason in that, but I think it was a case where the closest scrutiny ought to have been observed. It was notorious that the men at the head of the bank were not worthy. The information I think was given fairly, and without any prejudice against the establishment of new banks. Further than that, I may say that *I* had a conversation with my hon. friend from Halton (Mr. Henderson), and he told me he had made the same representation to the Finance Minister.

# THE SAWDUST WHARF SCANDAL

## How a Ruined Wharf Was Bought For $700 And Sold For $5,000 in the Heat of an Election.

### MR. PUGSLEY'S METHODS.

Richibucto is a village of about 700 inhabitants in Kent County, N.B. A line of railway, 28 miles long, the Kent Northern, runs into it from the Intercolonial; the Buctouche River passes it and opens into Northumberland Strait. It had formerly quite a trade in shipping lumber to England, but this has now quite disappeared, the lumber is now shipped by rail, and the quantity so handled is by no means large. It possesses facilities for shipment by the small vessels that visit it that are fairly sufficient. It is not a place where the Minister of Public Works should be anxious to buy or build wharves with the public money.

Mr. Richard O'Leary, the largest property owner in Richibucto, and a prominent and successful business man, was the owner of what was known as the Sawdust wharf—a property fronting on the Richibucto river and running back to Main Street, and containing about 10 acres more or less. For this property Mr. O'Leary had paid $400 in 1902. It was the remains of a wharf built forty years ago, on an old mill site, and composed mainly of sawdust and mill refuse. The outer portion was washed away to the water's edge and the structure had been lying absolutely unused and unusable as a wharf for ten or fifteen years. On this point three bits of testimony may be given:—

1. Mr. Murray himself, the vendor of the property, gave evidence as follows:—

Q. Is it of any service in its present condition for the purposes of a wharf?—A. No, I do not think it is.

2. Mr. O'Leary, who sold it for $700, gave evidence as follows:—

Q. Is it of any service for public purposes?—A. Absolutely of no service as a wharf, or for any public purpose. There is nothing more than a point of land there.

3. Finally, here is the testimony of Mr. Andrew Loggie, the chief witness for the defence:—

Q. Is that wharf, in its present condition, fit for shipping purposes or any other purposes?—A. It is fit for some other purposes.

Q. Is it fit first for shipping purposes?—A. No, I would say the front would have to be improved and built up and made so that shipping could be taken from there. I would say it was not as it is now.

This property was sold in 1905 to Frank Ingersoll for $500. Ingersoll paid $50 upon it and then forfeited it back to O'Leary.

#### WHARF ACCOMMODATION WAS AMPLE.

The municipality had 25 years ago built a wharf for public purposes, had later leased this wharf to the Kent Northern Railway for $15 per year and, finding it expensive to keep in repair, had petitioned the Minister of Public Works to buy the property for $1,500. This was done during the summer of 1908 on the report of Mr. Stead, the resident Engineer of the Public Works Department. It may be mentioned that Mr. Stead estimated that $11,500 would be required to put this wharf into proper repair, making a total cost to the Department of $13,000. He also stated that the wherf so repaired would furnish sufficient accommodation for the public and also for the Kent Northern Railway for many years to come.

It is to be noted therefore that the Government had made a large and sufficient provision for the public business of this small village and besides hed provided for the local reilway.

### MR. MURRAY GETS BUSY.

Now note whet happens.

It is the year of the General Elections. The campaign is in fact on. T. O. Murrey, Geo. W. Robertson, and J. D. Irving, were the active menagers of the Liberel perty in Kent County.

Murray was menager of the Kent Northern Railway, and a sort of small boss and contractor in general metters for the Government. In April, 1908, Murrey epproeched O'Leary and obtained from him the promise of a right to lay e sewer through the Sawdust Wharf property for $100, such sewer to leed from a Dominion public building to the weter. On May 4, Murray telephoned to O'Leary, asked him if the offer of the sewer right still held good and told him that he was going to Ottawa and would see the Minister ebout it.

### MURRAY SEES THE MINISTER.

In company with Geo. W. Robertson, Murray came to Ottewa in May end saw the Minister, Mr. Pugsley. On Murray's return to Richibucto he went to O'Leary and asked him what he would take for the whole property. O'Leary told him he would take $700 or $800 for the whole property, if he wanted it for himself.

### MURRAY GETS THE DEED.

Murray asked him if he would have any objection to having the consideration to be put into the deed as $1,000. O'Leary had no objection. The deed was made out at once by an attorney, and signed by O'Leary and his wife. This was the 19th of May.

In the evening Murray came for the deed, but did not have the money. He wanted the deed to take with him to St. John, in order that he might get the money to pay O'Leary. O'Leary therefore took a mortgage from Murray, with the understanding that the mortgage was to be deposited in the record office and to go on record if the deed were registered before the money was paid.

### MURRAY GETS THE MONEY.

Mr. Murray went to St. John next morning, May 20, in company with Geo. W. Robertson, a note was made and endorsed between them, and on his return to Richibucto he gave O'Leary $600 and promised another $100 *as soon as he turned over the property.*

To this O'Leary agreed.

## A CONVENIENT ENGINEER.

On the 19th of May—the very day Murray got the deed from O'Leary, Geoffrey Stead, Mr. Pugsley's resident engineer, was in Richibucto and on the 20th went with Murray and Robertson as far as Kent Junction on the I.C.R.

Stead had the deed to Murray in his hand, and knew that the consideration mentioned therein as paid by Murray was $1,000.

## THE MECHANISM WORKS.

On the 20th May also, the following letter was sent to Mr. Pugsley:—

Richibucto, New Brunswick, May 20, 1908.

Hon. Wm Pugsley,
Minister of Public Works, Ottawa.

Dear Sir,—On account of the large increase in business, consisting chiefly of lumber, fish, etc., it is necessary that the government find wharf accommodation and accommodate the wants of the people. At present the government owns no wharf accommodation in this town. The Kent Northern railway runs to deep water terminus, but cannot accommodate the public. The shippers of the lumber and fish are merchants who are scattered all over the country and have got to bring their goods to Richibucto for shipment. At present there is no wharf accommodation whatever to receive goods. We would, threfore, strongly urge the Department of Public Works to secure sufficient wharf accommodation to take care of the public needs, and would ask you to send your engineer to Richibucto to look over an available site suitable for wharf accommodation.

Yours truly,
KENT NORTHERN RAILWAY,
(Sgd.) Per. G. W. R.

The initials G.W.R. stand for Geo. W. Robertson—the very man who that day went with Murray to St. John with Murray's deed to the Sawdust property, and there got the $1,000 mentioned therein as purchase money.

To this letter Mr. Pugsley replies on the 23rd of May as follows:—

Dear Sirs,—I am in receipt of your favour of the 21st instant, and in reply, I beg to say that the matter of increased wharf accommodation at Richibucto will have my careful consideration, and I will give directions that a report be secured upon same.

(Sgd.) WM. PUGSLEY.

On May 27, instructions were sent to Geoffrey Stead to go to Richibucto and look over an available site suitable for wharf accommodation. What site? Stead, evidently did not know. He however, at once telephoned Geo. W. Robertson, and found that it was the Sawdust Wharf. On June 3 and 4 he examined the property. On June 4 he received the following offer:—

Richibucto, June 4, 1908.

Mr. J. Stead,
Resident Engineer, Chatham.

Dear Sir,—I hereby agree to sell to the Department of Public Works the land at Richibucto lying on Water street between the municipal wharf and the Savoie lot, including what is known as the sawdust wharf, with the water right and frontage of said lot and wharf, for the sum of $5,000.

Yours truly
THOMAS MURRAY.

Murray at first wanted $15,000 then he thought he should have $10,000—at last he made a firm offer of $5,000.

Stead on June 9 reports in favour of the purchase at the price set by Murray.

Stead knows that Murray has bought the property, and the consideration which he has given.

But he does not mention that fact in his report to Ottawa of June 9. And yet he was a public officer—acting in the interest of the people of Canada.

He consulted Mr. Murray and Mr. Robertson, who were owners of the Kent Northern Railway, one of whom owned the property and wished to sell it to the Government, and the other of whom wanted it purchased and improved by the Government for the benefit of a railway of which he was part owner.

### THE DEAL CONSUMMATED.

On the 11th September, an order-in-council was passed by Mr. Pugsley authorizing the purchase of the Sawdust Wharf property, and the payment of $5,000 therefor to Mr. Murray.

Mr. Pugsley requested the Justice Department to have the purchase made and deeds got by W. D. Carter of Richibucto. The purchase was completed and reported to Ottawa on the 25th of September, and on the 29th September the Deputy Minister of Justice returned the deed to Carter for registry and with the statement that a cheque in payment of purchase price was applied for. The cheque issued on October 6th. The deed was recorded by Carter on November 2, some six weeks later.

Carter swore that he purposely delayed the registration until after the election so that people might not find out about it before.

The election was held on October 26.

In September these same gentlemen, Murray and Robertson, went from Richibucto to St. John to see the Minister. They did see him.

And on the 18th of September, the following telegram was sent:—

Kent Junction, New Brunswick, September 18

A. Vollquel,
Chief Engineer, Public Works, Ottawa.

Please let me know if Whorf Matter passed Council, this matter important to Mr. Leblanc. Pleose rush it.

(Signed) THOS. MURRAY.

Mr. LeBlanc was the Liberal candidate for Kent County. On September 24, the Chief Engineer telegraphed Murray that Order had passed Council. As noted above, this telegram had its effect and the matter that was "important to LeBlanc" was in due course translated in a cheque to Murray on the 6th of October.

### WHAT WAS DONE WITH THE MONEY.

This is best shown in the evidence given by Murray before the Public Accounts Committee at Ottawa, when he appeared as a most unwilling and unsatisfactory witness:

Q. Now you have told us, Mr. Murray, that you got this cheque dated on the 6th of October, and it wos back here ond received at the bank in Ottowa on the 12th of October. You got that money at the Royol Bonk of Canada at Rexton, N.B.—A. Yes.

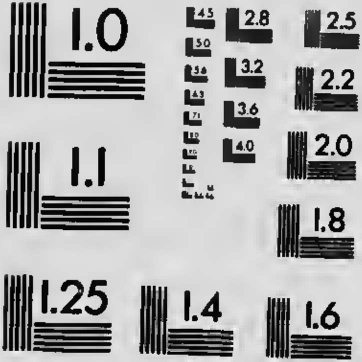
Q. Did you retain that money for your own use?—A. Certainly.

Q. $5,000?—A. Yes.

Q. You say that you obtained that for your own use?—A. Yes.

MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)

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1653 East Main Street
Rochester, New York 14609 USA
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(716) 288 - 5989 - Fax

Q. Are you positive as to that, Mr. Murray?—A. Am I positivo? Yes.
Q. Where did you deposit it?—A. I did not deposit it at all.
Q. You did not deposit it at all?—A. No.
Q. What did you do with it?—A. I took it home and gave it to my wife.
Q. Do you know of her depositing it?—A. No.
Q. Did she deposit it?—A. No.
Q She has not deposited it? Did George W. Robertson get any of that money?—A. Did who?
Q. George W. Robertson?—A. Did he get any of it?
Q. Yes?—A. I paid him a bill I owed him out of it.
Q. How much was the bill?—A. I do not remember.
Q. Was it $2,000 you paid him?—A. I do not remember now; we have so many dealings one way and the other that I cannot recollect.
Q. I thought you said your wife retained that money?—A. So she did, that was what I said.
Q. But you tell me now that you paid a bill to George W. Robertson and you cannot say whether the bill was $2,000 or not?—A. No. I cannot say; I have so many dealings with him that I cannot remember.
Q What was tho bill for?—A. I do not remember what it was for now. I have been dealing with him for 10 or 15 years now, and it is pretty hard to recollect individual transactions.
Q. Was it $3,000 you paid him?—A. No, I never owed him that much.
Q. But are you not able to say whether it was $2,000?—A. No.
Q. And you cannot say what that was for?—A. I cannot say offhand.
Q. Did W. D. Carter get any slice of this?—A. No, sir.
Q. Are you sure of that? Did you pay him any bill?—A. No, sir.
Q. Did Mr. George Jardine get a piece of it?—A. No, sir.
Q. Did you owe him any bills?—A No, sir.
Q. Was George W. Robertson the only man that shared in this with you?A. That shared in it?
Q. Yes, shared in this money with you?—A. Well no, he is not the only man.
Q. Who else?—A. Why tho public at large, any man that I owed. If I owed a man anything I paid him, I did not give it to him as a gift.
Q. Did you pay any other $2,000 bills?—A. No.
Q. George W. Robertson was the treasurer of the election fund down there, was he not?—A. Not to my knowledge.
Q. Was not he one of the party managers?—A. He might have been, but I do not know.
Q. When did you pay the $2,000 to him?—A. Sometime after I got it.
Q. Before the election, did you not?—A. I do not remember.
Q. Will you swear you did not pay him before the election?—A. No, I will not.
Q. You know that you did, do you not?—A. Know what?
Q. You know that you paid Robertson that money before the election?—A. I do not.
Q. You do not?—A. No, I do not, because if I did not know about the time I paid him I cannot say. I have no recollection.
Q. How did you pay him?—A. How did I pay it? I paid him money, counted it out to him.
Q. You counted the money out to him?—A. Yes, sir.
Q. You got this money you say from the Royal Bank at Rexton?—A. I did.
Q. In what denomination were the bills, small or large?—A. I do not know. I expect they were $5 or $10 bills.
Q. And you paid Mr. Robertson that large sum of $2,000 in bills?—A. I did not say what amount, and I do not remember, I cannot say.
Q. You will not say that it was not $2,000?—A. I cannot say what amount it was.
Q. Did you pay him the same money that you got out of the bank at Rexton?—A. I did.
Q. The same money?—A. Yes.
Q. That was the same money that you paid to your wife?—A. Yes.
Q. And you got it back from her?—A. Yes, I got it back from her.
Q. You have told us in reference to the distribution of the money and all that you have been able to say is that you gave George W. Robertson an amount, you are not able to say whether it was $2,000 or not; what did you do with tho balance of it?—A. I paid my debts.

Q. You paid your debts to whom? That was whose debts you paid to Robertson?—A. I paid whatever debts I might have, I cannot remember the others

Q. You cannot remember?—A. No, I cannot.

Q. But all the money is disposed of?—A. Yes.

Q. Did you discharge your debt to Mr. O'Leary?—A I do not remember whether I paid him now on account or in full.

On April 20th, 1910, in the House of Commons, O. S. Crockett M.P. for York, N.B., moved that:—

"The evidence taken before the Public Accounts Committee and submitted to this House touching a payment of $5,000 to T. O. Murray in connection with the purchase by the Public Works Department of the sawdust wharf at Richibucto, New Brunswick, as set out at page V—188 of the Auditor General's Report for the year ending March 31, 1909, discloses that said purchase was a corrupt and fraudulent transaction which deserves the severest condemnation of the House."

The motion was sturdily opposed by the Government and defeated by a vote of 111 to 63.

# THE GRAND TRUNK PACIFIC

## BUILDING A TRANSCONTINENTAL RAILWAY AND GIVING IT AWAY.

## BAD BUSINESS METHODS.

### Lack of Information at the Outset and Utter Falsification of Estimates.

The Grand Trunk enterprise was the first great constructive work which the Laurier Government undertook. When it came into power the Conservative Government had been deepening the canal system from 9 to 14 feet draft; it finished this work. It also did some dredging of the St. Lawrence river channel, but otherwise it attempted little or nothing in the way of great public works until 1903. It had been content to spend in smaller works the enormous revenues which a period of world-wide prosperity brought to it. Then, in 1903, it at last embarked upon a really big public work.

ITS HAND WAS FORCED.

The work was forced upon it. The Grand Trunk of its own motion resolved to enter the Canadian West. It approached the government with a plan to build from North Bay, the point on its system in Eastern Canada which was most convenient, to Winnipeg, and from there across the prairies and mountains to the Pacific. It asked for a franchise and a moderate subsidy. It was willing to arrange for the delivery of western freight to the Intercolonial at Montreal.

A RAILWAY MAN'S SCHEME.

This was a railway man's scheme. The main line from North Bay would have been about 2,500 miles long, and a bond guarantee probably would have been sufficient. A guarantee of $30,000 a mile, or $75,000 ... in all probably would have been ample. The whole liability of the coun... ould have been for a payment of two or three million dollars a year, in the ...probable event of this promising line defaulting in the interest of its bonds.

PARTY POLITICS INTERVENED.

But party politics stepped in and compelled the government to tack on an extension to Quebec, and party politics in the Maritime Provinces then stepped in and forced the government to parallel and duplicate the government railway, and extend the line to Moncton. This new scheme, a rejection in effect of the same proposition of the Grand Trunk, in natural sequence led to the government having to build not only the extra mileage from North Bay east, but actually to build the whole Eastern Division, some 1,800 miles from Winnipeg to Moncton—this and a guarantee of bonds for the western division and large contributions by payments of interest.

It must be borne in mind that for a simple bond guarantee the Government could have got the great advantage of a Grand Trunk extension to the West. Even if we grant the merits of the general scheme, it will be admitted that before the Government embarked upon it it should have made very sure of its ground. It had ready to its hand an offer in itself highly advantageous to the country. Did it make sure of its ground? Had it a clear idea of what it was undertaking?

### THE MONCTON EXTENSION.

One of the first things that happened when the project was announced was that the Maritime Province Liberals demanded that the road should be built eastwards from Quebec to one of their seaports. The Government yielded. It thus at a stroke increased the length of the line from Quebec by what it thought at first would be 410 miles, and by what in the end has proved to be 456 miles. But it could not make up its mind to favour either Halifax or St. John, and so compromised by making Moncton the terminus. Moncton is not a seaport at all, and its selection was a mere evasion of the duty of making a choice. Moreover, this extension of the enterprise made it necessary to build the Quebec Bridge.

This extension may or may not have been well-judged; but it was made as an after-thought. Either the Government did not think the whole project out at the outset, and so omitted an essential feature of it; or it weakly consented to have this extension tacked on to a scheme of which it was no essential part. It either was precipitate, or weak; or both.

### WHAT THE GOVERNMENT SHOULD HAVE KNOWN.

This, however, is an anticipation. What did the Government know about the Winnipeg-to-Moncton scheme when it launched it?

Certain broad facts were patent. The country for some hundreds of miles east of Winnipeg was known to be of such a nature that construction would be very expensive. The interior of New Brunswick was known to be sufficiently mountainous as to involve heavy construction. It was known that the central portion of the line involved the crossing of numerous rivers, under circumstances which meant that the bridging would be heavy. The scene of nearly every mile of the construction work would be so remote, the means of access were so scanty and so difficult, as to make the charges for the transportation of the materials and the maintainance of the men employed exceedingly high. Moreover, the Government proclaimed that the standard of the road must be of the highest—not exceeding a maximum gradient of .4 of one per cent, or 21 feet in the mile. A railway of this standard is bound to cost a great deal of money, even if the country to be traversed presents no great natural difficulties. Proper investigation would have revealed, what might have been expected, that the line in the central portion, from Winnipeg to Quebec, would cost from $40,000 to $50,000 a mile. It was freely asserted in newspapers not unfavourable to the project that the Government must expect to be obliged to face some such outlay.

As for the Northwest, the Canadian Northern had under way a line from Winnipeg to Edmonton; this line was some 125 miles north of the Canadian Pacific at Moose Jaw, and some 225 miles north of it at Medicine Hat. A new line of railway might be useful in dividing this region; but it would be south of a transcontinental line already under construction.

It also is to be noted that Canada had in the Intercolonial R ·way an existing all Canadian route from Montreal to the winter ports of John and Halifax. She had for years been independent of the bonding p ·lege which allows her trade an outlet over American soil and by American ports.

However, the Government drew up its plan.

## THE GOVERNMENT'S PLAN OF 1903.

The Western Division—that is, the line from Winnipeg to the Pacific Coast—was to be built by a subsidiary company of the Grand Trunk, known as the Grand Trunk Pacific Company. This division is sub-divided into the Prairie Section and the Mountain Section. In aid of the company the Government, by the contract of 1903, undertook to guarantee bonds of the Company to the extent of 75 per cent. of the cost of construction of the Western Division not exceeding in the case of the Prairie Section a guarantee of $13,000 a mile, and in the case of the Mountain Section $30,000 a mile. The Government also agreed to pay the interest on the bonds it guaranteed in respect of the Mountain Section for seven years after the date of their issue, and to carry the interest on these bonds for three additional years for the accommodation of the Company in case the Company should be unable to meet the same. The seven years' interest is a gift. The three years' interest is a loan only.

## COUNTRY'S LIABILITIES INCREASED IN 1904.

By the so-called "slightly" modified agreement of 1904, both the liability of the country and the country's contribution to the cost of building the Western Division is enormously increased.

1. The limited guarantee as to the Mountain Section was done away with and the Government undertook to guarantee a bond issue sufficient upon sale to secure cash to the extent of 75 per cent. of the cost of the construction of this section without limitation of any kind.

2. It undertook to pay the interest for seven years and to carry the interest for the additional years on this enormously increased guarantee.

3. As to the Prairie Section, it undertook to guarantee bonds sufficient to produce 75 per cent. of the cost of construction, or $13,000 a mile net cash, instead of a guarantee of bonds to this extent.

4. The line east of Winnipeg, known as the Eastern Division, was to be built by the Government. On completion, it was to be leased to the Grand Trunk Pacific Railway Company. That Company was to pay a rental of 3 per cent. on the cost of construction, with the following abatements: (*a*) The Government would charge no rental at all for seven years after the date of completion; (*b*) if at the expiry of these seven years the road did not pay operating expenses, the Government would pay the interest on the cost for three years more, but would add this three years' interest to the cost of construction.

5. Terminals were to be provided at Winnipeg, Quebec, and Moncton, the Government assuming a share of the cost.

6. The Quebec Bridge was to be built. The Government said something about the G. T. P. assuming 4-9ths of the cost, but no arrangement was made.

7. The capital stock of the G. T. P. Company is fixed at $45,000,000, of which $20,000,000 is preferred stock. The Grand Trunk Company was to get the common stock and keep it, so as to retain control, and this stock was to be practically all water, as the Grand Trunk was not required to pay any adequate amount of money for it.

8. The G. T. P. was to favour Canadian routes and Canadian ports as regards freight originating on its main line or branches and not specifically routed otherwise by the shipper.

### STATEMENTS MADE BY THE GOVERNMENT.

To support this bargain, the Government made certain statements.

1. Sir Wilfrid Laurier declared that the G. T. P. line would open up a new and undeveloped territory in the Northwest.

2. He also declared that the route would be an All-Canadian one; in particular, it would promote the use of Canadian ocean-ports.

3. It was to shorten the distance from Quebec to Moncton by 120 miles.

4. There was great danger that the bonding privilege would be withdrawn by the United States.

5. The Government "had a great wealth of information" as to the nature of the country in Northern Ontario and Quebec; the country was favourable and easy for construction purposes.

6. The road across the mountains would cost $[illegible]0,000 a mile; that across the prairies, $18,000 a mile; and the Eastern Division, from $25,000 to $28,000 a mile.

7. As the Grand Trunk, after a certain period of years, at least seven, perhaps ten, was to pay 3 per cent. on the "cost" of the Eastern Division, the Government asserted that the "actual" cost to the country would be the interest paid out in these years. Sir Wilfrid Laurier put it at $13,000,000, and Mr. Fielding argued that an investment of $8,000,000 in 1903 would meet the whole cost. They admitted that the Government would have to provide the money to build the line, and their estimates of this ranged from $51,300,-000 to $54,000,000; but they spoke of this as little as possible and in their speeches and campaign literature declared that the country would get "A Transcontinental Railway for $13,000,000."

Such were the representations which the Government made in 1903. Such was the bargain it made.

### THE TRANSCONTINENTAL COMMISSION APPOINTED.

After it had boasted enough about it, after it had voted down all the suggestions made by the Opposition; after it had made the "slight" modifications already noted; after it had advanced the time for completion from 1908 to 1911; the Government set to work. Its first step was to turn the building of the Eastern Division over to a Commission termed the Board of National Transcontinental Railway Commissioners. This Commission, which, first and last, will spend about one hundred and fifty million dollars, at present consists of:—

Hon. S. N. Parent. A lawyer-politician of Quebec; was Mayor of Quebec and Premier of the Province; was President of the Quebec Bridge Company, which so mismanaged the affairs of that undertaking. Experienced only in politics.

C. A. Young. An implement dealer and grain buyer, of Winnipeg. No experience in engineering and little experience in large affairs.

C. F. McIsaac. A country lawyer, from Antigonish. Formerly an M.P. No experience in engineering or in large affairs.

W. S. Calvert. A country store-keeper, from Strathroy, Ontario. Formerly an M.P. and Liberal Whip. No experience in engineering or in large affairs.

In addition to their general lack of large experience, not one of these men had any reputation for commanding ability. Mr. Parent's reputation was for a skill in intrigue, which had caused him to have a curious career in Quebec Provincial politics, which ended in his own party turning him out of the leadership. He was a politician out of a job when Sir Wilfrid Laurier gave him the position. He had just ruined the Quebec Bridge enterprise.

COMPARE THE PANAMA CANAL COMMISSION.

Compare with this the Commission which is managing the construction of the Panama Canal for the United States:—

Chairman and Chief Engineer:—Colonel G. W. Goethals, Corps of Engineers, U.S. Army. Col. Goethals is a West Point graduate, was instructor in civil and military engineering at West Point, was Chief Engineer of the U. S. Army in the Spanish-American War, was a member of the Board of Fortifications, and had been in charge of civil engineering works.

Assistant Chief Engineer:—Lieut.-Col. H. F. Hodges, Corps of Engineers, U. S. Army. A West Point graduate; has been instructor and assistant professor of civil engineering at West Point, for many years on river and harbour duty; has been Chief Engineer in Cuba.

Division Engineer:—Lieut.-Col. D. D. Gaillard, Corps of Engineers, U.S. Army. A West Point graduate; has been in charge of important river and harbour works; was a member of the International Boundary Commission between the United States and Mexico; was in charge of the Washington Aqueduct and other works; was assistant to the Engineering Commission of Washington; was Chief Engineer of a department in Cuba.

Division Engineer:—Lieut.-Col. W. L. Sibert, Corps of Engineers, U. S. Army. A West Point graduate, has had experience on important river and harbour duty and canal construction; has been instructor in civil engineering in the Engineers' School of Application; has been chief engineer and general manager of a railway in the Philippines.

Assistant to the Chief Engineer:—H. H. Rousseau, U. S. Navy. This officer is an engineer who holds the rank of Rear-Admiral in the U. S. Navy; he was in charge of important dockyards and has been chief of the Bureau of Yards and Docks of the Navy.

Head of Department of Sanitation:—Col. W. C. Gorgas, Medical Department, U. S. Army. This officer is assistant surgeon-general of the army, and was specially promoted for his work in fighting yellow fever in Cuba.

Head of Department of Civil Administration:—M. H. Thatcher.

Thus we see that the United States, when it had a big canal to dig, chose as the members of its Construction Commission men of very high technical qualifications, men who already had been in charge of important public enterprises.

The Laurier Government pursued exactly the opposite course.

This completes the story of the launching of the enterprise. How has the scheme worked out?

### PREDICTIONS OF THE GOVERNMENT FALSIFIED.

First, how have the predictions and statements of the Government been borne out by developments?

1. As to the cost of the Eastern Division. Mr. Fielding stated that the Winnipeg to Quebec stretch would cost $28,000 a mile, or $41,300,000. The New Brunswick extension would cost $25,000 a mile, or $10,000,000. The total cost, outside of equipment, would be $51,300,000. The interest on these sums would bring the total outlay up to $54,609,000.

The Minister of Railways in 1911 stated that the Moncton to Winnipeg line up to December 31, 1910, has cost $93,920,956, and now is expected to cost $149,706,865, exclusive of interest, making the cost exclusive of interest, terminals, and other expenses, about $83,000 a mile.

2. As to the cost of the Quebec Bridge. Mr. Fielding put it at $4,500,000. The sum already utterly lost is nearly $7,000,000. The contract recently let is for $8,650,000 for superstructure and $1,221,375 for substructure; the entire cost will not fall far short of $10,500,000.

3. As to the Western Division. Mr. Fielding said that the Mountain Section would be 480 miles long and would cost $30,000 a mile, or $14,400,000. It now is found to be 839 miles long, and the latest estimate of the cost is $67,000,000, or about $80,000 a mile. Mr. Fielding further put the length of the Prairie Section at 750 miles and the cost at $18,000 a mile or $13,500,000. The length is 916 miles, and the cost so far has been $33,000,000.

### TOTAL COST WILL BE ENORMOUS.

So much for the cost per mile. Now, let us see what the total bill to be paid by the Government will be.

The latest statement of the Minister of Railways is:—

| | |
|---|---|
| Spent on Eastern Division up to December 31, 1910 .................................. | $93,920,956 |
| Estimated amount necessary to complete ...... | 55,785,909 |
| Total .... ............................ | $149,706,865 |

This does not include the Quebec Bridge; nor interest on money spent during construction; nor the seven years' interest for which the country is not to be recouped.

Thus we get the following:—

| | |
|---|---|
| Estimated cost of Eastern Division .......... | $149,706,865 |
| 4-9ths cost of new Quebec Bridge ............ | 4,800,000 |
| Loss on old Quebec Bridge ................. | 6,905,852 |
| Interest during construction ............... | 28,330,527 |
| Total cost of Eastern Division when completed and handed over to G. T. P. for rental .... ......................... | $189,743,244 |

| | |
|---|---|
| Add 7 years' interest on cost at 3½ per cent. (the bonus given by the Government to the G. T. P.) .......................... | $ 46,517,961 |
| Total disbursements by Canada over Eastern Division .......................... | $236,261,205 |
| Add 7 years' bonus interest at 3½ per cent. on three-quarters of cost of Mountain Section, placed by the Government in 1910 at $67,000,000 .......................... | 13,690,000 |
| Total expenditure .................... | $249,951,205 |

Of the foregoing, $189,743,244 represents the basis of the rental to the G. T. P. at 3 per cent. yearly.

And $60,207,961 represents cash bonus.

STEADY GROWTH OF ESTIMATES.

The foregoing figures are based on figures supplied by the Government. They probably will be exceeded. For example, here are the several estimates of the cost of construction, etc., put forward by the Government:

| | Cost of construction | Cash Bonus. |
|---|---|---|
| 1903............ | $ 51,300,000 | $13,000,000 |
| 1908............ | 114,403,000 | 28,000,000 |
| 1910............ | 123,856,826 | 51,905,730 |
| 1911............ | 149,706,865 | 60,207,877 |

REDUCTION OF FREIGHT RATES RENDERED IMPOSSIBLE.

The Government asserted that the new G. T. P. route would enormously reduce freight rates. Railways have to earn money enough: (1) To pay operating expenses; (2) to pay fixed charges, such as interest on bonds, etc.; (3) to pay reasonable dividends. Only after these three things have been done can freight rates be reduced. Now, the fixed charges on the Eastern Division will be enormously high. We have seen that the total "cost" of the line when handed over promises to be $190,000,000. On this sum the G. T. P. Company is to pay 3 per cent. interest. This will amount to a yearly payment of $5,700,000. The length of the line being 1,804 miles, this will mean a payment of interest amounting to $3,160 a mile. This is an enormous load on a railway running almost exclusively through a wilderness. Here are the comparati. figures:—

| Railway | Charges, Funded Debt per Mile | Charges, Dividend per Mile | Total Charges |
|---|---|---|---|
| Canadian Pacific .............. | $162 | $1.302 | $1,464 |
| Canadian Northern ............ | 699 | ..... | 699 |
| Grand Trunk ................. | 977 | 672 | 1,649 |
| Grand Trunk Pacific, E.D....... | 3,160 | ..... | 3,160 |

The hopelessness of the situation is shown by another calculation. According to the Government blue-book setting forth the railway statistics of Canada, the average financial showing of all the railways of Canada in the year ending June 30, 1910, was:—

| | |
|---|---:|
| Gross receipts .................... .. | $7,033 |
| Operating expenses .................. | 4,868 |
| **Net earnings** ...................... | $2,165 |

Thus all the railways of Canada, the rich and the poor, averaged together earn only $2,165 per mile. And the Eastern Division of the G. T. P. will have $3,160 per mile to pay for interest alone. Lower freight rates becomes an impossible dream, under the plan adopted by the Laurier Government.

### PREPARING TO TRANSFER CANADA'S TRAFFIC TO UNITED STATES PORTS.

The controlling motive of the construction of the G. T. P. was declared to be the transport through Canadian channels of the products of the West and goods destined for the West.

To this end the G. T. P. were bound in the contract by provisions that it was supposed would effect that object. But the Grand Trunk possesses all the common stock of the G. T. P., and taps that railway at Lake Superior Junction by a line of its own to Fort William and North Bay, thus connecting with its whole system of transport in Canada and the United States.

It possesses the shortest route from the lakes to the sea board at Portland, Maine, and has there elaborate and costly terminals.

It controls the Vermont Central from Montreal to New London, Conn., and is now securing seaport facilities in Providence, R. I., having obtained corporate powers from the Rhode Island Legislature.

It has also secured authority from the Massachusetts Legislature to build a line through that State to make its connection with Providence, and contemplates entrance to Boston, for which the Boston business men are anxious to provide facilities. Already these two cities are looking for and claiming great future advantages as likely to accrue from this close connection with a great Transcontinental route, *i.e.*, the G. T. P. (through the G. T. R.)

Vice-President Wainwright, of the Grand Trunk, is thus reported in the Providence Journal of March 2, 1910:—

> "We consider Providence the best place between Nova Scotia and Florida for our purpose," said Mr. Wainwright, who has been connected with the Grand Trunk for many years, in an interview in Montreal.
>
> "Both the Canadian Pacific and ourselves," he continued, "have had surveyors and experts up and down the Atlantic coast for the last 10 years looking for the best place to bring our rails to tidewater. We have Portland, but Portland is unsatisfactory in many ways."
>
> "We consider Providence the best place. It will do us out of any mail subsidy for our steamers if present conditions continue to exist, but we believe we shall more than make up for this in other ways."

Vice-President Fitzhugh and Mr. Loud, traffic manager, appeared before the Committee of the Rhode Island Legislature and explained the plans of the Grand Trunk and the immense advantages that would come to Providence by becoming an ocean shipping port for the Grand Trunk and Grand Trunk Pacific System.

### THE STAND TAKEN BY THE OPPOSITION.

1. It preferred to assist the Company in its original design to build from North Bay to the Pacific by giving it a franchise and moderate financial help in the way either of cash subsidy or guarantee of bonds. The railway from the Lakes to the Rockies would prove an assured financial success from the day it commenced operations, and could have been readily financed.

2. Once the Government determined to push the Laurier project, the Opposition pleaded for careful surveys and thorough examination as a basis for construction, demanded competent and honest management, and took the position that if Canada was going to provide 9-10ths of the cash and security, it might better provide the other 1-10th and control the Continental line.

3. Seeing that the G. T. P. was simply the G. T. Railway Company under another name, the Opposition demanded that the latter should assume its share of financial and business responsibility, and expecially that it should not be presented with $25,000,000 common stock, without giving adequate consideration therefor. It insisted that it should come under obligations as to the transport of the traffic of the West through Canadian ports, and to that end should be obliged to carry out all the covenants and obligations undertaken by the G. T. P.

4. It opposed the changes in the contract made in 1904, which increased Canada's obligations by many millions, diminished if they did not practically nullify her securities, and failed entirely to exact any participation in the added burdens by the Grand Trunk Company.

5. When, in 1909, the Government proposed to relieve the Grand Trunk Company of $10,000,000 of its liability on the Prairie Section by loaning the G. T. P. that sum at 3 per cent., the Opposition demanded that the Company pay as interest what the money cost the Government, that the Government get a portion of the common stock, either as security or as compensation, and that advantage be taken of this new benefaction by obligating the G. T. Company to join in the freight routing agreement.

6. When the information came to hand as to the stupendous increase in cost and the gross manipulation of classification, the Opposition stood for thorough and immediate investigation so as to prevent fraud, discover the incompetency and dishonesty, and save the country's money, and endeavour to have the Woods charges, the Hodgins charges, and the Lumsden charges probed to the bottom. They were met by the combined opposition of the Transcontinental Commission, the partisan committees of partial inquiry, the Government and the solid Grit party in the House. The people's right to inquire was blocked, and the contractors and the incompetent or knavish officials were safeguarded.

# G. T. P. OVER-CLASSIFICATION

## ENORMOUS GROWTH IN EXPENSE OF CONSTRUCTION

## EVIDENCE OF FRAUD

### Three Eminent Engineers Make Serious Charges And Laurier Government Steadily Refuses to Investigate.

It has been shown in the preceding chapter that the cost of the National Transcontinental has grown inordinately. It now is in order to set forth some of the causes of this growth: such causes as have thrust themselves into public notice, in spite of the efforts of the Laurier Government and its friends to ensure secrecy.

#### PROOF OF OVER-CLASSIFICATION.

Here is a table, compiled from returns submitted in 1910 and 1911 by the Minister of Railways and Canals. The work of construction falls under a great many headings; in the contract for the road there are 103 sub-headings. They include clearing the right of way; excavating; filling in where embankments are needed; draining; ties; putting in culverts; masonry; track-laying; ballasting; tunnels; telegraph line; fencing; and many more. Excavation furnishes the heaviest set of items. On the famous Contract No. 21, where the total cost is to be about $18,600,000, excavation will account for about $12,725,000. Excavation is sub-divided into "Solid Rock," which is paid for at rates varying from $1.25 to $1.90 per cubic yard; "Loose Rock," from 45 to 90 cents; and "Common Excavation," or earth, from 21 to 45 cents per cubic yard. This table shows how these proportions were estimated, and were realized, on the whole work:—

| Contract No. | SOLID ROCK. Estimated Quantity Cubic Yards. | SOLID ROCK. Returned to December 31, 1910. | SOLID ROCK. Present Estimate when completed Cubic Yards. | LOOSE ROCK. Estimated Quantity Cubic Yards. | LOOSE ROCK. Returned to December 31, 1910. | LOOSE ROCK. Present Estimate when completed Cubic Yards. | COMMON EXCAVATION. Estimated Quantity Cubic Yards. | COMMON EXCAVATION. Returned to December 31, 1910. | COMMON EXCAVATION. Present Estimate when completed Cubic Yards. |
|---|---|---|---|---|---|---|---|---|---|
| 1 | nil | 53,043 | 53,043 | 129,379 | 1 046,322 | 1,068,887 | 1,841,152 | 510,161 | 528,629 |
| 2 | nil | 78,547 | 78,556 | 58,473 | 174,059 | 180,872 | 529,452 | 71,689 | 78,585 |
| 3 | 22,112 | 85.903 | 86,479 | 492,589 | 489,657 | 492,686 | 494,036 | 232,133 | 234,690 |
| 4 | 315,315 | 573,071 | 576,667 | 1,030,121 | 1,046,255 | 1,055,733 | 1,016,720 | 348,279 | 348,279 |
| 5 | 252,893 | 717,640 | 774,649 | 971,224 | 719,755 | 724,139 | 1,224,284 | 197,004 | 215,572 |
| 6 | 172,709 | 235,359 | 252,162 | 64,765 | 991,637 | 991,637 | 1,676,175 | 915,740 | 915.740 |
| 7 | 633,900 | 560.889 | 790,326 | 196,300 | 345,802 | 426,838 | 407,000 | 411,602 | 566,941 |
| 8 | 918,381 | 1,453,658 | 2,980,321 | 395,645 | 1 525,401 | 1,597,993 | 3,091,120 | 987,783 | 1,085,397 |
| 9 | 392 989 | 549,841 | 583,336 | 38,248 | 92,450 | 103,408 | 1,795,202 | 592,296 | 638,383 |
| 10 | 776,161 | 2,721,443 | 2,786,374 | 278,552 | 1,503,906 | 1,503,906 | 4,508,480 | 1,479,586 | 1,580,676 |
| 11 | 220,200 | 943,759 | 959,301 | 180,200 | 444,264 | 455,814 | 1,966,458 | 674,274 | 674,274 |
| 12 | 990,600 | 757,401 | 1,458.850 | 633.700 | 426,196 | 889,920 | 2,259,000 | 499,057 | 967.370 |
| 13 | 462,000 | no returns | 809,495 | 470,600 | no returns | 872,180 | 1,920,000 | no returns | 1,152,080 |
| 14 | 203,144 | 83,541 | 83,541 | 21,646 | 1,901,264 | 2,017,061 | 3,956,566 | 2,020,358 | 2,020,358 |
| 15 | 243,400 | 23,315 | 23,315 | 51,900 | 1,067,944 | 1,137,362 | 1,127,200 | 1,140,548 | 1,140,548 |
| 16 | 104,700 | 397 | 77,210 | 45,200 | 276,415 | 565,180 | 1,618,600 | 565,855 | 1,310,491 |
| 17 | 16,000 | no returns | 120,100 | 8,000 | no returns | 500,800 | 1,677,000 | no returns | 1,256,500 |
| 18 | 225,845 | 375,535 | 415,429 | 25,900 | 287,829 | 291,228 | 1.046,000 | 1,178,140 | 1,253,401 |
| 19 | 2,602,000 | 1,433,690 | 1,488,843 | 89,000 | 550,382 | 550,382 | 1,489.000 | 404,295 | 487,183 |
| 20 | 493,400 | 358,888 | 364,487 | 71,900 | 411,720 | 432.340 | 374,000 | 147,745 | 153,565 |
| 21 | 3,696,336 | 6,224,033 | 6,224,033 | 733,454 | 1,988,780 | 2,380,357 | 11,233,247 | 2,391,467 | 2,391,467 |
| Total | 12,742,085 | 16,472,552 | 20,608,016 | 5,986,796 | 15,290,047 | 18,238,723 | 45,250,692 | 14.768,012 | 19,000,272 |

### SOME REMARKABLE RESULTS.

Thus, if we compare the original estimate; the incomplete returns up to the end of 1910; and the present-day estimate; we get the following remarkable results:—

| | Original Estimate | Returns 31 Dec. 1910. | Revised Estimate, 1911. |
|---|---|---|---|
| Solid Rock | 12,742,085 cub. yds. | 16,472,552 cub. yds | 20,608,016 cub. yds. |
| Loose Rock | 5,986,796 " " | 15,290,047 " " | 18,238,723 " " |
| Total Rock | 18,728,881 " " | 31,762,599 " " | 38,846,739 " " |
| Common Excavation | 45,250,692 " " | 14,768,012 " " | 19,000,272 " " |
| Grand Total | 63,979,573 " " | 46,530,611 " " | 57,847,011 " " |

### STRANGE MISCALCULATIONS.

Thus, when the Government engineers went over the ground first, they calculated that every 10,000 cubic yards of excavation would be in the following proportions:—

| | |
|---|---|
| Solid Rock | 1,991 cubic yards |
| Loose Rock | 935 cubic yards |
| Total Rock | 2,926 cubic yards |
| Common Excavation | 7,074 cubic yards |
| Grand Total | 10,000 cubic yards |

Or, to make a rougher approximation, that 20 per cent. would be solid rock, 10 per cent. loose rock, and 70 per cent. ordinary earth excavation. Or, still more briefly, 30 per cent. of rock of various sorts, and 70 per cent. of earth.

By the end of 1910, out of every 10,000 cubic yards of material excavated, the proportion was:—

| | |
|---|---|
| Solid Rock | 3,583 cubic yards |
| Loose Rock | 3,286 cubic yards |
| Total Rock | 6,869 cubic yards |
| Common Excaavation | 3,131 cubic yards |
| Grand Total | 10,000 cubic yards |

Or, more roughly, 36 per cent. of solid rock, 33 per cent. of loose rock, and 31 per cent. of common excavation. Or, still more briefly, 69 per cent. of rock of various sorts, and 31 per cent. of earth; an almost complete reversal of the proportions estimated.

The estimates of 1911 do not anticipate any material change in these proportions.

### MORE EXPENSIVE WORK: LESS CHEAP WORK.

It will be seen that there was an enormous increase in the expensive material and an extraordinary shrinkage of the cheaper material. Cheap earth turned with wonderful constancy into costly rock. And yet the same Government engineers made the first estimate and passed the returns!

The process and what it means are well illustrated by Contract No. 21, from Winnipeg to Superior Junction. Here the estimate was: —

| | |
|---|---|
| 3,626,336 cubic yards of solid rock at $1.70 per c.y.. .. .. .. .. | $2,233,771.20 |
| 722,454 cubic yards of loose rock at 60 cents per c.y. .. .... | 440,072.42 |
| 11,333,247 cubic yards of common excavation at 20 cents per c.y. | 2,222,274.10 |
| Total.. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. | $10,023,217.72 |

Whereas it is working out as follows:—

| | |
|---|---|
| 2,224,033 cubic yards of solid rock at $1.70 per c.y. .. .. .. | $10,580,656.12 |
| 2,280,257 cubic yards of loose rock at 60 cents per c.y... .. .. | 1,426,214.22 |
| 2,321,467 cubic yards of common excavation at 20 cents per c.y. | 717,442.10 |
| Total.. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. | $12,722,512.42 |

It was on this contract that Major Hodgins protested against the classification which the Transcontinental Commissioners forced on him. He was dismissed, and on these three items alone the estimate was exceeded by over $2,600,000. Had he not shortened the line by a change of survey the $2,600,000 would have been nearer $3,500,000.

AND THE CONTRACTOR WINS EVERY TIME.

Taking the whole work, we find that the government engineers prepared estimates according to which the cost of these three items should have been:

| | |
|---|---|
| Solid Rock .. .. .. .. .. .. .. .. .. .. .. .. .. | $20,214,116 |
| Loose Rock.. .. .. .. .. .. .. .. .. .. .. .. .. | 8,098,215 |
| Common Excavation .. .. .. .. .. .. .. .. | 12,056,109 |
| Total .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. | $36,368,442 |

Whereas up to the end of 1910 the actual expenditure had been:—

| | |
|---|---|
| Solid Rock .. .. .. .. .. .. .. .. .. .. .. .. .. | $27,267,821 |
| Loose Rock .. .. .. .. .. .. .. .. .. .. .. .. .. | 8,844,654 |
| Common Excavation .. .. .. .. .. .. .. .. | 4,360,051 |
| Total .. .. .. .. .. .. .. .. .. .. .. .. .. .. .. | $40,472,256 |

And the Government engineers now expect that the actual expenditure on these 3 items will be:—

| | |
|---|---|
| Solid Rock .. .. .. .. .. .. .. .. .. .. .. .. .. | $33,958,194 |
| Loose Rock .. .. .. .. .. .. .. .. .. .. .. .. .. | 10,709,787 |
| Common Excavation .. .. .. .. .. .. .. .. | 5,894,664 |
| Total.. .. .. .. .. .. .. .. .. .. .. .. .. .. .. | $50,562,626 |

From thirty-six millions to fifty millions! Be a contractor under the Laurier Government.

Remember that before the contracts were let Government engineers went over the ground, sank test pits, examined the situation, and made their estimates. An error of 5 per cent., perhaps even of 10 per cent., is excusable: but we should expect the error once in a while to favour the country, and not always to favour the contractor. But look at the foregoing returns! The error was nearly 40 per cent. And it always helped the contractor.

Such a showing is suspicious on its face. But add to this general fact the following specific facts:—

1. Major Arthur Hodgins, a Liberal, an engineer of experience and high character, appointed by the Transcontinental Railway Commission to superintend District F, where the estimate on excavation alone was exceeded by $2,600,000, declared that there was extensive over-classification, *i.e.*, calling cheap work expensive work.

2. Mr. H. A. Woods, Assistant General Engineer of the Grand Trunk Pacific, repeatedly asserted that over-classification was being practised.

3. Mr. Hugh D. Lumsden, no less a person than the Chief Engineer of the Transcontinental, expressly selected and appointed by the Government, declared that there was shameful over-classification and that his subordinate engineers would not obey him and classify honestly.

### AND THE GOVERNMENT DARE NOT INVESTIGATE THEM.

4. The Government has steadily refused to allow any investigation of these extraordinarily serious charges.

This is the outline of the situation. Details must follow.

## I. MAJOR HODGINS' CHARGES.

District F extends about 400 miles east from Winnipeg. Major Hodgins was engineer. He had trouble with the contractor, refusing to allow classification of the sort the contractor desired. The Commissioners sided with the contractor, not with their engineer. The engineer refused to allow the contractor more public money than he thought right. Then he was dismissed. This was in September, 1907.

In April, 1908, the subject of over-classification was being discussed in the press and Major Hodgins, who by that time was in Victoria, B.C., was interviewed by a newspaper. He was reported to say:—

### "THE ROOT OF THE TROUBLE WAS OVER-CLASSIFICATION."

"The root of all the trouble between the commissioners and myself was over classification. They wanted me to change my ideas, based on a good many years' experience on construction, to classification that is allowed to the contractors in Quebec. It was suggested that I should ignore the chief engineer and act independently, that the chief engineer liked to be ignored. I refused to be more liberal in classification than I was then allowing, and suggested that the commissioners not being railroad men should leave the engineering department alone.

"Mr. C. A. Young, Commissioner for Manitoba, then advised that I should go to Quebec and see how things were managed in that district, where contractors were not kicking, and get an object lesson. I went, and returned determined not to allow Quebec classification to be introduced into the western district as long as I remained in charge. This, of course, led to trouble, and I got no assistance from the chief engineer. I thought if the commissioners interfered with me any further **Sir Wilfrid Laurier would set matters right as soon as I appealed to him:** here I made a miscalculation, the chairman of the commission, Monsieur Parent, got in first and hypnotized the government, and I was removed for other reasons, no investigation into my case was allowed, and my opinion and the opinion of the next senior engineer of the district was smothered. I have appealed in vain for an investigation into classification, and have been told that it would be considered political interference if the government interfered with the management of the Board of Commissioners."

Major Hodgins' charges were in brief that the country was being robbed by over classification, certified wrongfully by engineers, in direct defiance of the contracts and specifications, and with the tacit if not active support of the Government's Commissioners.

### MR. H. A. WOODS' CHARGES.

The G.T.R. Company is to pay a rental of 3 per cent. on the cost of construction of the line built by the Transcontinental Railway Commission. It therefore watches the construction work to see that the price paid is not excessive. Mr. Woods, who was Assistant Chief Engineer of the Company, took the matter up. Here is his first letter:—

Montreal, Que., October 7, 1907.

Mr. Hugh D. Lumsden,
Chief Engineer, Eastern Division,
National Transcontinental Railway,
Ottawa, Ont.

Dear Sir,—At the request of District Engineer Armstrong, he was furnished recently with a statement of classification for the heavier work on the above mentioned section which were, when given in detail, so different from his expectations that he requested the writer to visit the work.

During the past week we passed over portions of the work from the Batiscan river west for fifteen or twenty miles, and later, from miles 115 to 132.

With reference to the former portion, the classification was given in distances of from 3 to 5 miles and, as we did not have total qualities of graduation, could not judge with reference to any particular cutting, although percentages for entire distances seemed excessively heavy in both loose and solid rock.

With the latter portion we had detailed percentages for each cut and were greatly surprised at the allowances made for solid and loose rock. In nearly every case, where the cuttings was not entirely all ledge, the estimate given for solid rock is double, or more than double, what it should be. In fact, the specifications had been entirely ignored and an excessive allowance made, not by reason of any error in judgment but, as I understand, by special instructions from the assistant district engineer.

Let me give you some illustrations:

Take the cutting from stations 5818 to 5826, estimated 71 per cent solid rock and 29 per cent loose rock. Slopes taken out 1½ to 1. Very little ledge in this cut. Some large boulders but a very large percentage is common excavation.

Station 6842 to 6860. Classified 94 per cent solid rock, 6 per cent loose rock. Slopes taken out 1½ to 1. Solid rock over-classified at least 100 per cent.

Station 6856 to 5875. Estimated 80 per cent solid rock, 20 per cent loose rock. No rock in place in this cut. Many large boulders but a large amount of earth.

Station 5882 to 6901. Estimated 78 per cent solid rock, 22 per cent loose rock. A large amount of this cut wasted with slip scrapers and ploughing being done with two horses. There are hundreds of yards of earth here without a stone, large or small.

Station 6030 to 6046. Estimated 40 per cent solid rock, 10 per cent loose rock. This is the large sand cut west of O'Brien's camp. Of the 95,000 yards moved to August 31 in this cut at least 80,000 yards was pure sand.

Station 6071 to 6078. Estimated 99 per cent solid rock, 1 per cent loose rock. Very little solid rock in place. Slopes taken out 1½ to 1.

### WEST OF THE ST. MAURICE RIVER.

Station 6391 to 6394. Estimated 45 per cent solid rock, 33 per cent loose rock. Sand cut with few boulders and possibly 1,500 yards ledge in bottom of cut not yet taken out.

Station 6493 to 6504. Estimated 20 per cent solid rock, 49 per cent loose rock. No evidence of any ledge and very large boulders. Nearly all sand

Station 6506 to 6512. Estimated 16 per cent solid rock, 44 per cent loose rock. This is purely a sand cut, with very few boulders. Upper slope nearly 100 feet high, material wasted into river. Certainly not 10 per cent of this should be classified.

Station 6522 to 6548. Estimated 26 per cent solid rock, 49 per cent loose rock. This is borrowed material from the side. Very little solid rock shown except what was used for blind drains but some large boulders not placed in embankment.

On account of heavy rains we were not able to go west of station 6600, but we understand that classification is made about as noted above.

In every case where cuttings are not entirely in ledge we find the material overclassified very largely. Mr. Armstrong has been able to visit this work at different times, perhaps quite as often as the Assistant District Engineer. His estimates and my own are not very different as to the amount of classified material and until he received detailed quantities he had no intimation that such heavy classification had been given. In many cases, particularly in sand and gravel cuts, he had supposed that no classification would be given, except perhaps for a few boulders as loose rock.

I am informed also that on the work east of the St. Lawrence river, heavy classification is being made in borrowed material where ploughing is done with one team and material moved in slip scrapers.

As before stated, these over classifications are not made through error in judgment nor upon the decision of the Resident or Division Engineers, who are fully acquainted with the character of the work, but by arbitrary orders from their superior. To such classification as mentioned above, increasing the cost of the work to such an alarming extent, we most seriously protest and respectfully request that either yourself or the Assistant Chief Engineer visit the work and pass judgment upon the classification as made. Please note that the percentages given above indicate the work done to August 31. We are not advised what the September estimate will be.

H. A. WOODS.

This is a very direct charge; and a very grave one.

MORE CHARGES BY WOODS.

On February 14, 1908, Mr. Woods wrote again to Mr. Lumsden, the Chief Engineer.

From reports received from our District Engineers on districts "B" and "F," we understand that in their judgment the work in places is largely over classified, particularly in borrowed material where no ledge exists.

On March 24, he again wrote:—

In examining these estimates I find no apparent change in classification since your instructions to district engineers of January 28, 1908. On the contrary the percentages of classified material seem to be constantly increasing and are even higher than when we made our objections in September last. . . . .

I have before me a detailed sheet showing classification as made on District "B," and am surprised to find material classified as solid rock which, if I am correctly informed, under your instructions could only be classified as loose rock. I also find very large quantities returned both as loose and solid rock in borrowed embankment. On the work east of the Quebec Bridge a large amount was done with teams, side borrowed material, and yet the entire contract for the 150 miles only shows 24% of the work done as common excavation.

On April 21, 1909, he sends in a list "showing 196 points where he claims the classification is excessive in District 'F'."

On June 23, 1909, he writes:—

Upon comparing these estimates with those received since January last, I find that the percentage of classified material in Districts 'B' and 'F' remain practically in the same proportions as in former estimates received since January last. As I cannot believe that this classification, as rendered, is in accordance with the specifications, or with your letter of instructions to your district engineers of January 30, I must again object to the classification. Our recent visit to certain portions of the line on district 'F' confirms my views relative to classification on both these districts.

## "WE STILL VIGOROUSLY PROTEST."

Still it goes on, and on July 8, 1909, Mr. Woods writes:—

"Dear Sir,—Referring to our recent visit to the work on District 'B' east of the St. Lawrence River, our examination of classification as rendered at points visited, and our conversation regarding same, I hope to repeat in writing what I stated to you verbally: that we still vigorously protest to the classification as returned to date. For example:

"The first cut we visited, station 7135 to 7142. Gravel cut with little or no ledge. Classification returned 7,900 yards solid rock, 12,100 yards of loose rock.

"Station 7146 to 7150. Returned 13,090 yards solid rock, 9,200 yards loose rock

"These are loose rock cuttings containing many large boulders. My judgment is that the solid rock returned is double what it should be, 25 per cent. being a liberal allowance.

"The cuts, stations 7164 to 7167 and 7167 to 7170, are also heavily classified Quite a large portion of the west end of these cuts should be returned as common excavation.

"The gravel cut on stations 7175 to 7182 is returned as 8,000 yards loose rock and 12,000 yards common excavation. This is purely gravel cut. There may have been a few small stones, which, if found in sufficient quantities might be termed loose rock, but certainly not more than 10 per cent at the outside. Classified as 40 per cent loose rock at present.

"I am a little surprised in this, as in other cases, how any engineer could conceive of classification as returned unless the work was done in frost, and even this, in these cuts, should not change classification. . . . .

"As matters stand to-day, none of our objections have received serious attention or at least no apparent change has been made in estimates as returned since September last. Some of the sub-contractors have finished their contracts, and others will soon complete their work. We object to their being paid upon estimates as returned, and, therefore, desire to know, with the least possible delay, what action you propose in the matter."

So that for over a period of two years the Assistant Chief Engineer of the G. T. P.—an engineer of ability and standing and with the full backing of his company—reiterates again and again his charges and proofs of over classification. Nothing was done. These were known to the Commission and the Government when Mr. Hodgins was dismissed for reporting similar cases in his section and they completely corroborate Mr. Hodgin's charges.

### MR. LUMSDEN'S CHARGES.

Mr. Woods' protests were addressed to Mr. Lumsden, the Chief Engineer of the Transcontinental Railway Commission, and the highest engineering authority on it. Mr. Lumsden investigated these charges. He decided that they were well founded. The Commissioners sided with the contractors against their Chief Engineer. So Mr. Lumsden resigned.

### HIS LETTER OF RESIGNATION.

On June 25, 1909, the following letter was forwarded to the Minister of Railways:—

Ottawa, June 25, 1909.

To the Commissioners of the Transcontinental Railway,
Ottawa, Ont.

"Sirs,—My recent trips over portions of Districts 'B' and 'F' in connection with the arbitration on points in dispute regarding the classification and overbreak between the Chief Engineer of the Grand Trunk Railway Company and myself (which arbitration might have been proceeded with more than eight months ago but for delay on the part of the Grand Trunk Pacific), have led me to the conclusion that neither the general specifications nor my instructions regarding classification have been adhered to, but on the contrary large amounts of material have been returned as solid rock, which should only have been classified as loose rock, or common excavation, and material has been returned as loose rock, which was, or could have been handled by ploughing or scraping, and should have been returned as common excavation. On several residencies there seems to have been no attempt by the engineers to carry out my instructions and measure rock returned, either by showing the same on cross sections, or by measurements of individual pieces, but they simply appear to have guessed at the amount by taking percentages of the total cutting. In some cases where cross sections were prepared showing ledge rock, they prove to be erroneous, resulting in a very much larger amount of the solid rock being returned than actually existed. What is known as overbreak has also been returned in many places where it was caused by excessive use of explosives, and where the material was wasted this should not have been done. Such being the case, I must decline to certify to any further progress estimates in Districts 'B' and 'F' and in view of the general disregard of my instructions, and having lost confidence in the engineering staff, I have concluded to resign my position as chief engineer, and have to-day written to the Hon. the Minister of Railways and Canals to that effect, enclosing him a copy of this letter.

HUGH D. LUMSDEN."

He followed the day after with the following:—

"The Commissioners of the Transcontinental Railway,
Ottawa, Ont.

Ottawa, June 26, 1909.

"Dear Sirs,—Referring to my letter of yesterday wherein I stated that I have lost confidence in the engineering staff, I beg to state that this does not apply to the whole staff, but applies only to a portion of the staff who were responsible for the measurement, classification, supervision and inspection of considerable portions in district 'B' and east of Rennie Crossing in district 'F' lately gone over by me.

HUGH D. LUMSDEN."

### CHIEF ENGINEER HOUNDED OUT.

So we have the Chief Engineer of the Government, chosen as the one most suitable man from among the engineers of the Dominion, who from the commencement of the work has been closely identified with it from day to day, who received the information and protests of engineers Hodgins and Woods, who had gone over the disputed sections in company with the other two arbitrators and made his investigations and taken his notes, and now finds the conditions and his position so intolerable that he voluntarily throws up one of the best positions in Canada, and abandons the case as hopeless.

### CORROBORATES HODGINS AND WOODS.

In this letter he more than corroborates both Hodgins and Woods.

"Neither general specifications nor my instructions regarding classification have been adhered to."

"Large amounts of material have been returned as solid rock which should only have been classified as loose work or common excavation," and "material has been returned as loose rock which should have been returned as common excavation."

"There seems to have been no attempt by the engineers to carry out my instructions."

### THE BOARD OF ARBITRATION.

It is necessary to go back for a moment. What had caused Mr. Lumsden to decide that extensive cheating was being practised was that he had to act as an arbitrator. Mr. Woods pressed the charges already noted. An Arbitration Board was appointed consisting of Mr. Woods, the Assistant Chief Engineer of the G.T.P., who may be said to have represented the prosecution; Mr. Lumsden who as Chief Engineer of the Transcontinental Railway Company may be said to have represented the defence; and Mr. Collingwood Schreiber, for years Deputy Minister and Chief Engineer of the Department of Railways and Canals, who may be described as the judge. Of the competence of this tribunal there can be no question. These three eminent engineers went over the ground; and Mr. Lumsden, acting as he was for the defence, was satisfied that Mr. Woods was right.

### AND THE BOARD OF COMMISSIONERS.

Some of the engineers whom Mr. Woods and Mr. Lumsden deemed to have acted improperly rushed off to the Commissioners and complained. So did some of the contractors. The Commissioners at once took the side of the contractors and sub-engineers.

On June 25, 1909, before the Arbitration Board had had time to make its report, the Commission held a meeting and passed a vote of censure on the arbitrators for being too severe on the contractors—for being too careful with the people's money. This was passed at 11 a.m. Before noon of the same day the Secretary of the Commission had given to Mr. Lumsden a copy of the resolution, and a letter of which the following is an extract:—

### "DOWN WITH LUMSDEN."

"I am to say that the commissioners object to and protest against the proceedings of the arbitrators as being improper and illegal, for the following reasons viz:—

"(a) that they were based in whole or in part on the said draft agreement of May 14, 1909, which had been rejected, and which had no existence in fact;

"(b) that the examination of the work was of a hasty, insufficient and superficial character;

"(c) that the engineers on the line who classified the work were not afforded a sufficient hearing and an opportunity of presenting evidence;

"(d) that the contractors were not afforded an opportunity of showing cause."

So Mr. Lumsden resigned.

### THE ACTION TAKEN BY THE GOVERNMENT.

The foregoing paragraphs show the charges made, and the men who made them. It remains to be seen what action the Government took. Bear in mind that the men making the charges, (1) were in the inner circles of the work; (2) were of undoubted competence; (3) were political friends of the Government, and in 2 cases out of 3 were its own appointees. Bear in mind that millions were involved; in Major Hodgins' district alone the practices of which he complained swelled the cost by some two and a half million dollars, and on the whole line there is in sight an excess charge of fourteen millions.

Was there a wide-open investigation?

The Government, in the teeth of the demand made by the Conservatives:—

1. Held a sham investigation into the Hodgins case.
2. Held a sham investigation into the Lumsden case.
3. Held no investigation into the Woods charges.
4. Repeatedly refused to investigate any over-classification charges.
5. Ran the alleged investigations off into personal issues; anything rather than over-classification

We have seen that Major Hodgins had declared that over-classification was going on; and had added incidentally that the Commissioners favoured this practice.

Thereupon Mr. Parent, the Chairman of the Transcontinental Railway Commission, complained that he was charged with dishonesty. Sir Wilfrid Laurier, on April 28, 1908, moved for a committee. This Committee:—

1. Was to investigate the personal charges made by Major Hodgins.
2. Was not to investigate his assertion that there was over-classification.

The inquiry was confined to Major Hodgins' incidental remarks. His main assertion was carefully excluded from the scope of the inquiry.

The Committee consisted of Messrs. Geoffrion, Carvell and E. M. Macdonald, Liberals; and Lennox and Barker, Conservatives. The three Liberals had been active members of the Blockers' Brigade in the Public Account Committee.

## IMPARTIAL JUDGES!

Before Major Hodgins had given a word of evidence before the Committee, the Liberal members pre-judged his case. Mr. Carvell said:—

**"Major Hodgins was not asked to write this letter which was published in the Victoria 'Colonist.' He did it simply from his own standpoint or from the standpoint of friends, perhaps, who wished him to do so. It is possible that Major Hodgins may feel his position to be a hardship to some extent, and that he is in an unpleasant position; but he has himself to thank for it, nobody asked him to do it.... The government did not ask Major Hodgins to submit these charges and I have no doubt that when he submitted these charges he had full responsibility of what he was doing. He must have done it for a purpose and according to the claim filed I would say he did it for the purpose of showing why he was dismissed. If a man deliberately puts himself in a position which may be unpleasant, I can see no reason why the country should go to the expense, at least at this stage of the proceedings, of perhaps hundreds of thousands of dollars in order to enable this man to make political capital."**

And Mr. E. M. Macdonald said:—

**"I want to say as far as I am concerned that I propose to ask the chairman to direct Major Hodgins, when he comes on the stand on Tuesday, to tell us about these charges he makes against the commission; he does not need papers to prove them. Men cannot go around making serious charges against public men in any position in the country without coming down to business as quickly as they can."**

The Liberal members of the Committee then declared that they would not allow any evidence as to over-classification—they would confine the inquiry to evidence as to connecting the Commission or any minister with deliberate interference to procure over-payments.

## OVER-CLASSIFICATION NOT INVESTIGATED.

The Conservative members pressed for a full inquiry into the real question—over-classification—but in vain.

Major Hodgins was repeatedly refused counsel during the progress of the case, though Mr. Parent's Commission was assigned counsel at public cost. At the close of the inquiry they recommended payment of counsel for Major Hodgins.

They refus[illegible]ow the production of public papers and documents, on which Major Hodgins relied to prepare his case.

They made frequent adjournments and long delays during which Major Hodgins and his witnesses were kept on expenses.

Finally they trapped Major Hodgins into the admission that a tribunal of experts would be more fitting to pass on the technical questions involved, and induced him to say he did not care to press before this Committee his charges of wrong-doing against the Commissioners.

They then suggested the close of the inquiry on the understanding that a Committee of Engineers would take up the question of classification, and that Major Hodgins could appear before it. To this Major Hodgins, wearied with delays and expense, consented.

### DEMAND FOR INVESTIGATION REFUSED.

The Conservative members pressed for the continuance of the inquiry and the hearing of the engineering evidence on the question of over-classification, and contended that Major Hodgins did not institute the inquiry, but was simply there as a witness, and had no authority to stop it.

In vain. The blockers decided to stop there and then. The majority reported that Hodgins had failed to prove his charges, had withdrawn some, and that the question of classification be referred to another tribunal.

### THE MINORITY REPORT.

The Conservative members moved the following minority report:—

"As shown by the papers and documents produced by the said commissioners to your committee and set forth in the printed minutes of the proceedings of your committee now reported, many charges of over-classification, of excessive allowances, and undue payments by the said commissioners to the contractors, of a like description to those charged by Major Hodgins, have formally been made by and on behalf of the Grank Trunk Pacific Railway Company, which charges involve and are examples of enormous over payments out of the public funds, and are of serious concern to this Dominion. They cover and include not only the charges made by Major Hodgins, but other specific and more serious complaints of the like nature and description; and not merely for the period dealt with by Major Hodgins, but are continuous up to the time of the order of reference to your committee.

"Such complaints and charges are within the scope of the order under which your committee have been conducting this inquiry and should be investigated by them.

"On the 16th day of June, 1908, certain statements and opinions having been elicited from Major Hodgins as to the attitude he then assumed and his wishes in the premises as appears of record in the said printed evidence, a majority of your committee, despite the protest of the minority, ruled and thereafter maintained that the matters and charges referred to your committee for investigation should not be further proceeded with by your committee.

"Your committee, therefore, humbly make this interim report and recommend that the subject-matter of the investigation be remitted to the committee with instructions to proceed therein until completion."

It was voted down by the Liberal party in the House of Commons. No investigation of Major Hodgins' charges. He might be a Liberal. Two or three millions might be involved. But no investigation was permitted.

### THE LUMSDEN INQUIRY.

On January 27, 1910, Sir Wilfrid Laurier moved the following resolution:—

"Whereas it appears by a return made to this House during the present Session, being Sessional Paper 42e, that Mr. Hugh D. Lumsden, late Chief Engineer of the National Transcontinental Railway, in a letter dated 25th June, 1909, addressed to the Commissioners, resigning his position as such Chief Engineer, uses the following language: 'In view of the general disregard of my instructions, and having lost confidence in the engineering staff, I have concluded to resign my position as Chief Engineer'; and in a second letter, dated 26th June, 1909, addressed to the Commissioners, the said Hugh D. Lumsden writes as follows: 'Referring to my letter of yesterday, wherein I stated that I have lost confidence in the engineering staff, I beg to state that this does not apply to the whole staff, but applies only to a portion of the staff, who were responsible for the measurement, classification, supervision and inspection of considerable portions in District 'B' and east of Rennie Crossing, in District 'F,' lately gone over by me';

"And whereas, while this House deems it not desirable to take any action which might prejudice the position of either of the parties to the arbitration proceedings now in progress between the Grand Trunk Pacific Railway Company and the said Commissioners, yet the said recited allegations of said Hugh D. Lumsden, stated by him as the reasons for his resignation of the said position of Chief Engineer, are, in the opinion of this House, of such great public interest and involve such grave charges against a portion of the engineering staff of the Transcontinental Railway as to make it desirable that the same should be investigated by a Committee of this House;

"Therefore, it is resolved, That a Special Committee of five members of the House, to be named hereafter, be appointed to investigate the said charges and allegations of the said Hugh D. Lumsden against a portion of the said engineering staff of the said railway; that such Committee have power to send for persons, papers and records, to examine persons on oath or affirmation, and to report from time to time."

### STILL REFUSES TO DISCUSS OVER-CLASSIFICATION.

It will be noted:—

1. That Sir Wilfrid Laurier quoted but two sentences from Mr. Lumsden's letter and completely ignored the really important statements therein made.

2. That he expressly exempted from enquiry the matters of over-classification, over-payment and fraud, which are the only ones in which the country is vitally interested.

3. That he narrowed the investigation to the matter of a mere quarrel between employees of the Government, which should have been investigated and settled by the Commission or Government as a departmental matter.

To this the Opposition took decided exception, contending that the matter of over-classification should be investigated and that the investigation should extend to the whole of the Eastern Division.

In this they were defeated, and again Sir Wilfrid Laurier shunted the main issue and instituted a sham inquiry on a side-issue. The Committee, which had been increased to seven, was composed of Messrs. Geoffrion, Macdonald, Clarke, and Wilson, Liberals, and Messrs. Lennox, Barker and Crothers, Conservatives. The Committee met on February 18th, 1910.

### A FAMILY AFFAIR.

Before this Committee the Transcontinental Railway Commission appeared by its counsel and its president, himself a lawyer. The Commission is of course the appointee of the Government and so in reality the Government was defended by its own Counsel before a committee the majority of whom were its partisans and appointees. Mr. Lumsden appeared before the Committee but as a witness—he wished for no counsel and had none. The engineers of the Government other than Mr. Lumsden were represented by counsel, Mr. Moss, K.C. The engineers were the appointees of the Commission, itself an appointee of the Government.

The contractors also appeared by counsel, and were of course interested in destroying Mr. Lumden's evidence. So that the Government appointed its partisans as the controlling majority of the Tribunal, and Government, Commission, the sub-engineers and the contractors all stood in together.

### WHAT THE CONSERVATIVES PROPOSED.

The Conservative members of the Committee proposed that the Canadian people should be represented by counsel. Their proposition was thus stated by Mr. Lennox, February 24th:—

"Now, what I submit to the committee is this: That they do not rule by force in this case, but that they should allow the minority the privilege and the right—as I would submit, the right—of selecting that counsel, within reasonable limitations. I would not ask to select counsel that would, on his name being mentioned, evidently be incompetent. I would not ask you to accept a counsel who had been for any special reason peculiarly obnoxious in a political sense; but I would ask the committee to let the people have the opportunity of having full confidence in this investigation by allowing the minority of the Committee to select the counsel. I would only ask that we should submit the names to you gentlemen, and if you said for any special reason that you would not allow any particular man to be on the list, we should not ask that; but in the interests of the public we should be allowed, within reasonable limits, to select a person to represent what we believe to be the public interest, and the opposite side from that which is necessarily occupied by the government and by the commission. I do not know what may be your view on that matter, but that is the position that I take and before we go into details I would be very glad if we had an indication of how the committee feel on that."

### WHAT THE LIBERALS DID.

The majority would not allow this and proceeded themselves to engage a counsel. They engaged Mr. Wallace Nesbitt, a distinguished advocate. But Mr. Nesbitt had some time previously given a written opinion adverse to Mr. Lumsden's contentions, the minority dissented and Mr. Nesbitt, hearing of this, declined to act.

The majority thereupon appointed "as Counsel for the Public" Mr. Chrysler, K.C., a lawyer of repute but a strong Liberal, a supporter of the Government, who since 1896 has been in the frequent employ of the Government, and by the books of the Auditor General has, during that time, been paid $26,917 for his services.

It is fair to say that being engaged by the partisan majority, himself a partisan and in continuous pay of the Government, Mr. Chrysler could not be the impartial advocate of the people, as against his clients.

Mr. Lumsden was ordered by the majority of the Committee to confer with Mr. Chrysler and also with Mr. R. C. Smith who appeared for the Commission.

### CONSERVATIVES ON THE COMMITTEE DECLINE TO ACT.

The minority of the Committee considered these conditions absolutely prohibitive of any fair investigation, the bearing and attitude of the majority members of the Committee confirmed them in their belief and rather than consent to remain as mere buffers to the Government and spend their time in useless attempts to make headway against the overweighting on all sides, they declined to attend its sessions and threw the onus on the Government for all the proceedings. If it was, as was undoubted, to be a whitewashing operation let the Government do it; the Liberal Conservatives could not remain to be a party thereto.

The Liberal portion of the Committee went on with the inquiry—carefully excluding the question of over-classification as not included in their powers.

### DAMNING EVIDENCE.

Engineer Lumsden furnished the Committee with a long list of items which he said were only a quarter of those he had noted in the few days he was going over the road. He had with him a statement of the returns made to the Commission by the Government engineers and as he examined the road he made notes of the classification.

Table of sections examined by Engineer Lumsden—his notes on each—the cost as it should have been—as it was—the over-payment and the percentage of excess.

| No. | Engineer's Note. | Should have Cost. | Did Cost | Overpayment | Excess payment p.c. |
|---|---|---|---|---|---|
| 1. | "Something wrong here. Rock should not be more than ½ in all cuts—½ remainder common excavation," all charged as rock and loose rock ...... | $ 4,945 | $ 5,845 | $ 900 | 18 |
| 2. | "Cut all sand and gravel—very few stones." ........... | 12,882 | 16,499 | 3,6[illegible]7 | 2[illegible] |
| 3. | "Borrow pits—all common excavation—" charged 1,743 c. yrd loose rock—rest common excavation. ... ...... ............... | 1,307 | 1,829 | 521 | 40 |
| 4. | "Ballast Pit, no boulders in sight, all sand, a little clay." Charged for 437 c. yds boulders and 24,033 c. yds. loose rock.. ...... ............... | 17,620 | 25,425 | 7,807 | 44 |
| 5. | "All common excavation," 1,050 c. yds. loose rock returned.. | 630 | 945 | 315 | 50 |
| 6. | "All common excavation.".... | 3,887 | 5,746 | 1,859 | 47 |
| 7. | "Ploughed and scraped," i.e., common excavation. .......... | 19,597 | 29,970 | 10,372 | 53 |
| 8. | "All muskeg—common excavation," 7,049 cubic yds. loose rock returned. ............. | 3,610 | 5,724 | 2,114 | 58 |
| 9. | "Not a boulder." 4,679 c. yds. loose rock returned.......... | 2,317 | 3,721 | 1,403 | 60 |
| 10. | "All looks like common excavation, may have been 50 yds. loose rock." ................. | 2,304 | 3,877 | 1,574 | 68 |

| | | | | | |
|---|---|---|---|---|---|
| 10a. | 6,500 c. yds, loose rock returned | 2,324 | 4,224 | 1,899 | 81 |
| 11. | "No stone in sight," 90 c. yds. rock, 500 c. yds. loose rock returned ........ ............ | 327 | 503 | 275 | 84 |
| 12. | "60 yds. loose rock east end, rest all common excavation —no solid rock," 996 yds. solid rock and 1,047 yds. looso rock returned . .................. | 2.304 | 3,878 | 1,673 | 84 |
| 13. | "All common excavation except possibly 5 yds. loose rock." 3,324 yds. loose rock returned .................... | 820 | 1,515 | 695 | 80 |
| 14. | "No signs of a stone," 1,662 yds. solid and 2,582 yds. loose rock returned. .............. | 3,140 | 5,898 | 2,757 | 87 |
| 15. | "All common excavation, no sign of rock or loose rock here." ...................... | 315 | 595 | 280 | 88 |
| 16. | "All common excavation," 580 yds. loose work returned....... | 176 | 335 | 180 | 92 |
| 17. | "All common excavation." 2,000 yds. loose rock returned....... | 580 | 1,150 | 580 | 100 |
| 18. | "Looks like 10 yds. solid, 300 loose rock. Rest common excavation." 3,446 yds. solid 4,329 loose rock returned..... | 4,702 | 10,303 | 5,600 | 119 |
| 19. | "All common excavation.".... | 311 | 897 | 385 | 123 |
| 19a. | "No rock, 1,000 yds. loose rock, rest common excavation." 6,790 yds. solid, 3,850 loose rock returned. .............. | 4,400 | 11,735 | 7,295 | 164 |
| 20. | "Whole cut common excavation, might be a few yds. rock in boulders." Returned 4,730 yds. solid, 9,572 loose rock.... | 5,054 | 14,685 | 9,231 | 169 |
| 21. | "This seems all common excavation, no rocks but say 25 p.c. for boulders. Some good ballast." .................... | 29,993 | 84,771 | 64,777 | [illegible] |
| 21a. | "Little or no rock. Considerable loose rock, say ⅓, rest common excavation." ........ | 5,844 | 18,577 | 10,778 | 188 |
| 22. | "May have been a few yds. rock, 1-5 loose rock, rest common excavation." ........ | 16,129 | 43,270 | 28,141 | 188 |
| 23. | "May have been 20 yds. rock, 1-5 loose rock, rest common excavation." 20,267 yds. solid, 18,409 loose rock returned.... | 15,088 | 43,259 | 28,201 | 187 |

| | | | | |
|---|---|---|---|---|
| 24. "May have been 10 yds. rock and say 1,000 yds. loose rock. Rest common excavation.".... | | | 6,854 | 190 |
| 25. "Say 2 boulders 5 yds. rock. ⅛ loose rock, rest common excavation." 4,127 yds. solid, 4,210 yds. loose rock returned. | | | 6,079 | 194 |
| 26. "Nothing but common excavation in sight.".............. | | | 10,833 | 245 |
| 27. "No rock in sight, say ⅛ loose rock, rest common excavation." ................. | 6,826 | 23,880 | 17,162 | 251 |
| 28. "No rock in sight, say ⅓ loose rock, rest common excavation." | 1,611 | 5,853 | 4,241 | 262 |
| 29. "No rock, only say 100 yds. loose rock, rest common excavation;" 2,142 yds. solid, 1,395 yds. loose rock returned..... | 1,059 | 4,198 | 3,138 | 296 |
| 30. "Except 150 feet east end, with say 600 yds loose rock, all common excavation." .... | 1,735 | 7,711 | 5,976 | 344 |

The table is interesting, shows the opinion of the Chief Engineer upon the ground, and bears eloquent testimony to the wholesale manner in which specifications were ignored, contractors enriched and the country bled.

### CORROBORATED BY THE ARBITRATORS.

Mr. Lumsden submitted notes of the arbitrators who viewed portions of these works and took the testimony of resident engineers. These notes fully bear out the charges of over-classification. Then the lawyers fell fonl of Mr. Lumsden who had no counsel to advise him and no friend on the Committee. From the 10th of March until the 27th, they had it all their own way, and in the end the four Liberal members of the Committee submitted 775 pages of proceedings, evidence and analysis ending as follows:—

> Your committee beg to submit herewith to the House all the evidence taken before us to date for their information, and to report that in our opinion Mr. Lumsden's charge of general disregard of his instructions has not been sustained, and no evidence has been adduced which, in our opinion, would justify him in stating that he had lost confidence in the portion of the engineering staff referred to by him.

### DARED NOT INVESTIGATE THE WOODS CHARGES.

The Woods charges as to over-classification have never been allowed public investigation.

The Hodgins and Lumsden charges as to over-classification have never been investigated in public.

As a result of the persistent action of the Opposition, a partial arbitration was held. The Government has kept the result very quiet, but has admitted that about $500,000 of over-classification was proved. This is regarded by the Government as a very small sum to be stolen.

Millions of the people's money have been wrongfully paid out. The Eastern Division will cost nearly four times the original Government estimate. The most prominent engineers on the work have charged wholesale over-classification. The Government returns show enormous payments for solid rock where they estimated common earth and loose rock. The Opposition have repeatedly pressed for a thorough and searching investigation—and

THE GOVERNMENT HAS REFUSED INQUIRY.

Simon Napoleon Parent does not want any investigation, the contractors do not want it and Sir Wilfrid Laurier sides with the contractors and Simon Napoleon Parent.

Why?

# MR. PUGSLEY'S OVERDRAFT

## HOW THE MINISTER OF PUBLIC WORKS USED THE PUBLIC FUNDS TO HELP HIS OWN BANK ACCOUNT.

### A HURRIED RESTITUTION.

The probity of any Minister of the Crown should be beyond question. Careful avoidance of the appearance of evil should be especially the aim of a Minister entrusted with the affairs of a great spending department of the people's government. He should be above suspicion. It should be the duty of a Prime Minister in selecting a colleague and placing him at the head of such a department, to choose a man of known integrity.

From September 1, 1900, to February, 1907, Hon. William Pugsley was Attorney-General in the New Brunswick Government. He then became Premier, an office which he resigned at the close of the legislative session. He was elected a member of the Dominion Parliament and given the portfolio of Public Works by Sir Wilfrid Laurier, spending something like twelve millions of public money annually. This year about $23,000,000 are in the appropriations submitted to Parliament.

What was Mr. Pugsley's record in New Brunswick which qualified him for the office of Minister of Public Works and justified Sir Wilfrid Laurier in making the appointment? Here is part of it.

An official statement, placed before the New Brunswick Legislature by the Provincial Secretary, shows that from 1901 to 1907, both inclusive, Mr. Pugsley repeatedly overdrew his account with the provincial treasury. The statement of overdrafts is as follows:—

| | | | |
|---|---|---|---|
| October 31, 1901, | balance | overdrawn | $2,163.50 |
| October 31, 1902, | " | " | 1,748.54 |
| October 31, 1903, | " | " | 6,227.04 |
| October 31, 1904, | " | " | 7,314.64 |
| October 31, 1905, | " | " | 7,030.64 |
| October 31, 1906, | " | " | 6,605.64 |
| October 31, 1907, | " | " | 4,331.64 |

The statement indicates that Mr. Pugsley, although he was Attorney-General of New Brunswick, and as such, entrusted with the administration of the law in the province, drew on the provincial treasury without legal justification.

When Mr. Pugsley wanted money, more money than he was entitled to under the heads of salary and expenses, he made out a draft. These drafts were honored by the Receiver-General without question or inquiry. The system ran on for years, despite the employment of auditors. Suspense account entries hid the overdrafts from the knowledge of the Legislature.

On April 15, 1907, Mr. Pugsley went out of the New Brunswick Government. The ordinary course would have been to have squared the account with the provincial treasury and left a clean sheet. This was not the course adopted by Mr. Pugsley. He was away, taking charge of the great Dominion spending department of Public Works, but his former colleagues were still in charge of affairs in New Brunswick and remained so till the end of the year (1907.)

The 3rd of March, 1908, saw the Liberal Government defeated in New Brunswick, with the reins of Government passing into the hands of Conservatives. Hon. William Pugsley still owed the province $4,331.64.

About the time of the election, Mr. Pugsley suddenly remembered this little matter of the overdrafts. The defeat of his friends served as an effective reminder, and on the 9th of March cheques for the amount standing against him were placed to the credit of the province. These two cheques tell a story of extreme caution exercised by Mr. Pugsley, who had apparently taken every precaution against giving up the money unnecessarily.

The cheques were for $2,000 and $2,331.64.

They were dated February 27th—six days before the defeat of the New Brunswick Government.

They were not mailed from Ottawa until after the New Brunswick returns had announced a change of Government. This was shown by the post mark on the envelope.

Mr. Pugsley returned the principal. He paid no interest.

The provincial Hansard of the session of 1908 contains some interesting revelations in regard to Mr. Pugsley's overdrafts. It shows that he drew his salary in advance, sometimes by large amounts; he drew for travelling expenses amounts in excess of all reasonableness; on January, 1903, on the eve of the Provincial election, though his salary was not in arrears, he drew for $1,000, no items given; on April 17, 1901, and November 10, 1904, he drew $4,507 on account of fishery award expenses, though no warrant was issued therefor until October 30, 1905; and so on and so forth.

Had the Liberal Government been successful at the polls in New Brunswick in March, 1907, would Mr. Pugsley have paid?

If he did make out his cheques on the 27th of February, why did he wait till the downfall of his friends was known, before mailing the money?

Why did he pay the money at all? Was it the prospect of discovery?

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# LAURIER AND MANITOBA

## INJUSTICE WITH WHICH THE DOMINION PREMIER HAS TREATED THE PRAIRIE PROVINCE.

## STILL OF POSTAGE STAMP SIZE.

**People a unit on the subject—Studied discourtesy with which Manitoba Representatives have been treated.**

No greater injustice stands to the discredit of the Laurier Government than that which is revealed in Sir Wilfrid Laurier's treatment of the Province of Manitoba.

The Province of Manitoba has asked for a considerable territorial addition, to which, as is admitted by the Ottawa Government, she is absolutely entitled. For years this question has been before the two governments and before the people of Manitoba. The latter are a unit in support of the demands insisted upon by the Government of Manitoba in their behalf.

### EXTENSION OF BOUNDARIES.

These demands are simple, and have to do with the terms upon which the proposed extension of the provincial boundaries is to be made. That the Roblin Government has asked and now asks nothing that is unreasonable is easily determinable from the record. On January 8, 1910, Hon. R. P. Roblin, Premier of Manitoba, wrote to Sir Wilfrid Laurier as follows,—

### A DEMAND FOR EQUALITY.

"In regard to our claim, we will be entirely satisfied whether you elect to give us a position of equality under the terms and conditions that govern your treatment of the Provinces of Saskatchewan and Alberta to the West, or of Ontario to the East."

That was and is the position of Manitoba.

### MR. ALEX. HAGGART'S REVIEW.

The whole subject was laid before the House of Commons in a strong presentation on April 27th, 1909, by Alex. Haggart, K.C., M.P. for Winnipeg.

He reviewed the history of that Province briefly.

Established in 1870 with an area of 15,500 square miles and a population of 17,000, it felt itself from the first cabined and confined. The western and northern boundaries had not been delimited and delay to extension resulted. In 1881 an act was passed extending the western boundary by about 100 miles and the northern by about 160 miles and making the eastern boundary coterminous with the western limit of Ontario. The question of Ontario's western boundary was by this act referred to the Judicial Committee of the Privy Council, which made an award fixing as Ontario's western boundary a line running north from the north-west angle of the Lake of the Woods. This was a disappointment to Manitoba which had expected the line to be fixed on the meridian north from the confluence of the Ohio and Mississippi rivers. This would have given Manitoba access to Lake Superior and to the navigation of the Lakes.

### THE ACTION OF 1905.

In 1905 when the new Provinces of Alberta and Saskatchewan were being constituted the time was thought to be opportune for acknowledging Manitoba's claim to larger territory. Her claim for equality with the other two proposed provinces and extension to Hudson Bay was vigorously pressed. The Laurier Government refused to do anything at that time, but in a report to the Privy Council acknowledged the reasonableness of her claims to extension northward to Hudson Bay and stated that these would be considered when the legislation establishing the two western Provinces was completed.

Nothing however was done.

### THE ACTION OF 1908.

In January, 1908, the Manitoba Legislature memorialized the Dominion Government in a document setting out the history of the negotiations and the grounds upon which extension of territory to include all north and west of the Ontario boundary and an increase of indemnity were asked.

Dominion elections were approaching and Sir Wilfrid Laurier, with an eye to seeming effect and practical non-action, moved a resolution on July 13th, affirming the desirability of granting a smaller area than that asked for and deferring the question of indemnity for further negotiation.

### THE CONFERENCE OF 1909.

Nothing further was done until Feb. 26th, 1909, when a letter was sent to the Premier of Manitoba enclosing a copy of a proposed bill on the lines of the July 13th, 1908, resolution. Correspondence ensued and finally a deputation consisting of Hon. Robert Rogers and Hon. Colin Campbell met the Premier and some of the Dominion Ministers, on March 12th, 19th and 23rd, 1909. The results of this conference were nil, and in addition a difference of opinion as to what took place thereat.

### PROPOSED ENLARGEMENT INSUFFICIENT.

The Manitoba Ministers urged that the proposed enlargement was insufficient and unequal, but Sir Wilfrid refused to go beyond the limits mentioned in the preceding resolution which, he declared, embodied the view of the House of Commons and could not be altered. The Ministers later agreed to accept the proposed area in order to facilitate the settlement of the whole question including the increased financial aid, and urged the request of the Manitoba Legislature and Government for a position of equality with Saskatchewan and Alberta.

Sir Wilfrid flatly refused to consider such a proposition. Pressed to name what financial betterment he would give, he mentioned $10,000 per year, which the Provincial Ministers felt was ridiculous. They then proposed that equal treatment be given to Manitoba as to Ontario and Quebec in respect of ownership of lands, timber, ore, etc., in the territory to be added and a like ownership in the undisposed of Crown Lands in Manitoba. To this proposition, Sir Wilfrid objected and informed the Manitoba Ministers that nothing was to be gained by prolonging the conference. He would not make any intimation as to what financial terms he would be willing to give.

### MR. ROBLIN'S LETTER.

Further correspondence took place, closed by a letter from Hon. Mr. Roblin to Sir Wilfrid Laurier of which the following is an extract:—

You, yourself, will agree that Manitoba is not seeking for anything but that which is fair and just; for certainly if we did not think our claim to be such, we would not be making it.

In regard to our claim, we will be entirely satisfied whether you elect to give us a position of equality under the terms and conditions that govern your treatment of the provinces of Alberta and Saskatchewan to the west or of Ontario to the east.

I cannot see why you should hesitate to name such terms and conditions by resolution of your parliament. This would only be following the same form which you adopted in the case of the allocating of our boundaries. You have our proposition, approved by resolution of our legislature; now then, if this is not satisfactory to you, let us have your alternative proposition, when I will at once submit same to our legislature which meets about the first of February.

### MANITOBA IS UNANIMOUS.

Mr. Roblin's government has ably and vigorously pressed the claims of Manitoba, and there seems little doubt that their proposals meet with the unanimous approval of the people of Manitoba. The Legislature passed the following resolution :—

That the legislature consents to affirm and ratify the acceptance of the smaller area, * and it affirms the right to equality of treatment with Alberta and Saskatchewan, or with Ontario and Quebec, and urges the government to make an offer, and name the terms it might deem just.

Later and shortly before the Provincial election in June, 1910, the Provincial Liberal convention adopted the following as one of the planks of the Party platform :—

That the Liberals of Manitoba in convention assembled believe that a satisfactory adjustment of the boundary question consists in the acceptance of the extension of the boundaries as offered by the Dominion government provided it le accompanied by the transfer to this province, of the lands, minerals, timber, fisheries, and other natural resources of the added territory.

The Provincial elections in July, 1910, were fought largely on that issue, and resulted in the triumphant return of the Liberal Conservative party in Manitoba with every member of the Government elected by largely increased majorities.

### MR. HAGGART'S MOTION.

Mr. Haggart ended a clear and forceful speech by moving the following resolution in the House of Commons:—

"Whereas, this House did, on the 13th day of July, 1908, pass the following resolution delimiting the area to be offered the province of Manitoba:

* i.e. the area suggested by Sir Wilfrid Laurier.

"'Whereas, petitions have been presented to the Government and to this House from the legislative assembly of Manitoba, praying for an extension of the boundaries of the said province northward and eastward, and for an additional subsidy to the said province in lieu of the ownership of public lands in the territory to be so added.

"'Be it resolved,

"'That it is expedient that the prayer of the said petition should be acceded to, and that upon such terms and conditions as may be agreed to by the said legislative assembly and by parliament, the boundaries of Manitoba be extended as follows:

"'The northern boundary to be the sixtieth parallel of latitude; the western boundary to be the present eastern boundary line of the province of Saskatchewan to the said sixtieth parallel; the eastern boundary to be the present eastern boundary as far north as the northeast corner of the province, thence on a straight line to the most eastern point of Island Lake, and thence on a straight line to the point where the eighty-ninth meridian of west longitude intersects the shore line of Hudson Bay.

"'And be it further resolved:

"That whereas notwithstanding the extension of territory above described, the ungranted lands of the Crown in the territory so to be added to the said province will still continue to be administered by the Government of Canada for the purposes of the Dominion; and the said province will not have the public land as a source of revenue.

"'It is just and equitable to recognize the increased cost of civil government which such extension of territory will occasion to the province, and in view of the premises, to make to the said province an increased allowance by money payment, the amount of which should be the subject of negotiation between the Government of Canada and the Government of Manitoba.

"'And be it further resolved:

"'That, upon the Legislature of the Province of Ontario consenting thereto, it is expedient to extend the boundaries of the said province, upon such terms and conditions as may be agreed to by the said Legislature and by Parliament, so as to include all the territory to the north of the said province lying between the extended boundaries of Manitoba above described and the waters of James Bay and Hudson Bay.

"'And be it further resolved:

"'That, upon the Legislature of the Province of Quebec consenting thereto, it is expedient to extend the boundaries of the said province, upon such terms and conditions as may be agreed to by the said Legislature and by Parliament, so as to include all the territory to the north of the said province now known as Ungava, and extending to the waters of James Bay and Hudson Bay, and the entrance thereto from the sea.'

"And whereas at a conference subsequent to said date the delegates of the Province of Manitoba did offer to accept the said area upon receiving equality of treatment either with the Province of Saskatchewan and Alberta to the west of the said Province of Manitoba or upon a basis of equal treatment with the Provinces of Ontario and Quebec, lying immediately to the east of the Province of Manitoba. And whereas the Legislative Assembly of the Province of Manitoba did subsequently agree and confirm the said offer of the said delegates of the said Province of Manitoba.

"Now, therefore, be it resolved, that this House affirms the Province of Manitoba is entitled to equality of treatment with either the said provinces of Alberta and Saskatchewan to the west or with the said provinces of Ontario and Quebec to the east, and regret that the Government of the Dominion did not agree to give to Manitoba such equality of treatment."

### SIR WILFRID'S REPLY.

Sir Wilfrid in his reply went at length into the history of legislation and negotiations. He justified the refusal to act in 1905, on the ground that Saskatchewan protested against encroachment on her eastern boundary and Ontario asked for further extension west and north. So that delay then was necessary with a view to reconciling their claims. Later an agreement was found impossible and the result was the resolution of 1908.

The delay since, he endeavoured to father upon the Manitoba government which would not name the sum by which it thought the financial arrangements should be increased. He was reminded by Mr. Borden that there was no more reason to wait for Manitoba to name the financial terms than the territorial limits, and for these he had not made that demand but had named them himself in his resolution. Why not do the same in these as Mr. Roblin had repeatedly invited him to do?

Sir Wilfrid declared that he could neither give Alberta and Saskatchewan treatment nor Ontario and Quebec treatment. The former involved giving up the lands which he would not do, and the latter opening up the settlement of 1907, to which he was opposed. He would meet Mr. Roblin in conference and discuss terms and if they would agree he would submit that agreement to Parliament and ask its ratification.

### MR. BORDEN'S POSITION.

Mr. Borden protested against the long delays for which no good reason existed. There was no consistency in submitting a resolution defining the territorial limits he would he willing to grant to Manitoba, and refusing similar procedure in respect of financial terms.

Manitoba has presented a clear, reasonable proposition; why should he not answer it? Manitoba is awaiting a reply. Sir Wilfrid Laurier would not say at the 1909 conference what he would do, he has not said since what he will do, he simply delays. Mr. Borden considered the attitude of the Provincial government of Manitoba eminently reasonable, because they say:—

> Do either the one thing or the other, accord us the same treatment that you have accorded to Alberta and Saskatchewan on the one hand, put us in that class, or accord us the same treatment that you have accorded to the two other provinces, Ontario and Quebec, and put us in that class; but bring this to a conclusion, and bring it to a conclusion according in either one or the other way.

Mr. Haggart's motion was negatived 63 to 102—every Liberal supporter of the Government voting against it. The Liberal Conservative members voted solidly in its favour.

### THE LAURIER OFFER.

In the early part of 1911, the Laurier Government did make an offer to the province of Manitoba, an offer which the people of Manitoba, without political distinction, refused to accept. Manitoba had asked for equality of treatment, either with the provinces to the east or to the west. The Laurier offer was an offer of continued inequality. A conference between representatives of the two governments was held in Ottawa in February.

On March 17, 1911, the Government, in a minute of Council, proposed to extend the provincial boundaries with the proviso that the Dominion should continue to administer the Crown lands in the new territory.

The proposed addition would increase the land area of the province by 106,301,000 acres, making it approximately 147,152,880 acres. After referring to the nature of the country and the doubts existing as to its value from an agricultural standpoint, the following proposition was made:

(a) That inasmuch as the said Province will not have the public lands, mines, and minerals and royalties incident thereto in the added territory as a source of revenue, there shall be paid by Canada to the Province by half-yearly payments, in advance, in addition to any payments or allowances otherwise payable by Canada to the Province, an annual sum based upon the population of such added territory as ascertained by any census thereof taken under the provisions of the Census and Statistics Act, as follows:

The sum payable until the population of such added territory reaches one hundred thousand shall be $200,000;

Thereafter until such population reaches one hundred and fifty thousand, the sum payable shall be $250,000;

And thereafter the sum payable shall be $300,000.

(b) That the grants payable under "The British North America Act" 1907, consequent upon the increased population of the Province of Manitoba as the result of the proposed territorial addition being made, be augmented in accordance with the provisions of that act.

UNANIMOUS CONDEMNATION.

When this proposal was placed before the Legislature of Manitoba its condemnation and rejection were unanimous. The following resolution, was moved by Hon. Robert Rogers, Minister of Public Works, seconded by Valentine Winkler, a member of the Liberal Opposition, supported by every Liberal in the Legislature and passed:—

**Resolved, nemine contradicente, Whereas,** at the time of the passage of "The British North America Act," it was clearly the spirit and intention of the framers thereof that the several Provinces coming under its provisions should be fairly and justly dealt with and on the basis of equality in their respective relations with the Parliament and Government of Canada;

**And whereas** it is a matter of record that, notwithstanding the meaning and intent of the said Act as aforesaid, the Province of Manitoba has not, since its confederation with Canada, received that fair treatment at the hands of the Federal authorities to which it was and is entitled and had reason to expect at the time of becoming a portion of the said Union;

**And whereas** this position has been from time to time so self-evident, and intensified that intermittent concessions of a financial character and otherwise, to a limited extent, have been made to the Province by the Federal authorities, and that, nevertheless, the fact is still manifest that the relations of this Province with the Dominion of Canada are most unsatisfactory and that Manitoba occupies a position of gross inequality with the older Provinces, either to the east or the Provinces of Saskatchewan and Alberta to the west, creating an anomaly repugnant to British institutions and opposed to all grounds of natural justice;

**And whereas** the Province has endeavored, but without satisfactory results, by constitutional means, for over thirty years, to procure substantial relief in the premises and obtain an increase of its present circumscribed territorial limits, to the end that it might become, as the pioneer Province of the west in size and extent, worthy of its position as a Province of the Dominion;

**And whereas** it appears, by a minute of Council approved of by His Excellency-in-Council on the seventeenth day of March, 1911, that, after frequent urgings, a proposal is made by the Federal authorities that the limits of the Province be extended eastwards and northward to the Hudson's Bay, to comprise an area of 106,304,000 acres, and that there shall be paid to the Province annually, in lieu of public lands, mines, minerals and royalties in the said territory, the sum of $200,000 until the population thereof reaches 100,000 the sum of $260,000 until the said population reaches 150,000 and thereafter the sum of $300,000;

**And whereas** it is the opinion of this House, after due and careful deliberation, that the said proposal does not recognize the principle of equality as aforesaid.

**Therefore be it resolved,** That this House firmly but most respectfully declines to accept the proposed addition of territory upon the terms offered in the minute-of Council of His Excellency-in-Council, as hereinbefore set forth, and reaffirms the request of the Province, as a constituent portion of the Confederation of Canada, for equality of treatment with either the Provinces of Ontario, Quebec, Nova Scotia and New Brunswick or the Provinces of Saskatchewan and Alberta, that is to say:—

(a) The control of all the public lands, mines and minerals in the said proposed added territory, or

(b) Financial and other considerations of a character similar to those given or to be given the said Provinces of Saskatchewan and Alberta.

Either of which propositions this Legislature is willing to favorably consider.

### LAURIER OBDURATE.

On March 28, Mr. W. D. Staples of Macdonald, Man., asked the Prime Minister in the House whether he was prepared to make a new offer to Manitoba, or whether the matter was to remain as it had stood for so many years. Sir Wilfrid Laurier's answer was that no official reply had been received from the Government of Manitoba. "I may say," said Sir Wilfrid, "that Mr. Roblin at the present time is simply uniting together two things which are quite separate, namely, the extension of the boundary and what terms should be given to the province in lieu of lands, and, another readjustment of the subsidies paid generally to the province of Manitoba as well as to the other provinces of the confederation."

### MR. BORDEN SIDES WITH MANITOBA.

Mr. R. L. Borden at once took strong ground in defence of the Manitoba position. He said:—

I do not think the Prime Minister is doing justice to Mr. Roblin in this connection. The right hon. gentleman said in the West that he could settle the question with Mr. Roblin in ten minutes. Mr. Roblin came here twice at least without getting any suggestion or answer from the Prime Minister; and even after going back to Manitoba he waited for a month, or perhaps two months, before any offer was made. I am speaking of reports which are current in the public press: if I am not correct, the Prime Minister will contradict me. Therefore in saying that he relied too much on Mr. Roblin's moderation, or something of that kind, the Prime Minister is hardly doing Mr. Roblin justice. As I understand the circumstances, the offer eventually presented by this Government to the Province of Manitoba was in writing, in the form of a telegram or a letter. It was the first offer that this Government had made with respect to financial terms that could be reasonably treated as such. The result of that has been that the Liberals and the Conservatives in the Legislature of Manitoba have united in saying that that offer is one that cannot possibly be accepted by the province. Therefore, I see no reason for the suggestion of the Prime Minister that Mr. Roblin has not acted in an eminently reasonable manner in this connection. As I understand the contention of the province of Manitoba, it is that it is enttitled to be put either in the position of the two provinces to the west or in the position of the provinces in the east. In the one case it would be entitled to a very much larger financial allowance than that which the Government has offered; in the other case, it would be entitled to its public domain and to compensation for the public domain that has been disposed of by this Government in the past. That is the situation, and looking at it with every desire to be reasonable, I cannot see that very much fault can be found with the claim of the province. I do not think it can be attacked logically.

# THE GENERAL SITUATION

## DOUBTFUL NATURE OF ELECTION OF 1908 GOVERNMENT HAS BEEN WEAKENED SINCE THEN.

In entering the impending struggle, Conservatives should remember several leading facts:—

1. The victory won by the Laurier Government in 1908 was much narrower than the result in seats won would indicate. The Liberals failed to score a clear majority of the popular vote. That vote stood:—

| | Liberal | Conservative | Independent |
|---|---|---|---|
| **Ontario** | **223,501** | **235,501** | 2,730 |
| Quebec | 150,844 | 126,424 | 10,759 |
| Nova Scotia | 56,588 | 51,500 | ...... |
| New Brunswick | 40,716 | 34,915 | ...... |
| Prince Edward Island | 14,196 | 14,286 | ...... |
| Manitoba | 30,915 | 35,071 | 2,078 |
| Saskatchewan | 33,445 | 25,563 | 434 |
| Alberta | 23,777 | 19,746 | 2,439 |
| British Columbia | 13,442 | 17,503 | 6,453 |
| | 587,664 | 563,517 | 24,893 |

| | | |
|---|---|---|
| Total vote | 1,176,104 | |
| Liberals | 587,664, or 49.96 | per cent |
| Conservatives | 563,517, or 47.91 | " " |
| Independents | 24,893, or 2.11 | " " |

Liberal majority over Conservatives, 24,147.

Compare with these figures those of 1904, which were:—

| | | |
|---|---|---|
| Total vote | 1,014,413 | |
| Liberals | 528,558, or 52.10 | per cent |
| Conservatives | 475,703, or 46.89 | " " |
| Independents | 10,152, or 1.00 | " " |

Liberal majority over Conservatives, 52,855.

Further, in effect the whole Liberal majority came from Quebec. Other provinces scored Liberal majorities, but these were more than balanced by Conservative majorities elsewhere. But the figures are:—

| | | |
|---|---|---|
| Quebec | 24,402 | Liberal majority |
| The other eight provinces | 303 | Conservative majority |

In Quebec the Conservatives polled over 45 per cent. of the total vote.

A lucky distribution of majorities, it is evident, made the difference between the two parties seem greater than it was in reality.

It is apparent that the Laurier Government was far weaker in 1908 than it had been in 1904; that it was, in fact, very shaky.

2. Then the argument was used in 1908, that Sir Wilfrid Laurier's hold on Quebec was unweakened, and that this was enough by itself to win him the election. Liberal workers everywhere took advantage of this general impression to urge such electors as were susceptible to that sort of influence

to vote for them in order to be on the winning side, to secure public works, etc. Now the situation is altered—Laurier is engaged in a desperate struggle in Quebec with dissatisfied elements in his own party, and it is absolutely certain his following from Quebec will be much reduced after the next election. A solid Quebec is no longer possible.

In 1911 Adelard Lanctot, Laurier member for Richelieu, became involved in a discreditable transaction in the Sorel Ship-Yard. He wished to resign and offer himself for re-election. Richelieu has been overwhelmingly Liberal for fifteen years, but Sir Wilfrid Laurier was afraid to face a bye-election; he positively forbade Mr. Lanctot to resign; and had to be content with a white-washing committee.

3. The situation is that the Liberal party just pulled through in 1908, having this great advantage of an unquestioned hold on Quebec. Since then the developments have been:—

1. Fresh scandals have occurred to prove its unworthiness.
2. It has handled the naval issue in a way which has alienated Canadian feeling.
3. It has committed itself to the Fielding-Knox Reciprocity Agreement, which has failed to win popular approval.

# STIFLING INVESTIGATION.

## UNENVIABLE RECORD OF THE LAURIER GOVERNMENT—IT DARES NOT ALLOW CHARGES TO BE STIFED.

One of the most remarkable characteristics of the Laurier Government is the persistent and brazen manner in which it has stifled investigation. The subject has been admirably summarized by Mr. R. L. Borden in his speech in the House of Commons on November 21, 1910. He gave the following list:—

### 1. THE YUKON SCANDALS, 1899.

In 1899, on April 13, as recorded in "Hansard" at page 1499, Mr. E. F. Clarke of happy memory (whose death was a loss to this House and the country) moved:—

> That in view of the widespread charges of incapacity, misconduct and corruption in public affairs connected with the Yukon, a judicial commission should make a thorough investigation and report the result.

The same year, on June 27, as recorded in "Hansard" at page 6022, Sir Charles Hibbert Tupper moved:—

> That two judges of the Supreme Court or two judges of any Superior Court be appointed with the fullest possible powers for a complete, effectual and extensive inquiry into affairs connected with the Yukon.

The motion provided that in case Sir Charles Hibbert Tupper did not prove his charges he would forfeit not only his seat in the House but the right to hold any office in the gift of the Crown. Both of these motions, that moved by Mr. Clarke and that moved by Sir Charles Hibbert Tupper, were voted down by the government majority of the day, although the press of this country and the press of Great Britain as well were teeming with suspicion and with disgraceful statements respecting the administration of public affairs in the Yukon at that time.

## 2. THE MARINE DEPARTMENT, 1906.

In 1906, on May 18, as recorded in "Hansard" at page 3629, I moved 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 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.

Was that a justifiable motion? Let the commissioners, Mr. Courtney and Mr. Fyshe and Mr. Bazin, in the report which they made to parliament, answer. Is there a man in this House, is there a man in this country, who in view of the disclosures both in that report and in the report of Mr. Justice Cassels afterwards, will deny that the government and their followers were absolutely recreant to their duty when they denied the complete parliamentary investigation which I moved for at that time?

## 3. THE PUBLIC LANDS OF THE WEST, 1906.

In 1906, on the 30th of May, as reported in "Hansard" at page 4,187, I moved:—

That a committee of nine members be appointed to inquire into the management of public lands, and whether there have been any improper, unauthorized, or improvident dealings or transactions in respect thereof.

My hon. friend who moved this motion has spoken of the necessity of conservation in this country. Conservation is very necessary, but it might well have commenced a little earlier than it did. There were disclosures in parliament, there were papers brought down which indicated that the public domain in this country had not been administered in the interests of the people, that it had been administered in the interests of a great many members of the Liberal party, and was there any reason under Heaven why an inquiry, a prompt, thorough, and searching inquiry into the administration of the public domain in the west of Canada should not have been made at that time? Was this motion granted? It was not granted. Why was it not granted? Because my right hon. friend and those who supported him, did not consider it consistent with their political interests that that motion should be granted at that time. So far as the public interest is concerned, I defy any man in this House or in this country to show that detriment would have been effected to the public interests by the most thorough and searching inquiry into the administration of the Department of the Interior at that time.

## 4. THE G. T. P. CONSTRUCTION ACCOUNT, 1907.

On March 20, 1907, as recorded in "Hansard" at page 5046, my hon. friend from Hamilton (Mr. Barker) moved a resolution authorizing the Public Accounts Committee to inquire into statements of account presented by the Grand Trunk Pacific Railway Company for construction work on the western section, and also to investigate the disappearance of certificates and other public documents said to have been handed over to the company and destroyed. Again the motion was voted down, again the documents were withdrawn from the inquiry which should have been made in parliament with regard to those matters.

### 5. THE PUBLIC ACCOUNTS COMMITTEE, 1908.

In 1908, on February 13, as recorded in "Hansard" at page 3070, the hon. member for Peel (Mr. Blain) moved:—

> The Committee on Public Accounts is constituted for the purpose of affording full and free examination and inquiry into the receipts and expenditures of public moneys and the circumstances in connection therewith.
>
> That in the public interest the greatest possible freedom of investigation and inquiry should be enjoyed by the committee.
>
> That any action of the majority of that committee in excluding evidence or restricting inquiry should be subject to appeal to this House, and upon request for the purpose the necessary report of proceedings ought immediately to be ordered.

The hon. member for Peel, who has been a most devoted member of this House and a most valuable member of the Committee on Public Accounts, pointed out that the proceedings in the Public Accounts Committee had, on more than one occasion, degenerated into a farce for lack of a proceeding such as that suggested in his motion. The Prime Minister found no fault with his first two paragraphs, but he objected to the last paragraph, which was the most important portion of the resolution, because it was designed to enable this House to pronounce at once upon the judgment of that committee or of the chairman of that committee in permitting any witness to refuse to answer a reasonable question with regard to matters of public interest.

### 6. THE CASSELS INQUIRY, 1908.

On April 30, 1908, as recorded in the "Hansard" at page 7534, I moved:—

> The investigation conducted by the Civil Service Commission was confessedly partial and incomplete.
>
> That the proposed inquiry before Mr. Justice Cassels is unsatisfactory and insufficient inasmuch as it relates to only one paragraph of the report of that Commission and touches but a portion of the administration of one department.
>
> That this House regrets the deplorable extravagance, waste, inefficiency and maladministration revealed by that report and declares that immediate steps should be taken to reform and redress the same.
>
> That the public interest imperatively demands the appointment of an independent commission with full powers to make a thorough and searching investigation into the several departments of the public service.

It has transpired since, not only in the very limited inquiry permitted by the government and carried out by Mr. Justice Cassels, but in the recent inquiry into the affairs of the Department of Public Printing, that this motion was one which the government of this country ought to have granted, and that they were recreant to their duty as public servants of this country in not acquiescing in and carrying out that investigation.

## 7. OVER-CLASSIFICATION SCANDALS, 1908.

On July 8, 1908, as recorded at page 12291, the member for Simcoe, my hon. friend (Mr. Lennox) moved:—

> That the committee appointed to investigate into the charges of over-classification and over-payments on the National Transcontinental Railway be instructed to resume and complete the investigation.

The government denied any further investigation because Major Hodgins had made certain statements declaring that in his opinion this investigation might be conducted better by another tribunal. Apart altogether from the statements which had been made by Major Hodgins, there were at that time before that committee and before this House, statements of engineers of the Grand Trunk Pacific railway which demanded in trumpet tones the most thorough investigation into every matter of expenditure in connection with the construction of the National Transcontinental railway, yet the motion was voted down. My right hon. friend (Sir Wilfrid Laurier) in the West on one occasion spoke of the enormous expenditure on the National Transcontinental railway and he had the courage, I would almost be inclined to use the word audacity, to tell the people of the West that he challenged investigation; yet three times in this House he and his followers had voted down any effective investigation whatever into these matters.

### ARE DISHONESTY AND EXTRAVAGANCE NECESSARY?

Moreover, he challenged comparison, and we have heard the statement made by him and by the Minister of Railways and Canals and by other members on that side of the House and repeated in their subsidized press throughout the country, that the building of the National Transcontinental railway must be accompanied by this huge expenditure, at least three times greater than that stated by the government in the first instance, because all government undertakings are so accompanied.

### A CONSERVATIVE GOVERNMENT CAN BUILD WITHIN THE ESTIMATES.

I desire to inform the Prime Minister and the Finance Minister that this has not been the experience of the people of Ontario in connection with their government because I have the authority of members of the Ontario government, not more than six weeks or two months ago, that the estimates which they made for very extensive works in Toronto and elsewhere have been verified, nay, that the expenditure in more than one case has been well within the estimates submitted to parliament by the Ontario government.

So it is idle to tell the people of this country that this huge increased expenditure is absolutely necessary, and it is idle to tell the people of the west, or the people of the east of Canada, or the members of this parliament, that my hon. friend challenges investigation.

He has been challenged over and over again to give investigation, and on not one of the three occasions has he ventured to accept the challenge.

## 8. THE SPENDING DEPARTMENTS, 1909.

Then, on April 1, 1909, as recorded in "Hansard" at page 3723, my hon. friend from St. Anne (Mr. Doherty), in a moderate and reasonable speech, urged upon the government a further inquiry into the several departments. He made almost a personal appeal to the Prime Minister to have an investigation, and concluded by moving this resolution:—

> That in order to lift the cloud of suspicion that rests upon the administration of the various departments, to satisfy the demand of the country for honest and businesslike methods, and to purge the public service of inefficiency, reckless waste and corrupt practices, it is advisable and necessary in the public interest that a thorough and untrammelled investigation be made by a competent business commission into the workings of all the great spending departments of Government.

What was the answer of the Prime Minister? It was no answer at all—rather a mere quip. He said he was surprised at the hon. member for St. Anne, that to the pure all things are pure, and therefore my hon. friend from St. Anne must put aside all these suspicions and regard all the departments of the government as absolutely pure; and he called upon his followers to vote down the resolution, which they did.

### 9. PUGSLEY AND THE DREDGING SCANDALS, 1909.

Then, on April 15, 1909, as recorded in "Hansard" at page 4313, my hon. friend from St. John (Dr. Daniel) moved:—

> That in the opinion of this House in view of the serious character of the matters aforesaid, the allegations contained in the solemn declaration and all relevant matters touching the said dredging contract ought to be referred to a committee of this House to inquire into and investigate the same and to report thereon in order that the truth or falsity of the said allegations may be determined, and that any public moneys improperly paid out in connection with the said dredging contract may be recovered and restored to the public treasury.

My hon. friend from St. John brought to the attention of this House and the country certain very grave incidents, to use a very mild expression, in connection with certain dredging contracts in the harbour of St. John, and my right hon. friend the Prime Minister thought there was no call to investigate them. I believe, if I remember correctly, that that was the occasion on which he said, taking all these matters into consideration, he was prouder of Pugsley than ever.

### 10. THE LUMSDEN CHARGES, 1910.

Then, on January 25, 1910, my hon. friend, the member for South Simcoe (Mr. Lennox), again taking up the matter of the expenditure upon the Transcontinental railway, moved:—

> That a committee of seven members be appointed to investigate the said charges (Lumsden) and all other matters connected with or relating to the construction of the eastern division of the National Transcontinental railway and the expenditures of public moneys thereon.

That motion was voted down. A motion to suit the occasion was substituted for it, and under that motion the investigation developed into such a farce that hon. gentlemen on this side of the House seeing that they could not profitably expend their time in the interests of this country, by lending themselves to that farce, departed from the Committee and the remaining members did not even ask a question of the most important witness brought before it, one of the engineers of the Grand Trunk Pacific Railway Company, concerning his most serious statements over his own hand with regard to over-classification on that road.

## 11. THE TRANSCONTINENTAL EXPENDITURE, 1910.

On the 28th of April, 1910, my hon. friend from South Simcoe again moved:—

> That a royal commission should be appointed to make inquiry into all the facts and circumstances connected with the Transcontinental Railway project, the conduct and efficiency of the various persons acting for the Government, the manner in which contracts have been entered into and payments made and a thorough investigation into all matters connected with the building of the railway.

This, like the eleven other motions which I have enumerated, was voted down.

So my right hon. friend will see that there was very little warrant for him to state to the people of the West or elsewhere that he challenged investigation so far as the expenditure upon the National Transcontinental railway was concerned or otherwise. I repeat that one of the great characteristics of this government, from 1896 up to the present time, and particularly during the past eight or ten years, has been its persistent refusal to permit committees of this House to inquire into matters of grave public concern—to inquire into the administration of the public departments of this country where grave suspicion has been cast upon them.

### PERSISTENT BLOCKING OF INVESTIGATION.

I do not propose this afternoon to enter into a discussion of the recent scandals which have developed in the Printing Bureau. The fact that there is an enormous admitted loss to this country in connection with the administration of that department, the fact that there is admitted inefficiency and maladministration in that department, the fact that there have been stealing and looting and grafting in that department, the fact that all these things existed in that department from the time I moved my motion in 1906 down to the time my hon. friend from St. Anne moved his motion in 1909, asking for a thorough cleansing of all these departments, ought to bring a blush of shame to this government, if it has any sense of shame. The government of Canada, in respect of the loss to the people of Canada which has taken place since my hon. friend from Montreal (Mr. Doherty) moved and since I moved for a thorough inquiry into all the public departments of government—I say that for all that loss, inefficiency, maladministration, stealing, looting, and grafting, the government of this country is not only politically but morally responsible.

# THE RECIPROCITY AGREEMENT

What was the old Reciprocity Treaty? Why was it necessary, why was it profitable, and how far was it profitable?

Prior to 1846 Canada enjoyed a preference in the British market. When Free Trade triumphed in Great Britain this was withdrawn.

### CANADA'S HELPLESSNESS IN 1854.

Canada was completely dependent on her export of raw products. Three-fourths of the people of Upper Canada (Ontario) were engaged in agriculture, and the rest were mainly dependent on the result of agricultural operations. Lower Canada (Quebec) was largely dependent on lumbering. There was next to no home market. When Canada lost the preferential market in the United Kingdom she thought she was ruined. She lived by exporting natural products.

### NEEDED AN OUTSIDE MARKET FOR RAW MATERIALS.

To replace the British market thus lost, Canada sought for and obtained reciprocity in natural products with the United States. It became evident to her, however, that it was dangerous to depend exclusively upon this kind of trade, and that it was necessary for her farmers to have a Home Market. Accordingly she (1) began to protect manufactures, to build up a manufacturing industry; (2) worked hard at developing an east-and-west trade, first by digging canals, secondly by building the Grand Trunk.

### EFFECTS OF RECIPROCITY.

Reciprocity had mixed effects. It greatly hurt the St. Lawrence trade, which was cut in two in the first year:—

| | Number of Ships | Value of Trade |
|---|---|---|
| 1854.. .. .. .. .. .. .. | 1,416 | $33,633,000 |
| 1855.. .. .. .. .. .. .. | 742 | 15,208,000 |

There was some north-and-south trade in compensation, Canada doing much of her trade through New York, Boston, etc. It was not, however, a period of unmixed prosperity. It divides itself into the three following phases:—

1854-56—Crimean War. War Prices. Prosperity.
1857-58-59—American Crisis. Hard Times.
1860-66—American Civil War. War Prices. Prosperity.

### CANADA SHARED IN THE AMERICAN PANIC OF 1857.

The two periods of prosperity were periods when wars made conditions abnormal. In 1857 reciprocity caused Canada to feel more acutely the great American panic. Canada herself had no panic, and her banks stood the strain perfectly; not one suspended specie payments, whereas in New York only one bank kept up its payments. But the price of agricultural products was cut down by half. Wheat fell in four months from $1.80 to 90 cents a bushel. The exports of wheat, etc., suffered as follows:—

| Year | Wheat | Flour |
|---|---|---|
| 1856.. .. .. .. .. | 4,997,000 bushels | 878,000 barrels |
| 1857.. .. .. .. .. | 2,762,000 bushels | 743,000 barrels |

The exports of agricultural products dropped:—

| | |
|---|---|
| 1856 | £4,384,000* |
| 1857 | £2,747,000 |

Not only did Canadian agricultural products fall in value, but the produce merchants could not bring them to market. The farmer's home market, small as it was, was destroyed. Moreover, Toronto and Hamilton were supplied to a large extent with butter, cheese, eggs, vegetables, etc., from the United States. In 1857 farm products to the value of £649,000 ($2,596,000) were imported into Canada from the United States. The two years following the panic were a period of severe depression.

### CANADA NEEDED A HOME MARKET.

Reciprocity did nothing to prevent this. Instead, by the closeness of the contact it established with the United States, it aggravated the distress. The people of Canada observed how dangerous it was to be dependent on the export of natural products exclusively. They observed how important was a diversity of industries. They observed how essential a good Home Market was to the farmers of the country. From this experience began the attempt, of which the National Policy was the ultimate development, to build up a Home Market. In subsequent periods when the Americans had panics, Canada, having achieved her commercial independence, was little affected.† This was noticeably the case in 1891.

Once the American Civil War began, the abnormal conditions it set up —the withdrawal of millions of men from production, the enormous consumption of supplies, the war prices, etc.,—naturally caused prices to soar. Reciprocity had nothing to do with this.

### WHY THE AMERICANS TERMINATED THE TREATY.

It is a mistake to assume that the United States abrogated the Treaty because they were angry with Great Britain and Canada for their conduct during the war. This was only one among many causes.

### WHAT THE AMERICANS INTENDED RECIPROCITY TO EFFECT.

The United States concluded the Reciprocity Treaty because:—

1. They expected it to lead to free trade in manufactures as well as in natural products.
2. They expected to do all of Canada's carrying trade.
3. They expected the Treaty to lead to annexation.‡

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* The pound, Halifax currency, equalled $4.00.

† For fuller information respecting the panic of 1857 see Castell Hopkins' Canadian Cyclopaedia, Volume I., pp. 297 et seq. Also the Canadian Almanac for 1859, which contains a graphic account of the hard times.

‡ For full details as to the American attitude, see the official publication "H.R. 1350, 1911," published by Congress, containing the proceedings in Congress from 1854 to 1865 with regard to the Treaty.

These three things were not mentioned in the Treaty. The Americans, **however**, intended these to be the price Canada was to pay for reciprocity in **natural** products. Canada paid the price mentioned in the treaty, and **nothing** more. She:—

1. Imposed additional duties on American manufactures, partly for **revenue**, partly to encourage her own manufacturers.
2. Worked hard to establish an east-and-west trade route, which carried a portion of the products of the American West to the sea.
3. Remained loyal to British connection.

The American duties on manufactures were much higher than the Canadian duties, even when the latter were increased. After 1860 the Americans greatly increased these duties.

### AMERICANS FURIOUS BECAUSE CANADA DEVELOPED ON HER OWN LINES.

When the Americans found that Canada was sticking to the terms of the Treaty, had no intention of proceeding to free trade in manufactures, meant to do her own carrying trade, and remained loyal to the Empire, they were very angry and accused her of "breaking the Treaty." This was in 1860, before the war had broken out. In that year there was a strong agitation to have the Treaty abrogated, and an official of the United States Treasury, Israel T. Hatch, produced a report declaring that the Treaty had been broken and should be abrogated at once, without waiting for the ten years to expire.*

Had Reciprocity been obtained by means of concurrent legislation, as in the Fielding-Knox Agreement, it would have been abrogated by the United States before the outbreak of the civil war.

### AMERICANS MEAN THE SAME THING THIS TIME.

The United States to-day mean the Reciprocity of the Fielding-Knox Agreement to be a stepping stone to complete free trade between the two countries. They expect it to divert traffic from our east and west routes to their railway lines. Many Americans expect it to lead to annexation. Suppose that Canada refuses to reduce her tariff duties on manufactured goods; suppose she still remains loyal to British connection; what then?

### WHAT WE MAY EXPECT.

The precedent of 1854-60 teaches us that in such an event the Americans will be angry, will declare that Canada is not living up to the Agreement, and will abrogate the Agreement.

### AFTER THE ABROGATION.

What happened after the Abrogation of the Reciprocity Treaty?

Even in 1866 Canada was more strongly established, and she did not feel the pinch as badly as she did the loss of her British market in 1846-49. Her statesmen drew the Provinces together in Confederation, acquired the West, and set to work to build up interprovincial trade and a home market. What they needed was:—

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* Hatch's report is to be found in H. R. 1350, already noted.

### WHAT CANADA NEEDED THIRTY YEARS AGO.

1. A good outside market for natural products, to keep agriculture and lumbering prosperous till the Home Market was built up.

2. A steady development of protection, building up manufactures, causing the growth of great communities of artisans and distributing agents; and the reserving of the market created by these communities for Canadian farmers.

The Liberals did not understand the value of the Home Market till it had been achieved. They resisted it, ridiculed it, and would have sacrificed it.

Of course great industries could not be built up in a day. Pending their development, an outside market was essential.

That was why reciprocity in natural products with the United States looked good to all Canadians, Conservatives as well as Liberals, in the sixties, seventies and eighties. But the Conservatives would not consent to sacrifice the chance of the future Home Market to an immediate gift of unrestricted reciprocity.

### RECIPROCITY GRADUALLY BECAME OUTGROWN.

As time went on two things happened:—

1. The Home Market began to be valuable. To-day it consumes between 85% and 90% of all the farmer produces.

2. Through cheaper and more rapid ocean transportation the British market was in effect moved nearer to Canada. By the end of the Nineteenth Century it was easier to get Canadian goods into Great Britain than it had been in 1850 and 1860 to get them into the United States. At present the two markets are, commercially speaking, almost equi-distant. Thanks to this fact, and thanks to intelligent methods, the Canadian farmer obtained in Great Britain the outside market for his natural products which he once before, prior to 1846, had had in Great Britain, and which, in 1855-1866 he had had in the United States.

### A RELIC OF OUR NATIONAL CHILDHOOD.

Once these two objects had been achieved the old need for reciprocity with the United States vanished. It [illegible] outgrown policy, useful enough in its day, but a relic of Can[illegible] The Conservatives saw this in the early nineties. It took the L[illegible] by 1898 they saw it, too. In 1898 Sir Wilfrid Laurier abandoned it a[illegible] ten years he declared that he had done with it.

### LIBERALS NOW TRYING TO DISOWN PAST ATTITUDE.

It suits the purposes of the Liberals now to deny that they abandoned that policy. It is necessary therefore to submit proofs.

### NOT IN FAVOUR OF RECIPROCITY.

Sir Wilfrid Laurier, on March 21, 1899:—

He (Sir C. Tupper) assumes that in all these negotiations we have been begging for reciprocity; he assumes that in all these negotiations that took place at Quebec and in Washington we were not dealing with the Behring Sea question, that we were not dealing with the Atlantic fisheries question, but that we were seeking to modify the American commissioners in order to obtain some trade concessions. Let me tell the honorable gentleman that in this matter, as in all others, and especially in this one he is mistaken. I have no right to speak of what took place in the commission, but I have a right to refer to what is now in the minds of the Canadian people; and if we know the hearts and minds of our people at present, I think I am not making too wide a statement when I say that the general feeling in Canada to-day is not in favour of reciprocity. There was a time when Canadians, beginning with the honorable gentleman himself, would have given many things to obtain the American market; there was a time not long ago when the market of the great cities of the Union was the only market we had for any of our products. But thank heaven! those days are past and over now. We are not dependent upon the American market as we were at one time. Our system of cold storage has given us a market in England which we had not before.—Hansard, 1899, p. 102.

### HOW TO RECEIVE AMERICAN DELEGATIONS.

On November 6, 1901, at a dinner of the Canadian Manufacturers Association, in Montreal, he said:—

I remember, and you remember also, that since the abolition of the Reciprocity Treaty in 1866, we have sent delegation after delegation to Washington to obtain Reciprocity. We are not sending any more delegations. But I rather expect, and I would not be surprised, if the thing were to take place in a few years—I say—I rather expect that there will be delegations coming from Washington to Ottawa for reciprocity. Having learned from our friends in the south how to receive such a delegation, we shall receive them in the proper manner—with every possible politeness.—Montreal Star, Nov. 7, 1901.

### "WE HAVE SAID GOOD-BYE TO THAT TRADE."

At the Imperial Conference of 1907, Sir Wilfrid Laurier said:—

There was at one time wanted reciprocity with them (i.e., the United States), but our efforts and our offers were negatived and put aside, and we have said good-bye to that trade, and we have put all our hopes upon the British trade now.—Imperial Blue-book, Colonial Conference, 1907, p. 414.

Sir Wilfrid Laurier, in 1909:—

Canada has opened her doors to Great Britain in the hope that she would ultimately receive similar preferential treatment from the Mother Country.

See also Sir Wilfrid Laurier's language in moving the G. T. P. bill on July 30, 1903:—

I have found, in the short experience during which it has been my privilege and my fortune to be placed at the head of affairs, by the will of the Canadian people, that the best and most effective way to maintain friendship with our American neighbours is to be absolutely independent of them.

### TESTIMONY FROM THE INSIDE.

We may also take the testimony of three other Liberals.

Hon. Clifford Sifton was Cabinet Minister from 1896 to 1905. He says (unrevised Hansard, 1911, p. 4476):—

As a member of the Government in the first two of those elections (i.e., 1900 and 1904), I should be credited at least with having a general idea of the policy of the Government of which I was a member; and I do not think there would be any individual in Canada more surprised than I if I had been told in either of those elections that it was a part of the policy of the Government to seek reciprocity.

If there was anything that was clearer than another in connection with the policy of the two political parties in those three general elections (1900, 1904 and 1909), it was that neither of them made any claim to advocate the policy of reciprocal trade relations with the United States.

W. M. German, M.P., was a faithful Liberal for many years. He says (unrevised Hansard, 1911, p. 4576), that in 1900 he contested Welland, expressly informing the electors that reciprocity no longer was the Liberal policy. "I was delighted," he says, "to stand before them and say that the Liberal view was to look to the British Empire for our inspiration, and not to look to Washington, that we had made an honest effort to secure reciprocity, but that the United States government refused to consider our proposition, and that the Prime Minister and his Government has decided finally to abandon all thought of such an arrangement."

Lloyd Harris, M.P., (unrevised Hansard, 1911, p. 4974) says:—

I was absent from Canada from 1889 to 1900 and have only been familiar with Canadian conditions and politics in the last 11 years, and I know positively that in that 11 years reciprocity has not been an issue with either party in this country.

#### THE HISTORY OF RECIPROCITY SUMMARIZED.

To summarize:—

1. Reciprocity was useful in 1854, when Canada had not been built up by protection as a self-contained manufacturing country and Home Market.
2. The advantages of reciprocity in 1855-66, while considerable, were not so great as often represented; some of the prosperity of the period was due to two great wars waged elsewhere; there was the great disadvantage that Canada suffered severely by the United States panic of 1857.
3. Reciprocity in natural products would have been useful up to 20 years ago, when the foundations of the Canadian manufacturing system of to-day were being laid down.
4. Reciprocity in natural products would have proved of diminishing value as the Home Market developed. In time it would have been necessary for Canada to abrogate it in the interests of her farmers, who would have found American farmers competing with them in the Home Market which they had developed.

## THE WASHINGTON NEGOTIATIONS.

### TWO PANIC-STRICKEN OLD MEN IN A HURRY—RUSHED BLINDFOLD INTO THE ARRANGEMENT.

After Reciprocity had lain lead for thirteen years the Laurier government rushed into the Fielding-Taft Agreement.

#### LAURIER GOVERNMENT WAS NERVOUS.

The Laurier government was agitated and nervous. It had won the 1908 election by a narrower margin than is generally realized, * and knew that it had gone stale with the electorate. It had cut a poor figure in the naval discussion with its *Rainbows* and *Niobes* and order-in-council, in-and-out navies. Then the Drummond-Arthabaska bye-election proved that Sir Wilfrid Laurier had lost his hold on Quebec.

* See p. 123 for figures showing that the Laurier Government had failed to obtain a popular majority.

### UNITED STATES GOVERNMENT RESOLVED TO TRAP CANADA.

While it was flurried and anxious, the United States government was figuring on its own account. The Republican party had become unpopular because of excessive protection and the exactions of the Trusts. Moreover, a corps of expert investigators had been looking into Canadian conditions, prices and prospects. These men told President Taft and Mr. Knox, his Secretary of State, that Canada had become the boom country of North America; that Canadian prices for agricultural produce on the whole were better than American, though the popular impression was the other way. In addition, the growing need for conserving natural resources was pressing. Certain industries, such as paper making, would move north if nothing were done to keep them out of Canada. Also, President Taft and other far-seeing Americans were getting anxious about the Tariff Reform movement in Great Britain. They greatly feared that Canada would get a preference over the United States in the British market, and were anxious to prevent that. Accordingly, they first entangled Canada in negotiation and then offered Reciprocity. Their hopes were:—

### WHAT THE AMERICANS DESIRED.

1. To get access to Canadian raw materials for their industries, and to keep their factories from migrating to Canada.
2. To get access to the Canadian market, to control the Canadian wheat trade, to divert traffic from Canadian to American railways.
3. At the same time, by playing on the popular but erroneous impression that Canadian prices were lower than American, to win popular favour through the impression that food prices would be lowered in the United States.
4. To prevent the commercial organization of the British Empire.

These were what they hoped to effect through Reciprocity in natural products only. At the same time they hoped:

### THEY MEAN ULTIMATELY TO GET COMMERCIAL UNION.

1. To use Restricted Reciprocity as a lever to procure complete commercial union.
2. Ultimately to bring about annexation*.

### PROOFS OF ULTERIOR MOTIVES.

Proofs of this are numerous. Three only need be cited:

President Taft, on April 27, 1911, at the joint banquet of the Associated Press and the American Newspaper Publishers' Association, at New York:—

> I have said that this was a critical time in the solution of the question of reciprocity. It is critical because, unless it is now decided favourably to reciprocity, it is exceedingly probable that no such opportunity will ever again come to the United States. The forces which are at work in England and in Canada to separate her by a Chinese wall from the United States, and to make her part of an Imperial commercial band reaching from England around the world to England again, by a system of preferential tariffs, will derive an impetus from the rejection of this treaty, and if we would have reciprocity, with all the advantages that I have described and that I earnestly and sincerely believe will follow its adoption, we must take it now or give it up forever.

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* For detailed proofs see the pamphlets:—"Reciprocity with the United States," (Canadian National League). "The Road to Washington," (Canadian National League). "What do our Neighbours Mean?" "Reciprocity and the Canadian Farmer" and "Results of Reciprocity."

## "CHAMP" CLARK WANTS ANNEXATION.

Hon. "Champ" Clark, speaker of the House of Representatives, in Congress:—

Therefore, I am in favour of the reciprocity treaty because I hope to see the day when the American flag will float over every square foot of the British North American possessions clear to the North Pole. They are people of our blood. They speak our language. Their institutions are much like ours. They are trained in the difficult art of self-government. My judgment is that if the treaty of 1854 had never been abrogated, the chances of a consolidation of these two countries would have been much greater than they are now.

I do not doubt that the day is not far distant when Great Britain will joyfully see all of her North American possessions become part of this Republic. That is the way things are tending now. I do not confine my support of reciprocity bills to this one. I am in favour of reciprocity treaties with the Central and South American Republics, including Mexico. The quicker we get them the better off we will be. Of course, as between the two, if we had to have reciprocity with Canada and not with these countries to the south, or with the countries to the south and not with Canada, I would take reciprocity with Canada.

## "IT OPENS A BREACH."

Henry L. Stimson, United States Secretary of War, to the Intercolonial Club of Boston, on May 24, 1911:—

Ah! but our friends say this agreement does not remove that barrier on the bulk of manufactured importations into Canada. My answer is, that it opens a breach wide enough to insure the extension, and continued extension, of our natural trade. Our Government has offered to Canada free trade in all commodities; the Canadian commissioners, representing a younger country, with younger industries to protect, have felt compelled to decline free trade as to these industries. But the step once taken, the tendency toward closer relations will be irresistible.

Nor is our benefit as a producer confined to the foreign market which we will receive in Canada. The stimulus which will be given to our industries by the larger Canadian markets . . . will furnish a new home market, a new American demand for our producers.

## FIELDING AND PATERSON WERE IGNORANT OF REAL CONDITIONS.

The Canadian Ministers went to Washington very anxious to get some issue to divert attention from their bad record; from the frightful extravagance of the Grand Trunk Pacific; from their bad handling of the naval issue; and from the fact that Quebec, the key of the Laurier system, was in revolt. They had no statistics. They had made no investigations. They were ignorant of the comparative prices. They were not aware of the remarkable development whereby Canada had replaced the United States as the great modern boom country. They were dwelling in the past. They were offered reciprocity in natural products, and although there went with the offer a plain warning that the United States really desired commercial union—they clutched at the offer.

## A CLEAR CUT PROOF OF THEIR IGNORANCE.

One instance will show how ignorant they were. After the bargain was made, Mr. Paterson declared in Parliament that the talc which it made free was used "for the adornment of the person," *i.e.* for making talcum powder. He did not know, (1) that the talc used for this purpose all comes from Italy, (2) that the talc of this continent is a raw material of the paper mills. He made the bargain; *he did not know*. (Unrevised Hansard, 1911, p. 4891.)

### BLINDFOLDED AND IN SECRET.

The Canadian negotiators worked blindfolded. They worked in a hurry and in a panic. The American negotiators worked after years of careful, deliberate, expert investigation. The Canadian Ministers wanted a political cry. The Americans had great national objects to gain.

The secrecy was such that the other Ministers of the Laurier Cabinet were ignorant of the bargain made. Late on January 25, Cabinet Ministers knew nothing of the arrangement. On January 26, Mr Fielding announced it. (See Mr. Lloyd Harris' speech, unrevised Hansard, 1911, p. 4976.)

### COME AND SHARE OUR BOOM!

Canada is the boom country of to-day. And our wise Government turns eagerly to our American neighbours who exhausted every artifice to keep us out of their boom, and shouts out, "Come in, boys, and help us eat our melon."

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## DIRECT TAXATION THE LOGICAL OUTCOME.

### A BRITISH PREFERENCE TO CANADA RENDERED IMPOSSIBLE.—OUR PREFERENCE TO BRITAIN WHITTLED DOWN.—WOULD LEAD TO COMPLETE FREE TRADE AND DIRECT TAXATION.

The Fielding-Knox Agreement would:—

1. Render impossible any organization of a system of trade preferences in the British Empire.
2. Impair the British Preference.
3. Compromise the existing position of Canada.

### A PREFERENCE TO CANADA IMPOSSIBLE.

The Conservative Party in Great Britain now advocates protection and the giving of a preference to the Empire. If it came into power and found the Fielding-Knox brand of Reciprocity in force it would be unable to grant Canada a preference. In the case of wheat, there would be the insuperable difficulty of maintaining the identity of Canadian wheat. The British Government would object to granting a preference on American wheat simply because it was shipped through Canadian channels; but with American wheat crossing the Canadian border at will, and with Canadian wheat flowing down to Minneapolis and seeking the ocean through American routes, the Canadian wheat could not be kept separate. If the British Government were to try the experiment, we simply should be allowing the United States to share our preference. But the British Government would not commit itself to so artificial, unnatural and unwholesome an abuse of the preference principle. The same principle applies to other articles as well as wheat.

### IMPAIRS OUR PREFERENCE TO GREAT BRITAIN.

Apart from this, the Agreement seriously impairs the existing British Preference.

It will remove entirely the British Preference on certain classes of goods.

The importations of these goods in 1909-10 from Great Britain amounted to $3,340,000.

It will reduce the margin of the preference on other British goods, of which Canada in 1909-10 imported $2,195,000.

Thus it aims at reducing a British trade of some $5,500,000.

PREFERENCE ENTIRELY ABOLISHED.

Important articles on which the British preference is abolished are:

| | Total Canadian Imports in 1910. | Imports from United Kingdom. | Amount of Preference abolished. |
|---|---|---|---|
| Galvanized Sheets .............. | $2,050,000 | $1,200,000 | 5 per cent. |
| Rolled Plates, No. 14 gauge or thinner (n.o.p.) .............. | 1,650,000 | 675,000 | 5 per cent. |
| Canada Plates, etc.; Rolled Sheets covered with zinc, spelter or other metal (n.o.p.) ........ | 810,000 | 610,000 | 5 per cent. |
| Glycerine .... .................. | 180,000 | 130,000 | 2½ per cent. |

PREFERENCE REDUCED.

Articles on which the British preference is reduced are:—

| | Total Canadian Imports. 1909-10 | Imports from Britain. 1909-10 | Present Preference. | Future Preference. |
|---|---|---|---|---|
| Cutlery .... .... ........ | $285,000 | $230,000 | 10 per cent. | 7½ per cent. |
| Plate Glass .... ........ | 185,000 | 120,000 | 12½ " | 10 " |
| Automobiles and Parts .. | 2,060,000 | 120,000 | 12½ " | 7½ " |
| Leather pocket-books, purses, etc. ............. | 555,000 | 120,000 | 12½ " | 7½ " |
| Confectionery .... ...... | 600,000 | 440,000 | 12½ " | 10 " |
| Pickles, etc. ............ | 395,000 | 300,000 | 10 " | 7½ " |
| Biscuits, sweetened ..... | 110,000 | 100,000 | 10 " | 7½ " |
| Baths, bath-tubs, basins, etc. | 235,000 | 35,000 | 15 " | 12½ " |
| Brass band instruments.. | 60,000 | 25,000 | 10 " | 7½ " |
| Watches, clocks, etc. .... | 480,000 | 45,000 | 10 " | 7½ " |
| Antiseptic surgical dressings, etc. ........... | 150,000 | 50,000 | 7½ " | 5 " |
| Canned meats and meat extracts .... ........ | 190,000 | 60,000 | 10 " | 2½ " |
| Anchovies, sardines, etc., in oil .... .......... | 240,000 | 70,000 | 1¼ cent per box, etc. | ¾ cent per box, etc. |
| Cement .... ............ | 160,000 | 100,000 | 4½ cents pr cwt | 3 cents pr cwt |

MAY HELP GERMANY AGAINST GREAT BRITAIN.

Incidentally, the Agreement might help Germany to obtain fresh advantages over Great Britain in the United States market. She is certain to base on our Reciprocity Agreement a demand for a commercial agreement of her own with the United States. Any concessions the United States give to Germany will hurt British trade, for Great Britain, having no tariff, has no power of bargaining and no way of obtaining the same concessions. At present there is exceedingly keen competition between Germany and Great Britain in 40 or 50 varieties of goods; last year Britain sold $90,000,000 and Germany $85,000,000 of these goods to the United States. Concessions to Germany in these articles would cost Great Britain millions a year.*

* For detailed treatment of this aspect of the situation see pamphlet MM 44, 2nd edition, issued by the Tariff Commission, Great Britain.

Fielding-Knox Reciprocity will prevent the conclusion of any reciprocity arrangement with our sister Dominions. It deprives us of all power of bargaining, for by the Resolution submitted to the House of Commons by Mr. Fielding all the advantages given to the United States are simultaneously given to the rest of the British Empire. Thus we give without return the concessions which we might have used to procure tariff favours in the other Dominions.

More: We actually forbid them making concessions in return. The point was argued with great clearness by Mr. H. B. Ames, M.P., in the House of Commons:—

NO BASIS FOR NEGOTIATION.

There is no use now in bringing up the question of Canadian-Australian reciprocal trade arrangements. The whole hand of the Government is on the table, the game is played. All those items which we want, all those items which we could fairly send to them, we cannot now send without the intermixture of American goods. Nearly all the items on which we were prepared to make concessions to Australia, are now free. We are henceforth handicapped both in giving to them, and taking from them, because we have no longer a basis or means of negotiation. Let me put on 'Hansard' this schedule, and you will see what I mean. Australia could export to Canada:

| | Formerly. | Now. |
|---|---|---|
| Meats .... .... .... .... .... .... | 3c. lb. | 1¼c |
| Canned meats.... .... .... .... .... | 27½ p.c. | 20 p.c. |
| Mutton and lamb.... .... .... .... | 3c. lb. | 1¼c |
| Poultry.... .... .... .... .... .... | 25 p.c. | free |
| Tallow .... .... .... .... .... .... | 20 p.c. | 5 p.c. |
| Butter .... .... .... .... .... .... | 4c. lb. | free |
| Apples .... .... .... .... .... .... | 40c. brl. | free |
| Grapes .... .... .... .... .... .... | 2c. lb. | free |
| Oranges.... .... .... .... .... .... | free | free |
| Peaches.... .... .... .... .... .... | $1 per 100 lbs. | free |
| Salt and a few others.... .... .... | 5c per 100 lbs. | free |

On the other hand, the articles we can export to Australia are limited to lumber, fish and fruit. Our people in British Columbia were expecting to get a great market for fruit. Now lumber, fish and fruit are all free, and no distinction is possible between Canada and the United States, and it is impossible for us to get any preference in their market. Consequently, the whole game is played.

(Unrevised Hansard, 1911, p. 4181.)

WOULD MEAN FURTHER AGITATION.

Once let the Agreement be ratified and go into force, and the situation would become exceedingly restless, disturbed and uneasy.

Canada would be enjoying an American preference against Great Britain and she would be paying for this by granting a British Preference against the United States.

The Americans would not take long to resent this.

A PERIOD OF AGITATION FOR COMMERCIAL UNION IN STORE.

Again, it is absolutely plain that the Americans desired at the outset complete free trade with Canada; offered it; and still intend to get it. For them the present Agreement is a means to an end.*

*For abundant proofs, see the pamphlets:—"Reciprocity with the United States," "Road to Washington," "What Do our Neighbours Mean?" Also see the speech of Hon. Henry L. Stimson at Boston, May 24, 1911.

Therefore it is plain that as soon as the Fielding-Knox arrangement is ratified the Americans will begin to press for commercial union.

Our Government must either yield or refuse. If it refuses, there will be agitation, contention, and disquieting threats of abrogation.

Supposing Canada yields and adopts commercial union. What then?

## COMMERCIAL UNION MEANS FREE TRADE AND DIRECT TAXATION.

Putting aside for the moment the question of the fate of our manufacturing industries, the following results can be predicted:—

1. Canada would be obliged to adopt free trade with the world.
2. Canada would be obliged to resort to direct taxation to make up her revenue.
3. There would be renewed friction with the United States, leading up to a demand on Canada to enter a zollverein, or customs union with the United States against the British Empire and the rest of the world.

## MOST FAVOURED NATIONS WOULD GET FREE ENTRY.

First, there are the most-favoured-nations. If Canada grants free entry to all American goods, she must by these treaties grant free admission to all the products of these countries. Thus she will in that event impose no duties at all on goods coming from the United States, from Japan, from four South American countries, including Argentina and from seven European countries, Russia, Austria-Hungary, Switzerland, Spain and the three Scandinavian countries. She also will be obliged to give free admission to all the articles coming from France which are mentioned in the French Treaty.

## SO WOULD THE EMPIRE.

Then free admission must, by the precedent set by Mr. Fielding in the Resolution moved by him on January 26, 1911, be given to all goods coming from the British Empire.

Thus Canada will be able to impose duties on goods coming only from Germany, Italy, Belgium, Holland, in part from France, and from unimportant countries in a commercial sense.

It will not be worth while to keep up duties against so few; and it will be too great a discrimination. Canada will be compelled to abolish her tariff utterly.

That will mean that she will be obliged to obtain her revenue by direct taxation.

## AMERICANS WILL FIND THIS INTOLERABLE—

Things will not rest even there. The situation then will be that the United States will have a tariff on goods coming from all countries other than Canada. They will have no duties on Canadian goods. But articles from all countries will enter Canada free. Naturally extensive smuggling will follow, and the United States will be obliged to practise still greater vigilance than now to prevent defrauding of the revenue.

AND PROPOSE A CUSTOMS UNION—THAT IS ANNEXATION.

The next step will be for the United States to represent to Canada that this state of things constitutes an intolerable condition of affairs; and for them to propose to Canada a common tariff along the sea-board. That would practically involve secession from the Empire; for if Canada's tariff were made in Washington she would be controlled from Washington.

COMMERCIAL UNION, OR AGITATION AND ULTIMATE ABROGATION.

Thus our choice will lie between accepting commercial union with the United States, with all these consequences; and resisting the American overtures, living in perpetual agitation, threatened all along with the loss of reciprocity in natural products.

It will be a restless, uneasy existence, very different from our present quiet independence.

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## WILL INJURE OUR NATIONAL DEVELOPMENT.

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### DESIGNED TO BREAK UP OUR EFFORT TO ATTAIN AN INDEPENDENT, HARMONIOUS, SELF-CONTAINED SYSTEM.

The Agreement will injure Canada's national development.

WHAT THE AMERICANS MEAN.

It is indisputable that the Americans mean it to do so. They themselves say they mean it to give the United States control over Canada; to give the United States the ascendancy over Canada; to turn our trade into their channels; to divert the flow of American capital and American factories from Canada. (For proofs in detail see the pamphlets "Reciprocity with the United States"; "The Road to Washington"; "What do our neighbours mean?" also the American pamphlet "Judge for your self.")

The Laurier government has entered into an agreement with this enormously larger, richer, stronger country; and the said larger party avowedly means the agreement to break up the Canadian ideal of development on harmonious, self-contained, national lines.

WHAT CANADA HAS DONE.

Canada so far has done much in developing trade routes, and building railway systems. She has developed a great inter-provincial trade. She has kept herself independent of the United States. The following figures show her growth since Confederation:—

| | 1868. | 1910. |
|---|---|---|
| Area (square miles) | 337,524 | 3,315,647 |
| Population | 3,371,594 | ....... |
| Imports | $67,000,000 | $370,000,000 |
| Exports, produce of mine | $ 1,225,000 | $ 40,000,000 |
| Exports, produce of fisheries | $ 3,000,000 | $ 15,000,000 |
| Exports, produce of forest | $19,000,000 | $ 47,000,000 |
| Exports, animals and their products | $ 7,000,000 | $ 54,000,000 |
| Exports, agricultural produce | $13,000,000 | $ 90,000,000 |
| Exports, manufactures | $ 2,000,000 | $ 31,000,000 |
| Exports, total | $49,000,000 | $279,000,000 |
| Value, field crops | .......... | $533,000,000 |
| Value, manufactures (estimated) | .......... | $1,000,000,000 |
| Miles of railway | 2,240 | 24,731 |
| Railway earnings | $12,000,000 | $174,000,000 |
| Tons of freight carried | 8,000,000 | 74,000,000 |
| Passengers carried | 6,500,000 | 36,000,000 |
| Bank deposits | $33,000,000 | $925,000,000 |
| Letters transmitted through mails | 41,000,000 | 414,000,000 |
| Population of Montreal | 100,000 | 450,000 |
| Population of Toronto | 50,000 | 350,000 |
| Population of Winnipeg | None | 150,000 |

## WHAT CANADA HAS INVESTED.

To do all this Canada has made great sacrifices and invested much money. In the matter of aid to railways and canals alone she has given:—

| | |
|---|---|
| Direct aid by Dominion Government | $427,000,000 |
| Direct aid by Provincial Governments | 36,000,000 |
| Direct aid by Municipalities | 18,000,000 |
| Guarantees of Bonds by Dominion and Provincial Governments | 127,000,000 |
| Grants of Land | 15,000,000 acres |

## NATION BUILDING WORKS NOW PENDING.

Moreover, we are at the present moment:—
Building the National Transcontinental, at a cost of some $250,000,000.
Building the Hudson Bay Railway, at a cost of some $30,000,000.
About to build the Georgian Bay Canal, at a cost of some $100,000,000.
Helping the main line of the Canadian Northern by a bond guarantee of $80,000,000.

## CANADA AND THE BRITISH MARKET.

Canada has secured an important place for herself in the British market for foodstuffs. The extent to which our surplus is absorbed is shown by the figures for 1910:—

| | Total Exports | Exports to G. B. | P. C. taken by G. B. | P. C. taken by U. S. |
|---|---|---|---|---|
| Agricultural produce | $91,000,000 | $71,000,000 | 80 | 9 |
| Animals and their products | 54,000,000 | 42,000,000 | 77 | 20 |

### OUR MANUFACTURING SYSTEM.

Canada has a large manufacturing industry. The persons this employs directly and indirectly, have built up our cities and towns. The following census figures show the growth:—

| | No. of Establishments | Capital | Wage Earners | Wages paid | Value of Products |
|---|---|---|---|---|---|
| 1871............ | 41,259 | $ 77,964,000 | 187,000 | $ 40,851,000 | $221,617,000 |
| 1881............ | 49,923 | 165,302,000 | 254,000 | 59,400,000 | 309,676,000 |
| 1891............ | 75,964 | 353,214,000 | 369,000 | 100,415,000 | 469,847,000 |
| 1901............ | 14,650* | 446,916,000 | 308,000* | 89,573,000* | 481,053,000 |
| 1906............ | 15,796 | 846,585,000 | 356,000 | 134,375,000 | 718,352,000 |

### MANUFACTURING MEANS A HOME MARKET.

Thus, as far back as 1906, there were 350,000 artizans in Canada; these meant from a million to a million and a half of consumers; and they had $134,000,000 to spend. Much of this great sum went into the farmers' pockets, for working people spend a considerable proportion of their income on food, and are generous customers. Moreover, these factories make an enormous amount of work for railways, distributing agencies, etc., all of which mean more consumers for the farmer.

### MR. FISHER ON THE VALUE OF THE HOME MARKET.

Hon. Sidney Fisher, Minister of Agriculture, speaking in the House of Commons, on December 13, 1910, bore testimony to the wonderful expansion of the Home Market. He declared that the reason for the decline in the exports of dairy produce is the increased home consumption. "There are many more cows being milked in Canada in this year of 1910," he said, "than there were in the greatest years of our butter exports, 1905, 1906 and 1907." And he quoted a report of the Dairy Commissioner:—

After careful calculation I estimate that the value of our home consumption of milk and its products was $30,000,000 greater in 1910 than it was in 1900, and that the total annual production (this year) reached the enormous value of something like $100,000,000, or $20,000,000 more than in 1903, when the exports of dairy products from Canada reached their very highest figure.

### HOME MARKET GREW THIRTY MILLIONS IN SEVEN YEARS.

According to this authority, and to the Customs figures for 1910-11, the dairy business in 1903 and 1910 stood roughly as follows:—

| | 1903. | 1910. | Difference. |
|---|---|---|---|
| Total Dairy Products ........ | $80,000,000 | $100,000,000 | +$20,000,000 |
| Total Dairy Exports .......... | 31,500,000 | 21,500,000 | — 10,000,000 |
| Dairy products kept at home .. | $48,500,000 | $78,500,000 | +$30,000,000 |

Thus, according to Mr. Fisher, the Home Market for dairy products alone grew by $30,000,000 in seven years.

### THE HOME MARKET FOR WHEAT.

If there are six and a half millions of people in Canada outside of the Prairie Provinces, they consume, according to the American estimate, 6¼ bushels per head, making 40½ millions of bushels. The production of wheat in Canada outside of the Prairie Provinces is about 20 millions of bushels leaving a good home market for the Western farmers of 20 millions of bushels. Why should this be taken away from them?

*In 1901 and 1906 a new definition of the word "manufacturing establishment" was adopted. This accounts for the apparent decrease.

That is a case, not only of Home Market, but of secure, protected, interprovincial trade. Other examples are:—

In 1910, Ontario sold 20,000 horses to the West.

The Maritime Provinces shipped 3,670,200 pounds of fish to Ontario alone last year. This will be utterly lost under Reciprocity, as New England has a shorter rail haul, and the Government subsidy towards defraying express charges will be abolished.

The West sold upwards of 200,000 cattle to the other provinces.

Nova Scotia imports $3,000,000 of agricultural produce yearly, largely from other Provinces—notably Prince Edward Island.*

New Brunswick imported $3,000,000 of agricultural produce in 1910; much of this came from Western Canada.†

New Brunswick last winter shipped 150 carloads of potatoes to Montreal.

The fruit growers of the Niagara District alone in 1910 sent 600 cars of mixed tender fruits to the West, and expected to send 1,000 cars in 1911. The fruit growers of British Columbia have their principal market on the prairies.

The Eastern Townships ship 100,000 packages of butter every winter to the prairies.

The great cities afford enormous markets for farmers. For example, on the Island of Montreal there are 250 gardeners, employing 2,500 labourers at an average of $10 a week, or $1,300,000 a year in wages alone. There are 3,000 more farmers in the Province of Quebec engaged in market gardening; these employ 6,000 labourers. Thus there are nearly 12,000 men engaged in market-gardening alone, in one Province, as the result of the presence of the cities built up by our national system.

In the immediate neighbourhood of Toronto are 800 market-gardeners, with a capitalization of over $4,000,000 and an annual turn-over of $1,200,000. That is only one part of the market for vegetables created by Toronto.

What has created this great Home Market?

### AMERICAN FACTORIES COMING INTO CANADA.

For one thing, the Tariff has forced American factories to establish branches in Canada. It would be forcing them to-day but for the fact that the Reciprocity Agreement brought the movement to a pause. The American investment in Canada, according to the "Monetary Times" investigation a short time ago, was:—

| | |
|---|---|
| 168 companies, average capital, $600,000 | $100,800,000 |
| United States investments in British Columbia mills and timber | 50,000,000 |
| United States investments in British Columbia mines | 50,000,000 |
| Land deals, Alberta, etc. | 10,000,000 |
| United States investments, lumber and mines in Alberta | 5,000,000 |
| Packing plants | 5,000,000 |
| Implement distributing houses | 4,000,000 |
| Land deals, etc. | 2,000,000 |
| | $226,800,000 |

* See speech by Clarence Jameson, M.P., unrevised Hansard, 1911, pp. 7104 et seq.

† W. E. Anderson, Secretary, St. John Board of Trade, in Report of British Trade Commissioner for 1910: p. 8.

Practically all of the 168 companies mentioned above were brought here by the tariff. Take examples. At Windsor is a plant of Fox Bros., manufacturers of wood mantels; the investment is $75,000 and 50 men are employed. "Nothing brought us here but the tariff," said Mr. B. J. Fox. In the same city is the Lufkin Rule Company, a branch of a Saginaw firm of which the manager said: "We will simply carry this factory back there...it was only the tariff brought us to Canada." A Detroit stove firm which employs 5,000 hands was negotiating to open a branch in Windsor, when the Reciprocity Agreement was announced; then it broke off negotiations. These are simply three examples taken from one issue of the Toronto *News*, June 5, page 2.

Westerners must remember that these industries are beginning to move into the prairie provinces. Of the 168 industrial establishments mentioned above seventeen are in Winnipeg, and two in Lethbridge, while Medicine Hat is preparing for an industrial future. The census of manufactures taken in 1906 showed the following amounts of capital to be invested:

| | 1900 | 1905 | Rate of Increase in 5 years. |
|---|---|---|---|
| Manitoba . . . . . . . . . . . . . | $7,539,691 | $27,070,665 | 259 per cent. |
| Saskatchewan and Alberta . . | 1,689,870 | 9,221,346 | 455 " " |

The products were:—

| | 1900 | 1905 | Rate of Increase in 5 years. |
|---|---|---|---|
| Manitoba . . . . . . . . . . . . . | $12,927,439 | $27,857,396 | 115 per cent. |
| Saskatchewan and Alberta . . | 1,964,987 | 7,423,733 | 227 " " |

Since 1905, as every one knows, the progress has been as rapid as it was before that date.

Six years ago the prairies had $36,000,000 invested in manufactures, and a production of $35,000,000; at present the figures must be at least $60,000,000.

BRITISH MONEY POURING IN.

Meanwhile, attracted by the stability of our institutions and our rapid national development, the British investor has been even more generous, though in a different way. Here are his investments, 1905-09, according to the "Monetary Times":—

| | |
|---|---|
| Bank shares . . . . . . . . . . . . . . . . . . . . . . . . . . | $ 1,125,000 |
| Investments with loan and mortgage companies . . . . . | 5,719,774 |
| British Insurance Companies investments . . . . . . . . | 9,731,742 |
| Municipal bonds, sold privately . . . . . . . . . . . . . . | 10,000,000 |
| Industrial investments . . . . . . . . . . . . . . . . . . . | 22,500,000 |
| Land and timber investments . . . . . . . . . . . . . . | 19,000,000 |
| Mining investments . . . . . . . . . . . . . . . . . . . . | 56,315,500 |
| Canadian public flotations in London . . . . . . . . . . | 481,061,836 |
| | $605,453,852 |

And British money has been flowing into Canada at the rate of $150,000,000 a year.

## WHAT IT DEPENDS ON.

The present highly satisfactory condition has three key-points:—

1. Our possession of vacant land and great quantities of raw materials.
2. The fact that our trade runs in east-and-west channels.
3. The fact that our tariff forces American manufactures to establish plants on our side of the line.

The first of these advantages cannot be taken away from us, except by filling our vacant lands and wasting our resources. The other two conditions are susceptible of change.

## AMERICANS MEAN TO PROMOTE NORTH AND SOUTH TRADE.

The Americans mean that the Fielding-Knox Agreement shall break up our east-and-west trade. They mean that Montreal, Halifax and St. John shall be abandoned for Portland, Boston and New York *. They mean that Chicago, Minneapolis and St. Paul shall cut out Winnipeg. They mean that J. J. Hill's railways shall replace our Canadian lines.

## AMERICANS DISLIKE THE MIGRATION OF THEIR FACTORIES.

Again, the Americans mean to stop the migration of their factories to Canada, and ultimately to stop our doing our own manufacturing. In the West, they mean to kill Canadian milling and to keep the milling industry under their control and on their own soil. In the East the whole point of the fight made by the American pulp and paper interests is to keep the mills in the United States; their policy is to cut the wood in Canada and make the paper in the United States. They mean to force us into Commercial Union or complete Free Trade.

## UNDER FREE TRADE FACTORIES WOULD STAY ON AMERICAN SIDE.

It has already been explained that free trade with the United States would mean either free trade with the world, or a tariff against all the rest of the world, including the British Empire, and virtual secession from the Empire. It remains to be noted that under a condition of free trade with the United States factories would tend to remain on the American side of the border, until annexation came.

## TRUSTS WOULD WITHDRAW BRANCH FACTORIES.

American trade is controlled by Trusts and other combinations of capital. The tendency of these is to consolidate. The greater number of the 750 or more branch establishments would be closed and the work conducted at the main establishment.†

As regards future industries, capitalists about to establish a new industry would naturally prefer the American side. They would have a total market of perhaps 100,000,000: of this about 90,000,000 would be on the American and 10,000,000 on the Canadian side. For the moment these would constitute one market, but so long as the two countries continued politically separate there would be no guarantee that the two markets might not be separated by the re-imposition of a tariff. With this uncertainty prevailing the capitalists naturally would be careful to place their big plants on the side which in the event of tariffs being re-established would command the larger market.

* See the pamphlet "The Road to Washington."

† See the American pamphlet "Judge for Yourself."

### NO FACTORIES WITHOUT ANNEXATION.

The only way to gain an equitable division of the factories under free trade would be a guarantee of perpetual free trade. The only guarantee of perpetual free trade would be annexation.

Thus the tendency of the Reciprocity Pact is to keep Canada in a state of industrial inferiority—even vassalage—to the United States. She would have the bare minimum of manufactures. Her place would be to grow food for American cities, to cut logs to be manufactured in American factories, to mine ore to be smelted south of the line. Once the boom caused by the settlement of our vacant lands were over, we should settle down into a country of hewers of wood and drawers of water for the Americans.

## THE ECONOMIC ASPECT.

### WOULD THE PROPOSED AGREEMENT PUT MORE MONEY IN THE CANADIAN FARMER'S POCKET?

The question of the value of the Agreement from an economical standpoint is overhung by two considerations:—

1. The consideration of the Most-Favoured-Nations.
2. The consideration of the Trusts.

### THE MOST FAVOURED NATIONS.

Commercial treaties made by Great Britain usually contain a clause by which the two parties bind themselves to give to each other any advantages given to other countries. Prior to 1878 Great Britain usually included her colonies in this clause. After that date, she left it for them to come into or stay out of it as they saw fit. Canada of her own accord made a most-favoured-nation agreement with Japan in 1906. The countries enjoying this privilege in Canada are:—

In Europe:—Norway, 1826.
Sweden, 1826.
Denmark, 1660 and 1670.
Russia, 1859.
Austria-Hungary, 1876.
Switzerland, 1855.
Spain, 1894 (Canada acceded).
In Asia:—Japan, 1906 (Canada's own treaty).
In South America:—The Argentine Republic, 1825.
Bolivia, 1840.
Colombia, 1866.
Venezuela, 1825.

France has most-favoured-nation rights with regard to the items of the French Treaty of 1909.

Thus if Canada grants any tariff favours to any country outside of the British Empire she must automatically grant them to these 12 countries also; and to France if the items reduced are included in the French Treaty.

### THEY NEED NOT RECIPROCATE.

These countries are not bound to grant any additional favours to Canada in exchange for this privilege. Their tariffs remain unaltered. Should they reduce their tariffs to any country, Canada would share in the reduction: that is all.

Thus Canada must grant every tariff reduction made to the United States by the Fielding-Knox Agreement to these 12 countries.

THE EMPIRE, TOO.

Further, the Laurier government has decided that all parts of the Empire are to participate in the reductions of duty accorded to the United States by the Agreement. The Empire is to come in at the back door.

A BEAUTIFUL BARGAIN.

Thus the Laurier government has made the following bargain for the Canadian farmer:—

He is given free entry into the United States, and the United States only for certain of his products.

He pays for this by granting free entry for these same products into his home market to:—

1. The United States farmer.
2. The farmers of these 12 countries, and of the British Empire.

These countries are great producers of the goods the Canadian farmer has to sell. In many cases they produce more cheaply. In many cases transportation conditions make it easier for these goods than for Canadian goods to be laid down in certain parts of Canada.

COMPETITION FOR OUR FISHERMEN.

Take the case of fish. Our home market for fish in 1910 was nearly \$16,000,000. Of this, despite the duty, \$1,665,000 came from abroad. The following most-favoured-nations export fish:— .

| | |
|---|---|
| Norway | \$12,000,000 |
| Sweden | 1,880,000 |
| Denmark | 1,850,000 |
| Japan | 1,000,000 |
| | \$16,730,000 |

All of these countries impose duties on Canadian fish which will still remain in force.

WHEAT AND MOST FAVOURED NATIONS.

2. Wheat. The following on the most favoured nation list are heavy growers and exporters of wheat. The figures given show the exports according to the latest available figures:—

| Country. | | |
|---|---|---|
| Argentina | 92,352,000 | bushels. |
| Russia | 56,295,000 | " |
| India | 39,221,000 | " |
| Australia | 31,549,000 | " |
| New Zealand | 1,419,000 | " |

Argentina is beginning to export flour also; for several years her exports have ranged between 120,000 and 150,000 tons a year. Why should we allow these countries to send their wheat into Canada free when they do not do the same by us?

Here are the exports of all sorts from these countries to Canada for 1910-11 (unrevised figures):—

| | | | |
|---|---|---|---|
| Argentina | $2,304,000 | Japan | $2,423,000 |
| Austria-Hungary | 1,362,000 | Norway | 427,000 |
| Russia | 263,000 | Sweden | 278,000 |
| Spain | 1,154,000 | Venezuela | 90,000 |
| Switzerland | 3,102,000 | | |

### CAN SHIP WHEAT TO CANADA CHEAPLY.

Argentina, Australia and New Zealand enjoy special facilities for shipping wheat to Canada. A line of steamers, subsidized by the Canadian government, is about to be started between Canada and Buenos Ayres. Much Argentine wheat is shipped to no fixed destination, the vessels being diverted to one market or the other as prices dictate. The Argentina wheat pays low railway freight charges, the wheat fields not being more than 300 miles away from the sea-board. It costs only $5\frac{3}{4}$ cents to bring a bushel of wheat from Argentina to Canada; it costs 15 cents to carry a bushel of wheat from Regina to Montreal. Nova Scotia has mills able to turn out 1,000 barrels a day. May they not draw their wheat from Argentina? Subsidized steamship lines ply between Canada and Australasia. The wheat of these countries comes into the market in February, March and April. May not the British Columbia mills buy their million or so bushels of wheat from New Zealand or Australia as well as from Alberta if the Fielding-Knox Agreement goes into effect?

### COMPETITION IN BUTTER.

3. Butter. The following countries on the list export butter:—

| | Exports 1908. | Exports 1909. |
|---|---|---|
| Denmark | 191,500,000 lbs. | 196,639,000 lbs. |
| Norway | 3,431,000 " | 3,445,000 " |
| Sweden | 40,019,000 " | .......... |
| Russia | 112,437,000 " | .......... |
| Argentina | 7,860,000 " | 8,799,000 " |
| Australia | 51,165,000 " | 55,644,000 " |
| New Zealand | 25,756,000 " | 35,964,000 " |
| United Kingdom | 7,293,000 " | 9,131,000 " |

### CHEAP FREIGHT RATES FOR BUTTER.

It is as cheap to fetch butter from Denmark to Montreal as to carry butter from points in midland Ontario to Montreal. It costs only 2 cents a pound to bring butter from Australia to Montreal. Australian butter can be laid down in Montreal in bond for 23 cents; the present duty of 4 cents makes the price 27 cents, which is just too high. However, in January, 1909, Montreal produce men drove the market from 27½ cents down to 19 cents by importing 5,000 packages of Australian butter. Under Reciprocity Danish and Australian butter will be landed in Montreal and shipped to the prairies and sold at lower prices than those now got by Eastern Townships dairymen. New Zealand and Australia will cut Alberta out of the British Columbia market.

Here are the duties levied on Canadian butter by some of these countries:—

| | |
|---|---|
| Denmark (in hermetically sealed vessels) .. | nearly 4½ cents per lb. |
| Argentina .......... .......... | " 4½ " " |
| Australia.. .. .. .. .. .. .. .. .. .. .. .. | 6 " " |
| New Zealand.. .. .. .. .. .. .. .. .. .. | 20 per cent. |

FRESH MEAT WILL ENTER.

4. Fresh Meat. The following countries on the list exported frozen and chilled beef in 1909 as follows:—

| | |
|---|---|
| Australia, beef.. .. .. .. .. .. .. .. .. | 71,142,000 lbs. |
| Australia, mutton and lamb.. .. .. .. | 116,915,000 " |
| New Zealand, beef .. .. .. .. .. .. .. | 54,479,000 " |
| New Zealand, mutton and lamb.. .. .. | 216,959,000 " |
| Argentina, beef.. .. .. .. .. .. .. .. .. | 464,289,000 " |
| Argentina, mutton and lamb .. .. .. | 146,555,000 " |

MUTTON IS BEING IMPORTED NOW.

Canada of recent years has imported mutton from Australia as follows:—

| | Pounds. | Value. | Value per pound. |
|---|---|---|---|
| 1906.. .. .. .. | 354,575 | $ 17,380 | 4.9 cents. |
| 1907.. .. .. .. | 990,556 | 45,377 | 4.5 " |
| 1908.. .. .. .. | 1,162,837 | 77,090 | 6.6 " |
| 1909.. .. .. .. | 1,113,411 | 80,952 | 7.08 " |
| 1910.. .. .. .. | 1,377,270 | 97,143 | 7.05 " |
| 1911*. .. .. .. | 1,760,644 | 116,404 | 6.6 " |

The duty was 2 cents a pound. By the Agreement it is to be reduced to 1¼ cents. The freight from Australia to Vancouver is 1½ cents a pound. The f.o.b. export price charged on New Zealand chilled beef is 5½ cents per pound. †

As for Argentina, (1) the Canadian Pacific Railway is arranging for a steamship line from Halifax to Buenos Ayres with cold storage accommodation; (2) the Laurier government is granting a subsidy for a steamship line from Canada to the West Indies and South America; (3) a company is being formed in Montreal to develop business between Canada and Argentina.

LIBERALS INTEND TO REDUCE CANADIAN FARMER'S PRICES.

The Liberal party admits that the most favoured nations will cut into the farmer's market, and exults in it. The Toronto *Globe*, the chief organ of the Laurier government, on May 29, 1911, referred to the importation of frozen mutton from Australia † and said:—

This shows no doubt that Canadians want the mutton, are willing to pay for it, and find Australia the best place to buy. The preferential duty on meats, fresh or refrigerated, is now two cents per pound, and the general duty is three

* Unrevised figures.

† See "Results of Reciprocity," p. 12 for instances of importation.

cents per pound. It is probable that while mutton is imported under a tax of two cents per pound and the duty on imports from the United States is three cents per pound, the Australian producer is able to levy some protection on the Canadian consumer. **It is also probable that Canadian sheep-raisers are levying on the consumers of mutton.** Under the tariff relief agreement the adopted duty will be reduced to one and one-quarter cents per pound, and as Canadian purchasers of mutton and other meat from Australia will obtain equal advantages that duty will also be reduced to the same rate. The change will relieve purchasers from the United States to the extent of one and three-quarter cents a pound, and purchasers from Australia to the extent of three-quarters of a cent per pound.

**Australia is evidently the best source of supply,** owing to special facilities for the pasturing of sheep, and even with equality of tariffs and shorter distances Australian mutton will probably continue to afford better value than American to Canadian consumers. The exceptional circumstances under which sheep-raising is advantageous in Canada will be affected slightly by the relief afforded the consumers. This may be one case in which the great advantage to the city consumers will be obtained by slightly reducing the protection which agricultural producers are levying. **The fact that imports are profitable under the existing tariff shows that sheep-raisers are receiving slightly higher prices than they could obtain under reduced protection.** Even the heavy burden imposed on the consuming public does not make sheep-raising rank as a prominent feature in agricultural production. The only effect of the reduction will be a proportionate increase in the importance of the self-supporting departments of agricultural production. **The scope of profitable sheep-raising, so far as this question is concerned, will be narrowed slightly,** and the profitable scope of other branches of agricultural production will be widened to a greater extent. If Canadian sheep-raisers find themselves obliged to accept a slight lowering of prices they will be more than compensated by the relief from protection on a wide range of purchases.

And Hon. Charles Murphy, Secretary of State, speaking at Rockland on May 30, 1911, declared that Reciprocity would reduce prices to working men **(Ottawa papers of May 31.)**

### 5. CHEESE.

5. With regard to cheese the exports of these countries in 1909 were:—

| | | |
|---|---|---|
| Denmark . . . . . . | 261,000 | lbs. |
| Australia . . . . . . | 193,000 | " |
| New Zealand . . . . | 44,867,000 | " |
| Russia. . . . . . . . | 981,000 | " |
| Norway. . . . . . . | 264,000 | " |

### 6. EGGS.

6. With regard to eggs the exports for 1909 were:—

| | | |
|---|---|---|
| Denmark . . . . . . | 32,011,000 | doz. |
| Australia . . . . . . | 10,000 | " |
| Russia . . . . . . . . | 215,709,000 | " |
| Sweden. . . . . . . | 3,236,000 | " |

### AMERICAN TRUSTS WILL PROFIT.

The following United States Trusts will profit by Reciprocity.

1. The Milling Trust. It will have the Canadian hard wheat for milling free of restrictions. Its purpose is to concentrate the milling industry of the continent at Minneapolis.*

2. The Meat Trust. This trust, with its enormous capital, high organization, and ruthless methods, would be able, (1) to compete with Canadian packers for animals, (2) to sell its products in Canada under the reduced tariff. The Canadian packers would be hampered by quarantine regulations in trying to buy animals outside of Canada. They would he driven out of business. (See "Results of Reciprocity", pp. 15 and 16. See also Memorandum of Canadian Packers, published in Fruit Delegation Blue Book).

3. The Fish Trust will gain control of the whole fishing industry. (See Mr. C. Jameson's speech, April 7, 1911, unrevised Hansard, pp. 7104-7144.

*See "The Road to Washington," p. 9; "Reciprocity and Canadian Farmer," p. 8.

## GOLD BRICK FOR FISHERMEN.

PAY AN EXORBITANT PRICE FOR FREE ENTRY OF FISH AND THEN ARE AT A DISADVANTAGE.

The United States market is:—

| | | |
|---|---|---|
| Imports of fish into the United States, year ending June, 1910.. .. .. .. .. .. .. .. .. .. | | $13,835,968 |
| Imports not affected by Reciprocity:— | | |
| Lobsters and shellfish, now free .. .. .. .. .. .. | $1,846,680 | |
| Fish, packed in oil, duty not changed .. .. .. .. | 2,987,938 | 4,827,618 |
| | | $9,008,350 |
| Imports on which duty is removed:— | | |
| Canada sold to United States, last year.. .. .. .. | $4,592,419 | |
| Of which were free.. .. .. .. .. .. .. .. .. .. | 1,263,197 | |
| | | 3,329,222 |
| Extent of United States market to be won by displacing fish from other countries .. .. .. . | | 5,679,128 |

The American catching of fish is overtaking the American home market. Within the past three years the American importation of fish has increased by a million and a half, but American exports of fish have increased almost four million dollars.

OUR HOME MARKET IS $16,000,000.

The figures for the Canadian market are:—

| | | |
|---|---|---|
| Value of fish catch year 1910 in Canada .. .. .. .. .. .. .. | | $29,629,169 |
| Value of exports to United States .. .. .. .. .. | $ 4,592,419 | |
| Value of exports to other countries.. .. .. .. .. | 10,709,252 | |
| | | 15,301,671 |
| | | $14,327,498 |
| Fish imported into Canada for home consumption .. .. .. .. | | 1,665,050 |
| Home market for fish in Canada .. .. .. .. .. .. .. .. .. .. .. | | $15,992,548 |

Thus the situation is:—

| | |
|---|---|
| What we give is access to our home market of .. .. .. .. .. .. | $16,000,000 |
| And with this price we get a remission of duties on .. .. .. .. | 3,329,000 |
| And a chance of displacing the sales of other countries by .. .. | 5,600,000 |

The Canadian home market is very vulnerable, for the transportation difficulties give New England a great advantage in supplying it from Montreal westward.

#### WOULD THREATEN THE BOUNTIES.

Reciprocity would threaten the bonus now paid to Canadian fishermen. Senator Lodge attempted to amend the agreement by prohibiting the bonus; and the friends of President Taft in deprecating this described the Canadian fish bounty as "inconsiderable *and lapsing*." * That is fair notice that President Taft intends the bounty to be dropped.

The number of Canadian fishermen who drew bounty in 1909 was: Nova Scotia, 14,082; New Brunswick, 2,004; Prince Edward Island, 1,696; Quebec, 7,340; total, 25,122. The money paid was $155,221.

#### LICENSE FEE VIRTUALLY ABOLISHED.

Hitherto under the *modus vivendi* American fishing vessels have had to pay a license fee of $1.50 a ton for permission to use Canadian ports as bases for their operations. This worked out to an average of $125 for each of the 93 vessels which took this out. By the Agreement this is reduced to $1 a vessel. This reduction is made at a time when the Hague award showed that Canada had the right to shut these vessels out altogether.

#### CANADA PAYS THREE PRICES FOR FREE FISH.

Canada pays three prices for access to the American market:—

1. She lets the United States into her market, which is worth $16,000,000.
2. She could have shut United States fishing vessels out of her ports. She foregoes this advantage.
3. She could have made the American vessels pay handsomely for this privilege; she cuts the license fee to $1 per vessel—a bonus of $124 per vessel.

#### CANADIAN VESSELS AT A DISADVANTAGE.

But Canadian vessels will not be exempted from customs formalities, etc., in United States ports and so will be at a disadvantage in competing with United States vessels.

And a Canadian vessel selling her fish in an American port will not be allowed to clear for the fishing grounds direct. She must clear for a Canadian port, and must clear from that port to the fishing grounds. Thus the Canadian vessel will have to sail over two sides of the triangle to the American vessel's one side.

There also is the probability that Canada would be required to abstain from helping to defray express charges on Canadian fish both to Montreal and Ontario.

The agreement admits American fishermen to compete with Canadians for the Canadian supply of bait.

Canada loses control of her lobster fisheries.

The general effect in Nova Scotia will be to benefit the large dealers, tha capitalists, and to hurt the actual fishermen.

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* See Montreal Gazette, June 2, 1911, page 1.

# THE PULP INDUSTRY

## AMERICAN NEWSPAPERS SPEND $55,000,000 A YEAR, MOST OF WHICH UNDER WISE LEGISLATION WOULD COME TO CANADA.

The paper industry is a natural one in Canada. Having forests, water-powers and labour, Canada should have a monopoly. The Americans have nearly depleted their pulp-wood forests. The American purpose is to take the raw pulp-wood from Canada and turn it into paper in mills in tha United States.

American newspapers spend $55,000,000 a ycar for paper. If they can get at the Canadian pnlp forests they will save $6,000,000 a year.

These are the figures given by Mr John Norris, chairman of the American Newspaper Publishers Association, who has assured Congress that the United States is completely dapendent on outside, *i.e.* Canadian, sources of supply.

A farmer selling pulp-wood gets $7 for the amount of wood (1 $^1/_8$ cords) which will make a ton of paper. The paper is worth $40 in Canada, or $45 in the United States. Why not have $40 spent in Canada, for our own benefit, instead of selling onr raw material for only $7?

Why not have that $55,000,000 all come to Canada? It will, if Canada sits tight.

The clause in the Fielding-Knox Agreement is intended to force the Provinces to rescind their wise prohibition of the export of pulp-wood cut on Crown lands. The plan is that wood cut on private lands will be free, while paper men who draw their raw materials from Crown lands must pay a duty of $5.75 a ton. So they will besiege the Provincial governments to abrogate their regulations. The pressure, says Mr. Norris, will be irresistible. Mr. Norris put the case very frankly and forcibly before the United States Senate Committee on May 24 when he said: "This clause is intended to exert an economic pressure upon the Provincial authorities so that they will relax their restrictions." Why should tha Canadian government combine with tha American Newspaper Trust to coerce the Provinces of Canada in the exercise of their constitutional rights, for the purpose of attracting industries to their soil?

# THE CASE OF THE FARMER.

## BALANCE OF ADVANTAGE IS AGAINST HIM—CANADIAN PRICES ON WHOLE ARE SUPERIOR TO AMERICAN—BRITISH MARKET OUR TRUE GOAL.

Will Canadian farmers profit?

The United States production and export of farm products in 1909 were as follows:—

| | Crop: Amount | Crop: Value. | Export: Amount 1909. | Export: Value. |
|---|---|---|---|---|
| Wheat .. .. | 725,000,000 bus. | $ 725,000,000 | 66.923,244 bus. | $ 68,094,447 |
| Corn. .. .. | 2,767,000,000 " | 1,720,000,000 | 35,853,412 " | 25,194,466 |
| Hay.. .. .. | 64,000,000 tons | 665,000,000 | 64,641 tons | 1,147,753 |
| Oats. .. .. | 1,007,000,000 bus. | 400,000,000 | 1,510,220 bus. | 804,759 |
| Potatoes . . | 367,000,000 " | 212,000,000 | 763,651 " | |
| Barley .. .. | 170,000,000 " | 94,000,000 | 6,580,393 " | 4,672,166 |
| Flax seed .. | 25,767,000 " | 36,000,000 | | |
| Rye . .. .. | 31,000,000 " | 23,000,000 | 1,272,559 " | 1,044,809 |
| All cereals . | 4,711,000,000 " | 3,000,000,000 | | |
| All Agric. Products . ............ | | 8,760,000,000 | ........ | 903,238,122 |

### WHEAT EXPORT.

The United States in the past few years exported the following proportion of their wheat:—

| | | | |
|---|---|---|---|
| 1903 .. .. .. | 18.9 per cent. | 1906 .. .. .. | 20.0 per cent. |
| 1904 .. .. .. | 8 " | 1907 .. .. .. | 25.7 " |
| 1905 .. .. .. | 14.1 " | 1908 .. .. .. | 17.2 " |

### LIVE STOCK EXPORTS.

The United States exports of live animals in 1909 were:—

| | Number. | Value. |
|---|---|---|
| Cattle.. .. .. .. .. .. .. .. | 207,542 | $18,046,976 |
| Horses .. .. .. .. .. .. .. | 21,616 | 3,386,617 |
| Sheep.. .. .. .. .. .. .. .. | 67,656 | 365,155 |
| Swine.. .. .. .. .. .. .. .. | 18,655 | 144,605 |

The United States export of eggs in 1909 was 5,207,151 dozen, valued at $1,199,522, or an average of 23 cents a dozen.

## MUCH AVAILABLE LAND UNTILLED.

The United States has large areas not yet brought under cultivation and can supply food products for a population of 800,000,000.

United States production can be increased: (1) By cultivating more land; (2) By getting better value from the land.

"More than half the tillable land in all of these States yet remains uncultivated." T. B. Collins: Evidence before United States Senate Committee, p. 199.

"If the present prices will hold....North Dakota will add 50,000,000 to its present output in the next three years....Minnesota will increase....Texas will become one of the greatest wheat producing sections of this country ....You have Montana just opening.... In 10 or 15 years we will reap a billion bushels of wheat in this country." J. M. Devine: Evidence, United States Senate Committee, pp. 424-425.

## AMERICAN PRODUCTION OF WHEAT NOT DECLINING.

"Taking the statistics of the last 40 years, from 1870 to 1910, we find this to be the fact: that the production of wheat has increased faster than the population ....the population has increased 130 per cent.; but the wheat production has increased 172 per cent." Prof. J. D. Boyle: Evidence, United States Senate Committee, p. 595.

Prof. Boyle submitted the following wheat figures. (Evidence, p. 605) :—

| | Acreage. | Crop. | Yield per acre. | Export |
|---|---|---|---|---|
| 1909 .. .. | 46,000,000 | 737,000,000 bus. | 15.8 bus | 114,000,000 bus. |
| 1870 .. .. | 20,000,000 | 235,000,000 " | 12.4 " | 54,000,000 " |
| Increase. . | 26,000,000 | 502,000,000 " | 3.4 " | 60,000,000 " |

## AMERICAN WHEAT ACREAGE IS INCREASING.

The acreage under wheat in the United States is increasing:—

| | | | |
|---|---|---|---|
| Average Acreage | 1889-1893 | .. .. .. .. .. | 37,462,000 |
| " " | 1894-1898 | .. .. .. .. .. | 37,413,000 |
| " " | 1899-1903 | .. .. .. .. .. | 46,530,000 |
| " " | 1904-1908 | .. .. .. .. .. | 46,400,000 |
| Acreage | 1909 | .. .. .. .. .. | 46,723,000 |
| " | 1910 | .. .. .. .. .. | 49,205,000 |

## AMERICAN WHEAT PRODUCTION IS INCREASING.

The production of wheat in the United States is steadily increasing:—

| | | | | |
|---|---|---|---|---|
| Average Crop, | 1889-1893 | .. .. .. .. .. | 482,736,000 | bushels |
| " " | 1894-1898 | .. .. .. .. .. | 512,070,000 | " |
| " " | 1899-1903 | .. .. .. .. .. | 625,17[illegible],000 | " |
| " " | 1904-1908 | .. .. .. .. .. | 655,865,000 | " |
| Crop, | 1909 | .. .. .. .. .. | 737,189,000 | " |
| " | 1910 | .. .. .. .. .. | 695,443,000 | " |

### AMERICAN WHEAT EXPORTS

The exports of American domestic wheat, after falling away, show a tendency to increase, and remain far in excess of Canadian exports:—

| | | | |
|---|---|---|---|
| Average exports, domestic only, | 1891-1895 | 166,571,000 | bushels |
| " " " " | 1896-1900 | 179,518,000 | " |
| " " " " | 1901-1905 | 163,701,000 | " |
| Exports, " " | 1906 | 97,609,000 | " |
| " " " | 1907 | 146,700,000 | " |
| " " " | 1908 | 163,043,000 | " |
| " " " | 1909 | 114,268,000 | " |
| " " " | 1910 | 87,364,000 | " |

The exports to the insular possessions of the United States must be added. During the 9 months ending March 31, 1911, these amounted to 2,750,000 bushels.

Canada's exports of wheat of late years have been, flour being reckoned in terms of wheat:—

| | | |
|---|---|---|
| 1906 | 47,293,000 | bushels |
| 1907 (9 months) | 30,394,000 | " |
| 1908 | 51,389,000 | " |
| 1909 | 56,958,000 | " |
| 1910 | 63,529,000 | " |
| 1911 (unrevised) | 63,495,000 | " |

### AMERICAN FARMING METHODS IMPROVING.

The average production per acre is improving:—

| | | | |
|---|---|---|---|
| Average Yield, | 1889-1893 | 12.8 | bushels per acre |
| " " | 1894-1898 | 13.6 | " " " |
| " " | 1899-1903 | 12.6 | " " " |
| " " | 1904-1908 | 14.1 | " " " |
| " " | 1909 | 15.8 | " " " |
| " " | 1910 | 14.1 | " " " |

### AMERICAN PRODUCTION PER HEAD IS KEEPING UP.

Contrary to the general impression, the American production of wheat per head of total population shows no tendency to decrease:—

| | | | |
|---|---|---|---|
| Wheat produced per head, | 1900 | 7.2 | bushels per head |
| " " " " | 1901 | 6.7 | " " " |
| " " " " | 1902 | 9.4 | " " " |
| " " " " | 1903 | 8.2 | " " " |
| " " " " | 1904 | 7.7 | " " " |
| " " " " | Average, 1900-04 | 7.8 | " " " |
| " " " " | 1905 | 6.5 | " " " |
| " " " " | 1906 | 8.0 | " " " |
| " " " " | 1907 | 8.4 | " " " |
| " " " " | 1908 | 7.1 | " " " |
| " " " " | 1909 | 7.3 | " " " |
| " " " " | Average, 1905-09 | 7.4 | " " " |
| " " " " | 1910 | 8.0 | " " " |

The foregoing figures are taken from the United States Statistical Abstract for 1910.

The average consumption of wheat in the United States is 6.25 bushels per head.

It is evident that the idea that the United States soon will be importing food products for home consumption is erroneous.

The average wheat crop of England is 32.2 bushels per acre; of Garmany, 28.8; of Frsnce, 21.7.

Why then do the United States want our wheat?

### THEY WANT NOT TO EAT, BUT TO MILL OUR WHEAT.

Already the United States export a larger proportion of their wheat in its manufactured form, i.e., as flour:—

Percentage of flour exports of total wheat production.

| Year | In Canada | In U.S. |
|---|---|---|
| 1901.. .. .. .. .. .. .. .. .. .. .. | 5.94 | 16.07 |
| 1903.. .. .. .. .. .. .. .. .. .. .. | 7.38 | 13.24 |
| 1906.. .. .. .. .. .. .. .. .. .. .. | 5.49 | 9.04 |
| 1908.. .. .. .. .. .. .. .. .. .. .. | 6.98 | 9.88 |
| 1909.. .. .. .. .. .. .. .. .. .. .. | 4.71 | 7.12 |

### BYE-PRODUCTS CHEAPER IN CANADA.

In this connection is to be noted the advantage in bye-prodncts which comes from a milling industry. At present thesa are cheaper in Canada than in the United States—a great advantage for the farmers. Take 1910:—

| | Bran | Middlings |
|---|---|---|
| Minneapolis.. .. .. .. .. | \$16.00 to \$22.50 | \$18.75 to \$22.50 |
| Winnipeg.. .. .. .. .. .. | 15.00 " 18.00 | 16.00 " 20.50 |
| Toronto.. .. .. .. .. .. | 18.50 " 23.00 | 20.00 " 23.50 |
| Montreal.. .. .. .. .. .. | 17.00 " 23.00 | 22.00 " 24.00 |
| Buffalo.. .. .. .. .. .. .. | 20.50 " 25.50 | 21.25 " 25.50 |

"The Winnipeg prices for both bran and middlings were constantly lower than those of Minneapolis.... The Toronto prices for both bran and middlings were constantly lower than those of Buffalo." (Senate Document 849, p. 111.)

When the milling industry ie transferred to the United States onr farmers (East and West) will have to buy bran and middlings in the United States at greatly increased prices and will have to pay the duty on the returning bran and middlings, though our wheat goes over there free. This will be a severe blow to our dairy and cattle industry.

### LOW TARIFF DOES NOT NECESSARILY MEAN HIGH PRICES.

Would Reciprocity increasa the price of Canadian grain?

The chief precedent is the effect of tha Wilson Tariff. From 1890 to 1894 the high rates of the McKinley Tariff prevailed. From 1894 to 1897 the lower rates of the Wilson Tariff prevailed. In 1897 these were replaced by the Dingley Tariff rates. It is a fact that the prices received by tha Canadian farmer for his grain on the whole declined during the low tariff period and advanced when the United States rate was increased. Some examplee are:—

THE WILSON TARIFF AND WHEAT.

1. Wheat.* McKinley Tariff Rate, 25 cents per bushel.

| | Winnipeg, No. 1 Northern | U.S. Average Farm Price |
|---|---|---|
| 1890.. .. .. .. .. | 84.58 cents | 83.8 cents |
| 1891.. .. .. .. .. | 93.08 " | 83.9 " |
| 1892.. .. .. .. .. | 80.12 " | 62.4 " |
| 1893.. .. .. .. .. | 73.33 " | 53.8 " |
| 1894.. .. .. .. .. | 61.25 " | 49.1 " |
| Wilson Tariff Rate, 20 per cent. | | |
| 1895.. .. .. .. .. | 71.81 " | 50.9 " |
| 1896.. .. .. .. .. | 65.52 " | 72.6 " |
| 1897.. .. .. .. .. | 78.66 " | 80.8 " |
| Dingley Tariff Rate, 25 cents per bushel. | | |
| 1898.. .. .. .. .. | 93.16 " | 58.2 " |
| 1899.. .. .. .. .. | 70.89 " | 58.4 " |
| 1900.. .. .. .. .. | 74.56 " | 61.9 " |

The foregoing table does not afford an exact comparison, the United States figures being the farm and not the wholesale prices; and also the average for the whole country. They show, however, that the Canadian farmer got worse prices after the American duty was lowered and rather better prices after it was put up again.

THE WILSON TARIFF AND BARLEY.

2. Barley. McKinley duty, 30 cents per bushel.

| | Winnipeg Western Milling | U.S. average farm price |
|---|---|---|
| 1890.. .. .. .. .. | 56.25 cents | 62.7 cents |
| 1891.. .. .. .. .. | 33.0 " | 52.4 " |
| 1892.. .. .. .. .. | 30.16 " | 47.5 " |
| 1893.. .. .. .. .. | 29.50 " | 41.1 " |
| 1894.. .. .. .. .. | 27.00 " | 44.2 " |
| Wilson Duty, 30 per cent. ad valorem. | | |
| 1895.. .. .. .. .. | 30.75 " | 33.7 " |
| 1896.. .. .. .. .. | 21.83 " | 32.3 " |
| 1897 .. .. .. .. .. | 28.00 " | 37.7 " |
| Dingley Duty, 30 cents per bushel. | | |
| 1898.. .. .. .. .. | 39.68 " | 41.3 " |
| 1899.. .. .. .. .. | 32.58 " | 40.3 " |
| 1900.. .. .. .. .. | 35.91 " | 40.9 " |
| 1901.. .. .. .. .. | 39.50 " | 45.2 " |
| 1902.. .. .. .. .. | 37.83 " | 45.9 " |

Here we see there was a ruinous slump when the Canadian barley began to flow into the United States: about 4,000,000 bushels were exported from Canada into the United States in the three years.

* The Canadian figures are from the History of Wholesale Prices, issued by the Department of Labour. The American prices are from the United States Agricultural Year Book.

3. Oats. McKinley Tariff, 15 cents per bushel.

| | Toronto, Ont. No. 2, White | Average farm value in U.S. |
|---|---|---|
| 1890.. .. .. .. .. .. | 37.91 cents | 42.4 cents |
| 1891.. .. .. .. .. .. | 42.45 " | 31.5 " |
| 1892.. .. .. .. .. .. | 29.13 " | 31.7 " |
| 1893.. .. .. .. .. .. | 30.88 " | 29.4 " |
| 1894.. .. .. .. .. .. | 31.39 " | 32.4 " |
| Wilson Tariff, 20 per cent. | | |
| 1895.. .. .. .. .. .. | 30.13 " | 19.9 " |
| 1896.. .. .. .. .. .. | 20.64 " | 18.7 " |
| 1897 .. .. .. .. .. .. | 20.79 " | 21.2 " |
| Dingley Tariff, 15 cents per bushel. | | |
| 1898.. .. .. .. .. .. | 27.54 " | 25.5 " |
| 1899.. .. .. .. .. .. | 28.85 " | 24.9 " |
| 1900.. .. .. .. .. .. | 26.66 " | 25.8 " |
| 1901.. .. .. .. .. .. | 33.11 " | 39.9 " |
| 1902.. .. .. .. .. .. | 40.22 " | 30.7 " |

Here again we see that a low United States tariff did the farmers of Canada no good.

## CANADIANS WILL NOT GET HIGHER PRICES.

Turning from history to the present, will Canadians get higher prices for farm products?

J. J. Hill says they will not. According to him, in 1910 prices for wheat ran:—

| | | | |
|---|---|---|---|
| Ohio .. .. .. .. .. .. .. | 72 cents | Okhahoma .. .. .. .. | 73 cents |
| Missouri.. .. .. .. .. .. | 78 " | Arkansas .. .. .. .. | 85 " |
| Tennessee .. .. .. .. .. | 90 " | Oregon .. .. .. .. .. | 72 " |

Prices fell on the announcement of the Reciprocity bargain.

## SPECIAL CONDITIONS IN AMERICAN NORTHWEST.

In this connection it is to be noted that the evidence before the United States Senate Committee went to show that prices of wheat in Northwestern States are not on an export basis under present conditions; but that the admission of Canadian wheat, i.e., pooling the wheat crop of the continent. would place all wheat on an export basis. Thus under Reciprocity the price to the United States producer of hard wheat would decrease, but the price to the Canadian producer would not increase.

During the examination of Hon. F. M. Warner, Ex-Governor of Michigan, the following colloquy occurred (p. 280):—

Senator McCumber:—Is it not a fact that we are selling above in our Northwest—considerably above the Liverpool price, with the freight added?

Mr. Warner:—Yes, I think so.

Senator McCumber:—And therefore, if the Canadians are selling at the Liverpool price, with the cost of transportation, and we are selling at 10 or 12 cents a bushel more, and you take away our protection and allow the Canadian wheat to come over here—are we not immediately brought down to the law of supply and demand and to go upon the world's basis the same as the Canadians are to-day?

Mr. Warner:—Absolutely.

### GOOD TIMES FOR THE BEARS.

Mr. Larimore of North Dakota said (pp. 370, 373) :—

**Prices are not always influenced by supply and demand, but oftener by the manipulation of the bulls and bears. Some few weeks ago the papers published telegrams from Chicago, stating that since the agitation of reciprocity, wheat had declined about 17 cents per bushel, and the bears had made millions. Among the names given as big winners I recognised many old-time bears who have been hibernating. Should this Canadian wheat be dumped upon our markets they would raid prices as they did a few years ago when wheat sold at 50 cents and corn at 20 cents......**

### "CANADIAN FARMER IS SADLY MISTAKEN."

**The Canadian farmer is doubtless expecting that reciprocity will enable him to get better prices for his wheat, but in this he is sadly mistaken. He would only be furnishing a club to break his own head as well as that of the American farmer. Until the agitation of reciprocity, Minneapolis millers paid practically as much for No. 1 Northern wheat as it was quoted at in Liverpool. If 50,000,000 bushels of Canadian wheat [illegible] markets, this wheat, with the aid of the 'bears,' would drive prices so low that the Canadian farmer would sorely regret the reciprocity agreement.....**

### AMERICAN BEAR WILL FIX WORLD'S WHEAT PRICE.

**If this great body of Canadian wheat is dumped on our markets, the 'bulls' will not be able to carry the load, and the 'bears' with nothing to resist them, will force prices below the living point for the farmer, and instead of Liverpool making the prices for the world, the American 'bear' will have that credit; then the Canadian farmer as well as the American farmer will unite in denouncing reciprocity as the greatest curse that was ever put upon both countries.**

The only reason American hard wheat is at a higher price now than in Canada is because the greater part of the American wheat is soft wheat and it is an absolute necessity for the Minneapolis mills to get the hard wheat to mix with it to make merchantable flour.

This need for hard wheat for mixing purposes in the mills has run up the price in the United States of this kind of wheat. Let the Canadian wheat flow in and the price will collapse.

### IDENTITY OF CANADIAN WHEAT.

In this connection must be noted the anxiety of Canadian farmers to maintain the identity of Canadian wheat. This will be impossible if our trade is thrown into American channels, or if our wheat is milled in the United States. The very strictness of Canadian regulations will divert wheat to Duluth and other American points.

### THE CASE OF OATS.

As regards oats, the average farm price in Canada is 35.4 cents a bushel, and in the United States 34 cents.

### PROSPECTS FOR BARLEY.

With regard to barley, under the old condition prior to 1890 when Canada exported it, we grew in 1889 28,000,000 bushels. In 1909 we grew 51,000,000 bushels, and the farmer got a higher price. The policy of feeding instead of exporting barley has paid.

## CANADIAN POTATO PRICES BETTER.

As regards potatoes, last spring New Brunswick potatoes were bringing 63 cents a bushel in Montreal, and New York and Maine potatoes were paying 20 cents a bushel duty and selling for 60 and 62 cents in Montreal. Counting freight and duty the American farmer was getting 27 cents a bushel to the New Brunswick farmer's 43 cents.

Here are some comparisons. The figures are for last January. The prices quoted in the first five cases are those obtained by the producer.

Toronto, 46 cents a bushel; Buffalo, 47.

Bangor, Maine, $1 a barrel; St. Stephen's, N.B., $1.65.

Lancaster, N.H., $1 a barrel; Sherbrooke, Que., $1.55.

Detroit, Mich., 35 cents a bushel; Windsor, Ont., 40.

Ogdensburg, N.Y., $1.10 a barrel; Prescott, Ont., $1.20.

Retail price:—Burlington, Vt., 60 cents a bushel; Montreal, 75.

The foregoing table is from Senate Document 849 of the United States.

## THE VEGETABLE GROWERS' DANGER.

With regard to vegetables the position is that the United States having an earlier season would catch the early market if there were free trade; and the profit is in the early market. The consumer would get no benefit; he would pay the same high early prices, but a couple of weeks or so earlier.

On vegetables which are delicacies the American prices generally rule lower than the Canadian. For instance, last January:—

| | |
|---|---|
| Cauliflowers, Buffalo | 20 cents |
| Cauliflowers, Toronto | 22 " |
| Celery, Buffalo | 30 " |
| Celery, Toronto | 60 " |

In 1910 we imported $821,236 of vegetables from the United States alone, despite the tariff.

For figures as to the size of the market garden industry see p. 146.

## SOUTHERN VEGETABLE GROWERS' CHANCE.

On June, 8, President Taft, addressing the Southern Cotton Seed Crushers in New York, is reported thus:—

> Mr. Taft said there was still broader ground for appealing to the interests of those who have the prosperity of the South at heart. Under the treaty vegetables and fruits of all kinds would enter the Dominion free of duty. One of the greatest branches of the farming industry in the South was truck farming, and shipping early fruits and vegetables to the North. The introduction of fruits and vegetables free of duty into Canada would create a greatly increased demand and add to the revenues of the Southern farmers.

With regard to animals the argument is heavily against Reciprocity.

## CANADIAN PRICES FOR HORSES ARE BETTER.

1. Horses command higher prices in Canada than in the United States.

### AVERAGE VALUES, EASTERN GROUP.

| | | | |
|---|---|---|---|
| New Hampshire | $106 | Prince Edward Island | $107 |
| Vermont | 106 | Nova Scotia | 113 |
| Maine | 125 | New Brunswick | 131 |

AVERAGE VALUES, CENTRAL GROUP.

| | | | |
|---|---|---|---|
| **New York** | $125 | Quebec | $139 |
| **Michigan** | 126 | Ontario | 133 |
| **Illinois** | 124 | | |
| **Indiana** | 122 | | |

AVERAGE VALUES, WESTERN GROUP.

| | | | |
|---|---|---|---|
| **North Dakota** | $114 | Manitoba | $107 |
| **Montana** | 80 | Saskatchewan | 156 |
| **Idaho** | 102 | Alberta | 126 |
| **Washington** | 108 | | |

**The** average in the United States is $108.19 and in Canada is $133.00. **There are** 21,000,000 horses in the United States and 2,132,000 in Canada. **(United** States Senate Document No. 489.)

**Under** Reciprocity cheaper American horses would depress prices, which **of late years** have been profitable to Ontario farmers.

**At** page 324 of the United States Senate Committee hearings is the **following** telegram:—

**George** Urran, Jr., care The New Willard Hotel, Washington, D.C.
**On Monday** of this week we sold Daniel McGregor, of Toronto, Canada, to be **retailed** on open market there, 19 work horses for $4,570, or an average of $240 per **head, to** which a duty of 25 per cent. must be added. If this duty were removed **Canada** and the Northwest would be best buyers for at least 20,000 horses the **coming season.** A. D. Cronk.

**Sales** of horses for the year ending June 30th, 1909, in some of the **Ontario** counties show the worth of this trade.

| | | | |
|---|---|---|---|
| ***Perth** | $346,437 | Essex | $341,784 |
| **Bruce** | 447,171 | Huron | 678,618 |
| **Elgin** | 229,482 | Middlesex | 518,460 |

CANADIAN PRICES FOR CATTLE ARE BETTER.

**2.** Comparative figures for the price of dairy cows show the advantage to be with Canada:—

AVERAGE VALUES, EASTERN GROUP.

| | | | |
|---|---|---|---|
| **Maine** | $33.00 | Prince Edward Island | $32.00 |
| **New** Hampshire | 36.20 | Nova Scotia | 37.00 |
| **Vermont** | 34.20 | New Brunswick | 34.00 |

AVERAGE VALUES, CENTRAL GROUP.

| | | | |
|---|---|---|---|
| **New York** | $39.50 | Quebec | $31.00 |
| **Michigan** | 39.50 | Ontario | 48.00 |
| **Illinois** | 42.80 | | |
| **Indiana** | 41.00 | | |

* **Report of Bureau of Industries.**

AVERAGE VALUES, WESTERN GROUP.

| | | | |
|---|---|---|---|
| North Dakota | $33.90 | Manitoba | $40.00 |
| Montana | 46.50 | Saskatchewan | 41.00 |
| Idaho | 41.40 | Alberta | 34.00 |
| Washington | 41.80 | | |

The average value of dairy cows in the United States is $35.79; in Canada $43.

The average value of other cattle in the United States is $19.41, and in Canada $31. (United States Senate Document No. 849.)

CANADIAN SHEEP, $6 EACH; AMERICAN SHEEP, $4 EACH.

3. Sheep. Here the average Canadian value is $6 a head and the average American value $4.08. There are 57,216,000 sheep in the United States and 2,705,000 in Canada. American sheep are bred in great numbers, while Canada, and Ontario in particular, specializes on pedigreed flocks.

CANADIAN HOG PRICES ARE BETTER.

4. Swine. Canadian prices are rather better.

AVERAGE VALUES, EASTERN GROUP.

| | | | |
|---|---|---|---|
| Maine | $11.50 | Prince Edward Island | $10.00 |
| New Hampshire | 11.50 | Nova Scotia | 12.00 |
| Vermont | 10.00 | New Brunswick | 11.00 |

AVERAGE VALUES, CENTRAL GROUP.

| | | | |
|---|---|---|---|
| New York | $11.50 | Quebec | $13.00 |
| Michigan | 10.50 | Ontario | 10.00 |
| Illinois | 10.90 | | |
| Indiana | 10.00 | | |

AVERAGE VALUES, WESTERN GROUP.

| | | | |
|---|---|---|---|
| North Dakota | $11.00 | Manitoba | $13.00 |
| Montana | 10.10 | Saskatchewan | 13.00 |
| Idaho | 8.70 | Alberta | 12.00 |
| Washington | 9.40 | | |

The United States have 47,782,000 swine against 2,912,000 in Canada.

The average value of the United States hog is $9.14; of the Canadian $11.00. (See Document 849 of United States Senate.)

The prices paid by Canadian packing companies for the past ten years shows that the Canadian prices are better:—

| | Chicago Total Receipts. | Chicago aver. price per cwt. | Canadian aver. price per cwt. | Canadian price above Chicago. |
|---|---|---|---|---|
| 1901.. .. .. .. .. .. .. .. | 8,290,494 | $5.85 | $6.70 | $0.85 |
| 1902.. .. .. .. .. .. .. .. | 7,895,238 | 6.85 | 6.68 | ..... |
| 1903.. .. .. .. .. .. .. .. | 7,325,923 | 5.00 | 5.07 | .07 |
| 1904.. .. .. .. .. .. .. .. | 7,238,746 | 5.15 | 5.32 | .17 |
| 1905.. .. .. .. .. .. .. .. | 7,725,738 | 5.25 | 6.41 | 1.15 |
| 1908.. .. .. .. .. .. .. .. | 7,275,083 | 6.25 | 7.17 | .92 |
| 1907.. .. .. .. .. .. .. .. | 7,201,081 | 6.10 | 6.85 | .75 |
| 1908.. .. .. .. .. .. .. .. | 8,131,465 | 5.70 | 6.87 | 1.17 |
| 1909.. .. .. .. .. .. .. .. | 6,519,018 | 7.35 | 8.04 | .89 |
| 1910.. .. .. .. .. .. .. .. | 5,586,858 | 8.90 | 9.11 | .21 |

(See also the carefully compiled table "Comparative weekly statement for six years", on page 4 of the pamphlet "Canada pays more for hogs than the United States").

The following are the average prices for the last five years in the Montreal, Ingersoll and Chicago markets:—

| * Year | Chicago | Montreal | Ingersoll, Ont. |
|---|---|---|---|
| 1905 .. .. .. .. .. .. .. .. .. | $5.25 | $7.77 | $7.17 |
| 1907 .. .. .. .. .. .. .. .. .. | 6.10 | 7.43 | 5.85 |
| 1908 .. .. .. .. .. .. .. .. .. | 5.70 | 7.10 | 5.87 |
| 1909 .. .. .. .. .. .. .. .. .. | 7.35 | 8.64 | 8.04 |
| 1910 .. .. .. .. .. .. .. .. .. | 8.90 | 9.60 | 9.11 |

## DAIRY PRODUCTS.

As regards dairy products the general situation is that the cold storage warehouses would beat down the price. Prices at present are distinctly lower on the American side. For example, Messrs. Wright and Sexsmith, members of the House of Commons, in their tour through adjoining portions of Eastern Ontario and the State of New York, separated only by the St. Lawrence river, found the following prices prevailing:—

| | Ontario | New York State |
|---|---|---|
| Butter fat .. .. .. .. | 27 cents a pound. | 21 cents a pound. |
| Milk (April) .. .. .. .. | $1.00 | 60 to 65 cents. |
| Cheese .. .. .. .. .. | 11½ cents | 10¼ " |
| Eggs, farmers .. .. .. | 20 " | 15 " |
| Butter, Creamery .. .. | 27 " | 21 " |
| Butter, farmers.. .. .. | 25 " | 20 " |

* Statement of Ingersoll Packing Co., Limited, and a Montreal House.

## EGG PRICES.

As regards eggs, the Canadian price is almost uniformly higher than the American. Take the comparisons made in United States Senate Document No. 849. The price is that realized by the producer.

Buffalo, N. Y., 33 cents; Toronto, 36.
Detroit, Mich., 24; Windsor, Ont., 24.
Bangor, Me., 26-30; St. Stephens, N.B., 30.
Lancaster, N.H., 23; Sherbrooke, Que., 28.
Ogdensburg, N.Y., 28: Prescott, Ont., 30.
Burlington, Vt., 24; Montreal, 30.

The heavy importations of eggs into Canada show the value of our home market. In 1910-11 we imported 2,378,640 dozen, despite the duty of 3 cents a dozen. Canada exported only 92,164 dozen eggs, and of these only 24,688 went to the United States.

| | | |
|---|---|---|
| We bought from the United States .. .. .. .. .. | 2,212,727 | dozen |
| We sold to the United States .. .. .. .. .. .. .. | 24,688 | " |

## RUIN OF FRUIT INDUSTRY.

The fruit industry would be ruined. The earlier season would enable the Americans to catch the entire market, when prices are high, and when only profits are made.

The investment is very heavy, at least $150,000,000.

Mr. Martin Burrell, M.P., put the area of fruit-lands as follows:—

| | | |
|---|---|---|
| Prince Edward Island .. .. .. .. .. .. | 7,000 | acres. |
| New Brunswick .. .. .. .. .. .. .. .. | 18,000 | " |
| Nova Scotia.. .. .. .. .. .. .. .. .. | 35,000 | " |
| Quebec.. .. .. .. .. .. .. .. .. .. .. | 50,000 | " |
| Ontario .. .. .. .. .. .. .. .. .. .. | 320,000 | " |
| British Columbia .. .. .. .. .. .. .. | 100,000 | " |
| Total .. .. .. .. .. .. .. .. .. .. | 530,000 | " |

The importations of late have been:—

| | 1909-10 | | | 1910-11 | | |
|---|---|---|---|---|---|---|
| Apples. .. .. .. | 59,071 | bbls. | $261,792 | 150.961 | bbls. | $487,516 |
| Peaches . .. .. | 200 | cars | 155,139 | 8,137,846 | lbs. | 218,564 |
| Grapes .. .. .. | 267.000 | baskets | 112,218 | 3,931,045 | lbs. | 230,995 |
| Plums .. .. .. | 198,587 | " | 158,756 | 89,808 | bush. | 177,604 |
| Pears, etc. .. .. | 247,000 | " | 170,346 | 6,418,360 | lbs. | 229,950 |
| Cherries . .. .. | 318,600 | lbs. | 40,376 | 345,932 | lbs. | 44,744 |
| Cranberries . .. | 40,854 | bush. | 91.754 | 40,022 | bush. | 103,118 |
| Berries .. .. .. | 2,503,594 | lbs. | 210,796 | 3,272,636 | lbs. | 318,222 |
| Others .. .. .. | | | 4,369 | | | 16,108 |
| | | | 1,205,546 | | | 1,826,821 |

Our exports to the United States have been:—

| | | |
|---|---|---|
| Apples .. .. .. .. .. .. .. | $ 29,323 | $ 50,149 |
| Grapes .. .. .. .. .. .. .. | 2,800 | ..... |
| Others .. .. .. .. .. .. .. | 200,653 | 110.920 |
| | $232,776 | $161,069 |

The United States possess peculiar facilities for flooding our markets. Their climate matures the fruits earlier. They have enormous areas. They have cheaper labour, especially in the South. Even in the West this is the case. Here is one comparison:—

| Cost of Team. | Day Labor. | Cost of Packing Apples. | Cost of Box. |
|---|---|---|---|
| Southern Oregon $4 to $5 pr. day. | $1.50 to 1.75 | 6 to 7 cts. a box. | 10 to 11 cents. |
| Brit. Columbia $6 to $7 per day. | 2.50 | 8 to 10 cts. a box. | 14 cts. |

(Revised Hansard, Feb. 15, 1911, page 3619.)

GOVERNMENT ATTITUDE; "IT DOES NOT MATTER."

The attitude of the Government was shown, not only by Sir Wilfrid Laurier's reply to the Fruit Growers on February 10, that they had come too late, but by Hon. Charles Murphy's speech at Rockland, Russell County, on May 30. He was thus reported in the *Ottawa Journal*, a paper published in his own city:—

"'Those who are opposed to reciprocity,' he said, 'are principally the men who are connected with the vested interests. They were afraid that if the agreement passed the wage-earners would come in for some of their own.' It did not matter he said, if the fruit industry was destroyed. The owners of these industries numbered only hundreds while fruit consumers numbered millions."

CANADIAN FARMER IS BETTER OFF.

Apart from special industries there are certain general facts. The Canadian farmer to-day on the whole is better off than the American farmer. His lands, (1) are almost of equal value, (2) are increasing more rapidly in value. Take first the value of the land, taken from United States Senate Document 849.

VALUE PER ACRE, EASTERN GROUP.

| | | | |
|---|---|---|---|
| **Maine** .. .. .. .. .. | $25 | New Brunswick .. | $24 |
| **New Hampshire** .. .. .. | 26 | Nova Scotia .. .. .. .. | 31 |
| **Vermont** .. .. .. .. .. | 24 | Prince Edward Island .. | 32 |

VALUE PER ACRE CENTRAL GROUP.

| | | | |
|---|---|---|---|
| **Michigan** .. .. .. .. .. | $46 | Quebec .. .. | $43 |
| **Pennsylvania** .. .. .. . | 56 | Ontario .. | 50 |

VALUE PER ACRE, WESTERN GROUP.

| | | | |
|---|---|---|---|
| **Minnesota** .. .. .. .. .. | $46 | Manitoba .. .. .. .. .. | [illegible] |
| **Wisconsin** .. .. .. .. .. | 57 | Saskatchewan .. .. .. .. | [illegible] |
| | | **Alberta** .. .. .. .. .. .. | [illegible] |

While these are the percentages of increase in 10 years:—

EASTERN GROUP.

| | | | |
|---|---|---|---|
| Maine | 67 per cent. | New Brunswick | 120 per cent. |
| New Hampshire | 37 " " | Nova Scotia | 181 " " |
| Vermont | 33 " " | Prince Edward Island | 70 " " |

CENTRAL GROUP.

| | | | |
|---|---|---|---|
| Michigan | 39 per cent. | Quebec | 80 per cent. |
| Pennsylvania | 20 " " | Ontario | 43 " " |

WESTERN GROUP.

| | | | |
|---|---|---|---|
| Minnesota | 77 per cent. | Manitoba | 123 per cent. |
| Wisconsin | 63 " " | Saskatchewan | 201 " " |
| | | Alberta | 185 " " |

BORDER STATES LOSING GROUND.

If the American market would benefit Canada so much, how does it happen that the border States are doing no better in regard to population than the Canadian Provinces? For instance the preliminary Census returns show as follows:—

| | 1900 | 1910 | Rate of Increase |
|---|---|---|---|
| Maine | 694,466 | 742,371 | 6.8 per cent. |
| New Hampshire | 411,588 | 430,572 | 4.6 " " |
| Vermont | 343,641 | 355,956 | 3.5 " " |
| Iowa | 2,231,853 | 2,224,771 | decrease |

COUNTIES OF NEW YORK STATE ADJOINING CANADIAN BOUNDARY.

| County | 1900 | 1910 | Rate of Increase |
|---|---|---|---|
| Orleans | 30,164 | 32,000 | 6.0 per cent. |
| Wayne | 48,660 | 50,179 | 3.1 " " |
| Oswego | 70,881 | 71,664 | 1.1 " " |
| Jefferson | 76,748 | 80,297 | 4.6 " " |
| St. Lawrence | 89,083 | 89,005 | decrease |
| Franklin | 42,853 | 45,717 | 6.6 per cent. |
| Clinton | 47,430 | 48,230 | 1.7 " " |
| Lewis | 27,427 | 24,849 | decrease |
| Herkimer | 57,049 | 56,356 | decrease |
| Hamilton | 4,947 | 4,373 | decrease |
| Essex | 30,707 | 33,458 | 8.9 per cent. |
| Total | 525,949 | 536,128 | 1.9 " " |

And what about the abandoned farms of New England? The decline in tilled acreage in a decade has been:—

| | |
|---|---|
| Massachusetts | 9 per cent. |
| New Hampshire | 14 " " |
| Vermont | 23 " " |
| New England | 4.3 " " |

These New England farmers found that they could not sell meat to their own factory towns next door because the Chicago Meat Trust had established cold storage plants all along the line; and their beef, ham and bacon beat out the local farmer. If it were not for the "summer visitor" trade, many more of these farms would have been abandoned long ago.

## NEW ENGLAND FARM VALUES.

Prices of farms actually on offer at this moment in the New England States: In the town (or, as we call it, the township) of Bethel, Windsor County, Vermont, a farm of 45 acres, $700; another of 90 acres, $1,300; another of 360 acres, $2,600. In the Township of Brattleboro, Vt., 190 acres, $1,000; 100 acres, $800; at Chester Depot, Rutland County, 195 acres, $2,000; another of 280 acres, $2,500; another of 250 acres, $1,600; another of 225 acres, $1,300; another of 130 acres, $2,000.

In New Hampshire, in the Township of Tilton, is a farm of 500 acres for $4,400; 150 acres for $2,900; in Peterborough, N.H., 175 acres for $2,900. In New York Messrs. Wright, M.P., and Sexsmith, M.P., heard of a first-class farm of 160 acres, 7 miles from Ogdensburg, which was sold at auction for $3,385.

## BRITISH MARKET THE TRUE GOAL.

Finally, is not the British market the true goal at which Canadian farmers should aim? It is enormous, and it is not capricious. Here are some figures for 1909:—

| | Total British Imports | Imports from Canada |
|---|---|---|
| Butter | $108,600,000 | $ 583,000 |
| Cheese | 33,100,000 | 21,960,000 |
| Wheat | 219,700,000 | 36,956,000 |
| Barley | 34,700,000 | 392,000 |
| Oats | 26,300,000 | 215,000 |
| Flour | 30,900,000 | 5,775,000 |
| Eggs | 35,100,000 | 10,000 |
| *Fruit | 16,700,000 | 4,510,000 |
| Bacon | 67,500,000 | 6,630,000 |
| Beef | 49,200,000 | 22,000 |
| Hams | 15,100,000 | 749,000 |
| Mutton | 39,000,000 | nil |
| Vegetables (raw) | 18,600,000 | nil |
| | $694,600,000 | $77,802,000 |

Further, it is to be noted that as things are, our exports of agricultural produce to the United States are shrinking.

| Article | 1908 | 1909 | 1910 |
|---|---|---|---|
| Swine | $ 10,357 | $ 2,826 | $ 6,088 |
| Sheep | 911,740 | 420,345 | 569,679 |
| Beef | 11,522 | 9,241 | 7,561 |
| Flax | 162,625 | 120,579 | 84,035 |
| Apples | 317,904 | 37,496 | 132,810 |
| Berries | 201,084 | 178,440 | 148,676 |
| Barley | 139,573 | 144,660 | 66,608 |

Revised Hansard, 1911, pages 7027-7030.

* Species in which Canada can compete.

After Canada had agreed to pay so great a price for admission to the United States market, the triumphant Democratic party proceeded to try to give her even fuller admission free. Their "farmers' free list" included such articles as:—

Agricultural implements.
Cotton bagging, burlap and jute bagging.
Boots and shoes.
Calfskins, harness, saddlery.
Barbed wire, wire rods, wire rope, wire staples.
Beef, veal.
Mutton, lamb.
Pork, bacon, hams, lard, sausages.
Wheat flour, buckwheat flour.
Oatmeal, cereal foods, biscuits, bread.
Timber, boards, laths.
Sewing machines.
Salt.

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# MR. LANCTOT'S HOUSE

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## HOW THE SOREL SHIPYARD STORES WERE USED FOR A LIBERAL M.P.'s BENEFIT.

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Be a Liberal member in the vicinity of a Government shipyard and you can have your house painted by Government painters with Government paint. If anybody objects, a parliamentary committee, with a Liberal majority, will investigate the matter and will find that you did what was perfectly right and proper.

The case of Adelard Lanctot, of Richelieu, is one in point. Lanctot's predecessor in the Richelieu seat was given a judgeship. Lanctot got his house painted.

The Lanctot house is a wooden structure in the city of Sorel. The Government shipyard is situated at St. Joseph de Sorel, just across the Richelieu River. When Mr. Lanctot wanted to have his house painted, he went to the shipyard and was supplied with Government painters, who painted his house with Government paint.

## THE BLONDIN CHARGE.

The matter was brought before Parliament by Mr. Pierre E. Blondin, of Champlain, who preferred the following charge:—

That in the course of the years 1908, 1909 and 1910, irregularities, abuses, frauds, malversations and robberies have been committed in the shops and stores of the government of Canada at St. Joseph de Sorel and in the city of Sorel, in the electoral district of Richelieu.

That barrels and tins of paint and other goods of this nature have been illegally and fraudulently taken and carried away from the said stores and shops and transported to the house of Mr. Adelard Lanctot, then and now a member of the House of Commons of Canada, for the electoral district of Richelieu, which house was then being built on George street, at Sorel above mentioned, and ready to be painted.

That with these goods and paint, paint works, decoration and varnish works, have been done by the employees of the government of Canada under the supervision of the painters' foreman employed by said government at the said place, at the government's expense and during the hours supposed to be devoted to the government and for which said employees were paid by the government, these men registering each day as if they had really worked for the government, and this during weeks and months; the materials and time, thus furnished, are valued at about one thousand or twelve hundred dollars.

That said goods were so fraudulently appropriated to, and said work so fraudulently done at the expense of the government of Canada for the benefit of the said Adelard Lanctot, then and now a member of the House as aforesaid, with his knowledge, assent and approval, the said Adelard Lanctot abusively and fraudulently profiting at the public expense and to the public detriment by his position as member of the House.

## COMMITTEE INVESTIGATED.

This charge went to the Standing Committee on Privileges and Elections. The Committee held a number of sittings and examined a number of witnesses under oath.

It was sworn that about the end of May, last year (1910), Mr. Lanctot, having built his mansion on George Street, in Sorel, crossed the river to the shipyard and saw Baptiste Pagé, a foreman of the painters. He asked Pagé to let him have some painters to paint his house. Pagé said he would if the director of the shipyard, Mr. Papineau, would sanction it. Mr. Lanctot said he would see Mr. Papineau.

He didn't see him. He had already seen Mr. Oscar Champagne, the timekeeper, who said, "With pleasure."

## PAINTED HIS HOUSE.

The painting was done. For five or six months men from the shipyard were working at Lanctot's house. During the whole of that time they were being paid by the Government out of the public treasury. The paint used was paint paid for by the Government and the property of the people of Canada.

The Lanctot defence was that he had been unable to get the work done in the ordinary way, and that he intended to refund the money to the Government. This latter is the stock excuse put forward in cases of embezzlement. Adelard Lanctot is an advocate and familiar with the law which says (Section 347 of the Criminal Code):—

Theft or stealing is the act of fraudulently and without colour of right taking, or fraudulently and without colour of right converting to the use of any person, anything capable of being stolen, with intent,—

(a) to deprive the owner, or any person having any special property or interest therein, temporarily, or absolutely, of such thing, or of such property or interest; or,

(b) to pledge the same or deposit it as security; or,

(c) to part with it under a condition as to its return which the person parting with it may be unable to perform; or,

(d) to deal with it in such a manner that it cannot be restored in the condition at which it was at the time of its taking and conversion.

### THE INNOCENT LANCTOT.

Was Adelard Lanctot, in converting to his own use the property of the **people of Canada, knowingly guilty of theft?**

**The Liberal members of the Committee on Privileges and Elections thought not.**

### THE SENSITIVE PAGÉ.

It was stated as part of the defence that Lanctot and Pagé had a clear understanding from tha first that there was to be a refund, and Pagé swore that Lanctot repeatedly offered him money, which he did not taka for fear that the other employees would think he was getting it for himself.

But the evidence showed also that in the carrying out of this "clear understauding," the rules of the shipyard were violated and the records manipulated. Under the shipyard system the employees are sent to different jobs by the foremen. Their time is regularly kept by an official timekeeper. The materials used are obtained from the stores on requisition and are ear-marked for each job, and the cost is in this way charged up against individual pieces of work.

### NOT SO WITH MR. LANCTOT.

But what about the Lanctot job?

Government employees used Government materials in Government time on the Lanctot house, but there was no official record in the shipyard to identify the work as done in connection with the Lanctot house. The time of the men who did the painting was punched as on Government work, and the paint used was taken out of supplies regularly requisitioned for Government work.

### PAYING FOR IT.

Mr. Lanctot paid nothing during the summer. He paid nothing till the painting of his house had become a matter of common knowledge in Sorel and Montreal, and affidavits were being prepared. Then an account made its appearance. Pagé, with the aid of a private memorandum, the original of which was lost, found that tha cost of the labour amounted to $375.60, and an account for that sum was sent to Ottawa on November 22. Mr. Lanctot at once sent back his cheque. The cheque was paid on January 12.

But the materials had not been paid for—by Lanctot.

The director of the shipyards, Mr. L. G. Papineau, is described as an honest man. He is the official whom Lanctot did not tell when the arrangement with Pagé and Champagne was made. He was kept in ignorance of the house-painting all summer. When he finally discovered that materials belonging to the Government had been used on the Lanctot house, he obtained a statement of these materials, had them replaced, and paid the bill out of his own pocket. Lanctot said that this was in accord with an understanding with Papineau.

About the time that the Department at Ottawa was asking for a statement of the Lanctot partial refund, to place before the Auditor-General, Lanctot went down to Sorel. He there met Papineau, was reminded of the bill for materials, $81.60, and paid it.

### WAS THIS STATEMENT TRUE?

On the 6th of December, Mr. Lanctot had written to the Minister of Marine that, "I reimbursed the Department as per understanding with the officers. I did the same with regard to borrowed material. The whole was paid for several days before the filing of those documents."

Now, the documents to which Mr. Lanctot referred, and in regard to which the Minister of Marine had written to him, were dated November 30.

Was the statement of Mr. Lanctot that he had paid for the materials before the filing of these documents a true one?

The evidence is that he did not pay for the materials until December 12, six days after he wrote the letter.

### LANCTOT'S OWN EVIDENCE.

Mr. Lanctot was questioned as to this payment before the Committee on Privileges and Elections, and his evidence is interesting:—

"Q. To who did you ask the account for paints?—A. To Mr. Pagé.

"Q. Did he make a bill for it?—A. Yes, sir.

"Q. Have you got it?—A. Yes, sir. It was sent to Mr. Papineau.

"Q. I do not understand this account, Mr. Lanctot; this account is from the Mount Royal Color & Varnish Company, Limited, of Montreal, to the Department of Marine?—A. This is the account that was sent to the Department of Marine and Fisheries to replace the materials I had got from the Department of Marine and Fisheries. I will explain how it was done: After having sent my cheque to Mr. Papineau on the 22nd of November, 1910—which was Tuesday or Wednesday, I believe—the following Saturday, I think, I came from Ottawa to Sorel. I saw Mr. Papineau at the Department of Marine who told me: 'You have an account for paints; you had some paint; you had some material from Mr. Jean-Baptiste Pagé. Here is his account.'

"Q. He had the account?—A. Yes, he had the account. He told me: 'You want to return these goods, do you not?' I said: 'Yes, as it was understood with Mr. Pagé.'

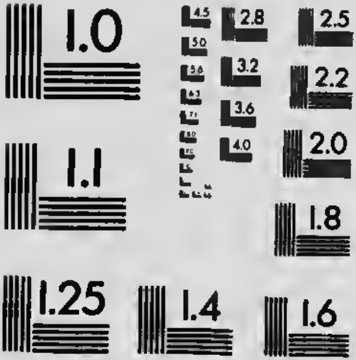
"Q. At what date did this take place?—A. I could not say exactly at what date. I know it was a Saturday, at all events.

"Q. How many days had elapsed from the time you had sent your cheque to the time you had this interview with Mr. Pagé?—A. I do not know. It was the following Saturday or the Saturday after or the fortnight after. I could not say exactly. It was not very long after anyway.

"Q. Then it was the following Saturday, or the Saturday a week following?—A. I suppose so. Perhaps I saw him on the street; I do not remember. Mr. Papineau told me: 'I will send Mr. Pagé's account. I will give a requisition to get the same quantity and the same quality of material from the factory to correspond with the material you got from the shop.'

MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)



"Q. I repeat my question. Did you receive an account from Jean-Baptiste Pagé for the paint that was furnished to you?—A. I tell you it was sent to Mr. Papineau. I do not remember having seen it.

"Q. Will you, if you please, answer directly to my question and say if Mr. Pagé furnished you with an account?—A. I do not remember. At all events if I got an account from Mr. Pagé, I took it to Mr. Papineau. Mr. Papineau sent a requisition for the same quantity and the same quality to the same factory and the goods were shipped to Sorel and I paid the freight for the carriage of the goods from Montreal to Sorel.

"Q. Will you explain, Mr. Lanctot, how it is that on the 22nd of November, 1910, you had settled, according to your statement, with the Department of Marine and Fisheries for the sum of $375, amount of your cheque for the work done by the men at your house and you did not settle on the same day for the material and paint furnished?—A. It is because I was not to pay for the material. I had borrowed it and I was to return it.

"Q. Mr. Jean-Baptiste Pagé must have kept an account of that?—A. He kept it and gave it to Mr. Papineau.

"Q. Had he not given it to Mr. Papineau on the 22nd of November?—A. I do not know, sir.

"Q. Why did you not settle the whole bill at once?—A. Because I was here at Ottawa and I had no account for the materials. Being here I said to myself when I go to Sorel I will return the materials. Had I received the account for the 22nd of November, I could not have returned them. I was not familiar enough with paints.

"Q. The account which is produced as exhibit No. 13 is dated 12th December, 1910. It seems to be an account sent by the Mount Royal Colour and Varnish Company, Limited, of Montreal, for the sale made to the Department of Marine and Fisheries, at Sorel, for goods which are mentioned in the account and for which a sum of $81.60 is charged?—A. Yes, sir.

"Q. Did you pay that amount to that firm?—A. Mr. Papineau paid the factory and I reimbursed Mr. Papineau.

"Q. With a cheque?—A. No. sir; with money.

### WHAT MR. PAPINEAU SAID.

## Mr. Papineau also gave his sworn testimony to the Committee:—

"Q. When did you see Mr. Lanctot in connection with this account, Exhibit No. 20?—A. Well, I saw him—at the time of receiving the letter I expected to see him within a few days and then I acknowledged the receipt; when I saw he was not turning up in Sorel I acknowledged the receipt of the letter, and a few days afterwards I had occasion to see him in Sorel and I mentioned the account.

"Q. The account; which account, the account Mr. Champagne had given you?—A. The account for material. I told him I thought the best plan would be to have the same quantities of material returned to the department. He was quite willing that I have that done for him.

"Q. That was the last communication you had with him on that subject?—A. I do not recall any other.

"Q. Well, in writing you, for instance, enclosing the cheque to pay for the men's time, did not he also tell you there would be an account for material, for paints? Did he say anything about that?—A. I do not think he said anything, but I knew it about the same time.

"Q. Then you knew it from Mr. Champagne? Well, then he agreed to return the materials to the department?—A. Yes.

"Q. Well, how were the materials got?—A. About the same time; about that time there was the manager of the Mount Royal Paint and Varnish Company—

"Q. Mr. Lamontagne?—A. Mr. Lamontagne—happened to be in Sorel and as he was one of the men supplying material for the department at one time and another, I gave him a list of what we required; you see the list was according to that memoranda.

"Q. The memoranda of Mr. Champagne? Exhibit No. 20?—A. Yes. Mr. Pagé, so that Mr. Lamontagne agreed to send the goods to the department, and I gave him my personal cheque.

"Q. Have you any cheque with you, Mr. Papineau?—A. Yes. Then at the next—

"Q. Will you exhibit your cheque?—A. Yes I will—and the next time Mr. Lanctot called I showed him a copy of the receipt of Mr. Lamontagne and he paid me back the money I had disbursed.

#### TIME RECORD INACCURATE.

It was also shown in evidence that the time record in connection with the work on Lanctot's house was inaccurate, the inaccuracy being in Lanctot's favour. The work of two men, amounting in value to $75, was not recorded and payment for such work was not made. In addition, there was a loss to the Government and a corresponding gain to Lanctot on account of materials unaccounted for and in interest on the amount of the false pay rolls from June to November.

Lanctot, moreover, got cheaper labour at the shipyard than he could have got elsewhere.

#### COULD HAVE GOT WORK DONE REGULARLY.

Two painting contractors from the City of Sorel swore that they could have done the work which, according to Lanctot, he could not get done in the regular way. One of these men, George Cartier, complained that "the Government was coming to do all the work on the Sorel side, not only at Mr. Lanctot's house, but everywhere in the city."

#### AND LANCTOT WAS EXONERATED.

All these facts were brougbt out in sworn testimony before the Committee on Privileges and Elections. What did the Committee do?

The Liberal majority completely exonerated Mr. Lanctot.

And, to complete the whitewash, tbey censured Mr. Blondin for causing the exposure.

A minority report by the Conservative members declared that a fraud had been committed, and that the member for Richelieu had infringed the independence of Parliament.

#### GOVERNMENT APPROVES.

What did the House of Commons do with it?

The adoption of the majority report was moved on April 27. Mr. Lanctot was defended by the following gentlemen:—Sir Allen Aylesworth, Minister of Justice; Hon. L. P. Brodeur, Minister of Marine; Mr. W. M. German, Mr. Lafortune, and Mr. G. W. Kyte. The whitewash report was adopted on a vote of 98 to 56.

#### FORMALLY SANCTIONED.

The employment of Government workmen on wages advanced by the Government and using materials belonging to the Government, to do private work on the house of a member of Parliament, was formally sanctioned. It does not appear that this authorization applies only to Sorel.

# ST. LAWRENCE POWER RAID

## AMERICAN INTERESTS, AIDED BY LAURIER GOVERNMENT, ALL BUT GOT AWAY WITH GREAT CANADIAN FRANCHISE.

Canada's water powers constitute a national asset of incalculable value. It is the duty of any government to conserve these water powers for the benefit of the people whose heritage they are. Has the Laurier Government fulfilled its duty in this respect?

It has not. It has in every instance encouraged party friends in the exploitation of these important national resources. It has been just as willing to assist in the alienation of water powers for the benefit of private and corporate interests, not even Canadian.

If it has not succeeded in every case, the reason is to be found in the stubborn resistance offered by the Conservative party, whose members in the House of Commons have repeatedly fought the battle of the people and compelled the Government to protect the public interest.

### EXAMPLES ARE NUMEROUS.

An example of this was given in the case of the notorious Conmee bills of 1906, 1908, and 1909, for the alienation of valuable water powers in New Ontario. The Conmee bills were beaten in 1906 and 1908 through the determined efforts of the Conservative Party, and in 1909 the measure, involving the granting of a water power franchise to the Ontario and Michigan Power Company, was so amended as to present few objectionable features in its final passage. In these contests the Conservative Opposition stood for the principle of provincial rights, and were supported in their efforts by the Government and people of the Province of Ontario, whose rights were being invaded.

### ST. LAWRENCE POWER CASE.

The case of the St. Lawrence Power Transmission Company was by far the most important of all these water-power raids.

By an Act of the New York State Legislature of 1907, the Long Sault Development Company was given the exclusive right for all time to use the waters of the St. Lawrence River south of the boundary for the development of electrical energy at or near Long Sault Island. The minimum development was put at five hundred thousand horse-power. The Company's capital was a million dollars, all owned by the Aluminum Company of America, a company with a paid-up capital of twenty millions and a monopoly of the aluminum of the United States. We find this Long Sault Development Company later seeking federal powers from the United States Congress at Washington. The incorporation of this company by the New York Legislature was the first step in an attempt to grab power rights on both sides of the St. Lawrence.

In 1910 there was introduced in the Canadian Parliament a bill to incorporate the St. Lawrence Power Transmission Company, a concern which proposed to transmit power generated at or near Cornwall on the St. Lawrence River. The bill was in charge of the Chief Liberal Whip, Mr. Pardee. Scrutinized in the Private Bills Committee, this measure was discovered to include some very sweeping clauses, and, on motion of Mr. Sam Sharpe, of North Ontario, the bill was sent to the Conservation Commission for a report.

### UNCOVERED THE SCHEME.

Up to this time the real purpose of the incorporators had remained carefully hidden. The Conservation Commission condemned the whole scheme, declaring that the bill formed part of the project of the St. Lawrence Power Company, a company which was seeking authority to dam the St. Lawrence, and whose plans the Commission were opposing. The incorporators in each case were the same. No less than nine clauses giving the so-called transmission company unusually wide powers were condemned by the Commission, who proposed that only the powers of a transmission company should be given, and that the act should not come into force except with the consent of the Governor-in-Council, and under conditions laid down by him. In this form the Private Bills Committee sent the bill back to the House.

### GOVERNMENT FOUGHT HARD.

The main fight on this measure took place on the floor of the House. The Conservative members opposed the bill, aided by Hon. H. R. Emmerson and Mr. J. G. Turriff. Mr. Pardee vigorously defended his bill, and was backed up by all the Government members present, especially by Hon. W. S. Fielding, Hon. William Pugsley, Hon. G. P. Graham, and Hon. Sydney Fisher.

In the debate that followed, some interesting revelations were made. In 1901 the St. Lawrence Power Company had n incorporated by Parliament with authority to dam the St. Lawrence he Long Sault, to construct canals, locks, sluice-ways, bridges, etc., and to co-operate with a company on the other side of the river. The St. Lawrence Power Company was formed by Ottawa men, M. P. Davis, D. B. McTavish, D'Arcy Scott, Mr. Devlin, and Mr. Kerr. They took over the rights in a water-power lease granted to M. P. Davis in 1896 for 21 years and extended in 1901 to 84 years.

### TRANSFERRED THEIR RIGHTS.

The rights of the St Lawrence Power Company were transferred to another company. What company? Obviously the powerful Long Sault Development Company, owned by the Aluminum Company of America. The Canadian concern was reported to have sold out for a million or three-quarters of a million, leaving a clear field on both sides of the river to the United States Company.

### WHY THE TRANSMISSION COMPANY?

The St. Lawrence Power Company had sold out all that it had to sell. Its rights in regard to the marketing of the power developed were limited. To overcome this difficulty, the promoters of the new and larger power project had asked for the incorporation of the St. Lawrence Power Transmission Company, with wide privileges of construction and expropriation.

*The success of this carefully-planned enterprise would have placed the United States company in absolute control of the Long Sault power with a market monopoly on both sides of the river.*

The Parliament of Canada, representing the people of Canada, had been kept absolutely in the dark in regard to this whole matter, although, as subsequently transpired, the Government of Canada, and one member in particular, knew all about it. Only the vigilance and determination of the Opposition in the House served to frustrate the combined efforts of the United States promoters and the Canadian Government.

### ATTEMPTED TO FORCE BILL THROUGH.

The Minister of Public Works made every effort to force the Transmission Company bill through the House, endeavouring to persuade the House that the measure was harmless and involved no more than the incorporation of a distributing company.

Mr. Pugsley was closely questioned by Conservative members, and the result was that still further light was thrown on the Government's dealings with these promoters with millions of dollars under their control.

### HAD SUBMITTED PLANS.

The plans of the Power Company had been submitted to the Public Works Department two years before. They had been referred to the Chief Engineers of the Public Works, Marine and Railways and Canals Departments, and the report of these officers had been adverse. The proposed works, it was held, would interfere with navigation. The plans were then amended, approved by the Engineers, and forwarded to the International Waterways Commission.

That was not all.

Mr. Pugsley had gone so far as to take up with the company the terms under which the proposed works should be carried on, the proportion of power that should be reserved for the Canadian market, and the fees that should be paid by the company for the enjoyment of the franchise—all this in secret.

### SYMPATHETIC MINISTERIAL FRIENDS.

That so much had been done without the knowledge of Parliament came as a complete surprise to the House. It was perfectly evident that the power raiders had found sympathetic friends among the members of the Laurier Government. The Conservative members immediately insisted on delay, pending the production of the plans. The Government refused. The Minister of Finance coolly declared that he saw no objection to the passage of the bill. An all-night sitting of the House ensued, and the following mid-day found the members still in their places. The Government, finding the Opposition still determined, and fearing the effect upon the public mind, finally consented to bring down the plans.

### PLANS PRODUCED.

This struggle continued throughout the greater part of the spring of 1910. On March 16 the plans were produced, with the company's petition and the reports of the engineers. Practically every preliminary step had been taken. The surrender of this great public asset was all but completed. The situation was grave. Public opinion was strongly adverse to the proposed outrageous sacrifice, and supported the Conservative position. Not till this was made plain to the Prime Minister did he decide to call a halt.

### LAURIER GETS NERVOUS.

The bill was again before the House on April 4. Sir Wilfrid Laurier then took occasion to disclaim any intention of allowing a private corporation to dam the St. Lawrence without the consent of Parliament. He then professed his willingness to accept such amendments as would strike out all powers beyond those necessary for transmission only. These amendments prepared by Mr. R. L. Borden, Mr. Sam Sharpe, and other Opposition members, were incorporated in the bill, and the measure passed, minus the objectionable features for which the Minister of Public Works had fought so strenuously.

### WHAT THIS PROJECT MEANT.

The proposal, in brief, involved:—

The alienation, practically in perpetuity, of a great water power, the ownership of which, insofar as Canadian territory is concerned, is vested in the people of Canada.

Possible dangers to navigation in the St. Lawrence through the diversion of water.

Dangers to property along the north shore (Canadian) from ice jams and floods due to the construction of dams.

A possible violation of the Ashburton Treaty, which provided that "the channels in the River St. Lawrence, on both sides of the River St. Lawrence," should be kept equally free and open.

The waters were to be diverted through American territory and Canada to be deprived of the advantage of an all-Canadian Water-route.

### CALLED IT A GOLD MINE.

Representative George R. Malby, of New York, speaking to the United States Senate Committee on Commerce: "Here stands a company, for the first time in the history of the world, which proposes to expend $40,000,000 in the development of this great water power. It is like finding a gold mine or a coal mine in the country, and we want to get to work at it, and we want this Committee to say on what terms we may go to work."

Statement of Senator George T. Oliver, of Pennsylvania, to the Senate Committee on Commerce: "If this project is going to be developed to its fullest extent, developing 500,000 horse-power, it simply means the saving for other purposes and for use in other places where water power is not available of 500 acres of coal every year. In other words, we are to-day in this country burning up 500 acres of coal every year which might be saved for other purposes and for future generations if this project were put into operation."

Do these facts mean nothing to Canadians? These witnesses spoke of the water power south of the boundary. But the same interests control, or sought to control, the whole power situation on both sides of the boundary.

# GRAND TRUNK TRAINMEN'S CASE

## ' ·W THE MINISTER OF LABOUR PLAYED THE GAME OF THE RAILWAY AGAINST THE MEN.

A strike of over four thousand railway conductors and trainmen on the Grand Trunk and Central Vermont Railways took place on July 18, 1910. It lasted till the evening of August 2, when a settlement was arrived at following a conference between President C. M. Hays, of the Grand Trunk, and Messrs. Garretson and Lee, representing the men.

This strike, which threatened for a time to completely paralyse the whole Grand Trunk system, tying up traffic and seriously inconveniencing the travelling public, proved to be so serious to the commercial interests of the country that public opinion demanded governmental intervention.

Various efforts on the part of local representatives of the striking trainmen to obtain concessions from the Grand Trunk in the direction of a standard wage rate failed.

The Grand Trunk absolutely refused to grant the terms insisted upon by the strikers.

The strikers declined to accept a compromise offered by the Grand Trunk.

The operation of a great public utility was interrupted and business interests, as already stated, were suffering.

### PUBLIC OPINION AROUSED.

The people of Canada looked to the Canadian Department of Labour and its ministerial head to take action. Messages were sent to Ottawa urging that action should be taken. Ministerial announcements that the head of the Department had his hand on the pulse of the situation failed to satisfy the various interests that were suffering through the continuation of the strike.

The officers of the International Brotherhoods were summoned, Messrs. Garretson and Lee, and a conference took place between President Hays and these two gentlemen at Montreal. No agreement was reached.

### MINISTER WAKES UP.

Finally an appeal was made by the strikers, and the Minister of Labour summoned up sufficient energy, reinforced by the Minister of Militia, to leave the calm and comfort of his office in Ottawa and go down to Montreal.

At a conference, attended by Messrs. Garretson, Lee and Hays, there occurred what appeared to be a final rupture. Garretson and Lee went away.

Then the Grand Trunk gave the Minister of Labour an undertaking which the Minister passed on to the men, and on the strength of which, the strike was ended.

### THEIR EVIDENCE CONFUSING.

Just how much the Laurier ministers did or did not do in Montreal has never been definitely ascertained. The testimony of the ministers themselves leads only to confusion.

As soon as the strike was declared off, the Minister of Labour was discovered posing in the centre of the political spotlight as the man who had done the trick.

As soon as it became apparent, as it very soon afterwards did, that the Grand Trunk did not intend living up to the terms of the settlement, the Minister of Labour was heard vociferously repudiating the idea that he had done any more than bring the parties together. All responsibility in regard to the terms of the settlement and their carrying out he solemnly disclaimed.

### WHAT DID HAPPEN.

But two facts stand clearly out:—

1.—Only after the arrival of the Minister of Labour and the Minister of Militia in Montreal were the strike officers constrained to accept the terms of settlement acceptable to the Grand Trunk.

2.—The terms of the settlement were not carried out by the Grand Trunk and no serious effort of which there is record was made by the Department of Labour to secure for the men the observance of the terms of settlement.

The Grand Trunk agreed to reinstate the strikers, except in cases where the men had been guilty of acts of violence during the strike. This provision was deliberately violated, as stated by the men and admitted by the Government.

### MISPLACED CONFIDENCE.

The expectation of the men that they would go back to their old positions was not fulfilled. Two hundred of them, against whom no acts of violence had been proved, didn't get back at all.

The terms of settlement were entered into after the arrival of the Minister of Labour in Montreal. They were largely favourable to the company, according to the position previously taken by the Grand Trunk. The strikers accepted these terms, relying on the good faith of the other parties to the agreement. Subsequent events show that this confidence was woefully misplaced.

### WHAT MR. HAYS PROMISED.

The contract which the company and men signed contained the company's promise to reinstate the men "as soon as possible."

The Minister of Labour claims that he and his colleague insisted that the company place some definite meaning upon these words, and the limit was finally set at ninety days.

But the "ninety days" didn't go into the contract. Why? Because the company refused to agree. "The company," quoting the Minister of Labour (Hansard, p. 1311), "did not wish ninety days to be put in writing, because at the time they did not wish it to appear to the public that they had settled this strike and agreed to take every man back at the end of ninety days." In other words:

The company had consented to "ninety days" reluctantly.

They had refused to put it in the contract.

The Minister of Labour and the Minister of Militia, present at the instance of the strikers, let it go at that. The strikers could get nothing better. One of the most important features of the supposed settlement was not reduced to writing and has been disregarded.

### WHAT AGREEMENT SAID.

The clause which did go into the agreement was as follows:—

> The company will put back as soon as possible the men other than those who have been or may be found guilty of acts of violence or disorderly conduct, the understanding being that there is to be no coercion or intimidation used towards the new men.

The strike was called off only when the men were given the assurance of the Minister of Labour that all the strikers would go back within three months to their old positions. This assurance was contained in a telegram sent by the Minister to James Murdock, Vice-President of the Brotherhood of Railway Trainmen, as follows:—

> Confidential. Mr. Hays has given Borden and myself an understanding that the men will within three months from this date be taken back into service and within that time be placed in their former positions. All men referred to in agreement signed by both parties. We understand by the men, all men referred to in agreement signed by both parties. In accordance with our understanding with you, I shall expect to hear by wire immediately that the strike has been declared at an end. I will confirm this wire over my own signature.

### THEN WHAT HAPPENED.

The assurance was confirmed by Hon. Mr. King by letter.

The promise made by the Grand Trunk through the Minister of Labour was not carried out. The Minister wrote to President Hays and suggested that the complaints of the men be investigated by Judge Barron. The answer to this letter was a snub from the Grand Trunk President. Mr. Hays said that the agreement had been fulfilled and that the officers of the company must be the sole judge of the qualifications of the men.

What did the doughty Minister of Labour do then for the men who were out of employment?

He wrote to Mr. Hays thanking him for his letter.

## ONLY WITNESSES.

He afterwards wrote again to Mr. Murdock, advising that the men follow the course suggested by Mr. Hays. He also repudiated any responsibility for the non fulfilment of the undertakings, declaring that it was given "not by the Government, but by the company, Sir Frederick Borden and myself being in the position of witnesses."

Witnesses—despite the fact that one of the parties was not there at all, Messrs. Garretson and Lee having gone away in disgust.

## MEN DISSATISFIED.

The men were not satisfied. They wrote to Mr. Hays and they wrote to the Minister. Their letter to Mr. Hays showed to what extent they looked upon the Minister of Labour as a "witness."

Said this letter:—

> As you are aware, this matter was taken up with the officials of the Dominion Government early in November, as the employees and the undersigned have looked to and believe they are justified in expecting that the officials of the Dominion Government should see through to a proper conclusion the agreement that they made with yourself in reference to the definition of the words "as soon as possible."

## INQUIRY—BY THE GRAND TRUNK.

The company later on, changed their mind and appointed Judge Barron to investigate complaints. Judge Barron investigated, not as a Government commissioner, but as an employee of the Grand Trunk. And to get to Judge Barron the men were informed that they must first go to their superior officers in the company all the way up to Mr. Hays.

The men sent Judge Barron a list of cases in regard to which the company had violated its agreement. Judge Barron also had a list from the company of cases which might be investigated. The two lists did not agree. There were on the list supplied by the men 127 names not on the list supplied by the company.

## MR. NORTHRUP'S RESOLUTION.

On March 21, Mr. W. B. Northrup placed a complete history of the betrayal of the Grand Trunk conductors and trainmen before the House, and moved the following resolution:—

> This House expresses its regret that the government, through the Department of Labour or in any other way, wholly failed to make any intelligent effort to avert the late strike on the Grand Trunk Railway, to put an end to it during its continuance, or to compel Mr. C. M. Hays, the president of that railway, to effectively carry out the agreement made with the government, on the faith of which when communicated by the Minister of Labour to the Brotherhoods concerned, the men at once offered to resume their service with the company.

This resolution was rejected by the Government and declared lost on division, the Minister of Labour insisting that he and the Minister of Militia had acted as witnesses only.

# EXORBITANT RENTALS.

## HOW THE PEOPLE'S MONEY IS THROWN AWAY IN OTTAWA MR. PUGSLEY'S BEST JUDGMENT.

Remarkable ingenuity has been displayed by the Laurier Government in the discovery of methods for wasting public funds. In most instances the waste becomes the profit of some ministerial favorite or party pet.

The civil service has increased so enormously as to make its accommodation in buildings owned by the Government impossible. The result is that a very large number of privately-owned buildings scattered over the city of Ottawa are occupied in whole or in part by government offices. The rents paid for these buildings are in all cases ample, in many excessive, and in some, outrageous. Ottawa capitalists, having the friendship of the Government, have found it extremely profitable to erect costly buildings for no other purpose or the principal purpose of collecting rents from the Government. These renting contracts are entered into with the Department of Public Works, presided over by Hon. William Pugsley.

### SITTING ON THE LID.

Session after session has found the Conservative members of Parliament scrutinizing these contracts in the Committee of Public Accounts and endeavoring to bring about a reform of the system. They have encountered every difficulty which the ingenuity of ministerial followers in the Committee and tho reluctance of witnesses could create. Every disposition has been shown by the Government to block inquiry and every possible effort has been put forward to that end.

The object of the Conservative members in the Committee has been to extract information to which the public are entitled.

The object of the Government has been to conceal and withhold such information.

### CASE OF THE REGAL BUILDING.

The Minister of Public Works in 1909 agreed to rent a building situated at O'Connor and Queen streets, known as the Regal Building, for five years at $16,095.73 per annum. This building had been the property of the Young Men's Christian Association and had been in the market for a year and a half. When the Government loomed up as a possible tenant there was another owner. Offices were required for the newly-organized Department of Labour. The Regal Building was enlarged at a cost, it is claimed, of some $32,500, this amount, plus the purchase price of $47,500, bringing the owner's investment up to $80,000. The lessors in renting to the Government agreed to pay taxes and other charges amounting annually to $1,610.95. The net rental thus represented a return of 18 per cent. on the investment.

The rental per foot of floor space in the Regal Building is 81.28 cents.

### AN ELEVATOR AS A PRESENT.

The Seybold Building at O'Connor and Sparks streets was rented by the Government at $6,500 per annum and used for a time to accommodate the Census and Statistics branch. The building was subsequently fixed up for use as a Customs House, and the lease renewed, the Government paying all taxes, water rates, and keeping the building in repair. The lease provided that the lessor should equip the building with a proper passenger elevator, the only elevator in the building at the time being one for freight purposes.

When the old elevator became unfit for use, the Public Works Department called upon the owner of the building to put in the passenger elevator as provided in the lease. The owner objected. There was much correspondence. The Auditor-General directed the Department to keep the cost of a new elevator out of the rent. The owner enlisted the services of H. B. McGiverin, Liberal member for Ottawa. The Department put in the elevator and the public paid for it, $3,031.18, equal to nearly half the rental of the building for a year.

### WOODS AND CANADIAN BUILDINGS.

Take the case of the Woods and Canadian Buildings.

Jas. W. Woods appears to have done a thriving rental business with the Government. For one of his buildings assessed in 1905 for $110,000 (but the cost of which Mr. Woods claimed was not so great), the Government was and is paying a yearly rental of $25,777.20 over all taxes, heating, lighting, and repairs, on a basis of 38 cents per square foot of floor space. For another of Mr. Woods' buildings, the Canadian Building, assessed in 1907 for $141,800, the Government was and is paying a rental of $42,536.90 over and above all taxes, heating and lighting and repairs on the basis of 41 cents per square foot of floor space. Besides this the Government paid Mr. Woods $[illegible],666.43 for permanent improvements, partitions, elevators, floors, etc., which became the property of Mr. Woods. The lease of each of these ran for a period of ten years, so that it appears that in less than four years Mr. Woods' rentals would pay the total cost of the buildings and leave for the remaining 6 years the sum of $409,000 as profits less insurance and interest on investments.

### A GOOD THING FOR THE LANDLORD.

Based upon the cost of construction, the net return from the contract made with the Government is, on the Woods building, 25 per cent., on the Canadian building, 30 per cent.

In 1906 these buildings, rented as they had been to the Government at outrageously high figures, were taken over by the Imperial Realty Company, which company was—Mr. Woods. The capital of the concern was a million dollars. Mr. Woods, the president of the company, took $800,000 of stock, the total capitalization being subsequently reduced to that figure. Thereafter Mr. Woods did business with the Government as the Imperial Realty Company.

### REMARKABLE LEASE.

The lease under which the Government occupied these two buildings was a somewhat remarkable one. The Government covenanted in effect to free Mr. Woods and his company from practically all obligations in so far as these two properties were concerned. Heating and lighting were to be paid for by the Government. In most cases an agreement so favorable to the lessor would have been good enough, without overcharging. In this case it was not.

### TWO PRICES FOR THE LIGHTING.

The report of the Auditor-General for 1908-9 recorded a payment of no less than $9,465.91 for lighting the two buildings. The money had been paid to the Imperial Realty Company.

Bear in mind that, under the terms of the lease, the lighting was no affair of this Imperial Realty Company.

Mr. Sam Sharpe, M.P., endeavored in the Public Accounts Committee to discover how it came about that this money went to the Imperial Realty Company of all people, instead of to a lighting company. The secretary of the company, Mr. Linton, was called. This gentleman swore that the Government was charged the usual city meter rate, less ten p.c. Was the Imperial Realty Company's contract with the Light Company on a flat rate or meter basis? The Secretary of the Imperial Realty Company didn't know. Pressed for an answer he appealed to the Chairman of the Committee, Mr. A. B. Warburton.

### BLOCKED THE INQUIRY.

The chairman obligingly ruled that he need not answer and need not produce the contract. In this, Mr. Warburton was backed up by Hon. William Pugsley and by that eminent blocker, Mr. F. B. Carvell, these gentleman championing the private company as against the interest of the public. When Mr. Sharpe appealed from the ruling on the ground that the public had a right to know what was being done with their money, every Liberal in the Committee voted in favor of the ruling and the appeal was lost.

The vote was as follows:

Yeas—Messrs. Chisholm (Inverness), Congdon, Fowke, Lanctot (Richelieu), Logie, MacNutt, Michaud, Nesbitt, Pardee, Prowse, Pugsley, Reid (Restigouche), Richards, Schell, Sinclair—15.

Nays—Messrs. Blain, Boyce, Crosby, Goodeve, Lennox, Middlebro, Rhodes, Roche, Sharpe (Ontario), Wallace—10.

### AND ONCE AGAIN.

Mr. Sharpe then asked the witness if the company's contract was "at a meter rate or a flat rate." Mr. Pugsley again interfered, and the witness declined to answer, and was upheld by Mr. Pugsley and the Chairman.

Mr. Sharpe then asked the witness if he paid the city lighting company more than $3,000 for what he was charging the Government $9,465.91 for.

### THE CHAIRMAN JOINS THE BLOCKERS.

The Chairman at once objected, and was supported by Mr. Pugsley.

Mr. E. W. Nesbitt boldly took the ground that "It is none of our business what these people are paying the Electric Company," and the Chairman said, "That is what I have been holding all along."

Mr. Sharpe did not get his answer.

## THE SECRETARY'S EVIDENCE.

The next day, April 30th, Mr. Linton, the Secretary of the Imperial Realty Company, was again on the stand.

The following is an extract from the evidence:—

By Mr. Sharpe:

"Q. These are the Auditor General's accounts and vouchers. I presume that these cheques were paid—just turn over and see the cheques—that these were the cheques paid to the Imperial Realty Company by the government in respect to the lighting of the Woods and this other building?—A. Yes.

"Q. And that is the way the account is rendered?—A. Yes.

"Q. It is made out, 'J. W. Woods, Slater st., to the Municipal Electric Department of the Corporation of the City of Ottawa?—A. Yes.

"Q. And it shows the meter reading and also the house power reading here.—A. Yes.

"Q. So much horse-power and so much watt hours, that is the account that is rendered?—A. Yes.

"Q. And these would be the accounts upon which the government would pay the Imperial Realty Company?—A. Yes.

"Q. And this is not a true statement of the account between J. W. Woods and the City of Ottawa although it purports to be?

Question objected to by Mr. Carvell.

"The Chairman.—That is going into the old contract which we have ruled out already. We will not go into that.

"Mr. Sharpe.—Here is an account rendered, 'J. W. Woods in account with the Municipal Electric Department of the City of Ottawa.' I am asking him if that is a true statement of the account that Mr. Woods owes to the City of Ottawa?

"Mr. Carvell.—I object to that; it is the old contract again.

"Mr. Sharpe.—You rule against me on that, do you, Mr. Chairman?

"The Chairman.—In the case of the contract between Mr. Woods and the Electric Light Company, I am ruling aga'nst that, you understand that is the contract I am ruling against.

### THE OVERCHARGE PROVEN.

Foiled in his endeavor to get at the facts from Mr. Linton, an unwilling witness, backed up in his refusals to answer by the Chairman, Mr. Pugsley, and the party following, Mr. Sharpe might have given up the quest in the people's interest. But he did not. He called Mr. Ellis, City Treasurer of Ottawa, which owns the electric lighting plant from which the Imperial Realty Company gets its light, for which it charged the Government $9,645 in 1908-9.

After a multitude of objections from the Chairman and Mr. Carvell, Mr. Sharpe finally got an answer from Mr. Ellis, *that in 1905 he would have given the Government the same rate for the Canadian Building that he gave to Mr. Woods,* and that he would certainly give the standard rate of $2.52 per lamp at the present time.

Mr. Sharpe immediately asked: "Now, if the Government had applied "to you at the time of the contract, what rate would you have given them?"

"Mr. Carvell.—I object to that."

* * * * * *

"Mr. Sharpe.—We are surely entitled to know what the rate was."

"The Chairman—I think not; we cannot go back to the old contract."

* * * * * *

"Mr. Sharpe.—The other witness objected to giving the information on personal grounds because it was a private contract, but you refuse to allow this witness, who has not objected to giving the information, to answer.

"The Chairman.—This witness has simply said that he was in the hands of the committee.

"Mr. Carvell.—I object to the information being given because I do not think it is right that the private business of a company, where it is a company, should be exposed.

"The Chairman.—I have so ruled a dozen times.

"Mr. Sharpe.—This is a contract with the City of Ottawa which is exposable to the ratepayers. The contents of the contract are going to be known because every ratepayer is entitled to its production.

"Mr. Carvell.—Let them go and get it. This committee are not the ratepayers of the City of Ottawa.

By Mr. Sharpe:

"Q. So I understand, Mr. Chairman, that you rule before the witness refuses—

"The Chairman.—I instructed him—

"Mr. Sharpe.—The witness has been asked a question, and before the witness refuses you instruct him not to answer.

"The Chairman.—Objection was taken, and I instructed him not to go into the old agreement.

"Mr. Sharpe.—Objection is taken by Mr. Carvell and you instructed him not to answer?

"Mr. Carvell.—There is no mistake about that; I took the objection.

## A SHARP TURN—THE TRUTH IS OUT.

Foiled again by the obstructors, Mr. Sharpe made deft use of the statement of Mr. Ellis, that $2.52 per lamp was now the regular business rate in Ottawa. The witness said there were 2,000 lamps in the Woods' and Canadian buildings, which, at $2.52 per light, would amount to $5,040. But the Government was paying the Imperial Realty Company—that is, Mr. Woods—$9,465.91, an over payment of $4,425.91.

But $4,425.91 did not measure the total over-payment. It transpired from the evidence of Mr. Ewart, the chief architect of the Government, that the Government has a contract with the Electric Light Company by which it pays a flat rate of $2.00 per lamp. The 2,000 lamps at the Woods' and Canadian Buildings, had the Government gone direct to the Electric Company, would, therefore, have cost only $4,000 or $5,465.91 less than was paid Mr. Woods.

Even this did not measure Mr. Woods' rake-off.

Mr. Woods was getting the light at less than $2 per lamp, and although Mr. Sharpe was prevented by Mr. Pugsley, Mr. Carvell and the Chairman, Mr. Warburton, from finding out the exact figure, it was understood to be less than $3,000 for the 2,000 lamps. Mr. Ellis' testimony was that, had the Government applied to the company at the time the arrangement was made with Woods, the Electric Company would have given it the same rate.

*Mr. Woods' rake-off, therefore, was about* $6,500 *per year,* measured by the consumption of 1908-9.

And it was to conceal and perpetuate this rake-off that Mr. Carvell, Mr. Nesbitt, Mr. Pugsley and the Chairman, Mr. Warburton, so long, so bitterly, and so persistently blocked Mr. Sharpe's inquiry.

## THE BLOCKERS OUT OF BREATH—THE FACTS LAID BARE.

The blockers were now out of breath and out of countenance, the facts were out, and the obstructionists sought cover.

The remaining proceedings were short, but interesting.

It transpired that improvements and alterations to the extent of $91,000 were done by Mr. Woods to his own buildings at practically his own prices and one-half the cost was paid by the Government, that the heating had been done by Mr. Woods at exorbitant rates, that there had been no contracts for the lighting, no report thereon from the Chief Architect, no authorization by the Department for the rate of payment therefor, and yet that an officer of the Department had certified the accounts of Mr. Woods as "fair and just." The statement of the present Deputy Minister was that, so far as he could ascertain, there was no record, and no papers that the arrangement had probably been made by the ex-Deputy and ex-Minister verbally, as "Woods was coming up to the Department three or four times a day," the understanding being that "Woods was to be allowed to light the building and charge the Department the regular city rates"; that "'they pay the city and we pay them."

HOW WOODS AND THE DEPARTMENT WORKED IT.

In order to carry out the deception and cover up the rake-off, Mr. Woods had recourse to an ingenious device. It would never have done to allow the City Electric Light Company to receive cheques from the Government for the cost of lighting charged by it, for, in that case, the City Company would have retained only what was due them and sent back the surplus to the Government.

So Mr. Woods, though paying a flat rate to the City Company of about $1.25 per lamp, and who up to the time of leasing his building to the Government had had no meter in his building, as soon as he rented it to the Government put in a meter, passed through it all the light used by the Government, had the officials of the lighting company read the meter every three months, and render him statements which were receipted by the Electric Company, and these he had certified by an officer of the Public Works Department as "fair and just," and sent to the Government, and the Government paid him the amounts indicated.

Thus Mr. Woods had pocketed his rake-off each year, a rake-off amounting in 1908-9 to about $6,500, and which would have been continued for the remaining years of the contract had Hon. Wm. Pugsley, Mr. Carvell, Chairman Warburton, and the other Grit members of the Public Accounts Committee succeeded in the attempt to prevent Mr. Sharpe's inquiry.

A RESOLUTION CENSURING THE MINISTER.

The triumph was complete. It is summed up in the following resolution, which was unanimously passed by the Committee:—

On motion of Mr. Sharpe, seconded by Mr. Carvell, the enquiry was closed.

Moved by Mr. Sharpe, seconded by Mr. Carvell, That whereas the expense to the Government during the last year for lighting the Woods and Canadian Buildings amounted to $9,465.91, paid to the Imperial Realty Co., which company is not an Electrical Lighting Co.; and whereas the City of Ottawa has a standard schedule of prices whereby the lighting would cost only $5,040.00 or less, thereby effecting an annual saving to the country of $4,425.91 or more; therefore this committee desires to urge upon the Minister of Public Works and the Government the desirability of cancelling the present arrangement and recovering the excess unjustly paid to the Imperial Realty Co. and giving the City of Ottawa or some other company the contract at the lower rates; and that a copy of this resolution be forwarded to the Minister of Public Works.

It is seldom that a minister has received so decided a rebuke.

### PROFIT ON THE HEATING.

But there was another phase of this extraordinary contract investigated by Mr. Sharpe in the Committee, the same obstructive tactics being adopted by Liberal members in regard to this branch of the inquiry as in regard to the others. The heating of the Woods and Canadian Buildings provided another good thing for the Imperial Realty Company, the figures for one year being as follows:—

| | |
|---|---|
| Cost, including fuel, wages and repairs, . . . . . . . . . | $6,047.55 |
| Amount paid by the Government on a basis of four-tenths of a cent per cubic foot . . . . . . . . . . . . . . . | 9,163.51 |
| Leaving a profit out of the public funds of . . . . . . . | 3,115.96 |

### VOTED IT DOWN.

When these facts were brought out in the Committee, Mr. Sharpe moved, seconded by Mr. Blain (Peel):—

That whereas the heating of the Woods and Canadian buildings, contrary to all established custom of the present and past governments, has been contracted for and let out to the Imperial Realty Company at the price of four-tenths of a cent per cubic foot of the total contents of the buildings, and whereas the cost of the heating of these two buildings last year amounted to the sum of $9,163.51; and whereas the cost of the coal, the wages of the men and the repairs amounted to only $6,047.55; therefore, this committee is of the opinion that the government should cancel the present arrangement, and should do its own heating, thereby saving at least $3,115.96 per annum in this item alone.

The yeas and nays being asked for, and the question being put, the motion was lost on the following division:—

Yeas—Messrs. Blain, Crosby, Currie (Simcoe), Goodeve, Hughes, Lake, Sharpe (Ontario)—7

Nays—Messrs. Allen, Carvell, Congdon, Loggie, MacNutt, McAllister, McKenzie, Neely, Parent, Proulx, Rankin, Reid (Restigouche)—12.

### CANCELLED THE CONTRACT.

By a muster of all the Liberal members present, the resolution was voted down, but the exposure had its result. The Conservative members no sooner turned on the light than the Minister of Public Works cancelled the heating contract.

### HIS BEST JUDGMENT.

On January 24, 1911, Mr. Richard Blain, of Peel, moved the following resolution in the House:—

"In the opinion of this House the action of the government in renting certain buildings in the City of Ottawa at prices which give the owners annually from 15 to 18 per cent. on the cost of their property is unbusinesslike, indefensible, and merits the censure of this House."

A long debate followed, and the resolution was negatived on a vote of 61 to 104. The Minister of Public Works, in the course of his protracted defence, made the statement that: "We have exercised the best judgment we could."

Is the best judgment of this Minister and of this Government good enough for the people of Canada?

# PRINTING BUREAU FRAUDS.

## PUBLIC INVESTIGATION REPEATEDLY REFUSED—THOUSANDS OF DOLLARS LOST TO THE PEOPLE OF CANADA.

On April 30, 1908, Mr. R. L. Borden moved in the House of Commons for a full investigation of the various departments of Government, including the Printing Bureau. The enquiry was refused by the Government.

On April 1, 1909, Mr. C. J. Doherty, M.P., moved for an investigation, after the conduct of the Printing Bureau had become so notorious that even ministerial newspapers, such as the Toronto Globe and Montreal Herald, were calling for a remedy. The investigation was refused by the Government.

The Laurier answer on both these occasions was a declaration that a sufficient investigation had been made by the Royal Commission of 1907, a declaration which, in the words of the Opposition Leader (unrevised Hansard, 1911, p. 7954), was "absolutely denied and falsified by paragraph after paragraph in the very report to which he alluded" (that of the Royal Commission).

The result of these refusals was a monetary loss to the people of Canada of from $94,000 to $100,000. Had the Government granted an investigation when asked for by the Opposition, this money and other moneys would have been saved to the taxpayers of Canada and a great scandal would have been averted.

### PRINTING BUREAU DEMORALIZED.

As subsequently proved, such an investigation would have shown the Printing Bureau service to be in a state of extraordinary demoralization, officials incompetent, a lack of loyalty and co-operation on the part of the employees, the prevalence of usury in the Bureau, laziness and insubordination on the part of the employees, drunkenness, the letting of verbal contracts without competition, the doing of outside work in the Bureau by Bureau employees, defective book-keeping, conspiracy, forgery and perjury. By refusing an investigation, the Government became directly responsible for these things. The Government adhered to its practise of enquiring behind closed doors and of withholding information from the people of Canada.

### ONLY THE FRINGE.

The revelation of the Civil Service Commission was, in so far as the Government was concerned, an accident.

That commission was appointed in 1907 to investigate "the operation of the existing Civil Service Act and kindred legislation," and "efficiency and sufficiency of the departmental staffs" and "any other matter relative to the service which, in the opinion of the commissioners, requires consideration." Because the Commission did their work well, because they lifted the lid from the Department of Marine and Fisheries with results that startled the country, they were roundly abused by a ministerial trio, the Minister of Marine, the Minister of Justice, and the Minister of Militia. The publication of their report was long delayed.

The Commission did not investigate the conduct of the Printing Bureau. In their report they stated that " in the limited time at their disposal, it has been absolutely impossible for them to enquire fully into the efficiency of the officials in the several departments." But they said:—" In addition to the efficiency in the administration of the departments a wider and broader question is raised, and that is how far the departments are efficient in looking after the best interests of the Dominion as respects their several expenditures. Your commissioners are of opinion *that in many instances stores are ordered unnecessarily, and it may be doubtful that a good quality is always delivered."*

### CIRCUMSCRIBED ENQUIRY.

Something had to be done, and the Government commissioned Mr. Justice Cassels to inquire as to the integrity of certain officials of the Marine Department. The Printing Bureau stayed as it was. Nothing was done to check the unnecessary ordering of stores.

### ASKED WIDE-OPEN INVESTIGATION.

Mr. R. L. Borden on April 30, 1908, moved that,—

"The investigation conducted by the Civil Service Commission was confessedly partial and incomplete.

"That the proposed inquiry before Mr. Justice Cassels is unsatisfactory and insufficient, inasmuch as it relates to only one paragraph of the Report of the Commission and touches but a portion of the administration of one department.

"That this House regrets the deplorable extravagance, waste, inefficiency and maladministration revealed by that Report, and declares that immediate steps should be taken to reform and redress the same.

"That the public interest imperatively demands the appointment of an independent commission with full powers to make a thorough and searching investigation into the several departments of the public service.

This resolution was defeated, yeas 48, nays 99.

### STILL SITTING ON THE LID.

The Doherty resolution, moved on April 1, 1909, rejected by the Government and defeated on a vote of 94 to 54, was as follows:—

> " That the commission of 1907 in the course of their investigation into the conditions of the civil service, having made incidental inquiry into the workings of one of the departments at Ottawa, characterized that department as wanting in organization, lacking in conscience, and some of its employees as serving two masters, Scripture notwithstanding, and also criticised other departments,
>
> " That the Cassels commission was limited in scope to an inquiry into implied official incompetence and dishonesty in the Department of Marine and Fisheries, and the report thereof with attached evidence, simply sustains the charge of official negligence, wastefulness and corrupt dealing in that department, and affords ground for the conviction that similar methods prevail in other great spending departments,

"That in order to lift the cloud of suspicion that rests upon the administration of the various departments, to satisfy the demand of the country for honest and businesslike methods, and to purge the public service of inefficiency, reckless waste and corrupt practices, it is advisable and necessary in the public interest that a thorough and untramelled investigation be made by a competent, businesslike commission into the workings of all the great spending departments of government."

### PARTIAL PROBE IN SECRET.

At the very time that the Government was stubbornly refusing any sort of public investigation of the Printing Bureau, a secret investigation by the Secretary of State had been begun. It was in no sense a thorough or complete inquiry, was not conducted under oath, did little more than disturb the surface of Bureau incompetence and dishonesty, and yet was sufficient to disclose a condition of things that startled the country, and to drive one offending official to his death. But while the investigation had been begun in tho fall of 1908, there occurred a long interval during which nothing was done. In that interval the Secretary of State was warned that there was wrong-doing at the Bureau. During that interval the Conservative party asked for an investigation and it was refused. No evidence was taken by the Secretary of State in regard to Bureau conditions until June, 1910, after the mischief had been done.

No more ample justification of the demands of the Opposition could be required than may be found within the covers of the blue book issued by the Department of State following this secret inquiry. Hon. Charles Murphy assumed office as Secretary of State in October of 1908. His "investigation" began soon after, but suffered a long interruption and even this inquiry was not being carried on in the month of April, 1909, when the Government was calling upon its majority in Parliament to vote down the Doherty resolution for a wide-open investigation.

### WHAT MR. MURPHY FOUND.

A few paragraphs from Mr. Murphy's report will be sufficient to indicate the extraordinary situation discovered by the Secretary of State in the course of such occasional probings as his other ministerial duties would allow.

"The incompetence of some officials, the dishonesty of others, and a complete lack of frankness on the part of those whose duty it was to keep their superiors informed as to the actual workings of the Printing Bureau, were the chief causes" says the report, "that combined to unduly prolong the inquiry."

An effort was made in the report to shift responsibility by a reference to a parliamentary investigation held away back in 1891, as a result of which a number of dismissals were made. The report says that the evils that were left untouched "spread and flourished to the serious impairment of the Bureau's efficiency and the gradual destruction of that spirit of loyalty and co-operation which ought to prevail in an establishment of its size and public importance."

### SOME OF THE ABUSES.

The official confession goes on in this vein for page after page. Here are some significant sentences:—

> Lax management had favored the growth of many abuses that told against discipline.
>
> Among the employees money-lending in small sums at excessive rates of interest was extensively practised. In several instances the borrowers were sued and the Division Court bailiffs usually effected service on the debtors at the Bureau during business hours. This had a demoralizing effect, not only on the parties concerned, but also on many of their fellow-workmen as well.
>
> Then it was found that private business was transacted at the Bureau during business hours.
>
> There were certain employees who made a practice of coming late to work, and these, as well as a number who occasionally drank to excess, set a bad example to the more punctual and sober workmen.
>
> Some of the late comers added to their offence by making false entries of their hours of arrival in the attendance books.

### ORDERS WERE "RAISED."

Graft was practised in the Bureau on a wholesale scale. The official confession says that "an examination of a large number of orders issued for goods in the Printing branch revealed the fact that after the signature of the undersigned (the Secretary of State) had been obtained to such orders, additional goods had been entered on many of the orders without his knowledge."

"Written contracts appear to have been unknown at the Bureau until they were introduced less than two years ago." This sentence from the official record touches upon one of the most extensive frauds practised in the Bureau. "Notwithstanding frequent instructions," writes the Secretary of State, "issued in this regard, orders were placed without inviting competition, and in every case without the approval of the undersigned (Minister)."

### IN THE STATIONERY BRANCH.

The Stationery Branch of the Printing Bureau was presided over by Frank S. Gouldthrite. Graft in this branch was the order of the day. The Superintendent of Stationery, during the years when the Secretary of State's other duties did not permit of even a secret inquiry into the affairs of the Bureau, was systematically defrauding the people of Canada. The Stationery Branch was excessively overstocked. The Superintendent, Gouldthrite, had grown up in the Stationery Branch and was familiar with all its workings. His practice was to place orders without competition and without ministerial approval, and to enjoy a rake-off by an elaborate system of fraud. Gouldthrite hoodwinked the staff of the Auditor-General, the King's Printer, the Bureau Accountant and the Secretary of State. His method was to place large orders with New York firms, notably that of G. W. Miller & Co. Two American firms from which he pretended to purchase supplies, did not exist at all, the dealings being distributed for the purpose of concealing their volume, and when the goods arrived in Ottawa they were stored outside of the Printing Bureau. He was assisted, says the Minister's report, "by defective bookkeeping in the Stationery Branch."

Gouldthrite overdid it. The increasing number of purchases in New York aroused suspicion, an investigation was made, and Gouldthrite fled. A warrant was issued for his arrest, but the fugitive committed suicide by drowning in the Detroit River. An accomplice in Toronto also fled, was subsequently located, but was not arrested "because of the difficulty of obtaining evidence against him after the suicide of the Superintendent of Stationery."

The Secretary of State cancelled all unfilled orders with the New York firms, stopped payment on goods delivered but unopened and "as a result of these steps the Government has in cash and goods $23,361.45 to offset the loss of $94,168.36 caused by the frauds to which the late Superintendent of Stationery was a party."

### DOUBLE-BARRELLED FRAUD.

That is one sample of the manner in which things were being done in this one branch of one department of the public service at the time when the Laurier Government was refusing an investigation. In these fraudulent transactions with New York firms the people of Canada were swindled not only once but twice on one order. They paid in the first place excessive prices, prices higher than those which they would have had to pay to Canadian firms for goods of the same quality. They paid in the second place, the duty on these goods, which duty the New York firms should have paid, but which, the official report says, "as a matter of fact was paid by the Bureau."

Thus the people of Canada paid excessive prices for goods for the Printing Bureau.

Paid the customs duty which the selling firms should have paid.

Were largely overstocked with stationery, much of which deteriorated in the storehouses—a third loss.

### OCEANS OF INK.

Some of the discoveries of experts, called in by the Government after the mischief was done, may be quoted.

"There are cases by the score of Stephen's ink, piled here and there and even in dark recesses where there is a possibility of their being overlooked. There is a large supply of Stanford's ink, which was discarded some time ago, and another ink called David's was purchased from New York some time ago.

"There are many cases of Stanford's mucilage which have been stacked there for months and months, and this brand of mucilage is not being used now because somebody objected to the smell of it. I examined also the stock of sundry stationery supplies and found that there was a large surplus of nearly every article.

"There are all kinds, grades and makes of pencils..... An examination of the inventory book showed that there were more pencils on hand at March 31, 1909, than would have filled all of the requisitions during the ensuing twelve months, but there were extensive purchases of pencils made during that time, and consequently there was a still larger surplus on hand at the end of March this year.

"There are half a dozen cupboards filled with specially ruled ledgers and journals which may never be used.

"Nearly every item is a repetition of another as far as surplus stock is concerned.

"There are several dozen different kinds of rubber erasers and scores of different kinds of pens.

"The record shows that there is enough carbon paper on hand to fill all requirements for the next three years, and enough typewriter ribbons to meet every demand for the next five years, and I understand additional quantities of these goods have been purchased within the last three months.

"I visited two of the three outside stores and found carbon paper and typewriter ribbons piled in every conceivable corner, and there was also large quantities of waste-baskets, twine, packing cases, and other goods."

## PUBLIC FUNDS THROWN AWAY.

Under the system, if it can be called a system, which the Conservative party repeatedly urged the Government to publicly investigate, there has been an annual loss through this one branch of the service of an amount equal to four per cent. on a capital of $3,750,000. Who has had to make up this loss? Why, the taxpayer.

There is the word of the Secretary of State for it. In the ministerial confession already quoted, the statement is made that by the adoption of recommendations made by the experts above referred to "it is estimated that a saving of $150,000 might be effected." The recommendations of the experts number no less than twenty-seven. Many of them are technical, but a few of the heads under which the waste has occurred and under which the saving is to be effected, may be given:—

By substituting machines for hand composition, and by other up-to-date methods in printing an edition of Hansard, the annual saving would be $65,000.

By abolishing the five-minutes grace now allowed in commencing and leaving work at the Bureau, the annual saving would be $10,000.

The amount of hand composition at the Bureau is excessive. It could be replaced by machine composition at a yearly saving of $66,560 in wages alone.

From July, 1906, to July, 1910, the Government spent $87,631.13 for loose-leaf binders and sheets. Loose-leaf books and card indices could be produced at the Bureau at a great reduction in cost.

## REWARD OF INCOMPETENCE.

The result of the so-called investigation by the Secretary of State was that some ten minor officials of the Printing Bureau lost their positions, chiefly on the ground of intemperance and disobedience. There were no prosecutions. Gouldthrite was dead. The most important official affected by the investigation, after the Gouldthrite flight, was the Superintendent of Printing and acting King's Printer, Mr. McMahon. This official was found to be incompetent. What did the Government do with this incompetent official appointed by them? He was superannuated, that is, he was allowed to retire while still drawing salary from the public treasury.

On April 25, 1911, Mr. W. B. Northrup laid these facts before Parliament in a forceful speech. Mr. Northrup moved that:—

"A Royal Commission be appointed to make inquiry into the management of the Printing Bureau for such time past as the commissioners may consider in the public interest with instructions to inquire fully into the causes of the want of system therein and to report who is to blame therefor and what safeguards be provided to protect the country for the future.

"And that said commissioner be further instructed to investigate how far other departments have violated that law by usurping the powers of the Printing Bureau in the matter of printing or by sending in requisitions for supplies in contravention of the statute and regulations in that behalf."

The answer of the Government, in the words of the Prime Minister, was that the Murphy secret "investigation" had been "thorough and effective." The motion was defeated on a vote of 92 to 56.

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TARIFF RELATIONS BETWEEN

# THE UNITED STATES AND THE DOMINION OF CANADA

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## CORRESPONDENCE RESPECTING NEGOTIATIONS

## 1911

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WASHINGTON, January 21, 1911.

DEAR MR. SECRETARY,—

1. The negotiations initiated by the President several months ago through your communication to His Excellency the British Ambassador respecting a reciprocal tariff arrangement between the United States and Canada, and since carried on directly between representatives of the Governments of the two countries, have now, we are happy to say, reached a stage which gives reasonable assurance of a conclusion satisfactory to both countries.

2. We desire to set forth what we understand to be the contemplated arrangement, and to ask you to confirm it.

3. It is agreed that the desired tariff changes shall not take the formal shape of a treaty, but that the Governments of the two countries will use their utmost efforts to bring about such changes by concurrent legislation at Washington and Ottawa.

4. The Governments of the two countries having made this agreement from the conviction that, if confirmed by the necessary legislative authorities, it will benefit the people on both sides of the border line, we may reasonably hope and expect that the arrangement, if so confirmed, will remain in operation for a considerable period. Only this expectation on the part of both Governments would justify the time and labour that have been employed in the maturing of the proposed measures. Nevertheless, it is distinctly understood that we do not attempt to bind for the future the action of the United States Congress or the Parliament of Canada, but that each of these authorities shall be absolutely free to make any change of tariff policy or of any other matter covered by the present arrangement that may be deemed expedient. We look for the continuance of the arrangement, not because either party is bound to it, but because of our conviction that the more liberal trade policy thus to be established will be viewed by the people of the United States and Canada as one which will strengthen the friendly relations now happily prevailing and promote the commercial interests of bot' countries.

5. As respects a considerable list of articles produced in both countries, we have been able to agree that they shall be reciprocally free. A list of the articles to be admitted free of duty into the United States when imported from Canada, and into Canada when imported from the United States, is set forth in Schedule A.

6. As respects another group of articles, we have been able to agree upon common rates of duty to be applied to such articles when imported into the United States from Canada or into Canada from the United States. A list of these articles, with the rates of duty, is set forth in Schedule B.

7. In a few instances it has been found that the adoption of a common rate will be inconvenient and therefore exceptions have to be made.

8. Schedule C specifies articles upon which the United States will levy the rates therein set forth when such articles are imported from Canada.

9. Schedule D specifies articles upon which Canada will levy the rates therein set forth when such articles are imported from the United States.

10. With respect to the discussions that have taken place concerning the duties upon the several grades of pulp, printing paper, etc.—mechanically ground wood pulp, chemical wood pulp, bleached and unbleached, news printing paper and other printing paper and board made from wood pulp, of the value not exceeding four cents per pound at the place of shipment—we note that you desire to provide that such articles from Canada shall be made free of duty in the United States only upon certain conditions respecting the shipment of pulp wood from Canada. It is necessary that we should point out that this is a matter in which we are not in a position to make any agreement. The restrictions at present existing in Canada are of a Provincial character. They have been adopted by several of the Provinces with regard to what are believed to be Provincial interests. We have neither the right nor the desire to interfere with the Provincial authorities in the free exercise of their constitutional powers in the administration of their public lands. The provisions you are proposing to make respecting the conditions upon which these classes of pulp and paper may be imported into the United States free of duty must necessarily be for the present inoperative. Whether the Provincial Governments will desire to in any way modify their regulations with a view to securing the free admission of pulp and paper from their Provinces into the market of the United States, must be a question for the Provincial authorities to decide. In the meantime, the present duties on pulp and paper imported from the United States into Canada will remain. Whenever pulp and paper of the classes already mentioned are admitted into the United States free of duty from all parts of Canada, then similar articles, when imported from the United States, shall be admitted into Canada free of duty.

11. The tariff changes proposed might not alone be sufficient to fully bring about the more favourable conditions which both parties desire. It is conceivable that Customs regulations which are deemed essential in some cases might operate unfavourably upon the trade between the United States and Canada, and that such regulations, if made without due regard to the special conditions of the two countries, might to some extent defeat the good purpose of the present arrangement. It is agreed that the utmost care shall be taken by both Governments to see that only such Customs regulations are adopted as are reasonably necessary for the protection of the Treasury against fraud; that no regulation shall be made or maintained which unreasonably hampers the more liberal exchange of commodities now proposed; that representations on either side as to the unfavourable operation of any regulation will receive from the other all due consideration, with the earnest purpose of removing any just cause of complaint; and that, if any further legislation is found necessary to enable either Government to carry out the purposes of this provision, such legislation will be sought from Congress or Parliament as the case may be.

12. The Government of Canada agrees that, until otherwise determined by them, the licenses hitherto issued to United States fishing vessels under the provisions of section 3 of chapter 47 of the Revised Statutes of Canada, granting to such vessels certain privileges on the Atlantic coast of Canada shall continue to be issued and that the fee to be paid to the Government of Canada for such license by the owner or commander of any such United States vessel shall hereafter be one dollar per annum.

13. It is understood that upon a day and hour to be agreed upon between the two Governments, the President of the United States will communicate to Congress the conclusions now reached and recommend the adoption of such legislation as may be necessary on the part of the United States to give effect to the proposed arrangement.

14. It is understood that simultaneously with the sending of such communication to the United States Congress by the President, the Canadian Government will communicate to the Parliament of Canada the conclusions now reached, and will thereupon take the necessary steps to procure such legislation as is required to give effect to the proposed arrangement.

15. Such legislation on the part of the United States may contain a provision that it shall not come into operation until the United States Government are assured that corresponding legislation has been or will be passed by the parliament of Canada; and in like manner the legislation on the part of Canada may contain a provision that it shall not come into operation until the Government of Canada are assured that corresponding legislation has been passed or will be passed by the Congress of the United States.

Yours faithfully,
(Sgd.) W. S. FIELDING.
WM. PATERSON.

The Honourable P. C. Knox,
Secretary of State,
Washington, D.C.

DEPARTMENT OF STATE, WASHINGTON,
January 21, 1911.

The Hon. W. S. FIELDING, and
The Hon. WILLIAM PATERSON
Washington.

GENTLEMEN,—I have the honour to acknowledge the receipt of your communication of this date in relation to the negotiations initiated by the President several months ago for a reciprocal trade arrangement between the United States and Canada, in which you set forth and ask me to confirm your understanding of the results of our recent conferences in continuation of these negotiations.

I take great pleasure in replying that your statement of the proposed arrangement is entirely in accord with my understanding of it.

It is a matter of some regret on our part that we have been unable to adjust our differences on the subject of wood pulp, pulp wood and print paper. We recognize the difficulties to which you refer growing out of the nature of the relations between the Dominion and Provincial Governments, and for the present we must be content with the conditional arrangement which has been proposed in Schedule A attached to your letter.

I fully appreciate the importance, to which you call attention, of not permitting a too rigid customs administration to interfere with the successful operation of our agreement, if it is approved by the Congress of the United States and the Parliament of Canada, and I desire to confirm your statement of our understanding on this point. I am satisfied that the spirit evinced on both sides gives assurance that every effort will be made to secure the full measure of benefit which is contemplated in entering into this arrangement.

The assurance that you give that the Dominion Government proposes to require only a nominal fee from the fishing vessels of the United States for the privileges in Canadian waters for which heretofore a charge of $1.50 per ton for each vessel has been required is most gratifying.

I heartily concur in your statement of the purposes inspiring the negotiations and in the views expressed by you as to the mutual benefits to be derived by both countries in the event our work is confirmed, and I take this opportunity to assure you, on behalf of the President, of his appreciation of the cordial spirit in which you have met us in these negotiations.

I have the honour to be, gentlemen,

Your obedient servant,

(Signed) P. C. KNOX.

## SCHEDULE A.

Articles the growth, product or manufacture of the United States to be admitted into Canada free of duty when imported from the United States, and reciprocally articles the growth, product or manufacture of Canada to be admitted into the United States free of duty when imported from Canada:—

Live animals, viz.: Cattle, horses and mules, swine, sheep, lambs, and all other live animals.

Poultry, dead or alive.

Wheat, rye, oats, barley, and buckwheat; dried pease and beans, edible.

Corn, sweet corn, or maize (except into Canada for distillation).

Hay, straw, and cow pease.

Fresh vegetables, viz.: Potatoes, sweet potatoes, yams, turnips, onions, cabbages, and all other vegetables in their natural state.

Fresh fruits, viz.: Apples, pears, peaches, grapes, berries, and all other edible fruits in their natural state.

Dried fruits, viz.: Apples, peaches, pears, and apricots, dried, dessicated or evaporated.

Dairy products, viz.: Butter, cheese and fresh milk and cream. Provided that cans actually used in the transportation of milk or cream may be passed back and forth between the two countries free of duty, under such regulations as the respective governments may prescribe.

Eggs of barnyard fowl, in the shell.

Honey.

Cotton-seed oil.

Seeds, viz.: Flaxseed or linseed, cotton-seed, and other oil seeds; grass seed, including timothy and clover seed; garden, field, and other seed not herein otherwise provided for, when in packages weighing over one pound each (not including flower seeds).

Fish of all kinds, fresh, frozen, packed in ice, salted or preserved in any form, except sardines and other fish preserved in oil; and shell fish of all kinds, including oysters, lobsters and clams in any state, fresh or packed, and coverings of the foregoing.

Seal, herring, whale, and other fish oil, including cod oil.

Salt.

Mineral waters, natural, not in bottles or jugs.

Timber, hewn, sided or squared otherwise than by sawing, and round timber used for spars or in building wharves.

Sawed boards, planks, deals and other lumber, not further manufactured than sawed.

Paving posts, railroad ties, and telephone, trolley, electric light and telegraph poles of cedar or other woods.

Wooden staves of all kinds, not further manufactured than listed or jointed, and stave bolts.

Pickets and palings.

Plaster rock or gypsum, crude, not ground.

Mica, unmanufactured or rough trimmed only, and mica ground or bolted.

Feldspar, crude, powdered or ground.

Asbestos not further manufactured than ground.

Fluorspar, crude, not ground.

Glycerine, crude, not purified.

Talc, ground, bolted or precipitated, naturally or artificially, not for toilet use.

Sulphate of soda, or salt cake; and soda ash.

Extracts of hemlock bark.

Carbon electrodes.

Brass in bars and rods, in coil or otherwise, not less than six feet in length, or brass in strips, sheets or plates, not polished, planished or coated.

Cream separators of every description, and parts thereof imported for repair of the foregoing.

Rolled iron or steel sheets, or plates, number fourteen gauge or thinner, galvanized or coated with zinc, tin or other metal, or not.

Crucible cast steel wire, valued at not less than six cents per pound.

Galvanized iron or steel wire, curved or not, numbers nine, twelve, and thirteen wire gauge.

Typecasting and typesetting machines and parts thereof, adapted for use in printing offices.

Barbed fencing wire of iron or steel, galvanized or not.

Coke.

Rolled round wire rods in the coil, of iron or steel, not over three-eighths of an inch in diameter, and not smaller than number six wire gauge.

Pulp of wood mechanically ground; pulp of wood, chemical, bleached or unbleached; news print paper, and other paper, and paper board, manufactured from mechanical wood pulp or from chemical wood pulp, or of which such pulp is the component material of chief value, coloured in the pulp, or not coloured, and valued at not more than four cents per pound, not including printed or decorated wall paper.

Provided that such paper and board, valued at four cents per pound or less, and wood pulp, being the products of Canada, when imported therefrom directly into the United States, shall be admitted free of duty, on the condition precedent that no export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise) or any prohibition or restriction in any way of the exportation (whether by law, order, regulation, contractual relation or otherwise, directly or indirectly) shall have been imposed upon such paper, board or wood pulp, or the wood used in the manufacture of such paper or board:

Provided also that such wood pulp, paper or board, being the products of the United States, shall only be admitted free of duty into Canada from the United States when such wood pulp, paper or board, being the products of Canada, are admitted from all parts of Canada free of duty into the United States.

NOTE—It is understood that fresh fruits to be admitted free of duty into the United States from Canada do not include lemons, oranges, limes, grape fruit, shaddocks, pomelos, or pineapples.

It is also understood that fish oil, whale oil, seal oil and fish of all kinds, being the product of fisheries carried on by the fishermen of the United States shall be admitted into Canada as the product of the United States, and similarly that fish oil, whale oil, seal oil and fish of all kinds, being the product of fisheries carried on by the fishermen of Canada, shall be admitted into the United States as the product of Canada.

## SCHEDULE B.

Articles the growth, product or manufacture of the United States to be admitted into Canada at the undermentioned rates of duty when imported from the United States; and reciprocally the same articles the growth, product or manufacture of Canada to be admitted in the United States at identical rates of duty when imported from Canada:—

| Articles. | Rates of Duties. |
|---|---|
| Fresh meats, viz.:—beef, veal, mutton, lamb, pork, and all other fresh or refrigerated meats excepting game .. .. | One and one-quarter cents per pound. |
| Bacon and hams, not in tins or jars .. .. | One and one-quarter cents per pound. |
| Meats of all kinds, dried, smoked, salted, in brine, or prepared or preserved in any manner, not otherwise herein provided for .. .. .. .. .. .. .. .. .. .. | One and one-quarter cents per pound. |
| Canned meats and canned poultry .. .. | Twenty per cent ad valorem. |
| Extract of meat, fluid or not.. .. .. .. | Twenty per cent ad valorem. |
| Lard, and compounds thereof, cottolene and cotton stearine, ' animal stearine .. .. .. .. .. .. .. .. .. | One and one-quarter cents per pound. |
| Tallow .. .. .. .. .. .. .. .. .. .. .. .. | Forty cents per 100 lbs. |
| Egg yolk, egg albumen and blood albumen .. .. .. .. .. .. .. .. .. .. .. .. | Seven and one-half per cent ad valorem |
| Fish (except shell fish), by whatever name known, packed in oil, in tin boxes or cans, including the weight of the package:— | |
| (a) when weighing over twenty ounces and not over thirty-six ounces each .. .. .. .. .. .. .. .. | Five cents per package. |
| (b) when weighing over twelve ounces and not over twenty ounces each .. .. .. .. .. .. .. .. | Four cents per package. |
| (c) when weighing twelve ounces each or less .. .. .. .. .. .. .. .. | Two cents per package. |
| (d) when weighing thirty-six ounces each or more, or when packed in oil, in bottles, jars or kegs .. .. .. | Thirty per cent ad valorem. |

| Articles. | Rates of Duties. |
|---|---|
| Tomatoes and other vegetables, including corn, in cans or other air-tight packages, and including the weight of the package .. .. .. .. .. .. .. .. .. .. .. | One and one-quarter cents per pound. |
| Wheat flour and semolina; and rye flour. | Fifty cents per barrel of 196 pounds. |
| Oatmeal and rolled oats, including the weight of paper covering .. .. .. .. | Fifty cents per 100 pounds. |
| Corn meal .. .. .. .. .. .. .. .. .. .. .. | Twelve and one-half cents per 100 pounds. |
| Barley malt .. .. .. .. .. .. .. .. .. .. .. | Forty-five cents per 100 pounds. |
| Barley, pot, pearled and patent .. .. .. | One-half cent per pound. |
| Buckwheat flour or meal .. .. .. .. .. | One-half cent per pound. |
| Split pease, dried .. .. .. .. .. .. .. .. .. | Seven and one-half cents per bushel of 60 pounds. |
| Prepared cereal foods, not otherwise provided for herein .. .. .. .. .. .. .. .. | Seventeen and one-half per cent ad valorem. |
| Bran, middlings and other offals of grain used for animal food .. .. .. .. .. .. | Twelve and one-half cents per 100 pounds. |
| Macaroni and vermicelli .. .. .. .. .. .. | One cent per pound. |
| Biscuits, wafers and cakes, when sweetened with sugar, honey, molasses or other material .. .. .. .. .. .. .. .. .. | Twenty-five per cent ad valorem. |
| Biscuits, wafers, cakes and other baked articles composed in whole or in part of eggs or any kind of flour or meal when combined with chocolate, nuts, fruits or confectionery; also candied peel, candied pop-corn, candied nuts, candied fruits, sugar candy and confectionery of all kinds .. .. .. .. .. .. | Thirty-two and one-half per cent ad valorem. |
| Maple sugar and maple syrup .. .. .. .. | One cent per pound. |
| Pickles, including pickled nuts; sauces of all kinds, and fish paste or sauce .. | Thirty-two and one-half per cent ad valorem. |
| Cherry juice and prune juice, or prune wine, and other fruit juices, and fruit syrup, non-alcoholic .. .. .. .. .. .. | Seventeen and a half per cent ad valorem. |
| Mineral waters and imitations of natural mineral waters, in bottles or jugs .. .. | Seventeen and a half per cent ad valorem. |
| Essential oils .. .. .. .. .. .. .. .. .. .. .. | Seven and a half per cent ad valorem. |
| Grape vines; gooseberry, raspberry and currant bushes .. .. .. .. .. .. .. .. .. | Seventeen and a half per cent ad valorem. |
| Farm wagons, and finished parts thereof. | Twenty-two and a half per cent ad valorem. |
| Ploughs, tooth and disc harrows, harvesters, reapers, agricultural drills and planters, mowers, horse-rakes, cultivators; threshing machines, including wind-stackers, baggers, weighers, and self-feeders therefor; and finished parts thereof imported for repair of the foregoing .. .. .. .. .. .. .. .. .. .. .. .. .. | Fifteen per cent ad valorem. |
| Portable engines with boilers, in combination, horse-powers and traction engines, for farm purposes; hay loaders, potato diggers, fodder or feed cutters, grain crushers, fanning mills, hay tedders, farm or field rollers, manure spreaders, weeders and windmills; and finished parts thereof imported for repair of the foregoing, except shafting .. .. .. .. | Twenty per cent ad valorem. |

| Articles. | Rates of Duties. |
|---|---|
| **Grindstones** of sandstone, not mounted, finished or not | Five cents per 100 pounds. |
| **Freestone**, granite, sandstone, limestone, and all other monumental or building stone, except marble, brecchia, and onyx, unmanufactured, or not dressed, hewn or polished | Twelve and a half per cent ad valorem |
| **Roofing** slates | Fifty-five cents per 100 square feet. |
| **Vitrified** paving blocks, not ornamented or decorated in any manner, and paving blocks of stone | Seventeen and a half per cent ad valorem. |
| **Oxide** of iron, as a colour | Twenty-two and a half per cent ad valorem. |
| **Asbestos** further manufactured than ground; manufactures of asbestos, or articles of which asbestos is the component material of chief value, including woven fabrics wholly or in chief value of asbestos | Twenty-two and a half per cent ad valorem. |
| **Printing** ink | Seventeen and a half per cent ad valorem. |
| **Cutlery**, plated or not, viz.:—pocket knives, pen knives, scissors and shears, knives and forks for household purposes, and table steels | Twenty-seven and a half per cent ad valorem. |
| **Bells** and gongs; brass corners and rules for printers | Twenty-seven and a half per cent ad valorem. |
| **Basins**, urinals and other plumbing fixtures for bath rooms and lavatories; bath tubs, sinks and laundry tubs, of earthenware, stone, cement or clay, or of other material | Thirty-two and a half per cent ad valorem. |
| **Brass band instruments** | Twenty-two and a half per cent ad valorem. |
| **Clocks**,, watches, time recorders, clock and watch keys, clock cases, and clock movements | Twenty-seven and a half per cent ad valorem. |
| **Printers'** wooden cases and cabinets for holding type | Twenty-seven and a half per cent ad valorem. |
| **Wood** flour | Twenty-two and a half per cent ad valorem. |
| **Canoes** and small boats of wood, not power boats | Twenty-two and a half per cent ad valorem. |
| **Feathers**, crude, not dressed, coloured or otherwise manufactured | Twelve and a half per cent ad valorem. |
| **Antiseptic** surgical dressings, such as absorbent cotton, cotton wool, lint, lamb's wool, tow, jute, gauzes and oakum, prepared for use as surgical dressings, plain or medicated; surgical trusses, pessaries, and suspensory bandages of all kinds | Seventeen and a half per cent ad valorem. |
| **Plate** glass, not bevelled, in sheets or panes exceeding seven square feet each, and not exceeding twenty-five square feet each | Twenty-five per cent ad valorem. |

| Articles. | Rates of Duties. |
|---|---|
| Motor vehicles other than for railways and tramways, and automobiles, and parts thereof, not including rubber tires .. .. .. .. .. .. .. .. .. .. .. .. | Thirty per cent ad valorem. |
| Iron or steel digesters for the manufacture of wood pulp .. .. .. .. .. .. .. | Twenty-seven and a half per cent ad valorem. |
| Musical instrument cases, fancy cases or boxes, portfolios, satchels, reticules, card cases, purses, pocket books, fly books for artificial flies, all the foregoing composed wholly or in chief value of leather .. .. .. .. .. .. .. .. | Thirty per cent ad valorem. |

## SCHEDULE C.

Articles the growth, product or manufacture of Canada to be admitted into the United States at the undermentioned special rates of duty when imported from Canada:—

| Articles. | Rates of Duties. |
|---|---|
| Aluminum in crude form .. .. .. .. .. .. | Five cents per pound. |
| Aluminum in plates, sheets, bars and rods .. .. .. .. .. .. .. .. .. .. .. .. .. | Eight cents per pound. |
| Laths.. .. .. .. .. .. .. .. .. .. .. .. .. .. | Ten cents per 1,000 pieces. |
| Shingles .. .. .. .. .. .. .. .. .. .. .. .. .. | Thirty cents per thousand. |
| Sawed boards, planks, deals and other lumber, planed or finished on one side.. | Fifty cents per M. feet B.M. |
| Planed or finished on one side and tongued and grooved, or planed or finished on two sides .. .. .. .. .. .. | Seventy-five cents per M. feet B.M. |
| Planed or finished on three sides, or planed and finished on two sides and tongued and grooved .. .. .. .. .. .. | One dollar and twelve and a half cents per M. feet B.M. |
| Planed and finished on four sides .. .. .. | One dollar and fifty cents per M. feet B.M. |
| and in estimating board measure under this schedule no deduction shall be made on board measure on account of planing, tonguing and grooving. | |
| Iron ore, including manganiferous iron ore, and the dross or residuum from burnt pyrites .. .. .. .. .. .. .. .. .. .. | Ten cents per ton of 2,240 pounds. |
| Coal slack or culm, of all kinds, such as will pass through a half-inch screen .. | Fifteen cents per ton of 2,240 pounds. |

## SCHEDULE D.

Articles the growth, product or manufacture of the United States to be admitted into Canada at the undermentioned special rates of duty when imported from the United States:—

| Articles. | Rates of Duties. |
|---|---|
| Cement, Portland, and hydraulic or water lime in barrels, bags, or casks, the weight of the package to be included in the weight for duty.. .. .. .. .. .. | Eleven cents per 100 pounds. |

| Articles. | Rates of Duties. |
|---|---|
| Trees, viz.:—Apple, cherry, peach, pear, plum, and quince, of all kinds, and small peach trees known as June buds | Two and a half cents each. |
| Condensed milk, the weight of the package to be included in the weight for duty | Two cents per pound. |
| Biscuits without added sweetening | Twenty per cent ad valorem. |
| Fruits in air-tight cans or other air-tight packages, the weight of the cans or other packages to be included in the weight for duty | Two cents per pound. |
| Peanuts, shelled | One cent per pound. |
| Peanuts, unshelled | A half per cent per pound. |
| Coal, bituminous, round and run of mine, including bituminous coal such as will not pass through a three-quarter-inch screen | Forty-five cents per ton. |

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THE SHOREHAM HOTEL, WASHINGTON, D.C.,
January 21st, 1911.

DEAR MR. SECRETARY,—We have received with much satisfaction your letter of this date in which you have confirmed our understanding of the arrangement which is being made between us respecting trade relations between the United States and Canada.

In bringing the negotiations to a close, permit us to express our warmest appreciation of the spirit in which the whole subject has been dealt with by the President and yourself and for the unvarying courtesy which we have received in Washington from all the officials of your Government with whom we have been brought in contact.

Yours faithfully,

(Sgd.) W. S. FIELDING,
" WM. PATERSON.

The Honourable P. C. KNOX,
Secretary of State,
Washington, D.C.