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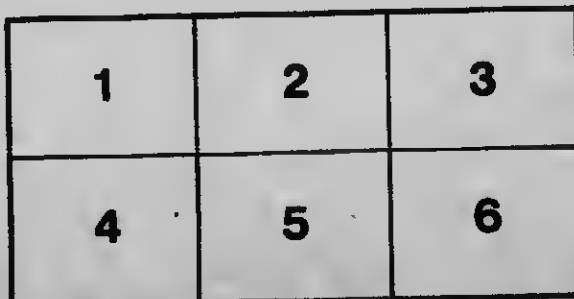
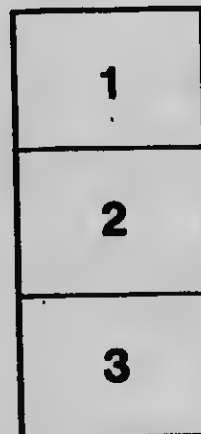
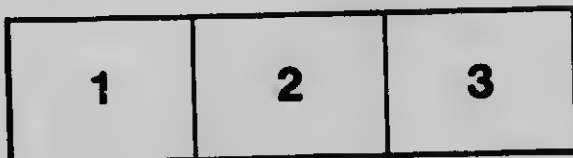
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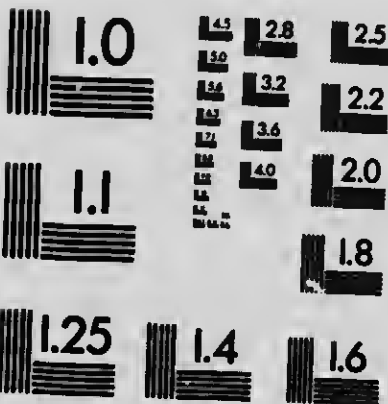
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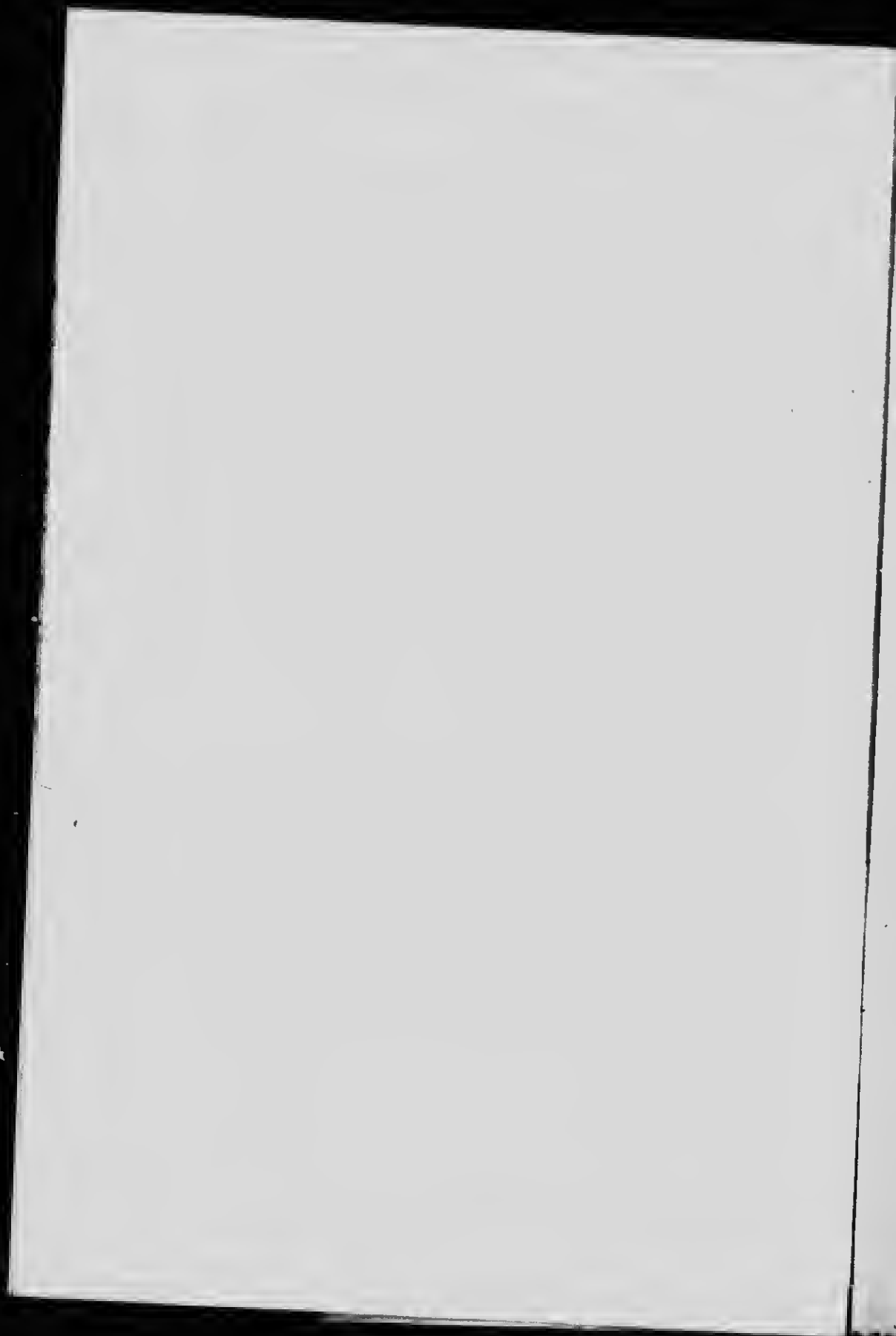
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A
SESSION'S
DISCLOSURES
SECOND SERIES

**Some Transactions of the Laurier
Administration Exposed in the
Session of 1907.**

**"The Government is responsible for everything which takes
place in any department."—SIR WILFRID LAURIER.**

FC550

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1908

WINDSON CLUB
MEMBERSHIP

Introduction

The following chapters contain a review of some of the events and disclosures of the Canadian Parliamentary Session of 1906-07. They should be studied with the events and disclosures of the Session of 1906. The references to original authorities will enable the candid and earnest inquirer to continue the research through the records of parliament and the departmental reports. A fair comparison may thus be made between the pledges and professions with which Sir Wilfrid Laurier took office, and the record of his administration at the end of its eleventh year.

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

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

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

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

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

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

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

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

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

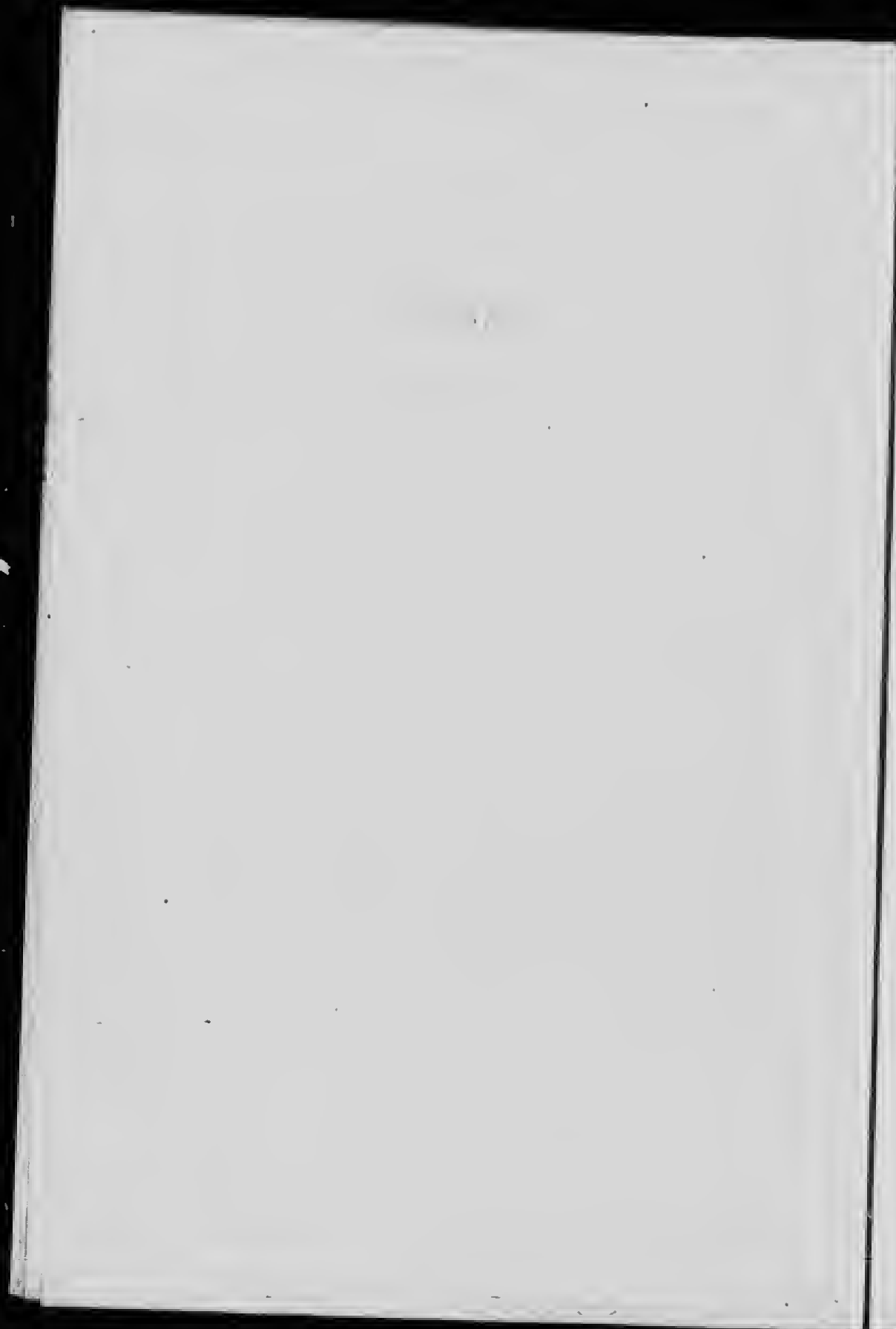
"They proclaimed high standards for appointments to public office, and they have violated all decency when it was necessary to reward unscrupulous party service.

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

R. L. BORDEN, M.P.

Contents

	PAGE
Mr. Borden's Platform	7
Taxation and Expenditure	9
Charges Against Members	15
Ballot Frauds	33
Official Campaigners	44
Halifax Land Deal	47
Second Moncton Land Deal	56
The Robins Irrigation Deal	58
The Galway Deal	65
The Blairmore Town Site	72
Secret G.T.P. Finance	80
A Transaction in Envelopes	87
Collingwood Dry Dock	89
Inspector Who Did Not Inspect	92
Made Money on the Side	94
Divisions of the Session	98
Church Deliverances	107
Index	109



The Liberal-Conservative Platform

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

PUBLIC FINANCE.

1. Honest appropriation and expenditure of public moncy's 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.

JUSTICE TO THE NEW PROVINCES.

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.

Taxation and Expenditure.

PLEDGE AND PERFORMANCE OF THE PRIME MINISTER AND HIS COLLEAGUES.

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

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

PARTY PLEDGES.

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

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

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

THE PREMIER'S PROMISE.

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

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

Again—Sir Wilfrid Laurier:

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

THE MINISTER OF TRADE AND COMMERCE.

Sir Richard Cartwright, criticizing the budget of 1896 said:

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

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

And again, Sir Richard said:

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

A FORMER MINISTER.

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

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

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

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

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

THE RECORD OF TAXATION.

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

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

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

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

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3,785

Second five years of the Laurier Government:

1901-2.....	\$32,191,978	\$11,197,133	43,389,112
1902-3.....	37,001,727	12,013,779	49,015,506
1903-4.....	40,702,611	12,958,708	53,661,319
1904-5.....	41,433,649	12,586,475	54,020,123
1905-6.....	46,064,598	14,010,220	60,074,818
The average for the above five years is:			
	\$39,478,912	\$12,553,263	\$52,032,175

HOW IT WORKS OUT.

Average Taxation for last Conservative period.....	\$27,710,442
Average for the first period of the Laurier Government.....	34,033,785
Percentage of increase.....	32
Average during the last five years.....	\$52,032,175
Percentage of increase over the first Laurier period.....	53
Percentage of increase over the last Conservative period.....	91

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

Customs taxes in 1896.....	\$19,833,279
“ “ 1906.....	\$46,064,598
Increase.....	\$26,231,319
Increase per cent.....	132
Excise taxes in 1896.....	\$ 7,926,006
“ “ 1906.....	\$14,010,220
Increase.....	\$ 6,084,214
Increase per cent.....	77
Total taxation in 1896.....	\$27,759,285
“ “ 1906.....	\$60,074,818
Increase.....	\$32,315,533
Increase per cent.....	117

TAKEN FROM PRODUCTIVE INDUSTRIES.

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

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

In the 10 years from 1896 to 1906 the taxes collected amounted to \$430,329,802.

Thus, the amount taken by the present Government in excess of that taken in the same length of time by the previous administration is \$142,398,430.

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

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

WHAT WAS DONE WITH THE MONEY.

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

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

RECKLESS EXTRAVAGANCE.

An examination of the expenditure accounts will explain this taxation. It is due to what Mr. Fielding used to call the large increase in the controllable expenditure of the Dominion. The progress of this expenditure is shown by the following tables, covering three periods of five years, of which the first period is under Conservative administration. (Public Accounts, 1906, page 2.)

Last five years of Conservative rule:

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

First five years of the Laurier Regimé:—

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

Second five years of the present regime:--

1902.....	\$50,759,392	\$10,078,638	\$63,970,800
1903.....	51,691,903	7,052,725	61,746,572
1904.....	55,612,833	7,881,719	72,255,048
1905.....	63,319,683	11,933,492	78,804,138
1906.....	67,240,641	11,913,871	83,277,642
Average.....	57,724,890	9,772,089	72,110,840

The total disbursements in the above table include current expenditure, capital expenditure, railway subsidies and "other charges."

NOTE—In the "Session Disclosures" 1906 the expenditure and revenue statements for that year were taken from Mr. Fielding's return then unrevised. In the above tables they are corrected by the final report which accounts for the slight change.

DETAILS OF EXPENDITURE.

We shall now go into particulars, giving some of the details of increased expenditure comparing the fiscal year 1896, the last before the Conservatives left office, with 1906, the last for which we have detailed statements of expenditure. (Public accounts 1906, pages 61 to 69.)

	1896	1906	Increase	Increase per cent.
Management Public Debt..	\$166,315	\$331,534	\$165,219	99
Administration of Justice.	758,270	1,171,359	413,089	54
Arts, Agriculture and Statistics.....	210,873	603,590	392,712	186
Civil Government.....	1,396,628	1,911,611	514,983	37
Fisheries.....	427,251	968,702	541,451	127
Geological Survey.....	52,668	108,148	55,480	105
Immigration.....	120,199	842,668	722,469	601
Quarantine.....	95,247	624,758	529,511	555
Indians.....	880,408	1,198,350	317,942	36
Insurance Superintendence	10,039	18,147	8,108	81
Legislation.....	904,688	1,351,916	447,228	49
Lighthouse and coast service.....	466,058	2,530,308	2,064,250	443
Marine Hospitals.....	36,683	50,731	14,048	38
Militia.....	1,136,714	4,294,125	3,157,411	278
Miscellaneous.....	172,364	946,037	773,673	449
Mounted Police.....	533,014	1,004,079	471,065	88
Ocean and River Service..	181,452	1,013,683	832,231	458
Penitentiaries.....	385,228	527,881	142,656	37
Pensions.....	86,080	179,023	92,943	108
Dominion Police.....	22,703	37,265	14,562	64
Public Works, current....	1,299,769	7,484,716	6,184,947	476

	1896	1906	Increase	Increase per cent.
Scientific Institutions.....	81,700	284,272	202,572	248
Steamboat Inspection.....	26,321	37,576	11,255	43
Superannuation.....	311,232	356,281	45,049	14
Adulteration of Food.....	24,313	27,356	3,043	12
Collection of Customs.....	896,332	1,548,384	652,052	72
Collection of Excise.....	470,870	555,923	85,053	18
Dominion Lands.....	119,908	432,135	312,227	261
Inspection of Staples.....	2,577	109,940	107,363	4166
Trade and Commerce.....	9,463	63,625	54,162	573
Weights and Measures.....	97,925	130,430	32,505	33

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

Charges Against Members.

WOMEN, WINE AND GRAFT EPISODE.

Mr. Borden Calls for Full Investigation—Of all Matters Affecting the Honor of Parliament—Mr. Foster Repeatedly Challenges Government on Insurance Questions.

BOURASSA RESOLUTION.

Calling for Inquiry into Direct or Imputed Charges—This Motion was Supported by Mr. Borden and the Opposition—Opposed by the Premier and His Party—Voted Down by the Majority.

MR. EMMERSON RETIRES.

Premier Accepts His Resignation—Ex-Minister Begins Libel Prosecution—Which He is not in a Hurry to Finish.

THE CASE OF MR. HYMAN.

CHARGES AGAINST MEMBERS.

"The wine, women and graft" discussion, culminating in two or three remarkable episodes in political history, resulted from various offensive remarks and interruptions thrown across the House from the Government side during the early part of the session. Under cover of the insurance investigation insinuations were made against several members of Parliament, including Mr. Foster, Mr. Fowler, Mr. Bennett and Mr. Lefurgey. Mr. Foster took the earliest opportunity to demand the fullest possible Parliamentary investigation of any charges that might be made against him, and after waiting until the Insurance Commission had reported he brought up the whole matter himself, and opened the discussion on it. In the end the Prime Minister stated that no charges had been made against Mr. Foster and none were preferred in the House.

CHARGES WITHDRAWN, ABANDONED OR REFUTED.

Mr. Bennett and Mr. Lefurgey, whose only offence was that they had bought in the open market certain lands in the North-West owned by private parties, and had re-sold them at a profit, challenged the Government party

to specify any charges against them. Towards the close of the session Mr. Aylesworth, Minister of Justice, stated in his place in the House (Hansard, 1907, page 6336), that nothing in the land transactions mentioned was in any degree to the discredit of Mr. Bennett. The Minister's remarks applied equally to Mr. Lefurgey, who was in the same position. It may be said also that Mr. Aylesworth, who took upon himself the task of defending the report of the Insurance Commission, found nothing to say in criticism of Mr. Fowler's conduct.

Mr. Foster's statement in regard to the insurance transaction is before the public and is a complete vindication of his conduct.

A CONSPIRACY OF INSINUATIONS.

But notwithstanding the failure of Government members to sustain the indefinite, undeclared and insinuated charges against Mr. Foster, notwithstanding the practical withdrawal of all intimated charges against Mr. Fowler, and the admission that the other two members had done no wrong, the first half of the session was characterized by continual jeers and offensive insinuations of a personal character directed against the members mentioned. These usually came from the back benches, and always from members who would not take the responsibility of rising in their place and making a direct statement. It was plain that Ministers encouraged these attacks, for they were made by members who would not think of offending or disobeying a Minister. It was, in fact, a conspiracy, deliberately organized and regularly operated for the purpose of annoying the Opposition, interfering with its regular work and duty, and making life unpleasant for Conservatives who ventured to criticize the Government.

THE "WOMEN, WINE AND GRAFT" EPISODE.

On the 19th day of February, George W. Fowler member for King's and Albert, New Brunswick, was disussing Mr. Lemieux's Conciliation bill, taking the ground that the Government ought to consider carefully the objections which the railway men had raised against it. In the course of the discussion Mr. Dunean Ross, member for Caribou, intimated that Mr. Fowler might have been poorer "if everybody got a square deal." There had been other insinuations of this kind from the Ministerialists, referring to private affairs of Mr. Fowler. Referring to these Mr. Fowler now said:

"Up to this time I have not referred to private matters; but I want this House and the First Minister and the Government to understand that if matters in connection with my private business are to be discussed in this House, I shall take an opportunity to discuss the private character of Members of this Administration and Members on that side. I want to say to hon. gentlemen opposite that I shall discuss these without fear or favor, that I shall call a spade a spade, and when I speak of the indisposition of an Hon. Minister which keeps him out of this House, I shall tell exactly what it was and how it was brought on. I shall allow no man to make an attack on me or my character without retorting. I shall discuss the character of hon. members opposite, whether they be Ministers or private Members, and their connection with women, wine and graft."

MR. FOWLER'S CHALLENGE.

After referring to threats that had been made of an attack on him, and to the abuse and insinuations which had been thrown out from the Government side, Mr. Fowler added:

"I do not believe in this sort of thing. And, sir, who is responsible for it? The Prime Minister is the man in whose hands rests the honor of this House and who is responsible for the tone of the debates on this floor. The Prime Minister can prevent that sort of attack. If he thinks it good politics to authorize that kind of attack; let him go ahead, he is responsible, not I. But I should be a poltroon if, when I am attacked, I did not defend myself, and not only defend myself, but having the material, if I did not use that material to carry the attack into the other side. Now, as I say, let these charges, let this scandal—this alleged scandal—if you have any with respect to me, be brought forward. You cannot bring it on too soon. I have never, in my public or in my private capacity, done anything of which I am ashamed or of which I have need to be ashamed, or of which any honest, decent man should be ashamed. Let them bring on their scandal, let them produce their witnesses and their evidence. But let me tell you, if I am attacked, I shall defend myself, and not only defend myself, but also will lead an attack." (Hansard, 1907, pages 3318-19.)

MR. BOURASSA CALLS FOR INQUIRY.

Two days later Mr. Henri Bourassa, member for Labelle, a Liberal, who has lately shown a good deal of independence, called the attention of the House to Mr. Fowler's statements, and to accusations that had been made or suggested in the chamber against Conservative members. He declared that charges, insinuations and reflections had gone far enough, and that the time had come for investigation. He held that public confidence in public men was shaken by these reflections, and by the growing opinion that the two parties were conspiring to suppress damaging facts.

"It is high time," he said, "that the Government and Parliament should take the matter into their own hands and clear the atmosphere; and if there are unworthy men in this House, whether they be Conservative or Liberal, their conduct should be probed to the bottom and they should be punished."

SIR WILFRID OBJECTS TO INVESTIGATION.

Sir Wilfrid Laurier did not welcome this suggestion. He said that Mr. Fowler's words were probably spoken in haste and anger, and that there was nothing before the public in the way of a charge against Conservative members. The insurance report had not then come down, and the Premier thought that any discussion of insurance matters at that stage would be premature. He regretted that the press had made any reflections upon any member in connection with insurance. The Premier said, however, that before the session closed the matter which Mr. Bourassa had brought forward must come to the attention of the House.

MR. BORDEN PREPARED TO ASSIST INQUIRY.

While the Prime Minister thus evaded and postponed the question, Mr. Borden the Opposition leader, spoke out plainly and decisively. He declared that there had not been and would not be any agreement or arrange-

ment between the Conservatives and the Government for the suppression of any facts or the prevention of any investigation. Mr. Borden used the following language (Hansard, 1907, page 3508) :

If there is any charge contained in the evidence taken before the Insurance Commission, or if there should be any charge in the report of that commission against the public honor of any man on this side of the House, standing here, as I do, and the position I occupy, I pledge myself that I will give to the Prime Minister of this country and to this Parliament, the best of my assistance to probe such a charge to the very bottom. That is all I have to say about that. I agree with the Prime Minister that it is impossible that the session should close until any charges which have been insinuated are either withdrawn or brought on for discussion and consideration. So far as I am concerned—and I speak for every man on this side of the House in that regard—we do not propose that this session shall end until that matter has been discussed, and until that investigation has been made. That is all it is necessary to say as to that at this moment.

AN ASTONISHING CHANGE.

From this time forward there was a remarkable change in the conduct of members supporting the Government. After Mr. Fowler had given notice, as quoted above, there were no more reflections passed across the Chamber in his direction. The member for King's was treated thereafter with extreme courtesy, and even with distinguished consideration by members of Parliament on the other side, though he was abused more vigorously than ever by the Government press. It soon became evident that the Government party in Parliament had found one clear line of policy. That was to be kind and polite to Mr. George W. Fowler. A marked improvement also took place in the treatment of Mr. Foster and other Conservatives.

NO CHARGES RESPECTING INSURANCE.

In due time the insurance report came down, and after waiting for the Government or some Government supporter to bring before the House the matters contained in it, or to make some charge based upon the report, Mr. Foster himself, brought up the question and made his own vindication, while he exposed the misrepresentations of the Commissioners and the falsehoods contained in the alleged findings. Though the Minister of Justice undertook to defend the Commission, no charge was made in the House against Mr. Foster or any other member, and the Government majority voted down without further discussion two motions moved by Opposition members condemning the insurance report. This insurance matter is mentioned here to show how the Government party failed to proceed with any charges, or even to make a declaration of censure when brought to face with the issue. The first of these insurance debates took place on April 10th and 11th and the second on April 17th. In the first case the Government was wholly on the defensive, in the second it was silent under attack.

MR. BOURASSA FORCES AN ISSUE.

But on March 26th Mr. Bourassa forced to an issue the question which he had raised on the 21st of February. On a Government motion to go into supply he moved the following resolution, which was seconded by Mr. Armand Lavergne, another Liberal with independent leanings:

That the report of the Royal Commission on Life Insurance and the evidence connected therewith have made public various transactions in which members of this House participated—namely, the hon. member for North Toronto (Mr. Foster), the hon. member for King's New Brunswick (Mr. Fowler), the hon. member for East Simcoe (Mr. Bennett), the hon. member for Prince, Prince Edward Island (Mr. Lefurgey);

That such transactions have been commented upon by several organs of public opinion, in terms reflecting upon the honor, the integrity and the independence of the above-named gentlemen;

That references to such transactions have been made in this House, during the present session—namely, by the hon. member for Carleton, New Brunswick (Mr. Carvell), on the 7th and 21st days of February, and by the hon. member for Yale-Cariboo (Mr. Ross), on the 19th day of February—in terms indicating that, in the opinion of those two hon. gentlemen, the above-named hon. members are guilty of improper conduct;

That on the 26th day of November last, the hon. member for Wright (Mr. Devlin) referred to the hon. member for North Toronto as being unworthy of a seat in this House, on account of the transactions above-mentioned;

That on the 19th of February last, the hon. member for King's, New Brunswick (Mr. Fowler), addressing the hon. member for Yale-Cariboo (Mr. Ross), stated: "We will show your connection with Mr. Hill—and we will give you the true insight of the Hyman story too," and added, "I shall discuss the character of hon. members opposite, whether they be ministers or private members, and their connection with women, wine and graft."

That these statements have become a matter of general comment and have aroused public opinion throughout the country, so that an immediate inquiry is imperative;

That the Prime Minister and his colleagues, being the principal guardians of the honor of Parliament, should take the initiative in such an inquiry;

That the Government should therefore ask the House to constitute a special committee to conduct a strict and impartial inquiry as to whether any Ministers of the Crown or members of Parliament have improperly made use of their positions as such for their private gain or have otherwise been guilty of personal misconduct under such circumstances or of such a character as to justify the intervention and censure of this House;

That any charges that may be preferred against any member of the Government or of the House should be formulated before that committee, and that members of this House or other persons who have material or data at their disposal with reference thereto should divulge them to that committee;

That such committee have power to employ and hear counsel, to send for persons, papers and records, to examine witnesses on oath or affirmation, and to report to the House during the present session.

AN INDEPENDENT LIBERAL VIEW.

Notice had been given of this motion, and the galleries were crowded while Mr. Bourassa addressed the House. He declared that he brought the question forward to give voice in Parliament to the clamour of public opinion, which was losing confidence in the integrity of Canadian representative institutions. Mr. Bourassa recalled the statement of the Premier that Parliament would have to take action during the session upon the insurance charges and upon the matters mentioned by Mr. Fowler. Yet the Premier was now taking the ground that there were no charges against anybody and

no matter requiring investigation. Mr. Bourassa said he was not posing as a censor; adding:

"If I were to reveal the names of all my friends, either on the Liberal or Conservative side, who have asked me to press this matter forward though they will vote against me, it would be easy to prove that public sentiment, both in this House and out of it, is in favor of an investigation."

Before Parliament met there had been many threats of what was to take place after the meeting. The whole Ministerial press and several members on the Government side had announced that they were going to bring honourable gentlemen before the bar of public opinion. Mr. Carvell had intimated that charges would be made against Mr. Bennett. But Mr. Bennett had twice during the session demanded an investigation and Mr. Lefurgey had done the same. No response had followed.

A CONSERVATIVE PRECEDENT.

Mr. Bourassa, reciting these facts, demanded an inquiry under the initiative of the Government, paying this compliment to the conduct of the late Conservative Government at the time of the McGreevy investigation (page 5423):

I know very well that when a government wants to block an inquiry it can always do it—and this has been done in the past. I know very well that when the whole Liberal party attempted to bring to task an ex-Minister of Public Works and the member for Quebec West, in the late Conservative Government, they would never have succeeded had they not been helped publicly and privately by members of the Conservative Government, who gave them papers to go on, and then lent them the help of the Justice Department to complete their investigation.

Accordingly, Mr. Bourassa demanded that the machinery of the Department of Justice be put into action with earnestness and good faith, as was done in 1891.

PRESSING IT HOME.

"Sir," he said, "I note a strange coincidence in the different attitudes, the difference between ferocious attacks that have been made during the last six months against the members of the Opposition, and the present mild attitude on the Ministerial benches, where they seem willing to allow these gentlemen to go scott free, coinciding with the attack that was made by the member for King's (Mr. Fowler)." Mr. Bourassa asked:

"What is the true inside of the Hyman story? A Minister of the Crown resigns and goes to the South for his health. He is asked by the Prime Minister to retain his seat in the Cabinet. Various transactions and sessions of the Committee go on for three months, and the hon. member for London or the Minister of Public Works is still where he was at the beginning, and here is a member of Parliament standing up in this House saying that he knows the true inside of the Hyman story. . . . Does he mean that the Minister of Public Works has been derelict in his duties, or that he has been guilty of improper conduct? I do not know. The member for King's knows, and unless the member for King's is given an opportunity of formulating his charges we should not know. . . ."

Quoting the "women, wine and graft" clause, Mr. Bourassa said:

Although hon. members of this House may be disposed to dismiss it with a laugh, I may tell them that in their laugh there is a trace of cynicism which the people of Canada will resent from this time until the charges have been cleared up. If you think that this matter is going to be settled by a mutual laugh on both sides of the House, I think you are greatly mistaking the morality of the people of Canada."

Proceeding, Mr. Bourassa thus laid down the doctrine:

"Sir, rumors are going all over the City of Ottawa, and insinuations are made right and left in the corridors of the House by members of Parliament and by outsiders. I do not want to believe them, I hope they are untrue, but if one half of them be true, it is not only the right but it is the imperative duty of the Government to intervene.

THE BRITISH RULE.

"In regard to the morality of any Minister of the Crown, here again, as in many other instances, my guiding principle is the one which has been applied for many years past in the conduct of the Government in Great Britain, and the principle in regard to the morality of any British Minister of the Crown is the one which William E. Gladstone adopted and applied in the case of a man far abler and far more useful to the people of Great Britain than can be any Minister of the Crown who has been cited as being in the stocks, and that man was Sir Charles Dilke. Sir, if half what is circulated around the corridors of this House is true—I do not know whether it is true or not true—but if half of it is true, I say it is the duty of the Prime Minister to interfere as Mr. Gladstone had to interfere with the private conduct and private life of Sir Charles Dilke, and if the Prime Minister is remiss in his duty, it is up to this House to show the truth from the man who has the data and material to give and to see that justice shall be done. Otherwise it is not only three or four men who will be held in the stocks, but it is the whole Government, the whole majority of this House that will be held in the stocks by the public opinion of Canada because they do not want the truth to be known and the culprits to be punished.

"In regard to the general accusation about wine, women and graft, I claim that if any Ministers of the Crown—the truth of which accusation I do not know, and I am only giving general facts—are connected with wine and women in such a way that it has become a matter of public scandal, if they have used the property of the Government to carry on their profligate acts, if they have been put out of hotels and public places of amusement because they have been guilty of misconduct with women, and if anybody has a knowledge of these facts he must make them public. If I had the least particle of evidence I would make a charge, but I have not. But I repeat that it is a scandal if the Government and Parliament do not take any action and do not see that a purification takes place."

THE TRUTH MUST BE KNOWN.

In closing Mr. Bourassa said:

"It is up to the Prime Minister to see that his Cabinet is composed of men who are a credit to his party, and who cannot be cited as being the cause of scandal before the country. . . . These exchanges of charges and insinuations have been spread so broadcast and have been so bandied about by newspapers representing the different parties that it is no longer a question of personal accusation by a few men against another few men; it is a question of the necessity of the Parliament of Canada vindicating its own honor and the reputation of our public men. . . . It is never too late for the Parliament of Canada to redeem its honor. . . . The Prime Minister cannot go to London with the Session adjourned in a hasty manner, so that these accusations which have been made public and scattered broadcast and which have been repeated in this House by members of Parliament, should remain uninvestigated until they be forgotten, nobody exculpated and nobody punished, and the Parliament of Canada retaining its honor only because of the gag. The truth must be known; it must be known now."

THE PREMIER HESITATES.

When Mr. Bourassa took his seat all eyes were turned to the leader of the House to see what action he would take. Sir Wilfrid sat for a time apparently waiting for a Conservative member to speak. When the silence became embarrassing he was seen to give a signal to Mr. Carvell, the Liberal member for Carleton, New Brunswick, who spoke the rest of the afternoon and part of the evening on the question of the Foresters' funds, and only in the last six sentences referred to the motion before the House, remarking that the investigation proposed would probably be futile, and that the subjects mentioned were not proper matters for investigation.

SIR WILFRID AGAIN OPPOSES INQUIRY.

By this time Sir Wilfrid was prepared to say something. The Prime Minister began by stating that Mr. Bourassa desired "to ascertain where are the honest men and where are the dishonest men." Sir Wilfrid did not approve of such an inquiry. He said:

"I can only say that every man in this House is an honest man, that every man in this House has a right to walk with his head erect, that every man in this House has a right to his character until that character has been taken away from him, not by insinuations, not by the tittle-tattle of the streets, but upon a charge made by some one who has the courage to make such a charge."

Of course, this is exactly what Mr. Bourassa proposed, while the custom of flinging insinuations had been the policy of the members behind the Premier. Sir Wilfrid then went on to plead that there was no charge against any member in the report of the Insurance Commission. He declared that the Commissioners "had not made a report against this member of the House or that member of the House on which the House could base a motion." And again the Premier said: "For my part I cannot see that there is any reason to have any further investigation upon the facts disclosed by the Commission."

So that after all that had been threatened and predicted by members and the press supporting Sir Wilfrid Laurier as to Mr. Foster's conduct, the Premier admitted that there was no basis for a Parliamentary charge against him. The Premier's verdict was that Mr. Foster, Mr. Fowler and all the other members whom his followers had been abusing were honest men having a right to walk with head erect.

SIR WILFRID AND MR. HYMAN.

Turning then to the position of his own colleagues and supporters, Sir Wilfrid took notice of the fact that Mr. Hyman had been named by Mr. Fowler in the House. Thereupon Sir Wilfrid made the following statement concerning Mr. Hyman:

There have been a great many rumors against my colleague, Mr. Hyman, there is no use to deny it. There have been rumors in this House that he was shamming

disease and that he was not really sick. I believe that idea has been dispelled and that it is no longer entertained by anybody. I believe that everybody knows that when Mr. Hyman left the House he was in very bad health and was a very sick man indeed. But that was not the only rumor. The atmosphere was thick with rumors, and last fall, about September or October, a certain rumor came to me and I spoke to a mutual friend who is now in this House and hears my words, and I said to him: I have been a friend of Hyman for many years; you are still more a friend of his than I am; you are more intimate with him than I am; I have heard this and you have heard it also. Go to him and tell him he must let me know what truth there is in this. That rumor was in connection with a certain person. My friend went to Mr. Hyman and Mr. Hyman sent me word that there was not a word of truth in that rumor. I have to take the House and the country into my confidence.

When I had Mr. Hyman's own word about the matter, then, when he offered me his resignation for reasons with which the House is familiar, I concluded that I would not accept his resignation.

WOULD IMITATE GLADSTONE.

The Premier went on to refer to Mr. Bourassa's statement "that Ministers of the Crown have gone into hotels with women of ill-repute." He held that Mr. Bourassa should not have mentioned these rumours unless he was able to bring forward proof of them. Sir Wilfrid added:

The House of Commons can investigate charges of corruption in a public man, but I never yet knew that the House of Commons in England or in this country made itself a police court to investigate charges of this character. The hon. gentleman, however, has taken it upon himself to bring this matter to the attention of the House, and, teaching me my duty, he has given me the example of Mr. Gladstone in the case of Sir Charles Dilke, and I suppose it was the same in the case of Mr. Charles Parnell. It is true that on a certain occasion Mr. Gladstone advised the friends of Parnell to compel him to withdraw from parliamentary life, but when was this? It was when the offences of Parnell had become public; when they were the subject of a judgment of a court; it was at a time when his offences were no longer a private affair, but had become a public scandal. Well, sir, if there was anything of that kind against a friend or colleague of mine, it would be my duty to do as Mr. Gladstone did, but am I to be told that I must make myself a detective, to go about looking for private offences in order to take action on them? Sir, if a matter of that kind came to my notice I would do as I did when I heard Mr. Hyman's name mentioned in connection with certain matters.

Sir Wilfrid protested against establishing what he called "an inquisition." He called upon Mr. Bourassa to formulate his charges and they would be investigated, but complained strongly against the attempt of the independent Liberal member to bring about the inquiry proposed.

MR. BORDEN ON INQUISITIONS.

The leader of the Opposition approached the issue in an altogether different spirit. While he thought that Mr. Bourassa's motion could more properly be introduced as a question of privilege, and while the form and language were not exactly such as Mr. Borden himself would have recommended, the Opposition leader was not disposed to allow technical and verbal questions to turn his attention from the main purpose. In a speech of less than a quarter of an hour Mr. Borden made his own position clear. He reminded Sir Wilfrid Laurier that while the Government now objected to inquisition, it had, in the insurance inquiry, established and carried on an inquisition of the most arbitrary type into the public and private business

of members of Parliament and others. These men had been practically prosecuted, where no charge had been stated. They were not allowed to make defence or bring in evidence on their behalf, or cross-examine witnesses. No such ruthless and unsparing inquisition was proposed by Mr. Bourassa's motion. Mr. Borden pointed out that under the resolution of Mr. Bourassa charges would have to be formulated, so that it was not true that the investigation would be an inquisition in the sense that the Premier represented it.

Mr. Borden pointed out to Sir Wilfrid that the Prime Minister was in the first place the guardian of the honor of Parliament and of the honor of his Cabinet. The leader of the Government could not escape the duty imposed upon him as regards members of the Cabinet and members of the House.

OPPOSITION LEADER STILL READY FOR INQUIRY.

Having expressed these views upon the attitude of the Premier and on the subject matter, Mr. Borden plainly and squarely stated his own position and intentions. He said:

I would not have couched this resolution in these terms, nor would I have proposed this exact procedure, but I am prepared, inasmuch as this resolution refers to hon. gentlemen on this side of the House, inasmuch as the remarks of my hon. friend from Labelle (Mr. Bourassa) have touched upon the personal character of hon. gentlemen on this side of the House, inasmuch as he has expressed his view as a member of Parliament that there should be an investigation—and I think he took some responsibility in adopting the course which he did, and to this I will refer later on—inasmuch as he has done this, I am not prepared to vote against this resolution. I have pledged myself to two things in this House and I propose to stand by them to the end. I have pledged myself that I have not made and that I would not make any arrangement with hon. gentlemen on the other side of the House about any matter touched upon in the discussion during the past session which have been commented on by the hon. member for Labelle (Mr. Bourassa), and I have pledged myself also that if any hon. gentleman in this House took steps to forward an inquiry touching the position of hon. gentlemen on this side of the House, who are my colleagues and associates, I would give my best efforts to probe the matter of that inquiry to the bottom, and I am not disposed, for the sake of any parliamentary proceeding and for the sake of any hair-splitting, or for the sake of anything that has been uttered by the Prime Minister, and especially in view of the construction which I put upon this resolution, I am not disposed to vote against this motion and I shall record my vote in favor of that resolution, although I wish that the procedure suggested had been different and that the resolution had been couched in somewhat different terms.

There was no mistaking this position, which was in a line with what Mr. Borden had said weeks before. The Opposition leader was cheered to the echo by his own party as he took his seat.

INVESTIGATION PREVENTED BY GOVERNMENT MAJORITY.

Mr. Fielding; Mr. McCarthy, of Simcoe; Mr. Ross, of Caribou; Mr. Miller, of South Grey, Government supporters, all followed, giving reasons why Mr. Bourassa's motion should not be adopted. Mr. Bennett, Conservative, one of the members who had been attacked, spoke in favor of the reso-

lution. When the members were called in at midnight the House divided on straight party lines, except that the independent Liberals, Mr. Bourassa and Mr. Lavergne and one regular Liberal, Mr. Robitaille voted for Mr. Bourassa's motion. Two Conservative members, Mr. Foster and Mr. Fowler, refrained from voting, as their names were mentioned in the resolution. Every other Conservative in the House voted for Mr. Bourassa's motion, which was lost by 109 to 55.

The Ministers who were in the House at the time and voted against this motion for inquiry were Sir Wilfrid Laurier, Mr. Aylesworth, Sir Frederick Borden, Mr. Brodeur, Mr. Enmerson, Mr. Fielding, Mr. Fisher, Mr. Oliver, Mr. Paterson and Mr. Templeman.

It will be seen that this proposed inquiry was prevented by the votes of Ministers and their supporters, while it was demanded by Mr. Borden and the Opposition.

MR. BOURASSA'S SECOND ATTEMPT.

As the principal objection raised on the Government side was that the inquiry would be an inquisition and that no member would be responsible for the charges, Mr. Bourassa undertook to meet this excuse by another motion of which he gave notice on the day following the above vote. At the request of Sir Wilfrid Laurier, April 3 was fixed as the day for the discussion of Mr. Bourassa's second resolution, which did not ask for a general inquiry such as Sir Wilfrid had deprecated, but simply called upon Mr. Fowler to state clearly the charges which he had intimated in his "women, wine and graft" speech. Following is Mr. Bourassa's motion:

That on February 19th last, the member for Kings', N.S. (Mr. Fowler), stated: "I shall discuss the character of hon. members opposite, whether they be Ministers or private members, and their connection with women, wine and graft;"

That the hon. member stated further that he had 'data' and 'material' at his disposal with respect to his charges;

That such a statement, undefined as it is with regard to the parties concerned, reflects on the honor of the House and of the Government;

That the hon. member for King's be therefore invited, either to name the Ministers and members of the House to whom he was referring on February 19th, and to specify his charges against them, or to withdraw his accusation;

That unless the hon. member complies with that request and adopts one of those two courses, he stands censured by this House.

HEADED OFF BY POINT OF ORDER.

This was a motion to which the Government could not take exception on the ground that it was indefinite and proposed an inquisitorial appeal. If the Prime Minister was to head off this motion he must do it in a new way. That way was found. No doubt the Ministers, or some one on their behalf had discussed the matter with the Speaker. At all events Mr. Bourassa had hardly commenced to speak in support of his motion when the Speaker observed that the resolution would bring up the same subject

matter discussed in the previous motion. It is a rule that "no question or motion can regularly be offered if it is substantially the same with one on which the judgment of the House has already been expressed."

CONSERVATIVES AND INDEPENDENTS PROTEST AGAINST SUPPRESSION.

Mr. Bourassa maintained that the motion which he now made was essentially different from the previous one. In the first motion he asked for a committee to hear any charges which might come from any source against any Member. By his second motion he merely demanded that Mr. Fowler should name the Ministers and Members to whom he referred in his "women, wine and graft" speech and should specify his charges against them or else withdraw his reflections. Mr. Borden, Dr. Sproule, and Mr. Foster, Conservatives, supported this contention. The Leader of the Opposition said that it would be unfortunate if any technical consideration were to prevent the discussion of this question. He declared: "it would not seem to be wise under the present conditions to put aside any fair opportunity of discussing these matters that have been the subject of debate in this House and of very general comment throughout the Country."

Mr. Foster said:

I do think that under the present juncture of circumstances, in the present feeling that there is undoubtedly in the country with reference to the whole matter, it might be wiser to abandon the strictly technical view and take the broader ground that under the circumstances the House should hear what the member for Labelle has to say, and that so far as possible it should give an opportunity to set at rest finally, if possible, the series of insinuations, of reports, of half vouched for statements, and of vouched for statements, if it comes to that, which are current in this House and in the country. Don't let us imagine for a moment that we are getting out of this set of circumstances in which we are placed, by technically declaring against a discussion in this House on a ruling of the Chair. Is it not better for us to take the broader ground?

He appealed to the Speaker "not to push our repressive power to the point of absolutely shutting out in this House from this time on and for ever, the attempt to clear up what in my belief had better be cleared up, and as quickly as possible for the longer it stands in the condition in which it is to-day the worse the matter grows, and the worse I think it is for the reputation of this Parliament. We cannot afford to do anything in this House, even coming down to strict technicalities, which will show to the country a desire to put our strong hand upon any proper investigation into the charges and insinuations which are now current coin throughout the country."

Dr. Sproule held that the motion was substantially different from the old one and a discussion upon it was quite within the rules of the House.

SIR WILFRID AND HIS PARTY BLOCK THE MOTION.

Sir Wilfrid Laurier came to the support of the Speaker's ruling, which had by this time been definitely made. He still asserted that an inquisition was proposed, to which he objected as contrary to British tradition.

The Premier was reminded by Mr. Bourassa that there was not a word in this motion asking for an inquisition into the character of anybody.

While Mr. Fowler did not invite the motion, it was well understood that if the House had adopted Mr. Bourassa's resolution, the member for King's would have made no retraction, but would have proceeded to substantiate the charge which he had suggested.

The Speaker ruled that the motion could not be maintained or discussed. An appeal against his decision was taken by Mr. Bourassa and pressed to a vote. Occasions are very rare when this action is taken even by Members who consider the decision wrong. But in this case only four Conservative Members voted that the decision of the Chair should be sustained. Mr. Borden, Mr. Foster, and all the other Conservatives present supported the appeal against the decision, while every Liberal in the House sustained the Chair.

This brought to an end all attempts to bring to an investigation the personal charges which had been made or insinuated by Members on either side of the House.

TWO NEWSPAPERS TAKE A HAND.

In the meantime a striking incident had occurred. Mr. Bourassa's first motion was made on the 26th of March, and one paragraph in his speech brought on a crisis in the history of a prominent Minister. Mr. Bourassa had said that if any Ministers of the Crown "have been put out of hotels and public places of amusement because they have been guilty of misconduct with women, and if anybody has a knowledge of these facts he must make them public."

Mr. Fowler had not mentioned any hotel episodes, but the *St. John Sun*, a newspaper devoted to the interests of Mr. Emmerson, strongly denounced Mr. Fowler as a slanderer and demanded that he should make definite charges. Thereupon the *Fredericton Gleaner*, a Conservative paper, published an article in which it reviewed the proceedings leading up to Mr. Bourassa's first motion. It declared that Mr. Bourassa's language was capable of only one construction, which was that "The men who have a history in connection with wine, women and graft are Members of Sir Wilfrid Laurier's Cabinet, and are among the constitutional advisers of our Governor-General." Quoting the *Sun*, which had said: "He (Fowler) has neither the courage to advance nor the decency to retreat," the *Gleaner* said that Mr. Fowler had through his kindness of heart spared the Minister of Railways, and added:

"Mr. Bourassa, who has a knowledge of the facts, drew the attention of the Premier yesterday afternoon to the public rumor that a Minister of the Crown, one of the members of his Cabinet, had been put out of hotels and public places of amusement with women of ill repute. This Minister was Mr. Emmerson himself, and one of the places from which he was ejected with two women of ill repute with whom he had been keeping company, not long since, was the *St. Lawrence Hall*, Montreal."

This last sentence was the one on which later Mr. Emmerson instituted criminal prosecution against Mr. Crocket.

MR. EMMERSON RESIGNS.

This article appeared on March 27. On the 1st day of April it was reported that Mr. Emmerson had resigned his office and on April 2nd the rumour was confirmed by the Premier and by Mr. Emmerson himself. On that date the Premier read the following correspondence:

Office of the Minister of Railways and Canals,
Ottawa, April 1, 1907.

Dear Sir Wilfrid,—You and I, and indeed the whole country, have been aware that the attention of Parliament has been interrupted by certain innuendoes against members of your Cabinet. Mere gossip is difficult to meet; but when the medium of the press has been sought to name me as one of your colleagues in a slander, false on its face, I have directed that proceedings be taken against certain newspapers for the purpose of vindicating myself, not only against the direct charge, but also against the insinuation involved therein.

I am conscious that I am in a position to be exonerated in the eyes of the country and yourself.

My object in taking these proceedings is to vindicate my character, aside from all political considerations.

It is expected that you will leave here on Thursday for England in the interests not only of Canada, but of the Empire, and I would be very sorry to prove to be in any way an obstacle to that departure. Of necessity the decision of the courts will not be in time to make you feel free. Feeling as I do that it would be unfair to you, to my colleagues and to the party generally, that I should be under such an imputation while occupying a place in your Cabinet, I have therefore to ask you to accept my resignation as Minister of Railways and Canals.

Assuring you of my personal esteem, and of my gratitude for the many kindnesses shown by you, and of my belief in and adherence to the policy of your Government, and of the hope that my sure vindication will in the end be a matter of satisfaction to you.

I have the honor to be,
Dear Sir Wilfrid,
Yours faithfully,
(Sgd.) H. R. EMMERSON.

Rt. Hon. Sir Wilfrid Laurier, K.C.M.G.,
Premier, Ottawa.

THIS RESIGNATION ACCEPTED.

To this communication the Premier sent to Mr. Emmerson the following reply:

Ottawa, April 1, 1907.

My Dear Emmerson,—I have come to the conclusion that the course which you take is, under existing circumstances, in the public interest. You owe it to yourself, to your colleagues and friends, to clear your character of the charges levelled against it. You could well ignore mere insinuations, but direct and specific charges you do well to face as soon as uttered.

I will place your resignation in the hands of his Excellency.

Let me assure you that I, as well as your colleagues, appreciate the efforts, labor and zeal with which you struggled to advance the public welfare in a most arduous department.

Believe me, my dear Emmerson,
Yours very sincerely,
WILFRID LAURIER.

The Hon. H. R. Emmerson,
Ottawa.

STATEMENTS BY LAURIER AND EMMERSON.

Sir Wilfrid Laurier read these letters with no comment except what was contained in three introductory sentences, in which he said that Mr. Emmerson had for some time "been subjected to insinuations and rumours of a most injurious character—rumours and insinuations hitherto impalpable and intangible, but which had at last taken the form of a very injurious newspaper article." He added that Mr. Emmerson denied the truth of the allegations in that article and "in order to better vindicate his character has tendered his resignation and it has been accepted."

Then followed a statement in the House by Mr. Emmerson himself, which was somewhat rambling, but began with a written announcement as follows:

"I desire at this time to repeat my denial, explicitly and unqualifiedly, of the charge which has been made against me by the Fredericton Gleaner, and to say that I have taken steps to secure vindication before the only tribunal having jurisdiction in the premises—the established courts of the land. To this end I have given instructions for the issue of writs for libel against the Fredericton Gleaner, the Halifax Herald and the Toronto World, and I have been advised of service in at least one of these cases. It is but a question of hours in the other two cases, if, indeed, at this moment service has not taken place."

Mr. Emmerson went on to express his relief that the matter had reached a point where he could meet his traducers face to face. He declared again that the statements were altogether false and asked for suspension of judgment awaiting the day when he could meet face to face those who had been striking him under the belt and stabbing him in the dark. He expressed confident assurance that he would vindicate his character.

MR. EMMERSON MAKES INSINUATIONS.

In the course of his remarks Mr. Emmerson made some significant reflections on the character of other Members. He declared that if the political warfare was to be carried on "with weapons from the gutter of slander and personal gossip," that those on the Government side would not alone suffer in that warfare. He asserted that there was "evidence that has not been purchased, evidence that would be strong, powerful, cogent," adding that "if the great public press of Canada and the people of Canada want that evidence, it is within their grasp; it is within the grasp of this House, it is within the grasp of the Country." Mr. Emmerson proceeded to say that he would remain a member of the House and would be there to say his say and challenge the bona fides of his accusers.

ONCE MORE MR. BORDEN DEMANDS PARTICULARS.

When these words appeared in the Hansard the next day the Opposition Leader once more showed his regard for the honour of Parliament and his determination to do his part toward the investigation of any charges

that might be made or insinuated. He read Mr. Emmerson's language above mentioned, observing that his words had cast an aspersion on some seventy or seventy-five Members on the Conservative side of the House. Mr. Borden went on:

I desire to say that the hon. member for Westmorland has said either too much or too little, and I desire to say further to him, that I think it is his duty either to say more or to withdraw what he has said. I desire to say now, and I shall take opportunity to say it in his presence, that if he has any charge or any evidence to sustain any charge against the honor or status as a public man of any gentleman on this side of the House, I will give him every assistance within my power to press that charge. I think it necessary to say this much at the present moment. I have not the slightest conception of what the hon. member for Westmorland has alluded to. If there be any such charges, or even rumors, connected with the name of any gentleman on this side of the House, they have not come to my ears. If the hon. member for Westmorland has anything which will enable him to substantiate that which he has said by way of insinuation in this House, I trust he will take an opportunity to make good his insinuation. (Hansard, page 5667-8.)

BORDEN FOR INQUIRY—LAURIER AGAINST IT.

Again Sir Wilfrid Laurier appeared in the role of an objector. The Premier took the ground that as Mr. Emmerson's words were not taken down by the Clerk of the House at the request of some Member when they were spoken they could not now be brought up. Sir Wilfrid contended that Mr. Borden has no right to bring up the matter at all.

The Opposition Leader disagreed altogether with this view. He said that Sir Wilfrid's procedure dated from a time when there was no official report of speeches and when there would be no record of language used unless it were taken down by the Clerk. The House of Commons had a Hansard and speeches were revised by the Members who made them. In Mr. Borden's opinion Sir Wilfrid's rule was "altogether too technical to be applied when dealing with matters which concerned the honour of this House." Mr. Borden went on to contradict the suggested charge made in the press that there was or ever would be an understanding between parties to hush up any charges.

"I for one," he said, "protest against these insinuations inside of the House or outside of the House against the honor of Parliament, and I am prepared to go to the utmost limit of parliamentary usage, or even to go beyond parliamentary usage, in order that men either within the House or out of the House who are making insinuations of this kind may be brought up before a tribunal and asked to make good their charges or forever after hold their peace."

Sir Wilfrid Laurier insisted upon the point of order and as Mr. Emmerson was not present the matter dropped until he should be in his place.

MR. EMMERSON DISAPPEARED FROM THE HOUSE.

Mr. Emmerson did not again appear in the Chamber, though the House sat until the 27th of April, or four weeks after he made his speech and announced that he would remain in Parliament and be found ready to discuss the questions which he had mentioned.

So the Session closed. It remains to be mentioned in this connection that Mr. Emmerson never proceeded with the three libel actions which he mentioned in his speech. But after waiting several weeks he laid a criminal information against James H. Crocket, Managing Editor of the *Fredericton Gleaner*.

BEFORE THE COURTS.

Mr. Crocket did not ask for mercy or delay. He admitted publication of the article in question, declared the statements to be true, and pleaded that they were published in the public interest. The day arrived for the trial. Mr. Crocket had brought from Montreal as witnesses for the defence four clerks and attendants of the St. Lawrence Hall Hotel, and one clerk from the Albion Hotel, and a St. Lawrence Hall guest who occupied the room adjoining Mr. Emmerson's. The Crown had an array of counsel, including Hon. William Pugsley, former Premier and Attorney-General; Hon. A. S. White, ex-Attorney-General; Jeremiah Barry, K.C., and A. B. Copp, M.P.P. Mr. Crocket was defended by J. B. Hazen, K.C., M.P.P.; O. S. Crocket, M.P., and H. F. McLeod.

PROSECUTION REFUSED TO GO ON.

Before the taking of evidence began, and even before a jury was empanelled, the prosecution came to an untimely close. The Crown counsel demurred to the plea of justification, contending among other things that it was not for the public benefit that such statements as those of the *Gleaner* should be printed; that even if the personal morals of Members of the Government were matters of public interest the proper place for discussion was in Parliament and not in the press. The Crown also contended that the words complained of when used against Mr. Emmerson because he was a Minister, constituted a seditious libel. Counsel for the Crown distinctly stated that it was not in the public interest to have the statements against Mr. Emmerson published even if they were true.

The Judge made short work of these objections. He ruled against them and announced his intention of going on with the case and hearing the evidence in support of Mr. Crocket's plea that the *Gleaner's* statements were true. Judge Landry was willing to reserve a case to be argued before the Supreme Court, but saw no necessity for postponing the trial.

Thereupon the Crown, that is to say, Mr. Emmerson's lawyers, refused to go on, and as they had control of the machinery, the matter stands over until January, 1908. It remains to be seen whether it will go any farther.

MR. HYMAN'S FINAL RESIGNATION.

Mr. Hyman, Minister of Public Works, did not return to Canada during the Session nor the summer following. When Sir Wilfrid returned

from the Imperial Council he found awaiting him another resignation from Mr. Hyman, who had previously resigned his seat in the House. This resignation was accepted by the Premier.

GOVERNMENT AND OPPOSITION.

Such is the position of the "wine, women and graft" question and other charges that have been made or insinuated by Members and by the press. As to the Insurance charges, Ministers and their supporters have been repeatedly challenged to make definite charge or allegation, and that failing, Mr. Foster and Mr. Lennox brought up the question on two occasions and threshed it out thoroughly.

As to all the other matters, Mr. Borden and the Opposition Members have on every possible occasion in the House shown their desire to have a full and complete investigation, no matter who might be implicated and what might be the consequence.

Again when a Minister challenged inquiry through the Courts he was met and welcomed to that tribunal, and the failure to bring that inquiry to a conclusion was due to his own action against the protests and the strenuous efforts of the other side.

In Parliament, Sir Wilfrid Laurier and his followers repeatedly and systematically used their majority to prevent investigation, and outside of Parliament the same parties controlling the machinery of the Courts have blocked, at least for the time, an investigation instituted by themselves.

BALLOT FRAUDS.

**Mr. Borden's Resolution in Favor of Honest Elections—
Presented to the House and Rejected by
Party Majority.**

Measure Promised by Government.

**But no Bill was Forthcoming—Ghastly Record of Election
Conspiracies—Confessions of Returning Officer Farr—
And of J. G. Pritchett, Ballot Switching Instructor.**

It would be impossible to give in one chapter of this publication anything like a detailed account of the election frauds which have been exposed or discussed during the last few sessions, or have come before the criminal or circuit court in recent years. The purpose here is to report briefly the matters brought before Parliament on a motion proposed by Mr. Borden on the 16th of April, 1907.

GOVERNMENT PROMISE TWICE BROKEN.

It will be remembered that the speech from the Throne in 1906 promised a measure to deal with elections for the purpose of preventing frauds and other offences. No Government legislation to that effect took place. Numerous pledges were given during the recess following that the Government would take the matter up, and the speech from the Throne in the Session which opened in November, 1907, again promised this measure. Still the Government brought forward no bill and none has yet been submitted. In the meantime, through the Courts and in other ways it was made known that the frauds were continued in the by-elections. The London Conspiracy Case, with the confession of J. G. Pritchett to his long continued and various operations under the direction of the Liberal campaign management, created a profound sensation throughout the Dominion.

WHAT MR. BORDEN DEMANDED.

On the 16th of April, 1907, Mr. Borden submitted the following motion:

This House deploras the existence of corrupt and fraudulent practices at elections as evidenced by the disclosures during recent years of bribery, personation, ballot switching and other similar frauds carried on by organized methods and upon a very extensive scale.

This House strongly condemns the organized system of corrupt practices by which the election of a Minister of the Crown as member for the City of London was secured in 1905.

This House is of opinion that the existing electoral laws should be amended forthwith, and that provision should be made, as

- (a) for the more effective suppression and punishment of bribery;
- (b) to prevent the fraudulent marking, counting or substituting of ballots and other similar frauds;
- (c) for the better regulation of the conduct of elections on the part of both officials and candidates;
- (d) To prevent the accumulation of huge campaign funds and to prohibit contributions thereto by corporations, contractors and promoters;
- (e) to expedite the hearing of election petitions, to prevent collusive arrangements for the discontinuance thereof, to provide for thorough investigation of corrupt practices and to simplify the procedure therefor.
- (f) to carry out more effectively the law so amended.

This House regrets that notwithstanding the pledge of the Government contained in the speech from the Throne, and notwithstanding the declarations of members of the Government from time to time during the past four years, no such measure has been submitted to Parliament at the present session and no effective steps have been taken by the Administration either to amend the laws or to punish their violation.

BROCKVILLE AND WEST HURON.

Speaking to this resolution, the Leader of the Opposition earnestly demanded the enforcement of existing laws and the enactment of such additional legislation as would protect the country from election frauds such as have disgraced the Dominion and been practiced almost with impunity. He spoke of the London conspiracy which had been partially exposed in the Toronto Police Court. Mr. Borden referred also to the notorious West Huron and Brockville elections of 1899, in which ballot switching had been systematically and successfully practiced.

These two election cases were brought before the Privileges Committee of the House of Commons in the Session following the election. Distinct charges were made in both cases that the returns were false and that many votes cast for the Conservative candidates were counted for their opponents. Mr. Borden took an active part in this inquiry, and among other Members then in the House who gave notable assistance in hunting down these frauds was Mr. H. A. Powell, then member for Westmoreland. It was proved beyond all manner of question by the poll books and the ballots themselves that the frauds had been committed. The perpetrators in one constituency had made the mistake of using thinner paper of a slightly different shade for their bogus ballots.

INVESTIGATION BURKED.

Among the witnesses summoned was James Farr, of Goderich, who held one of the West Huron polls. Mr. Borden recalls the fact that he had himself arranged to have this summons served and had taken special pains because he expected it to be evaded. In spite of his precautions the witness learned by underground methods that the Committee wanted him and was not to be found when the officer searched. It turned out afterward that the party organizer at Toronto had waited upon Farr and asked him to leave the country, providing him with a ticket and money. Mean-

while the Government party in the Committee, led by several lawyers, the most active of whom have since been appointed to office, obstructed and delayed the proceedings to the utmost limit, and finally brought them to the end of the Session, when they refused to allow a report to be made and caused the whole matter to be delayed till the following year.

SIR WILFRID INTERFERES.

When the next Session arrived Mr. Borden again brought forward the charges, and was able this time to add to the evidence the affidavit of J. C. Pritchett, giving an account in part of his share in the instruction of deputy returning officers in the art of ballot switching. At this stage Sir Wilfrid Laurier himself interposed and asked the House to vote down the motion to refer the election charges again to the Committee. The Premier declared that they could be dealt with better by a Royal Commission. Sir Wilfrid promised to have a thorough investigation by such a Commission, and with this pledge and his majority in the House he caused Mr. Borden's motion to be thrown out.

THE CRIMES ENCOURAGED.

That was the end of it. No investigation ever took place. The two Government supporters fraudulently returned for West Huron and Brockville occupied their stolen seats through the remainder of the term. Encouraged by such immunity, the machine went on perpetrating election frauds in Federal and Provincial contests, stealing numerous elections for the Ross Government and continuing it in power some years beyond its time, stealing the St. James, Montreal, election from Mr. Bergeron, preparing the famous trick ballot boxes for Frontenac and Hastings, carrying out the Minnie M. scandal, and culminating in the London Conspiracy.

FARR'S CONFESSION.

Mr. Borden explained that returning officer Farr, whom he failed to secure as a witness in 1899, had since returned to Canada, and last year made a statutory declaration in regard to his share of the West Huron election. The following is the sworn statement.

Dominion of Canada—Province of Ontario, to wit:

In the matter of the election of a member for the West Riding of Huron County to serve in the House of Commons.

I, James Farr, of the town of Goderich, in the county of Huron, and Province of Ontario, carpenter, make oath and say as follows:

1. That I was deputy returning officer at polling subdivision number three in the said town of Goderich at the election held between Robert Holmes and Robert McLean on February 21, 1899, for the West Riding of the county of Huron.

2. That I had been deputy returning officer in former elections at the said polling subdivision.

3. That on the day preceding the election, one James Yates, Division Court clerk for Goderich town, came to my house and asked for the ballot-box and papers and ballots which I had received from the returning officer. He wished me to resign my

position in his favour and asked me to do so. I concluded that it was thought that I could not manipulate the false ballots as it was intended I should. W. L. Horton, of Goderich town, had previously asked me to resign.

4. After the said James Yates had interviewed me and had left my house after I had refused to grant his request, I went down to the neighbourhood of John Martin's hotel and I there met the said W. L. Horton, who again requested me to resign in favour of James Yates, which I refused to do.

THE DEPUTY IN TRAINING.

5. After the last mentioned refusal to give up my ballot-box and papers, the said W. L. Horton asked me to go up with him to Craig's hotel in Goderich town, which I did. Both the said Horton and I went upstairs in Craig's hotel together, and I was then introduced to a man by the name of Garrett and also to a man named O'Gorman. These two latter persons were introduced to me by the said W. L. Horton.

6. After I had been introduced by the said Horton to the said Garrett and O'Gorman, the said Horton and O'Gorman left the room and Garrett and I remained alone.

7. The said Garrett then instructed me to switch ballots, and I practised the method of doing this with him for a short while.

8. The said Garrett gave me thirteen ballots marked for Robert Holmes, and I placed them in my pocket. However, before doing so, the said Garrett placed my initials on all the thirteen ballots. These ballots had not counterfoils.

THE METHOD OF OPERATIONS.

9. The said Garrett's instructions to me as to the method of switching was as follows:

I was told to keep these thirteen bogus marked ballots in my pocket so that I could readily have access to them, and I was further instructed to always put all counterfoils in my pocket so that I could take out a bogus ballot when I desired to do so, without raising suspicion. When a person came in to vote, whose ballot I desired to switch, I would take from my pocket a bogus ballot, which the said Garrett had provided me with and would keep this ballot hidden under my left hand, which would be resting on the table. When the voter would tender to me his ballot paper with the counterfoil properly attached thereto, I would place this good ballot under the left hand fingers as if for the purpose of tearing off the counterfoil and with a sudden movement of the right hand the genuine ballot and counterfoil would be quickly removed together and placed in my pocket and the bogus ballot marked for Robert Holmes would be quickly deposited in the ballot-box.

10. Just prior to this said election, I met several other strangers around Craig's hotel, other than Garrett and O'Gorman, but the only other name that I at present remember is that of Mr. Mulloy.

11. At the British Exchange hotel, in the said town of Goderich, just prior to this election, I saw Alexander Smith, James Vance and Captain Sullivan.

FARR SWITCHED THIRTEEN.

12. During the hours of the polling on said election day, I was present in the polling booth as deputy returning officer and succeeding in switching the thirteen ballots which Garrett had given to me marked for Robert Holmes, and placed in my pocket thirteen ballots marked by voters for Robert McLean, instead of depositing the last mentioned ballots in the ballot-box.

13. About April 10, 1899, after the said election, I went to Toronto city and worked there in the employ of the D. W. Thompson Company until July 12 of the same year.

14. Just prior to my quitting the employ of the said D. W. Thompson Company, James Vance, the Liberal organizer, came to see me at my boarding-house on Church street, in the city of Toronto, and there interviewed me as to my going to the city of Ottawa to give evidence before the Committee on Privileges and Elections as to the West Huron election inquiry.

15. I know that certain parties were attempting to serve me with a subpoena issued by the said committee, to give evidence before them, but I did not attend, having for a considerable length of time evaded service.

SENT TO NORTH DAKOTA.

16. The said James Vance provided me with a single ticket for Hamilton, North Dakota, United States of America, which was the place I told the said Vance I wished to go to, if I left the country. He, the said Vance, also gave me some money, but I have forgotten the exact amount.

17. Instead of following the said Vance's instructions and going to Hamilton, North Dakota, I remained in various places in Ontario, evading service of subpoena issued by the said committee for my attendance before them.

18. After the adjournment of the said committee investigating the said West Huron election, I returned to Toronto and in the month of August, 1899, I was asked to sign a certain document which had previously been prepared by some party or parties unknown to me, and I signed the said document without any knowledge of the contents thereof and without having the same read over or explained to me in any way.

19. Afterwards in the said town of Goderich, I was shown an article published in the "Globe" newspaper of Toronto, which article purported to give the contents of a certain declaration signed by me as to the conduct of the said West Huron election.

20. I absolutely deny having any knowledge of the statements contained in the said declaration at the time it is purported to have been signed, nor did I give any person any authority to prepare the said declaration as published in the "Globe" newspaper.

CONCLUDED TO CONFESS.

21. I returned to Ontario on November 28 last from North Dakota, where I have resided during the last three years, and upon my arrival in the said town of Goderich I concluded to reveal all knowledge which I had of the said election held in West Huron between Robert Holmes and Robert McLean, and to deny all knowledge of the said declaration purported to be signed by me and which declaration was published in August, 1899, in the Toronto "Globe."

22. My object in returning to Ontario last month was simply for the purpose of rejoining my family, who do now and have during my absence resided in the said town of Goderich, and my return was not brought about through any inducement whatsoever made to me to give the information contained in this affidavit, nor do I expect any pecuniary benefit for so doing.

(Sgd.) JAMES FARR.

Sworn before me in the city of Toronto, in the county of York, this 8th day of December, 1900, after the same had been read over to the said deponent and explained to him and read by him.

(Sgd.) ARTHUR D. GEORGE.

A notary public in and for the Province of Ontario.

Mr. Borden read this statement and explained that the man whom Farr mentions in paragraph 5 as having been introduced to him under the name of Garrett was in fact J. G. Pritchett, as was shown by Pritchett himself.

Farr's affidavit shows that two of the persons who introduced Farr to Mr. Pritchett, who gave him his instructions in ballot switching, are individuals who have since enjoyed Government contracts. One of them is now carrying on large dredging operations.

OTHER FRAUDS.

Mr. Borden gave some of the details of the notorious election fraud by which the seat for St. James division of Montreal was stolen from Mr. Bergeron, the Conservative candidate. In this case a prosecution took place, and two of the culprits were sentenced to imprisonment, though

the principal one was released by order of the Dominion Government when he had served a third of his term.

A similar attempt was made to steal the St. Antoine division election from Mr. Ames, but the Conservative candidate found out what was going on and had the conspirators arrested as they were completing their arrangements. The whole of the apparatus and equipment for carrying out the frauds was discovered.

Then there was the trick ballot boxes prepared for the Hastings and Frontenac elections in 1904. This plot also was discovered by the Conservatives on the eve of its execution, but the principal culprits escaped. Mr. Shepley, who was employed by the Government to prosecute, was late in appearing. Mr. Shepley is still employed by the Government at times, and has been much more aggressive on other occasions.

IN NOVA SCOTIA, TOO.

There were grave suspicions in Queen's and Shelburne in the last election of Mr. Fielding of election frauds similar to those reported in the London Election Conspiracy. A solemn declaration was made that the Conservative Committee at Port Mouton suspected that about 20 voters on the list were under the influence of a fishery officer who was actively engaged in the campaign. Against some of these voters cases were outstanding for infractions of fishery regulations; others had applied for licenses or privileges connected with fishing. The officer in question acted as agent for Mr. Fielding at this poll, and the returning officer was also an employee of the Dominion Government. The agent for the Conservative candidate makes affidavit that the ballots given to all these voters but one were so folded that the returning officer could see how they were marked in tearing off the counterfoil.

DELAY IN HEARING PETITIONS.

Besides these election frauds which Mr. Borden desired to prevent, his motion covers the long delays in trials of election petitions. He mentioned particularly the Halifax case, in which a protest filed immediately after the election of 1904 had not been tried for nearly three years, while the Members alleged to be corruptly elected had occupied their seats in the House through three Sessions. This case was the more remarkable because in one of the hearings during 1906 evidence of corruption was produced which led one of the Judges to suggest the voiding of the election by consent.

In the course of this discussion, Mr. Alcorn, M.P. for Prince Edward, read the evidence given in the Toronto Police Court by J. G. Pritchett, instructor in ballot switching, who described his various operations in a large number of constituencies as an employee of the Liberal organization.

PRITCHETT'S CONFESSIONS.

The following is a part of his evidence:

- Q. What was your part, switching ballots? A. Well I instructed others to do it.
- Q. You instructed others to switch ballots—who were to switch ballots? A. The deputy returning officers.
- Q. Why were they to do that? Was it cheaper than buying votes? A. I thought so.
- Q. Who would bring you the deputy to corrupt and train in this switching business? A. Sometimes one person—sometimes a local man and sometimes another.
- Q. Did O'Gorman do that? A. Yes.
- Q. Wasn't he the man whose word you would have to take before you would train him? A. He would bring him in and if I found a man was satisfactory I would take him, and if I didn't I wouldn't take him, no matter what Mr. O'Gorman said.
- By His Worship:
- Q. You would train him as a returning officer? A. Yes, his duties.
- By Mr. DuVernet:
- Q. The principal thing was to switch ballots. If there was Smith and Jones running the votes that would appear for Smith would go for Jones? A. That is right.
- Q. You used to do that yourself? A. I did.
- Q. How many have you switched in one place in that way? A. Probably 25 or 27, may be more.
- Q. And they would appoint you to a constituency where you didn't belong as a deputy returning officer? A. They did.
- Q. For the express purpose of switching votes? A. I suppose so.
- Q. You knew that? Who did that in the West Elgin case? A. Who appointed me?
- Q. Yes? A. The gentleman who is sheriff.

SWITCHED 5 TO 23 EACH.

- Q. How high would you run up with these fraudulent deputies?—how many in one constituency? A. Eight to ten, and as low as four or five.
- Q. It depended on whether it was a close constituency or not? A. Yes.
- Q. You were able to meet all the exigencies of the case? A. Quite.
- Q. And do you know how many ballots these deputies would switch—how many they would forge? A. Yes.
- Q. How many? A. Some would forge five and some would go as high as twenty-three; I think that was the highest of any person doing.
- Q. How much would they get a ballot? A. Different prices.
- Q. What was the regulation price? A. \$5.
- Q. \$5 a ballot for the deputy? A. Yes.
- By His Worship:
- Q. For every one that he switched? A. Yes.

EXPLAINED BY THE MASTER.

- Q. Just show His Worship how it was done? A. I think I can explain the thing. I am acting as deputy returning officer and two gentlemen are running of course, one a Conservative and one a Liberal, and if I am working in the interests of the Liberal, why I empty the ballots out; we see they are all initialled and then I drop the ballots into the box and if it is for Mr. Denison, I call out somebody else.
- Q. Would you open it and call it out and they were not looking at the ballot? A. No, no person had a right to look at the ballot.
- Mr. DuVernet: The deputy is the only one that has a right to look.
- Q. Wouldn't you allow people to see how the ballots were? A. No, sir.
- Q. What is the good of having scrutineers? A. They are to check off.
- His Worship: The deputy returning officer has a right to elect a member then?
- Mr. DuVernet: It has been done for years.
- Q. It is just done in that way, call out when you read it? A. The reverse of what it is.
- Q. And you did that in the West Elgin election yourself? A. Yes.
- Q. With the Conservative scrutineer watching you? A. They were there to watch me.
- Q. They knew about you? A. I don't know.

Q. You switched how many? A. I think twenty-seven. I think it was twenty-seven difference.

Q. You switched twenty-seven. That would be, I suppose, twenty-seven of a difference you made? A. No, nineteen. Twice nineteen is thirty-eight. The majority was usually from twelve to seventeen the other way, and I put it twenty-seven the way I wanted it.

FIVE DOLLARS PER SWITCHED BALLOT.

Q. How were they paid for this when you made an arrangement with any man? A. So much per ballot.

Q. For every ballot he switched? A. Yes.

Q. Now, then, what check had you on him for the number of ballots he did switch? A. His word, as a rule.

Q. If he said he had switched ten ballots you would say, very well, we will pay you for ten? A. Yes.

Q. Had you any way of checking it? A. In one election we did.

Q. How? A. Dominion election.

Q. How was that done—how did you check it? A. Got the ballots—in that case the ballots were really switched, they would be taken, but they would be never in the box.

Q. And other ones put in? A. Yes, other ones put in.

Q. Spoiled ballots? A. No, spoiled ballots would not count.

Q. How would it be? A. A good ballot would be substituted in place of the one handed to the elector by the deputy returning officer.

Q. The returning officer would have a ballot exactly like this for the candidate you were working for and he would have that rolled up? A. Folded up.

Q. And when one came that he thought was going to vote the other way—he couldn't see it? A. No.

Q. He would make sure? A. If you had the scrutineer he would instruct you he was a Conservative to their knowledge.

Q. They would instruct you who would vote the other way? A. When you would get the tip he was a Conservative and you wanted to make a grit out of him you would substitute the ballot.

ANOTHER WAY.

Q. How would that be done? Were they hidden? A. He would have them in his pocket—keep it in the palm of his hand and when you tear the counterfoil off you would leave the substituted ballot there—pretend to tear the counterfoil and take the whole thing, the elector thinks he sees his ballot and it is dropped into the box.

Q. He has the satisfaction of seeing it is his own ballot put in? A. At least he goes away with that impression.

Q. Now then, he would have in his pocket the ballots he had held? A. Yes.

Q. With their numbers on? A. There is no numbers in the Dominion.

Q. How would you account for his having the ballot—would you have some printed to look like them? A. There were generally some ballots.

Q. How would you get those ballots, the ones you had ready? A. I would usually find them in a convenient place for my use. I don't know who put them there.

Q. Printed exactly the same? A. Yes.

Q. There was no number, so it didn't make any difference? A. No.

By Mr. DuVernet:

Q. You know in the Brockville case where they were printed? A. No, I don't know where they were printed.

Q. You knew you were supplied with duplicate ballots? A. I know I had them; they may have been printed here; I don't know.

By His Worship:

Q. You would take out one all folded up and put it down that way, and then tear away the other? A. Pretend to tear away.

Q. And put the bogus ballot in? A. Yes.

Q. And then the returning officer would produce these that were marked as his proof that he had put in the others? A. The deputy would.

Q. Who would pay him the money and how much would they pay him apiece? A. Well, I arranged how much would be paid. It was left entirely to me.

- Q. How much? A. \$5 in the Brockville one.
- Q. For each one? A. Each ballot.
- Q. Who paid it? Did you pay that to them? A. No, sir.
- Q. Who paid the money for it? A. Well, after the ballots were brought to me and I seen what was right I took the men to a room and they were paid there.
- Q. Who paid them? A. Mr. O'Gorman. At least I suppose he did. I never seen him pay them, they would come out satisfied.
- Q. They would go in there to be paid? A. Oh, yes, I arranged with them that way.
- Q. Did you give them their ballots or give them a certificate of how much they were to get? A. Yes.
- Q. You would give them a little memorandum? A. I would go to the door with him.
- Q. And say \$20 or \$40? A. Yes.
- Q. Mr. O'Gorman being there alone, and they would come out? A. Yes, in this particular case you are speaking of.

BOGUS BALLOTS UNDER BED.

- Q. Where would you get those ballots from? A. I usually found them in a convenient place in my room. I don't know where they came from.
- Q. Just dropped there like manna from the skies? A. I can't make a statement that I can't bear out.
- Q. They were there? A. Yes.
- Q. How would people get into your room? A. By being introduced.
- Q. Whereabouts would you find them? A. The ballots?
- Q. Yes. What would you consider a convenient place? A. Under the bed—under the mattress.
- Q. Did you always know where to look? A. I always found them.

IN WEST HURON.

- Q. Did you go up to West Huron, and who did you meet? Who submitted the deputies to you for education? A. A man by the name of Grant.
- Q. He presented these candidates to you? How many? A. Some six or seven. No, I am wrong, some five or six at the room.
- Q. Did they all qualify, or were some of them plucked? A. Oh yes, I plucked several of them.
- * * * * *
- Q. These men didn't have the nerve that was required. How many did you instruct? A. Some five, I think.
- Q. Then you had seven or eight presented to you and you had three thrown out and about five you could rely on, had the sufficient nerve? A. I think so.
- Q. And you instructed them, did you? A. Yes.
- * * * * *
- Q. Then did you find this little package under the bed at this time? A. It was convenient.
- Q. It seemed indispensable to every properly regulated room in any hotel when you went out? A. When I was in that kind of rooms.
- Q. Where did you find it this time? A. On the bed.
- Q. Had Mr. O'Gorman been in before? A. It was his room.
- * * * * *

WHOLESALE PRICES.

- By Mr. DuVernet:
- Q. You had arranged they ought to get \$5 a ballot? A. I made arrangements for different prices there.
- Q. Was it bargain day? A. No.
- Q. Higher prices? A. Cheaper.
- Q. How much? A. Oh, some \$10 for five or \$15 for twenty.
- Q. Wholesale rates? A. We needed them up there.
- Q. So you got into the wholesale rates, \$10 for five or \$15 for twenty or \$20 for fifteen? That was the West Huron? A. Yes.
- * * * * *

A SLOW SWITCHER.

- Q. Was it arranged you should hold any official position? A. In what respect?
- Q. Looking after the interests of those who employed you, seeing that no crooked work was done by the other side? A. Yes, I acted as scrutineer in one polling subdivision
- * * *
- Q. Who was the deputy returning officer there—he was a valuable man, wasn't he? A. Fair.
- Q. More than fair, the results show. He was the deputy sheriff of the county, you know that? A. Yes.
- * * *
- Q. He was a deputy sheriff? A. Yes.
- Q. What did you do together? A. I went out to the polling subdivision and acted as scrutineer the same as anybody else would in a division, and I suppose I had to prod him up a little bit now and then.
- Q. Was he slow? A. Too slow, yes.
- Q. What was he slow about? A. He didn't seem to do the work.
- Q. What work? A. The switching the ballots.
- Q. He was slow on the switch? A. Yes.
- Q. Did you get him working honestly—did you get him working properly? A. He worked all right.
- Q. What was the result—what was his capacity? A. I can't remember, he took some few.
- Q. Try and recollect—were there ten? A. I couldn't say positively, I don't want to—
- Q. Do you recollect that he did switch a number there? A. He did.
- Q. You kept prodding him? A. Yes, I seen him do it.
- * * *

THE THUMB NAIL DEVICE.

- Q. You showed these distinguished gentlemen how to put on a double cross for the purpose of spoiling a Conservative ballot—
- By His Worship:
- Q. How could they do that?
- By Mr. DuVernet:
- Q. Just as in the North Grey. There is one cross for the one candidate and then the other cross for the other one; when a Conservative ballot wants to be spoiled there is an X put in favor of the Conservative and then he puts one on for the Liberal one.
- Q. Just tell His Worship how that was? A. In putting the cross?
- By His Worship:
- Q. How did they do it—what time? A. When the ballots were being looked over.
- Q. When they are being counted? A. Not when they are counted for the final hut when they are counted with the deputy returning officer and the scrutineer assists in counting to facilitate matters to get it done quickly, then it is done.
- Q. How would he do it, a pencil? A. A bit of lead under his thumb nail.
- By Mr. DuVernet:
- Q. Was that supplied, the little piece of lead, and sometimes they had appliances, little pieces of skin? A. I don't know, I never required any skin, not for that.
- Q. Where did you get the pieces of lead pencil from—who supplied them? A. Generally had them myself.
- Q. You carried them around—that was part of your stock in trade—Mr. O'Gorman and you? A. Mr. O'Gorman did not carry no lead pencils for me. I carried them myself.
- By His Worship:
- Q. It was put in underneath the nail? A. Yes, underneath the thumb nail, and in taking a ballot it is easy to make a mark.

By Mr. DuVernet:

- Q. That would be a bad ballot and thrown out? A. Yes.
- Q. Now how would you reward these patriotic gentlemen who spoiled the ballots on the other side? Would they do that for jobs or money? A. I presume for money.
- Q. Who would pay them? You say you presume—was that arranged? A. Sometimes.
- Q. In this particular case that I am asking you about, was it arranged? A. You are not referring to any particular case.
- Q. Yes, I am referring to the West Huron case? A. Oh, yes.
- Q. That was arranged in that case? A. Yes.
- Q. We would like to know the rates for spoiled ballots? A. The same as for the others.
- Q. The same price? A. Yes.
- Q. \$5 a ballot or \$10 for fifteen, or how was that? A. Along that class.
- Q. The market for switching ballots would govern the rates for spoiled ballots—about the same? A. About the same.
- Q. Of course both would have to take the oath, both the deputy and the scrutineer—wouldn't there be anything extra for the perjury, or would they have a system by which they wouldn't take the oath? A. Quite possible.
- Q. Did they have a system by which the oaths wouldn't be taken? A. I told them a way they could overcome it.
- Q. We would like to know? A. They could kiss their thumb instead of the book.
- Q. Did they think that would make any difference? A. I suppose they thought it did.

PRITCHETT IN EXILE.

Mr. Pritchett's evidence mentions a great number of individuals with whom he worked, some of whom are now under indictment and others are prominent in public life. He explained that he was once about to be arrested when an accomplice gave him notice that he had better get out. The party managers gave him \$100 at the time and he was to have \$100 a month while he was in exile. He actually received \$525 during his exile under this engagement.

VOTED DOWN.

These and other examples were submitted to the House in support of Mr. Borden's motion in favor of a stricter election law and a rigorous prosecution of persons guilty of such frauds.

Mr. Borden's motion in favor of honesty and purity in elections was rejected by a straight party vote of 88 to 44. The division list will be found on page 6898 of Hansard.

OFFICIAL CAMPAIGNERS.

Resolution Unanimously Passed in 1905—Endorsed by Sir Wilfrid and His Party—Forbidding Officials to Engage in Election Campaigns.

Systematically Violated in 1905, 1906 and 1907—In Behalf of Ministers and with their Approval.

April 15th Mr. Borden brought to the attention of the House a resolution which had been adopted by the Commons on the 17th of July, 1905, on a motion of Mr. Lake.

THE RULE OF 1905.

"That while it is desirable that every official in the employ of the Government of Canada should enjoy perfect freedom of political opinion and the untrammelled exercise of his franchise in accord therewith, no official should be engaged or be permitted to engage in partisan work of any description in the election of a representative to a Provincial or Dominion Legislature."

This motion, proposed on the Opposition side, had been endorsed by the Government, supported by Sir Wilfrid Laurier in a speech, unanimously adopted, and thus practically became the law controlling the Government, and endorsed by the personal pledges of the whole Ministry.

NOVA SCOTIA VIOLATIONS.

Mr. Borden explained that this rule had since been systematically violated by officers of the Government, evidently with the consent and approval of the Ministers who were pledged to enforce it. Cases had been given in previous debates. Mr. Borden gave others. He cited the case of Zacheus Hall, postmaster at Hampton, Annapolis county, who had been convicted in the Criminal Court of having bribed persons in the elections of Nova Scotia. Notwithstanding this criminal interference, Mr. Hall retained his official position and his salary at the time Mr. Borden was speaking nearly six months after his conviction.

Another case mentioned was that of J. L. Bain, of Liverpool, a fishery officer, who not only took part in the elections in Queen's County, Nova Scotia, in which Mr. Fielding was a candidate, but acted as Mr. Fielding's representative at the polls at the Port Mouton booth. Mr. Borden read an affidavit made by the agent of Dr. Weldon, setting forth these facts, and also that Mr. Bain carried on a house to house canvas in his district.

The same affidavit set forth that Oscar Campbell, lighthouse keeper at Port Mouton, also acted as Mr. Fielding's agent at the polls, and was actively engaged in the campaign.

It was stated also that a customs officer was active in this contest; that James McKay, postmaster at Clyde River, acted as agent for Mr. Fielding; that Captain Greenwood, a postmaster, was an active worker; that Mr. Nickerson, an official, was a campaigner in Mr. Fielding's by-election and a delegate to the convention which nominated him. Several other names were mentioned of federal officials who in this constituency represented a Minister, threw themselves vigorously into the campaign with the knowledge and evident approval of a member of the Government pledged to prevent them.

A MOTION OF DISAPPROVAL.

Mr. Borden, having read the Parliamentary resolution and the Government pledge, moved the following:

"This House regrets that the Government has sanctioned and condoned the deliberate violation of this resolution by officials who, notwithstanding such deliberate violation, have been continued in positions of public trust and responsibility, and in the enjoyment of salaries paid from the public exchequer."

MR. FIELDING'S EXCUSE.

Mr. Fielding could not contradict any of the statements made. The Minister of Finance pleaded that though he signed the appointment of several Government officials as his agents, he had signed them in blank, and was not personally responsible. He pleaded also that the rule of Parliament should not be applied to officers receiving trivial salaries, though he went on to say that an officer who so interfered should share the fate of his party. In other words, the Government would support interference in its own behalf by officials, but would punish such action on behalf of the other party. This means that the small officials are a kind of retained canvassers for the Government, and that interference itself is not an offence so long as it is on the Government side.

NOT ALTOGETHER TRIVIAL.

It might be stated here that some of the officers mentioned receive the following salaries:

Oscar Campbell	\$ 300 00
J. M. Bain, salary and expenses	764 85
J. E. Payzant	100 00
James McKay, postmaster	150 00

When it is considered that the Laurier Government engaged Commissioners at a cost of some \$25 a day to investigate charges of partisanship

against country postmasters receiving allowance of \$20 a year or less the above can hardly be called trivial offices.

OTHER INSTANCES.

In the course of the discussion on Mr. Borden's motion these illustrations were given by members, among others, of the violation of the rule:

Sub-agents of Dominion lands in the West acted as scrutineers for the Government at the polls.

Philip Wagner, Government interpreter, re-appointed after he had been twice convicted of stealing from ignorant Galicians, who, after his second appointment practically took charge of the Galician vote in his district, distributing barrels of beer and other inducements, yet is still retained in office and his salary increased.

J. A. Potvin, agent for the Department of the Interior, at \$900 a year, acted as a Government scrutineer at the polls.

L. B. Cochrane, land agent and immigration officer, active campaigner and agent at the polls for the Liberal candidate.

An Algoma postmaster became a defaulter and was reported for discharge, and was in fact dismissed. He was afterwards allowed to file a resignation on the ground that he was too busy to attend to his duties. This was just before the Dominion election of 1904, and the retired officer threw himself vigorously into the Dominion and Provincial campaigns on behalf of the Government, after which he was re-appointed to office within a few months of his resignation and dismissal.

The postmaster at Copper Cliff, according to the statement made in the House by Mr. Boyce, was reported by the Courts for corrupt practices in the election. He is still in office at a salary of \$1,721, though a petition signed by many residents asked for his removal.

A. G. Duncan, fishery inspector, salary, \$1,200 and \$700 or \$800 expenses. Mr. Boyce described him as one of the most active agents of the Liberal party in that neighborhood.

Mr. W. L. Nichols, Indian agent at the Sault, salary of \$1,000 a year, was sent up to Michipocotan to act as a returning officer where he held the notorious Minnie M. poll.

At the close of this discussion the vote was taken and Mr. Borden's resolution was rejected by a straight party majority of 70 to 40. (Hansard, 1907, page 6705.)

HALIFAX LAND DEAL.

Middlemen Make \$28,000—By Buying Up Land Required by the Government—And Turning it Over at 144 per cent. Advance.

B. F. PEARSON, M.P.P.

Member of the N.S. Government—And Proprietor of Two Government Organs—Gets \$14,196.21 Net Profit on the Deal.

ONE LOT INCREASED IN VALUE BETWEEN FEBRUARY AND APRIL

From \$7,289 to \$27,100—The Halifax "Herald" Denounces the Graft—Is Sued for Libel and Wins the Verdict.

One of the most remarkable and scandalous transactions brought to the notice of Parliament during the session of 1906-7 was the Halifax Land Deal. The sum of this transaction is that the Government bought a block of land at Halifax to provide for a round-house and other buildings for the Intercolonial. For this land the price paid was \$45,400.

\$28,000 RAKE-OFF.

It was found on investigation that two intermediaries or middlemen had bought up this land just before the Government purchase, and had turned it over to the Department of Railways at a profit for themselves of \$28,392.42. These facts are established on the evidence of one of these parties, who swore that he received the cheque from the Government and that he paid to his partner \$14,196.21 as his half share of the profit. The purchaser who received this half share was no other than B. F. Pearson, M.P.P., now a member of the Nova Scotia Administration, who is proprietor of the *Halifax Chronicle* and the *St. John Sun*, leading Government organs in Nova Scotia and New Brunswick.

AS STATED IN THE PUBLIC ACCOUNTS.

The Halifax Land Deal is represented by the following statement in the Auditor-General's report under the head of "I. C. Railway capital account; increased accommodation at Halifax."

The following payments were made for land and damages:

Henderson, J. R., land near cotton mill siding (\$15,400).	
Windsor Street, lot 1, 28,600 ft.; land, \$1,500; damages, \$1,000.	\$ 2,500
Windsor Street, lot 2, 25,800 ft.; land, \$1,300; buildings, \$1,700; damages, \$300	3,300
Windsor Street, lot 3, 239,780 ft.; land, \$7,300	7,300
Windsor Street, lot 5-5a, 252,852 ft.; land, \$3,150	3,150
Kempt Road, lot 6, 942,185 ft.; land, \$26,000; buildings, \$600; damages, \$500	27,100
Kempt Road, lot 9, 25,852 ft.; land, \$1,050; damages, \$1,000.	2,050
Total	<hr/> \$15,400

AS BOUGHT BY THE MIDDLEMAN.

Before going any farther it would be as well to print another table showing what these lots of land were bought for in the open market within a few days of the time when they were sold to the Government.

Lot 1	\$ 500
Lot No. 2	2,500
Lot No. 3	4,000
Lot No. 5-5a	3,099
Lot No. 6	7,289
Lot No. 9	1,200
Total	<hr/> \$18,588

HOW IT WORKS OUT.

The middlemen claim to have paid \$330 taxes in addition, but on the other hand, the most of the payments were made by notes falling due after the land was sold to the Government, and the cost includes interest. Thus the total cost to Joseph R. Henderson and B. F. Pearson, M.P.P., who bought this land in March and April and sold it to the Government in June was between \$18,500 and \$19,000. They received from the Government \$45,400. A portion of the land bought by the middlemen was retained by Mr. Henderson at a valuation of \$5,000, the property having greatly increased in value by the Government's purchase of the remainder. In this adjustment the division of profits gave the partners the above mentioned profits of \$14,196.21 each, as stated by Mr. Henderson on oath before the Public Accounts Committee and corroborated by him in his testimony in a libel action against the *Halifax Herald*, to be mentioned later on.

THE AFRICVILLE SCHEME.

We now take up the history of the Halifax land deal in the order of time. The story begins in 1903, when the Department of Railways took up the question of building a new roundhouse at Halifax. To begin with the chief engineer of the I. C. R., the engineer of maintenance, the superintendent, with six other expert officers examined all convenient sites and decided that a place called Africville was the only available place. Mr. Price transmitted their report and recommendation, and the chief engineer prepared plans and estimates. This was in September, 1903, but nothing was done until September, 1904, when the authorities began to discuss a rectangular engine house at Richmond.

THE RICHMOND IDEA.

Plans and estimates of this work were prepared about election time, and then the matter went to sleep until August, 1905, when Mr. Pottinger, the general manager, was writing to the engineer on the assumption that Richmond would be the place and that the engine house would be square. Mr. Carney, one of the members who had been elected for Halifax and was in danger of being unseated, was active in the matter. Replying to one of his inquiries on September 4, 1905, Mr. Pottinger said,

"We are endeavouring now to secure the land for it (the engine house) and our people are at work on the plans. The building will probably be of stone and brick, and we hope to get the building under contract soon."

A week later Mr. Carney was still anxious and the manager wrote him:

"We are now endeavouring to get the land matter settled, and just as soon as this is done the other work will be gone on with as soon as possible."

On the same day Mr. Pottinger wrote to the chief engineer:

"Mr. Pearson, jr., telephoned to the Minister to-day that the land question at Richmond was in shape to close if a valuator be sent out at once, and the name of Mr. H. C. Read was suggested as valuator. The instructions of the Minister are that Mr. Read be instructed to go and appraise property to be taken for the engine house and yard at Richmond. The City is to give the Campbell Road free. Will you please take this matter up as quickly as possible, and have Mr. Read go there without delay?"

HAD PEARSON OPTIONS AT RICHMOND?

Mr. Read is Hon. H. Emmerson's uncle, and he proceeded at once to make the valuation. There is nothing to show whether Mr. Pearson had obtained an option on the Richmond properties which were valued by Mr. Read at \$40,300. But the interest which the Pearson firm showed in the transaction, and what happened afterward in regard to the other property would indicate that there was something more than a friendly interest in Mr. Pearson's intervention. As the Government made no purchase Mr. Pearson

did not close his options, if he took any. On a sudden change of Government policy in favor of purchasing land in another place it was found that Mr. Pearson rose to that occasion also, got in ahead and secured options there.

COTTON FACTORY SITE.

On November 7, 1905, Mr. Pottinger wrote to Deputy Minister Butler informing him what had been done, and stating that he had a few days before written to the mechanical manager recommending him to examine some ground on the Cotton Factory branch or siding. Nothing further was done openly, so far as the record shows, until Mr. Butler himself, with his principal officers, visited the spot. This was on January the 19th. The Deputy Minister had with him the general manager, chief engineer, the mechanical superintendent, and incidentally it may be remarked that the Minister himself was present. It seems to have been practically decided at this visit, if not sooner, that the land would be purchased. On the 9th of March Mr. Butler wrote to the Minister giving a description of the property required at the Cotton Factory siding, and closing his letter with these words:

"The whole of this property should be secured for the purposes of the Mechanical Department at the earliest possible moment. It is a fairly level piece of ground and one where the shops can be constructed at reasonable cost, and no other parcel of ground in the vicinity of Halifax is at all comparable with it for such purposes. It is not advisable that it should be known that the railway is desirous of securing this property until the purchase is closed; and I therefore recommend that immediate steps be taken to secure firm options, and to complete the purchase of the property above described.

(Sgd.) M. J. BUTLER."

THE MIDDEMEN WERE AHEAD.

But while Mr. Butler may have thought that he was proceeding with secrecy the parties who were to have the rake-off seem to have been pretty well informed of the proceedings and possibilities. On the 16th of March, one week after Mr. Butler's letter to the Minister, the Deputy wrote to Mr. Pottinger, sending tracings of the land and issuing the following order:

"Please instruct Mr. MacIlreith to go ahead and close the matter, using Mr. Henry Read as valuator. I understand that we can secure the whole of the property for between thirty-five and forty thousand dollars . . . the matter should be pressed and closed as quickly as possible."

It will be observed that the same valuator was chosen as in the other case. Mr. Read arrived at Halifax on the 12th of April to make his valuation. Some time before that options on the whole of the property required had been obtained by Messrs. Henderson and Pearson, aforesaid.

THEY WERE SHARP ON TIME.

Now we shall consider a few other significant dates. Lot No. 1 in the list of properties purchased was acquired in February for \$750 an acre by Mr. Henderson for himself and partner. The purchase

was completed later. Mr. Henderson's testimony before the Public Accounts Committce concerning his purchase is as follows:

"Q. What was the price?

A. \$750 an acre.

Q. When did you acquire those two strips from the Henderson and Potts Company?

A. Well, I had it understood in February with my partner, and he and I own about seven-eighths of the concern; we practically own the whole stock, and I explained the matter to him that Mr. Pearson and I were desiring to own all that district, and he agreed that I should have passed a minute of sale by Henderson and Potts to Henderson at the rate of \$750 per acre."

LOT NO. 2.

Mr. Henderson testified concerning this property: "I purchased it outright about the middle of March." The negotiation had commenced shortly before this date with Mr. Robinson, from whom the land was purchased. That appears from the following:

"Q. How long prior to the 1st of March did you speak to him about it?

A. It must have been ten days, I should think."

LOT NO. 3.

Mr. Henderson testified that he bought this property on the 14th of March. Negotiations with Mr. Stephen, who held the mortgage, began shortly before. He had been discussing the matter with Mr. Stephen previous to the 10th of March, but was not clear as to the exact time. Mr. Stephen, who testified in the Halifax libel suit on this subject, swore that negotiations were opened in February.

LOT NO. 5 AND 5A.

Mr. Henderson testified that he took this option about the 9th of February. The purchase was completed, as the documents show, the 26th of March.

LOT NO. 6 AND LOT NO. 9.

These were the Veith's properties. The options were obtained on February the 8th.

OTHER DATES.

The purchases were completed by Henderson and Pearson as follows:

Lot No. 1, April 6, 1906.

Lot No. 2, March 26, 1906.

Lot No. 3, March 27, 1906.

Lot No. 5, 5a, March 28, 1906.

Lots No. 6 and 9, April 6, 1906.

THE ORDER OF EVENTS.

The date of the deed to the Government was the 11th day of June. But it was on the 9th day of March that Deputy Minister Butler wrote to Mr. Emmerson that the property should be secured, and that the Government should take options at once, before the intention to buy should be known. It was on the 16th of March that Mr. Butler asked Mr. Pottinger to instruct Mr. MacIlreith, as lawyer for the Department, "to go ahead and close the matter, using Mr. Henry Read as valuator."

It will be seen that the middlemen secured their options after the official visit of the Deputy Minister and before public notice was given that the property would be bought.

A VALUATION TO MATCH.

Keeping these dates in mind, we go back to the routine. As stated above, Mr. Read went to Halifax on the 12th of April and proceeded to make his valuation, giving an estimate of the value of each lot. If Mr. Read had gone to the men who had been the owners of the land he would have learned exactly what the lots were worth in the open market, since everyone of them had just been sold. On the stand Mr. Read testified that he made inquiries in the neighborhood and thus arrived at a decision. He did not go to the registry office to learn whether or at what price some of these lands had been recently transferred. Mr. Read, however, did go to the office of Mr. Henderson's lawyer, who proved to be Mr. Pearson, the partner in the transaction. He learned that Mr. Henderson had acquired about all the property that the Government needed, and was willing to sell it at 3 cents a foot. Mr. Read submitted his valuation of lots by items, appraising lot No. 2 at \$1,300 for land, \$1,700 for buildings and \$300 for damages; total, \$3,300. Lot No. 3 at \$7,300. Lots 5 and 5a, \$3,150. Lot 6 at \$27,100, and the Henderson and Potts lots at the price that was ultimately paid. It was a remarkable coincidence that these valuations totaled up to exactly the figure reached by Mr. Henderson's proposal to sell at 3 cents per square foot, and was considerably more than double the price for which Mr. Henderson and Mr. Pearson had just purchased the land.

EVERYBODY SATISFIED.

In his examination before the Public Accounts Committee Mr. Read testified that on the first day he went on the land he discovered that Mr. Henderson had purchased the properties. The manager told him that some of these purchases had been made recently. Yet he did not ask what price had been paid nor seek information from the previous owners, nor inquire about the assessed value until after he had made his own estimate. Mr.

Read's valuation included several items of damages for compulsory taking, although the man from whom it was taken had bought for the purpose of re-selling. On the whole, the appraiser seems to have made a very convenient valuation from the point of view of the middlemen. Mr. Reau's valuation of the property turned out to be more than 50 per cent. higher than Mr. Butler expected, but the Department accepted it and put the deal through on that basis. It was, in respect to the largest property, 300 per cent. above the recent selling price. On the 25th of May vouchers for \$45,400 were sent to the Auditor-General in favor of J. R. Henderson and the agent of the Department of Justice.

A CURIOUS AUDITOR.

The Auditor-General made the natural inquiry whether Valuator Read had tried to ascertain the prices paid by Henderson. Mr. Read was asked to explain, and wrote that he had made his valuation before he knew that Henderson and Potts owned most of the lands. After he had obtained this information he went to Henderson's office, and in Henderson's absence went to his lawyer, who made the 3 cents per foot proposition. Mr. Read had not then made his report to the Department, and might have amended it by obtaining from the original vendors a statement of the price, which, as it now appears, they would gladly have given him. The Auditor-General did not pursue the subject further, but passed the accounts, and the cheque was sent from Moncton on June the 5th.

LITTLE CAPITAL REQUIRED.

Now Messrs. Henderson and Pearson made the payments as follows to the persons from whom they bought the land:

Mr. Robinson was paid for Lot No. 2, \$2,500 some time in March.

For the Recves property Lot No. 3, \$1,000 was paid in March and the remainder after the money was received from the Government.

For the Hendry property, Lot 5 and 5a, \$300 was paid in March, \$100 in May, and the remainder after the money was received from the Government.

For Lot No. 6, the Veiths were paid \$105 in May and the balance after the money was received from the Government.

It will be seen that the middlemen did not require much capital to finance the transaction. Mr. Henderson stated that he received the cheque on June the 11th, 1906, and on the same day paid his partner, Mr. Pearson, \$14,196 as his share of the profit.

THE HALIFAX HERALD EXPOSURE.

The inside story of the Halifax land deal was first disclosed by the *Halifax Herald*, which ascertained on the spot the price paid by the middlemen for the land. What the Government paid was set forth in the Auditor-General's report. The *Herald* strongly denounced this system of rake-off and graft, and in that connection mentioned the name of Mr. R. T. MacIlreith, agent at Halifax for the Department of Justice, who was in duty bound to do what he could to protect the public interest. According to the Auditor's statement, Mr. MacIlreith received in that fiscal year from the Government, \$10,314.78 as legal expenses and taxed costs. The correspondence respecting the Halifax land purchase shows that Mr. MacIlreith was charged with important responsibility regarding this matter.

A LIBEL SUIT THAT FAILED.

As the result of the *Herald's* criticisms, Mr. MacIlreith instituted libel proceedings against that journal. The case was tried out at Halifax, before a jury, and the whole facts disclosed. The result was a complete triumph for the *Herald*. The jury found in favor of the defence, and Mr. MacIlreith paid the costs of the trial.

BEFORE A PUBLIC ACCOUNTS COMMITTEE.

Meanwhile the deal had been investigated by the Public Accounts Committee at Ottawa. The correspondence had previously been brought down showing the various details of the transaction between the Government and the middlemen. The other facts were established on the evidence of Mr. J. R. Henderson, one of the two partners who purchased the land and sold it to the Government. It may be said that Mr. Henderson personally had no political pull. He had the advantage of being in possession of a small part of the land required and was in a better position than Mr. Pearson to buy the rest. Mr. Pearson, on the other hand had the political influence, and contributed this to the partnership, with splendid financial results to himself. Mr. Henderson, before the Committee, told his story freely and frankly, and though Government supporters in the Committee did their best to head off the disclosures, the whole case was established on his evidence.

PRICES AND PROFITS.

It remains to set forth in convenient form the price the Government paid for each lot with the price received from the middlemen by the previous owners. In regard to the first item it may be explained that the intermediaries paid \$750 an acre for the lot of which it forms a part and which was

not all sold to the Government. The price of this lot is worked out proportionately. The small additional profits divided come from the land left over.

Previous Owner.	Partners paid	Government paid	Profits.	Profit Per Cent.
Henderson and Potts	\$ 500	\$ 2,500	\$ 2,000	400
A. Robinson	2,500	3,200	800	32
James Reeve	4,000	7,300	3,300	82.5
W. A. Hendry	3,099	3,150	51	2
Veith Estate	7,289	27,100	19,811	272
Susan Veith	1,200	2,050	850	71
Total	\$18,588	\$45,400	\$26,812	144

NO CONSIDERATION FOR THE ORIGINAL OWNERS.

It is obvious that the Government valuator has either valued this land at more than twice what it was worth or else the intermediaries were able to buy for less than half its value. In the case of the largest property the Government has paid between two and three times what the land was worth, or else the Veith estate sold out for between one-third and one-half the right price. It was urged by Government supporters in the Committee at this time and by Ministers and others in the discussion of similar deals that a Government should not grind down land owners to a bargain price. Now in the Halifax case the original owners needed all that was coming to them. Some of them were widows and some were children, and there were many heirs to the large property. One of the properties purchased was mortgaged for the whole amount that the middlemen paid, so that the debtor got nothing, while the price paid by the Government would have given him some thousands of dollars for his equity.

GENEROUS, BUT TO WHOM?

If the Government is to be generous in paying for lands, who should have the benefit of this generosity? Is it the landowner, who may have spent his whole life on the property, or the middleman, who buys it for a rake-off and owns it only for a few days?

The Second Moncton Land Deal.

THIS TIME THE RAKE-OFF WAS \$2,190.

Matthew Lodge Raised the Price of Land from \$8,300 to \$10,490—Government Could Have Bought it at the Lower Price.

In the Session of 1906 the Public Accounts Committee investigated a land purchase made by the Government at Moncton for the Intercolonial Railway. It was shown that the Government paid \$13,880 for four lots of land represented in the official report as purchased from R. W. Hewson, a Moncton barrister. Mr. Hewson, when called as a witness, testified that he was not the real vendor, but that, acting as agent for Matthew Lodge, he had bought these four lots and Lodge had sold them to the Government, arranging to have the transfers made in Mr. Hewson's name. The following are the prices which Lodge paid for the land, and which the Government paid Lodge for the several lots:

Property	Paid by Lodge.	Paid by Government.
Jones' lot	\$3,050	\$ 6,300
Gibson lot.....	925	3,300
Milner lot.....	1,000	3,930
Gibson fraction	100	350
Total	<u>\$5,075</u>	<u>\$13,880</u>

Mr. Lodge paid Mr. Hewson \$300 for his services, and thus made \$8,505 profit out of the transaction.

THE PURCHASE OF 1905-C.

The second Moncton deal was like unto this only a little less profitable to the middleman. The Auditor-General's report for 1905-6 (part W, page 46,) contains the following statement of payments made for land in Moncton:

Hewson, R.W.....	\$10,490
Frontage on Main Street, 274×100 ft. @ \$10.....	2,740
Balance of land beyond the 100 ft. back.	1,200
Building on White property; 2 houses, \$1,900 and \$700.....	2,600
Buildings on Hannah property; house \$1,800; barn \$150.....	1,950
Buildings on Fownes property; house and outbuildings. \$1,200.....	1,200
Buildings on Graham property; house and barn.....	800

This makes the total of \$10,490 at the head of the column.

LODGE STILL THE MIDDLEMAN.

As in the year before Mr. Hewson's name is a deception. The land was not bought from Mr. Hewson but from that happy favorite Matthew Lodge. Mr. Hewson bought the land for Mr. Lodge from the original owners, and Mr. Lodge sold it to the Government immediately. Mr. Hewson was called before the Public Accounts Committee in the session of 1907, and testified that the price he paid for the land was \$7,900. Mr. Lodge afterwards paid \$150 on a damage claim and allowed \$250 to Mr. Hewson for doing the business. The total cost to Mr. Lodge was \$8,300, and his rake-off \$2,190.

MIDDLEMAN SUPERFLUOUS.

Questioned by the committee Mr. Hewson expressed the opinion that he could have bought the land for the Government as cheap as he bought it for Mr. Lodge. The same was true of his purchase in the previous year. In the two years Mr. Hewson did all the business for \$550, and Mr. Lodge, who had no trouble at all, made \$10,695, all of which the Government could have saved if it had been the policy to buy directly from the owner instead of promoting the middleman and supplying him with a rake-off.

In the last deal Mr. Lodge bought the White property for \$3,000, buildings and all, and the Government paid him by the foot for the land and \$2,600 for the buildings. Mr. Lodge bought the Hannah property for \$2,000, with the buildings on it, and the Government paid him \$1,950 for the buildings alone. Mr. Lodge paid \$1,350 for the Fownes property and was allowed \$1,200 for the building on it. Altogether he received for the buildings alone \$6,550, which was only \$1,350 less than he paid for the whole property. He was allowed \$3,940 for the land alone.

MR. LODGE'S OTHER OPERATIONS.

Mr. Lodge has been heard from a great deal in these matters. It was he who represented the Eastern Supply Company, through which he has sold to the Intercolonial Railway various supplies, sometimes without tender, sometimes when his tender was not the lowest. In the name of the same concern he obtained an oil contract which was transferred to a large corporation. The Eastern Supply Company, it may be remarked, was incorporated in Newfoundland, and among the incorporators is Mr. B. F. Pearson, whose office in Halifax has been the headquarters of the company, and whose own operations as a middleman in land deals are exposed in another chapter. Mr. Lodge is also the representative of the New Brunswick Petroleum Company, which undertook to supply oil to the Government from wells in Westmorland, and filled part of the order by purchase in Sarnia. It is perhaps unnecessary to mention that Mr. Lodge has been made very useful in elections, and is supposed to have inside knowledge respecting campaign finances.

ROBINS IRRIGATION DEAL.

Politicians Obtain Grazing Leases of 96,000 Acres—With Cancellation Clause Left Out—Government Sold them 9,450 Acres for \$1 per Acre—They Sold Lease and Grant for \$350,000 Profit.

SAME MEN GOT ANOTHER GRANT.

380,000 Acres on Long Credit, with Irrigation Conditions—And Sold their Bargain for Half a Million Dollars—Altogether \$1,145,000 for Middlemen—And \$9,450 to the People for the Land.

When the Liberal party was in opposition it had an excellent policy respecting land in the North-West. In convention in 1893 the party declared:

A GOOD PLATFORM.

"No middleman in land transactions should be allowed to come between the Government and the settler, for the middleman's gain is the settler's loss and the Government's loss as well, because it retards settlement and checks progress."

WHAT THE PARTY CONDEMNED.

The party also condemned "The policy of making pasture land leases to cattle kings at a nominal rent of one to two cents per acre without asking for bids or seeking competition, and only with a limit of fifty thousand acres as the amount that might be covered by a single lease."

THE PRACTICE IS DIFFERENT.

But the Liberal party in power has other views, or at least other practices. It granted 250,000 acres of the best land in the fertile Saskatchewan Valley to a group of political friends at \$1 an acre, with long credit, giving the purchasers the privilege of picking out tracts wherever there was a demand for farms. This land was sold to settlers at \$6 to \$10 an acre, and the money was obtained for it before payments were demanded by the Government, so that the whole deal was carried through without any capital except the political pull of the operators, who included members of the present Parliament and party campaigners.

Farther west the middleman and political speculator had an equally good time. In the ranch country, when the present Government took office, grazing leases might be given subject to cancellation at the end of two years.

Thus, if the land was required for settlement, it could be recovered for homesteaders on short notice.

PUBLIC LANDS FOR THE POLITICAL SPECULATOR.

But when Mr. Sifton took office he changed all this. The power that had belonged to the Government as a whole to deal with grazing leases, was given to the Minister of the Interior to exercise as he liked. He took authority to grant grazing leases to run for twenty-one years without power of cancellation. He took power to give to the holders of these leases absolute grants of land to the extent of one-tenth of their holding, at the price of \$1 an acre, with the privilege of picking out the best sections throughout their whole ranch. Before 1905 only one of these twenty-one year irrevocable leases was given. That one went to A. T. Mackie, of Pembroke, a member of a well known political family, who obtained a lease of 41,288 acres. That was in 1902, and Mr. Sifton gave no other such leases for more than two years.

A GREAT DAY FOR PARTY LAND GRABBERS.

In April and May 1905, six irrevocable twenty-one-year leases were given out. All went directly or indirectly to active political supporters of the Government, who seem to have made their arrangements simultaneously. Mr Oliver had become Minister of the Interior before the leases were given. These grants, with two others dated in July and August of the same year, and with Mackie's before mentioned, comprise 371,749 acres. As soon as the group of political land hunters had been satisfied, the policy of granting irrevocable leases was abandoned. Thus the camp followers in possession had a monopoly of this privilege. The Government also discontinued the system of granting one-tenth of the lease to the holder as a freehold at \$1 an acre.

TWO OF THE LUCKY BAND.

Among the lucky men who got in during the short period that the bars were down was A. Hitchcock, of Moosejaw, who got 48,867 acres. Mr. A. Hitchcock and Mr. A. E. Hitchcock, who figured in this transaction, are energetic party men. Another was James D. McGregor, who was four days ahead of Mr. Hitchcock, and got 47,615 acres. Mr. McGregor was formerly a campaign manager for Mr. Sifton in Brandon, where he was a livery stable keeper. When Mr. Sifton took office he made Mr. McGregor a liquor commissioner in the Yukon. He became Inspector of Mines and a collector of royakty. A few years residence in the Yukon enabled him to retire and return to the prairie country a capitalist, but still an exceedingly active political campaigner.

Mr. Hitchcock and Mr. McGregor merged their grazing leases, and formed the Grand Forks Cattle Company. On the 23rd of December, 1905, the Government gave this company an absolute freehold grant of 9,452

acres, being approximately one-tenth of their holding, receiving for it \$1 an acre.

A NEW AND BIGGER DEAL.

The Grand Forks Cattle Company now proceeded to exploit its concession. A scheme was devised to obtain a grant of other lands for irrigation purposes, to add the Grand Forks lease to this concession and float the whole enterprise on the English market. Having secured the twenty-one-year lease and the freehold grant, at a very small outlay, Messrs. McGregor Hitchcock and the politicians associated with them, prepared for the new venture. A visitor from England, named Guy Tracey Robins, spent a few months at Moose Jaw, and as the Hitchcocks and McGregors had been sufficiently in the lime light in the matter of land deals, this gentleman came forward as the visible applicant for the next concession. In the winter following the grant of the grazing leases, Mr. Robins applied for and obtained an irrigation grant of 380,573 acres. By his contract with the Government the nominal price was \$3 an acre, less a rebate of \$2 an acre for the whole block, on condition that the purchaser should irrigate one-quarter of the land. The \$1 an acre was to be paid in five annual instalments beginning with 1910, that is, four years after the grant was obtained.

THE REAL PARTIES.

This deal went through in the name of Guy Tracey Robins, representing the Robins Irrigation Company. But the Robins Irrigation Company, as shown by the prospectus issued in England, was really owned as follows:

A. E. Hitchcock	77 per cent.
J. D. McGregor	22 per cent.
G. S. St. Aubyn	1 per cent.
Guy Tracey Robins	0 per cent.

The main operators were no strangers to the Department of the Interior.

WHAT THEY GOT.

So we have the Grand Forks Cattle Company and the Robins Irrigation Company composed of the same group of politicians obtaining three valuable concessions.

First 95,000 acres held under a twenty-one-year irrevocable grazing lease, which cost two cents an acre rent.

Second, 9,450 acres freehold selected in choice lots over six townships and purchased for \$1 per acre.

Third, a grant of 380,000 acres for which the purchasers agreed to pay \$1 an acre net within nine years, and of which they had undertaken to irrigate the fourth part.

PREPARING TO GET THE RAKE-OFF.

The next step was to sell out these concessions and take the profits as the owners had no idea of ranching or irrigating. For this purpose another concern was employed called the Canadian Agency, Limited. This company appears to have been concerned only about a fortnight, for it bought out the Grand Forks Company and the Robins Irrigation Company on the 18th of September, 1906, and sold out on the 9th of October to the Southern Alberta Land Company, an English corporation, which assumes all the financial responsibility, and proposes to get its money back with large profits by selling out the land to the settlers when the irrigation works are completed.

Now, let us see what value these Government concessions attain in the hands of the political middlemen.

BOUGHT FOR \$9,452, VALUED AT \$113,424.

First of all a valuation was made of the property of the Grand Forks Cattle Company. Robert Hall, of Brandon, described as a man who knows the value of land, was selected by the English purchasers to examine this property. He looked first at the 9,452 acres for which McGregor, Hitchcock and their associates (J. C. Murray, wholesale liquor dealer in Dawson, and partner of Colin McGregor; D. A. Ross, formerly liquor dealer in Vancouver, afterwards in the same business at Dawson, and Hon. J. H. Ross, a member of the Canadian Senate, formerly Chief Commissioner of the Yukon, and later member of Parliament) had paid \$1 an acre. The valuation was made in less than a year after the purchase from the Government, and Mr. Hall stated that "these lands have been selected out of an area of 100,000 acres, held under lease by the Grand Forks Cattle Company, Limited, and are, in my opinion, easily of the value of \$12 per acre under present conditions, without reference to any future speculative possibilities." (Hansard, 1907, page 2495.) Mr. Hall added that some of this land had been cultivated, and was worth \$5 an acre extra. Leaving this out, we find a neat rake-off amounting to 1,100 per cent. on eleven months' ownership.

\$350,000 PROFIT ON THE GRAZING LEASE.

The Grand Forks Cattle Company had made some improvements and placed some cattle on the land, and had certain contracts with the G. T. R. to supply meat. The appraisers for the English purchasers valued all these assets at \$444,000. But the valuator found that the Grand Forks Company had expended £60,000, or less than \$300,000.

The Canadian Agency, or English middlemen, paid the Grand Forks Company £135,000 sterling, or \$654,850 for the Grand Forks property. That is to say McGregor, Hitchcock and their friends got back all the money they put in for improvements. They got in addition a profit of \$11 an acre on the 9,450 acres freehold for which they paid \$1 an acre, and they received

nearly \$250,000 extra as the value of the irrevocable lease obtained by them the year before, and on which they had paid only the year's rent at 2 cents an acre. On this part of the deal their profits were \$354,000.

NEARLY \$500,000 PROFIT ON THE SECOND CONCESSION.

At the same time the McGregor, Hitchcock syndicate sold to the English middlemen the benefit of the irrigation concession of 380,000 acres. For the benefit of this contract of the Robins Irrigation Company, on which not a cent had been paid except the cost of surveys, the English middlemen paid £100,000 sterling, or \$486,000. This was to be paid either in cash or part cash and part stock, and as the stock was over subscribed the pay would be taken in cash if the sellers desired it.

THE RAKE-OFF IS \$840,000.

So we have the Hitchcock, McGregor concern obtaining picked land from the Government in 1905 for \$1 an acre and selling it in 1906 for \$12 an acre.

We have them obtaining a twenty-one-year lease in 1905, which other people cannot get at any price, and turning it over for more than \$250,000 profit in 1906.

We have the same group under the name of the Robins Irrigation Company obtaining a concession of 380,000 acres in June, 1906, and turning it over in September of the same year for \$486,000 profit without paying a dollar.

The total profits on these three operations amount to \$840,000.

ANOTHER MIDDLEMEN'S PROFIT.

Now comes in the next group of middlemen, the Canadian Agency, Limited, which bought the property and concessions from the McGregor, Hitchcock syndicate for £235,000, as above stated. This concern probably had in it some of our Canadian political friends, but they kept out of sight, leaving only Mr. St. Aubyn visible. The Canadian Agency, Limited, added another £65,000, or \$315,250, to the price, and sold out to the Southern Alberta Land Company for £300,000. This margin included promotion expenses, and a large rake-off which went to persons not known.

The final purchasers have thus had to pay \$1,455,000. If they can sell the assets, other than land of the Grand Forks Company, at the alleged cost, the outlay for land alone will be \$1,155,000, and they will still have to pay the \$1 an acre for the 380,000 acres of the irrigation concession.

THE SETTLER MUST PAY ALL.

This \$1,155,000 will all have gone to promoters, political favorites and middlemen, except the \$9,450 paid to the Government for the land sold to the Grand Forks Cattle Company, and the few hundred dollars paid as rental

during the period of negotiation. The people of Canada, who owned the land received only \$10,000 or \$11,000 out of the \$1,155,000 that was paid up to the time the Southern Alberta Land Company got possession.

Now the Southern Alberta Land Company, which pays this \$1,155,000, and expects to pay \$1,000,000 more for irrigation works, together with \$380,000 for the land in the irrigation block, hopes to get it all back from the settler, together with substantial profits. Mr. J. B. Saunders, who has examined the land and reported on it, says that the soil is equal to that which the C. P. R. is irrigating, that it is a heavy black loam in the western portion and a lighter sandy loam with good sub-soil in the more eastern parts.

HOW IT IS TO WORK OUT.

He figures out that the company will be able to realize the following prices:

For 85,000 acres of irrigable land in tract A an average price of \$23 per acre, or	\$1,955,000 00
For 50,000 irrigable land in tract B at \$20 per acre.	1,000,000 00
For 59,323 acres in tract A at an average price of \$12.50 per acre	741,537 50
For 186,250 acres in tract B, at \$5 per acre	931,250 00
Total	<u>\$4,627,787 50</u>

These receipts, with the proceeds of the Grand Forks cattle, etc., and of the sale of water rights would give the Southern Alberta Company a good profit. The genuine investors may be disappointed in these hopes or they may not. If they succeed the settlers will have paid for their land an unnecessary price. If they fail the country will suffer in reputation and credit. In any case the Canadian politicians who received these special favors and concessions will have bagged their million dollars or so without having paid anything or risked anything. This million will be paid by the farmer-settler if the scheme succeeds.

WHAT MIGHT HAVE BEEN.

If the Government had sold the land directly to the people who proposed to irrigate it, all this rake-off would have been avoided, and the settler would have obtained his land at cost price, with a reasonable profit to the men who in good faith invested their money. Or if it was thought that the settler could afford to pay these proposed prices, the sum of over a million dollars which has been gathered in by the promoters and middlemen would have gone to the Dominion treasury. Whether the rake-off has been taken from the Canadian taxpayer or from the western farmer, it must be regarded as plunder, pure and simple.

It was shown by Mr. Ames when this subject was discussed in Parliament, February 5th and 7th, 1907, that if the present owners of these con-

cessions had not been obliged to pay the promoters and middlemen, they could have sold the land to the farmer, after all the irrigation work had been done, at a price somewhat lower than the lands will now cost the company, and would still have made 50 per cent. profit. As it is, all the profit they make must be taken out of the settler over and above the price he ought to pay.

NO NEED OF IT.

There was absolutely no necessity for the intrusion of the McGregors, Hitchcocks, Rosses, Murrays, and other political speculators between the Government and the settler or between the Government and the genuine investor. But it seems to be impossible, under the present political regime, to keep them out or to prevent them from getting their intermediate profits on other people's expenditure. Irrigation works are no longer an experiment in the West. They have been carried on successfully by various corporations. There is no secret or mystery about it requiring the subsidizing of a go-between. All that is necessary is for the Government to deal directly and honestly with the genuine investor, so that he can take his legitimate profits and sell the land at a reasonable price.

THE RESOLUTION, DEBATE AND DIVISION.

The whole subject was discussed in a debate on the following motion, moved by Mr. M. S. McCarthy, M.P. for Calgary. (Hansard, page 2541, unrevised):

"This House, while favourable to every reasonable and legitimate undertaking for the development and colonization of that portion of the Canadian West which can be made suitable for agriculture only by means of irrigation, condemns the action of the Government in the matter of the Robins irrigation contract, being of opinion that the Government has failed to safeguard the rights of the people, has subordinated the public interest to that of speculators, and has, for the benefit of certain favorites of this Administration, permitted the enterprise to be overloaded with promoters' profits, which must in the end be paid by future settlers."

The motion was supported by Dr. Roche, of Marquette; Mr. H. B. Ames, of Montreal; Mr. Edmund Bristol, of Toronto; Mr. R. S. Lake, of Qu'Appelle; Mr. Borden; Mr. W. B. Northrup, of East Hastings; Mr. Heron, of Alberta, and Mr. Bourassa, of Labelle, the latter an independent Liberal. The deal was defended by Hon. Mr. Oliver, Mr. Knowles and Mr. Turriff, of Assiniboia; Mr. McPherson, of Vancouver; Mr. Carvell, of Carleton, New Brunswick; and Mr. A. K. McLean of Lunenburg. On the vote the deal was sustained by a majority of thirty-three, a straight party division except that Mr. Bourassa voted with the Opposition and a number of Liberals shirked the vote.

THE GALWAY DEAL.

A Lease Held for Two Years—Ostensibly for an Absent and Non-Paying Applicant—While the Real Party was a Politician.

FORTUNATE MR. ADAMSON, M.P.

Who Gets In Without Paying—And Holds an Irrevocable 21-Year Lease—Pays One Cent an Acre, or \$600; and Sells Out for \$20,000—Mr. Oliver's Easy Surrender to the Land Grabbers.

This is the history of the Galway Horse Company deal. It is a characteristic episode and shows how certain politicians and their friends have been able to grow rich at the expense of the genuine settler and investor in that country.

THE UNKNOWN MR. BROWN.

On the 27th of May, 1902, the Department of the Interior received an application for a closed grazing lease of 60,000 acres, or nearly 100 square miles of land lying just west of the confluence of the Bow and Belly Rivers in South-eastern Alberta. The applicant signed himself H. P. Brown, of Grand Falls, Montana. The Department proceeded through the usual routine, and an Order in Council on the 23rd of March, 1903, was issued directing that Brown should receive his lease. The regulation required six months' advance payment of the rental, which was only two cents per acre. The secretary of the Department wrote accordingly to Mr. Brown asking him to pay \$603.81 and take his lease.

A PATIENT DEPARTMENT.

Mr. Brown did not reply. On the 27th of July, 1903, the secretary wrote again to H. P. Brown, saying:

"If the amount of rental, being \$603.81, is not received here within thirty days from this date, it will be understood that you do not wish for the lease of these lands."

To this intimation no reply was received. In the ordinary course of events the application would have lapsed on the 27th of August, 1903, and Mr. Brown would have been heard from no more. As a matter of fact, Mr. Brown had not lived in Canada for many years, and some doubt is expressed if there ever was such a man. But it is almost certain that he existed.

Strange to say, though, there were many other applicants for grazing leases in this neighborhood, and though there were farmers who desired to settle on the land, the Department still held the 60,000 acres subject to Mr. Brown's order. The secret of this astonishing patience is, perhaps, disclosed by the appearance of three initials connected with Mr. Brown's original application.

J. D. MCGREGOR IS BEHIND IT.

It may be said here that though Mr. Brown's letter asking for the land was dated from Grand Falls, Montana, it was received at the Department on the day after it was written. Of course, it could not come so far in that time, and, as a matter of fact, it was written in Ottawa. Underneath the text is found the magic legend, "per J. D. M." Now J. D. M. is James D. McGregor, the veteran of the Robins Irrigation deal, the hero of the Grand Forks grazing lease, former livery stablekeeper and campaign manager in Brandon, former Liquor Inspector, Mining Inspector, etc., etc., in the Yukon, but always a close and intimate associate of Hon. Clifford Sifton, who was then Minister of the Interior, and is apparently to this day a dictator in the affairs of that Department. It went without saying that if "J. D. M." was interested in Mr. Brown, the Brown lease must be protected, even though Mr. Brown could not be found or induced to pay his rental for many weary years.

ABSENCE MAKES THE HEART GROW FONDER.

So on the 24th of December, 1903, though Mr. Brown had still not been found, his name was included with two others in an Order in Council which set forth that he was entitled to an irrevocable closed twenty-one-year-grazing lease. It was then a year and a half since Mr. Brown had been heard from, and he had not paid a cent. He did not own a single animal in Canada, and had probably not seen the land in question for many years. Yet this Order in Council set forth that he was to be offered the twenty-one-year lease on the ground that he had since March, 1903, "been in possession of the lands described in this Order."

AN INVISIBLE POSSESSOR.

But though the Government declared that Mr. Brown was in possession the officers of the Department were still unable to find him. Government had kindly forgiven him half a year's back rent, and proposed to date the lease from the first of December. The Secretary wrote to Mr. Brown at Montana, sending the lease to be signed, and asking for six months' rent. There was no answer. This was on the 14th of January, 1904, and on the 15th of April another departmental letter was sent, again asking Mr. Brown to sign the lease and pay. A third letter to the same effect was sent on the 26th of May, 1904. Still Mr. Brown could not be found. Still the lease was held subject to his order. Still all other applicants were kept off.

IT WAS KEPT FOR ANOTHER.

So the year 1904 wore away. On January 7, 1905, the Department made another desperate effort, the secretary writing to Mr. Brown to say that more than a year's rent was due. But Mr. Brown paid no attention. The reason for his silence is soon to be known. He had no interest in the transaction at this time, and probably never had. The lease was nursed for people much nearer Ottawa and very much nearer the Minister. But as they were not disposed to pay any rent it was necessary to keep up the form of dunning Mr. Brown.

SETTLERS WANTED THE LAND.

Meanwhile there was urgent demand from settlers who desired to homestead this area. A petition signed by eleven residents of the district protested against the continuance of this lease as an injustice to the farmers and an injury to the country. They declared that good crops could be grown on this land and that numbers of settlers were ready to take up homesteads on it as soon as the lease should be cancelled. Subordinate officials did not understand why the 60,000 acres should be held year after year for a man who apparently did not want it, who had refused to sign the lease, who had paid no rental and had not answered a single one of the seven letters sent him by the Department. The innocent secretary of the Department and the local agent did not know the full significance of the signature "J. D. M.," nor did they dream that a member of Parliament, a sister of a member of Parliament and a cousin of a member of Parliament had stepped into Mr. Brown's shoes.

FORCED OUT OF HIDING.

Mr. J. W. Martin, agent of Dominion Lands at Lethbridge, wrote on the 15th of March, 1905, to say that he was in receipt of many applications to homestead these lands, and as the lease had not been taken and the rent had not been paid, he wanted to know whether action could not be taken (Hansard, 1907, page 3E06). Mr. Sifton had then resigned office and Mr. Oliver had not been appointed. There was an acting Minister, and the situation was such that the real parties to the deal found it necessary to disclose themselves.

So on the 17th of July, 1905, Mr. A. J. Adamson, member of Parliament for the riding of Humbolt, sent the following letter to the Department of the Interior:

THE OCCUPANT OF THE WOODPILE.

HOUSE OF COMMONS,
OTTAWA, July 17th. 1905.

Department of Interior,
Ottawa.

Dear Sir:— I enclose herewith an assignment of lease from Henry P. Brown to the Galway Horse and Cattle Company, Limited, together with cheque for \$650, being approximate for six months rent from the first inst.

Yours truly,
A. J. Adamson.

(Hansard 1907 page 3480)

This was the first that the Department officials had heard from Mr. Adamson on the subject. But the document contained the astounding information that Mr. Brown had assigned his lease as far back as September 17, 1903, a year and ten months before. It is another interesting fact that at the time Mr. Brown assigned to the Galway Horse and Cattle Company no such corporation existed. The company was not incorporated until March 11, 1904.

WHO ARE THE GALWAY COMPANY?

Who comprised the Galway Horse and Cattle Company? Three names are given as subscribers to the memorandum of association. One is A. J. Adamson, the member of Parliament aforesaid. Another is his wife, J. M. Adamson, who is a sister to Mr. Turriff, now member of Parliament for East Assiniboia. The third is Mr. A. J. Bell, of Prince Albert, a cousin of Mr. Adamson.

We see that Mr. Adamson was carrying around the lease and the assignment from Mr. Brown all the time the Department of the Interior was looking for that long lost individual. Mr. Adamson got elected to Parliament after he obtained this assignment. He sat through the session of 1905 without giving the Department any information about it. It was only at the end of the session, when the lease was about to be cancelled, that Mr. Adamson disclosed himself as the holder of it.

AN INTERESTING SITUATION.

Mr. Adamson had paid no rent. He had placed no cattle on the land. His Galway Horse Company had done no business. He had obtained the assignment from Mr. Brown after that gentleman had forfeited all claim to it. In short the alleged assignment was the transfer of a lease that did not exist to a company which did not exist.

No doubt the Minister who had retired knew the whole story, and that was the reason that the lease was kept alive. But the subordinates were absolutely in the dark, and Mr. Oliver when he took office had yet to learn the extent of the pull which the Galway Horse and Cattle Company possessed.

A SURPRISED OFFICIAL.

Mr. Ryley, Accountant of the Department of the Interior, was rather surprised when he received a cheque for \$650 and with it a claim for a practically forfeited lease nearly two years old on which there was due \$2,415. So he proceeded to write to Deputy Minister Cory the history of the transaction (Hansard, 1907, page 3480). Mr. Ryley left out of account the first lease offered to Mr. Brown and all the transactions in the early part of 1903. He pointed out that a lease had been prepared in January, 1904, that the rent was due from December, 1903, that Mr. Brown never took the lease and never paid the rental, and that now an assignment had been received to

the Galway Horse and Cattle Company, which offered to pay only one half-year's rent. The accountant wanted to know whether the Department would accept this partial payment or would charge the full \$2,415.

THE BETTER MR. OLIVER.

The matter was referred to Mr. Oliver who was still in the innocent stage of his incumbency. Mr. Oliver decided at once that Mr. Adamson might take the lease as a new one on new conditions or as an old one on the conditions that existed when the first lease was given. The old lease was a twenty one year irrevocable grant. The gate had been shut on these irrevocable leases and the Department was giving no more of them. New leases were revocable on two year's notice. Mr. Adamson's company could have the new lease and commence payments then. Or it could take the old lease and pay the arrears. The Minister might well have refused either one and opened the land for settlement, or else offered it for competition. But he did not go so far as that.

The text of Mr. Oliver's instructions was as follows (Hansard, page 3481):

"Mr. Ryley. I think it can be assumed from the annexed report that it was the intention to issue to Mr. H. B. Brown a closed lease without any provision for cancellation thereof upon giving two year's notice.

This being the case I see no objection to a lease being issued to the assignee of Mr. Brown, and that the rental should commence to accrue from the date upon which the first half year's rent was paid, provided a clause be inserted in the lease that it may be cancelled upon giving two year's notice."

MR. ADAMSON MAKES CHOICE.

When Mr. Adamson received this intimation and found that he might either take the old lease and pay the amounts due on it or take the revocable lease escaping the back rent, he concluded to save his money and take the new lease. It is not very clear what right the Minister had to forgive these payments, seeing that the Department had declared in 1903 that the lessee was actually occupying and using the land. However, that is what the Minister did and Mr. Adamson accepted the proposition.

Still the member for Humbolt was not going into the cattle business. The Galway Horse and Cattle Company had nothing to do with horses or catt^l. It was engaged in land speculation, and the lease was hawked about among cattle owners in the West for some time. But the cattle men in 1905 were not paying their money so generously as Mr. Adamson wished for leases that could be cancelled in two years. They saw the McGregors, the Hitchcocks and other favorites holding twenty-one year leases with no power to cancel. That was the thing they wanted.

IT WAS A REVOCABLE LEASE.

Mr. Adamson had chosen the other kind. This is shown by a letter written by the Secretary of the Interior Department on the 28th of July.

1905, to M. S. McCarthy, M.P. for Calgary. The Secretary wrote concerning the Galway lease:

"The term of the lease is twenty one years, the rental 2 cents per acre per annum and provision is made that should the Governor in council at any time during the term of the lease consider it in the public interest to terminate the same for any reason, the Minister of the Interior can and may, on giving two years notice cancel the lease at any time during the period of the lease."

This is an official statement that Mr. Adamson's company had a revocable lease only. That was what the Minister ordered. It was what Mr. Adamson selected and all he paid for. It was all he had from July, 1905, until March, 1906.

THE WORSE MR. OLIVER.

But in the winter of 1906 it was impressed upon Mr. Adamson that if he wanted to make big money out of his deal he must have a twenty-one year lease with no cancellation clause in it. Brother-in-law Turriff, who had been Commissioner of Lands and associated with many previous deals, but was now in Parliament, came to his assistance. Mr. Oliver, who had settled the matter the year before, found himself unable to resist the combination of members of Parliament, of ex-Ministers, ex-Commissioners, with their sisters, cousins and aunts. On the 27th of February Mr. Oliver wrote to Mr. Campbell, saying: "Look up the terms of the Brown lease—it is claimed by Mr. Turriff that a closed lease was ordered before the regulations of October last were passed. Let me know definitely on this point." Of course, Mr. Oliver did not need any information. He had shown in his letter to Mr. Ryley that he knew all about it. The closed lease had been ordered and it had been forfeited. It had been again offered to Mr. Adamson on payment of the back rent and he had not taken it. But Mr. Campbell did what his Minister required. He told him that the order originally intended an irrevocable lease.

A SURRENDER TO GRAFT.

Thereupon Mr. Oliver surrendered at discretion to the land hunters. He gave Mr. Adamson the lease, and the clause providing for cancellation on two years' notice was struck out. The Minister made this order on the 5th of March, 1906, and within one week Mr. Adamson had sold the lease for a price said to be \$20,000.

Another strange thing happened. Though Mr. Adamson was put in the place of Mr. Brown as the original holder of the irrevocable lease he was still forgiven the back rent that Brown was bound to pay. Mr. Oliver had offered him the alternative to pay the rent and take the old lease or not to pay it and take the new one. Mr. Adamson did not pay the rent and he got the old lease. He played the game of heads I win, tails the Government lose. His total payments were between six and seven hundred dollars, and

the whole transaction probably cost him less than a thousand. There was two thousand per cent. profit in this deal.

GENUINE RANCHER FOOTS THE BILLS.

The man who bought the lease from Mr. Adamson was a member of a genuine cattle ranching firm. He had tried to get a lease from the Government, such as Mr. Adamson had. He would have been more than willing to pay the rent which Mr. Adamson escaped paying. But there were no irrevocable leases for him. These were all required for the McGregors and other political speculators who did not find it necessary to keep cattle. Therefore, Mr. John Cowdry, who had ten thousand cattle and no ranch to feed them on, had to go to a member of Parliament and the cousin of a member of Parliament, and to the wife and sister of a member of Parliament, who had no cattle, and had to pay them a rake-off of \$20,000, or thereabouts, to obtain the right to pasture his herds.

DISCUSSED IN PARLIAMENT.

The subject of this transaction was discussed in Parliament on the 21st of February, 1907, on the motion of Mr. Herron, M.P. for Alberta, who moved the following resolution:

"That the circumstances attendant upon the acquisition of, and disposal by, the Galway Horse and Cattle Company of grazing lease Number 2059 reflects discredit upon the Government and should receive the disapproval of this House."

This motion was supported by Mr. Herron himself, Mr. Ames, Mr. Lake, Mr. Bristol, Mr. MacDonell and the leader of the Opposition. Besides the Minister of the Interior, who was a good deal confused over the affair, the transaction was excused by Mr. Adamson, the chief beneficiary, by Mr. Turriff, brother of another beneficiary; by Mr. Galliher, of Kootenay, and Mr. McLean, of Lunenburg, who stand ready to defend all transactions of this kind. In the end the motion was defeated by a straight party majority of eighty to forty-nine. (Hansard, page 3542.)

The small majority of thirty-one, in a House where the Government has nearly double that majority, shows that many Liberals shirked the vote rather than endorse the disgraceful transaction.

BLAIRMORE TOWN SITE.

**Belongs to a Politician, who got it Cheap—Worth \$200,000;
Cost \$480—Patent Obtained Under a Bogus Squatter's
Claim—Exchequer Court would have Cancelled the
Patent—On the Ground of Fraud and Misrepresent-
ation—But Mr. Sifton Interposed and
Withdrew Case from the Court.**

The town of Blairmore is romantically situated on an elevated plateau on the eastern slope of the Rocky Mountains at the Crow's Nest Pass. It is near the mining town of Frank, and is itself a prosperous and busy village with a population of several hundred, having hotels, business establishments and splendid prospects of growth and development. The town site of Blairmore is the property of Mr. Malcolm MacKenzie, a member of the Alberta Legislature, who was a Government candidate for the House of Commons in 1904. Mr. MacKenzie is a lawyer, who resides in the town of MacLeod, forty-five miles from Blairmore, and has been one of the leaders of the Laurier party in that neighborhood for many years. In his Blairmore town site he has a property estimated to be worth \$200,000. This estate cost Mr. MacKenzie the sum of \$480. How he came to get so much wealth at so little cost is an interesting story.

THE VALUE OF A PULL.

If Mr. MacKenzie had not been an active member of the Liberal party he would still have had his \$480, but he would not have had the town site of Blairmore. If the Government of Canada had dealt honestly with the public property, the people of Canada would have had the benefit of the increased value of Blairmore or else the property would have been put up for competition, and the benefit would have gone to the men prepared to pay the most for it. Or if it was the policy of the country to sell this 160 acres of town site to the first comer it would have gone to a claimant who was first on the land as a permanent settler, who made the first offer to buy it and who fairly prosecuted his claim. But since Mr. MacKenzie is what he is and the Government is what it is, the right to Blairmore was awarded to the assignee of an Italian, whose claim was based on falsehood, and whose title would have been cancelled by the judge had not the Minister of the Interior interfered and caused the property to be given to a political associate and supporter.

THE STORY FROM THE START.

This is the story of the Blairmore town site. In 1898 the Canadian Pacific Railway employed on that spot Mr. Henry E. Lyon, who was local agent for the railway, and Mr. Felix Montalbetti, an Italian, who went there as section foreman. Both occupied quarters on what was afterwards the town site. The Italian was provided with a tent, which he occupied while the railway was building him a residence on the company's own ground. Mr. Lyon, with the help of the company's men, put up a temporary shanty on the town site. Both made little gardens on the ground; but, as it was afterwards judicially declared, neither of them in that season or the year after did anything in the way of establishing a permanent residence. The Italian moved into the company's house. Mr. Lyon remained in the railway employ until 1900, when he built a store on the town site and applied for the quarter section as a homestead. He was informed that this was an odd numbered section and could not be homesteaded. Then he tried to buy the land at the usual price, claiming preference as a squatter. He proposed that if his claim and his money were not accepted the land should be put up to competition, and he should have a chance to bid on it. Lyon was the first person to ask for the land as a homestead. He was the first to try to buy it. His store was the first permanent building on the disputed property.

ENTER MACKENZIE.

Mr. Lyon did not get the land. It remained ungranted. In 1901 it was worth anybody's while to obtain this town site. It was then valued at over \$50,000. Blairmore had obtained a population of over 200 and people were coming in rapidly. Meanwhile Felix Montalbetti had made an acquaintance. Mr. Malcolm MacKenzie, forty-five miles away at MacLeod, had his eye on this town site. The Italian found himself at this lawyer's office. There he swore to an affidavit prepared for him by Mr. MacKenzie or his partner. This politician has said that he did not know Montalbetti's statements were untrue, but he obtained all the advantages that could be gained from them. Montalbetti assigned his claim to Mr. MacKenzie at the time that the affidavit was made. The papers were forwarded by Mr. MacKenzie to the Department, and it became necessary for the Government to decide who should have the land.

NIXON WAS THE MAN.

First, the Homestead Inspector in that locality was sent to investigate. He went to the ground, inquired into all the claims, reported that neither Lyon nor Montalbetti was technically a squatter. But before this report was received at Ottawa some suspicion seems to have dawned upon the mind of the politicians who were managing this business that Mr. Stewart would not report in favor of the Italian, whose claim belonged to

Mr. MacKenzie. Thereupon it was decided to send up in haste a more satisfactory investigator. The choice fell upon Joseph Nixon, the sub-agent of Dominion Lands at MacLeod. Mr. Nixon was a comrade of Mr. MacKenzie in campaign politics. He was afterward found to have collected in his office considerable sums of revenue which failed to reach the Dominion treasury, and his official books were shown to contain numerous false records. The consequence was that Mr. Nixon had to give up his office and refund the missing money. But he, too, had a political pull, and received an appointment to another position as good as the one he lost. This Nixon affair was fully discussed in the sessions of 1905 and 1906.

NIXON AND MACKENZIE.

Now we go to Mr. Nixon's investigation of the Blairmore town site. Mr. Nixon went to Blairmore. Mr. MacKenzie went up in the same train. They returned together. Mr. Nixon was told before he sent in his report that the Italian had assigned his claim to Mr. MacKenzie. Mr. Nixon told Mr. MacKenzie before he sent in his report to Ottawa what he was going to say. Of course, Mr. Nixon reported in favor of the Montalbetti claim, that is, in favor of Malcolm MacKenzie.

This report did not come with the shock of a great surprise to Mr. Turriff, Commissioner of Crown Lands, and now member of Parliament. A great many of these astonishing land transactions lead up to Mr. Turriff's administration, and it has been shown that Mr. Turriff's near relatives were beneficiaries in several of these generous concessions. It became Mr. Turriff's privilege to act on Mr. Nixon's report in favor of MacKenzie's claim, and on the report of his homestead inspector against it.

MR. TURRIFF AS A LIGHTNING OPERATOR.

Mr. Turriff got to work very quickly. It was on June 7, 1901, that MacKenzie obtained his assignment from Montalbetti. It was June 17th that the telegram was sent to Mr. Nixon ordering him to investigate. Mr. Lyon had asked for delay until he established at Ottawa that the affidavit of the Italian, on which MacKenzie's claim was based, was absolutely false. But Mr. Turriff opened his court on July 19th, which must have been within a few days after receiving the reports. It was a very short sitting of the Land Commissioner's tribunal, and Mr. Turriff required no time to consider. He at once decided in favor of Mr. MacKenzie. In his decision Mr. Turriff set forth in detail the statements of the Italian as to his occupation of the land, which statements Mr. Lyon asked for a chance to contradict, and were later proved in the Exchequer Court to be absolutely false.

PRETTY CHEAP.

On the 25th of July the patent for the town site of Blairmore, then worth fifty to one hundred thousand dollars, was issued to Mr. MacKenzie.

He paid \$3 an acre or \$480 for the land, and that seems to be all that it ever cost him. All the evidence goes to show that the Italian received nothing for his claim, which, as a matter of fact, had no value. At least the conclusion of Judge Burbidge, who held the only real inquiry into the matter which ever took place, was that there had been no consideration.

COULD NOT WAIT.

On the 22nd of July, three days before the patent was issued, Mr. Lyon, through his solicitors in Ottawa, had thus protested against the issue of the patent without his having an opportunity to show that the affidavit of Montalbetti was false.

We beg hereby to request that a patent be not issued to Montalbetti for some days in order that our client, Mr. Henry E. Lyon may have an opportunity of proving that the statements of Montalbetti filed with you are almost wholly incorrect. Our client states that he can prove by several uninterested witnesses that Montalbetti, never cultivated an inch of this land, and that he never built a house prior to this year, having resided in the Canadian Pacific Railway section-house on their right of way.

This evidence could have been produced before the argument took place had we been permitted to see the files and know what was contained in Montalbetti's affidavit. This, however, was not granted us until a day or two before the argument. Our client is prepared, if necessary, to bring the witnesses to Ottawa in order that they may be examined in the department.

HON. DAVID MILLS GRANTS A TRIAL.

As Mr. Turriff and the Department would not wait, Mr. Lyon proceeded to attack the patent through the Exchequer Court. He submitted his statements to Hon. David Mills, then Minister of Justice, asking that the patent obtained through fraud should be declared void. Mr. Mills was not in favor of frauds of this kind. He granted a fiat for trial in the Exchequer Court. This tribunal proceeded by appointing Judge Wetmore, of the Supreme Court in the North-West, to proceed to Blairmore and take evidence. Lyon's claim for relief had asked that the patent issued to Malcolm MacKenzie on the 25th April, 1901, should be declared to have been issued through fraud or in error or improvidently, and that the same should be declared null and void, and should be delivered up by the defendant, Malcolm MacKenzie, for cancellation.

JUDGE WETMORE'S DISCOVERIES.

The first thing Judge Burbidge, of the Exchequer Court, had to do was to ascertain the facts of the case. For that purpose he appointed a referee to go upon the ground and make investigation and take evidence. For this duty Mr. Justice Wetmore, of the Supreme Court of the North-West, was selected. Judge Wetmore went to Blairmore and held his investigation. He found no difficulty in reaching the conclusion that the Montalbetti affidavit was untrue and the claim was fraudulent upon which the patent was obtained. Felix Montalbetti himself admitted on examination that the

essential paragraphs in his statement were untrue. He confessed that he had not told the truth when he swore:

- (a) That he erected other outbuildings than the stable upon the land in question.
- (b) That he cultivated a portion of the land in 1901.
- (c) That he erected the stable in 1899.
- (d) That since 1898 he had kept on the land certain stock.

STATEMENTS FRAUDULENTLY MADE.

Judge Wetmore also found that though the patent had been issued more than a year Mr. MacKenzie had not paid one cent to Montalbetti or given him a scratch of a pen to show indebtedness. The Judge reported that "the untruthful statements and misrepresentations which I have found to have been made in this declaration are so many and of such a character that I cannot resist the conclusion that they were fraudulently made with the intention of influencing the minds of the officials of the Department of the Interior in determining to whom the right to purchase the land in question should be given."

MR. SIFTON COMES TO THE RESCUE.

In the course of events the Exchequer Court would have proceeded on this report to cancel the patent, and that is what Judge Burbidge was about to do if matters had been allowed to take their course. Mr. Mills was no longer Minister of Justice, and as early as the 1st of March, 1902, his successor, Mr. Fitzpatrick, began to be bombarded with letters from Mr. Sifton, the friend and patron of Mr. MacKenzie, holder of the patent. On the 1st of March, 1902, Mr. Sifton wrote to the Minister asking that proceedings in the Court be delayed. On the 12th of April Mr. Sifton wrote again saying, "I have a report from the Land Commissioner which inclines me to the view that the fiat ought to be withdrawn." On the 7th of February, 1903, months after Judge Wetmore had discovered and established the fraud, Mr. Sifton again wrote to "My Dear Fitzpatrick." In this letter he states that Lyon had been permitted to urge his own claim, but that if he failed to establish a right the Department of the Interior had no reason to re-open the case or for "desiring to withdraw from the sale that was made to Montalbetti." Mr. Sifton and Mr. MacKenzie knew that Judge Wetmore had reported that none of the claimants were legally entitled to rights as squatters. He was, therefore, urging that a sale based on a fraudulent claim to a squatter's rights, a claim judicially reported to be founded on a series of perjuries, should be recognized and allowed in a case where it made Mr. Sifton's friend and supporter a rich man.

MINISTER HOLDS UP THE COURT.

The Exchequer Court was held on the 20th of March, 1903, when Judge Burbidge, after commenting on the report of Judge Wetmore, decided that he ought to hear some further explanation from Commissioner Turriff, and the case stood over for that purpose. Mr. F. H. Chrysler, K.C., had appeared in Court as counsel for the Government, which was the supposed plaintiff in the case. On the day after Judge Burbidge's report, Mr. Sifton again intervened to head off further proceedings. Mr. Sifton gave these instructions:

"As I am obliged to go away and the acting Minister will not in all probability have time to familiarize himself with matters of this kind I desire you to see that no further steps are taken until I return—I shall rely upon you to see that my wishes in this respect are carried out. Mr. Fitzpatrick will no doubt be too busy to give it personal attention."

This letter was in answer to one from Mr. Chrysler, informing Mr. Sifton that the Judge was prepared to set aside the patent which had been fraudulently obtained.

CASE MUST BE DISCONTINUED.

Mr. Sifton's absence was long, and when he returned he found that his wishes had been carried out. Nothing had been done and his friend was still in possession of the town site. But Judge Burbidge had to deliver judgment. Whereupon Mr. Sifton wrote to the Minister of Justice on December 17th saying that the proper course was to bring the matter before the Judge, and to state that

"The Crown has no desire to ask for the cancellation of the patent on the ground of the inadequacy of the price because everything relating to the price was thoroughly well known when the sale was made."

Now it was not the inadequacy of the price, but the adequacy of the fraud which vitiated the patent. This also may have been known to the Department when the sale was made, but Mr. Sifton would not care to say so. He had to say something more, however, before he could cause the court to dismiss the suit, and so he wrote again on the 12th of January, 1904, stating plainly that the counsel for the Crown "should ask to have the case discontinued" without cost to either party.

DISMISSED ON REQUEST OF THE CROWN.

Accordingly, Mr. Chrysler carried out these instructions, and on May 13, 1904, wrote to the Deputy Minister of Justice:

"DEAR SIR,

King, et. rel. Lyon vs. MacKenzie.

I attended this morning upon the return of the motion for judgment in this case and pursuant to your instructions asked that the action should be dismissed without costs."

That brought the matter to an end. The Crown was a party to the case, asking that the patent be set aside on account of fraud, and the Crown, instructed by Mr. Sifton, withdrew. Judge Burbidge, therefore, gave judgment dismissing the action, and giving his reason setting forth that His Majesty the King who was the plaintiff in the case, had consented that the action should be dismissed without cost.

Judge Burbidge had stated that he was prepared to order the cancellation of the patent on the ground of fraud, and the Government had requested him to let the patent stand. And, as the Government was the other party in the case, its consent meant the dismissal of the action. It is evident that there was only one party in the suit after Mr. Lyon was disposed of, and that the Government and Mr. MacKenzie were, for the purposes of this case the same party.

GOVERNMENT PAYS ALL COSTS.

The action was dismissed without cost against Mr. Lyon. That is to say, the costs which he would have paid as the loser were assumed, not by himself or Mr. MacKenzie, but by the Government. As a consideration for this escape Mr. Lyon had to agree not to disturb Mr. MacKenzie any more. Thus the Canadian treasury pays for the protection of Mr. MacKenzie in his possessions. The bill of costs, taxed by the Justice Department, was \$2,585. All that the Government ever got from Mr. MacKenzie for a town site now valued at \$200,000 was \$480 which was \$2,105 less than the bill of costs paid by the Government on his behalf.

MACKENZIE BECOMES GOVERNMENT CANDIDATE.

The judgment by consent was given on the 14th of July, 1904, and about that time Mr. MacKenzie took the field as Government candidate for the House of Commons in the election of that year. He was not elected, but was a successful candidate in the Provincial election following, and is now a member of the Alberta Legislature. He has thus given a return in political services for the handsome present of \$200,000 which the Government has bestowed upon him at the expense of the people of Canada.

The whole matter was discussed in the House of Commons, April 12, 1907, on a motion of Mr. Lake, M.P. for Qu'Appelle. Mr. Lake moved:

MR. LAKE'S MOTION.

"The Government of Canada took proceedings in the Exchequer Court to set aside a patent issued to Malcolm Mackenzie, as the assignee of Felix Montalbetti, on July 25, 1901, comprising 160 acres, known as the Blairmore town site.

That evidence was taken in the said proceedings before the Hon. Mr. Justice Wetmore as special referee, and it appears by his evidence, that the said Felix Montalbetti, in making application for the said patent, had made untrue statements as to the material facts and that the said untrue statements were fraudulently made with the intention of improperly influencing the minds of the officials of the Department of the Interior.

That the said finding of Mr. Justice Wetmore as special referee, was approved and concurred in by the Hon. Mr. Justice Burbidge, Judge of the said Exchequer Court.

That notwithstanding the said finding the Government by its counsel appeared in the said Exchequer Court and withdrew the said proceedings and consented to an order which confirmed the said Malcolm MacKenzie in his title to the said town site so acquired by fraud.

That the said MacKenzie is a prominent supporter of the present administration and was their candidate at the general elections in 1904, for the electoral district of Alberta, and is now a Member of the provincial legislature of the province of Alberta.

That the said town site is very valuable, and is estimated to be worth between \$100,000 and \$200,000.

That the collusive action of the government through the Department of the Interior in thus confirming a political supporter in the possession and ownership of property obtained by fraud, deserves and should receive the strongest condemnation of this House."

THE DEAL ENDORSED BY PARLIAMENT.

This motion was supported in the debate by Mr. Macdonnell of Toronto, Mr. Herron, of Alberta, the leader of the Opposition and Mr. Barker, of Hamilton. The Minister of the Interior, Mr. Turriff and the Minister of Justice defended the deal, though they did not attempt to break down any of the statements or dispute any of the facts above stated. In the vote Mr. Lake's motion was rejected by a straight party majority of fifty-six to twenty-seven.

SECRET G. T. P. FINANCE.

A Suspicious Bill of \$162,000—One-third of it Without Vouchers and Details—While the other Two-thirds Includes Suspicious Payments.

THE CLAIM IS WITHDRAWN

Soon as one Vigilant Officer Demands Particulars—Public Records Concerning it are Given Up and Afterwards Burned—G. T. P. Officer Sails for Europe When Summoned as Witness.

Ministers and their Supporters Block Further Inquiry by their Majority Vote.

When the inside history of the Grand Trunk Pacific contract comes to be written it will reveal many interesting episodes connected with politics or finance or both together. The late Hon. A. G. Blair was not the only Ministerial member of Parliament who objected to this measure in its early stages, though in the final proceedings he was the only Government supporter who refused his sanction. There were also numerous outside influences to be brought into line, and it would not be surprising if the account for preliminary and promotion expenses should be very large.

A SUGGESTIVE CLAIM.

These outlays fell in part at first upon the old Grand Trunk Company, which was the financial promoter of the Grand Trunk Pacific scheme, and is the principal owner of its stock and the private guarantor of its bonds. Afterward they were a charge against the G. T. P. Following is an account of the efforts made by the Grand Trunk Pacific Company to obtain public assistance in the payment of preliminary expenses, without revealing to the public the purposes for which the money was spent. The statement shows that a large sum was charged to cost of construction which could not properly be so classed. When particulars as to the details of this expenditure were sought the information was refused. Later, when the accounts were to be scrutinized and made public, the company withdrew the more suspicious items of its claim, carried away all the papers and destroyed them.

A CONSPIRACY OF SECRECY.

Finally, when members of the Public Accounts Committee tried to get at the bottom of the thing, the Grand Trunk auditor disregarded the summons to appear, and sailed for Europe, while his assistant, who appeared in his place, professed entire ignorance. An effort to obtain from the Grand Trunk books some information as to these charges was fruitless, because the Government majority in the Committee voted down the motion to proceed with the inquiry. The matter was then taken from the committee to the House of Commons on a motion to inquire into and investigate the payments of the Grand Trunk on which this claim was based. This also was rejected by the Government majority. So in the determination to keep these transactions secret the Grand Trunk Pacific promoters have had the assistance of the Government and of a majority in the House. The reasons for secrecy are probably the same in the case of promoter and politician.

THE GOVERNMENT GUARANTEE.

Let us now take up the record of this claim and follow the details. When the Canadian Government undertook the construction of the National Transcontinental it was agreed that the Government should construct the eastern section from Moncton to Winnipeg, and that the portion from Winnipeg to the Pacific should be built by the company. For the part built by the company the Government was to guarantee bonds covering seventy-five per cent. of the cost of construction of the two western divisions known as the Prairie and Mountain sections. It was arranged that the bonds were to remain in the hands of the Government to be released from time to time as the company gave proof of money spent in the actual work of construction. By the end of the fiscal year 1906 bonds guaranteed by the Government to the extent of \$1,750,000 had been released.

AN EASY DEPARTMENT.

It was in October, 1905, that the Grand Trunk Pacific made its first claim against the Government in respect to money expended. A statement was presented claiming that \$926,295.75 had been paid on construction work. The first officer to deal with this claim was Mr. Leonard Shannon, the accountant, who examined the statement and reported to his Deputy Minister that the claim included \$162,000 which did not seem to be expended in construction of the railway. For \$56,000 of this there were absolutely no vouchers produced showing who got the money or for what service. For the other \$106,000 the details were not such as the accountant could accept as a proper charge for actual construction. He declined to pass these items, and reported the facts to Mr. Schreiber, the Government engineer of the western section of the Transcontinental. Mr. Schreiber reported to the Minister that he had consulted the Minister of Justice, and they had decided.

that the preliminary expenses were a proper charge. The whole amount claimed was, therefore, certified.

MR. COURTNEY WAS MORE PARTICULAR.

The bill next came before Mr. Courtney, Deputy Minister of Finance at that time, but since retired, who made some investigation on his own account. Meanwhile the president, the second vice-president, and chief engineer of the Grand Trunk Pacific sent four certificates signed by them, all declaring that the whole of the money claimed had been expended. These certificates, together with the full statement of claim for the \$926,295.75 thus became public documents, the property of the people of Canada against whom the claim was made.

Mr. Courtney seemed to agree with the accountant that the country should not be held responsible for preliminary expenses, the details of which were not furnished. Thereupon Mr. Schreiber calmly took back his recommendation, and the Grand Trunk Pacific sent in an amended statement withdrawing the mysterious items of \$56,000, concerning which no vouchers had been furnished, but repeating the other \$106,000 which Mr. Shannon had not accepted. Mr. Shannon refused to certify even the amended bill, but he took a copy of it, which is available. Eventually that bill also was withdrawn by the company. It may be observed here that Mr. Courtney soon ceased to be Deputy Minister and that Mr. Shannon was forthwith transferred to Moncton.

PUBLIC RECORDS CARRIED OFF.

Then a strange thing happened. The general auditor of the Grand Trunk Pacific wrote to the Deputy Minister of Railways, asking the Department to "kindly return statements of expenditure" and "also the certificates." The Grand Trunk Pacific auditor was asking for the whole record, so that no trace of the claim would remain in the public offices. The Railway Department asked the Finance Department to comply with this astonishing request, and four days after the G. T. P. official wrote for the papers he gratefully acknowledged the receipt of the documents.

So it is clear that the money claimed by the Grand Trunk Pacific as a proper charge against the bonds was actually expended; that a large part of it was spent in such a way that the company would not reveal the details; that a vigilant and independent officer of the Department, now removed from this responsible post, held up these items against the opinion of some of his superiors, and the matter thus got into such a shape that explanations would be called for. Thereupon the company withdrew its claims, asked for all the records connected with it and received them all except a copy of some items, which copy had been made apparently without the knowledge of the company or of the head of the Department.

SOME OF THE CHARGES.

It has been stated that Mr. Shannon made a copy of some of the charges which he rejected. He did not have a copy of the \$56,000 claim which was not presented the second time, and concerning which the company had refused any information and supplied no vouchers. The general character of the statement which the company ventured to make a second time, and to give in some detail, may be judged from the following:

Expenses of officials to the Pacific Coast, \$3,000.

Regular salary of Rev. W. E. S. Roe, per month, \$125.

William Wainwright, advertising, no details, four items of \$325 to \$875.

C. M. Hays, trip to England, \$1,132.

London office salaries, \$4,665, \$760 and \$890.

London office, directors' fees, \$4,867.

Ottawa Free Press, printing, \$1,260.

Under legal expenses there are three payments of \$1,000 each and one of \$500 to Sir Adolphe Caron, with no statement as to the final destination or purpose of these payments.

A young Ottawa lawyer, H. P. McGivern, figures as having received in many payments \$6,421.

The Ottawa firm of Chrysler and Bethune is down for \$5,591.

Among the items rejected was one of \$46,520, said to have been paid to F. W. Morse and Peter Larsen for terminal lands, or in other words, for a town site useful for speculative purposes.

Naturally Mr. Shannon did not think that these were monies expended in actual work of railway construction.

THEY FEARED EXPOSURE.

It was surely a matter of public concern to know the details of these and of the other more mysterious charges of which all particulars were refused, but which the company presented as a fair charge for the Government guarantee. When the matter came up in the Public Accounts Committee, Opposition members contended that this claim against the public ought to be explained, and that the public records which had been taken away from the custody of the Departments, where they belonged, should be restored. On the 5th of March the Committee resolved unanimously that H. W. Walker be summoned to appear and produce the statements and vouchers which he had prepared for the Grand Trunk Pacific Railway. On March 8th it was stated that Mr. Walker was in Washington but that the summons would be given him on his return. On that day a motion was made that he be summoned to appear on March 13th with the papers required. Mr. E. M. MacDonald of Pictou, a Government supporter,

who is exceedingly zealous in his efforts to shut out information that may prove dangerous, moved an amendment striking out the part asking Mr. Walker to bring the papers. His amendment was carried by a straight party vote of sixteen to thirteen, Mr. Fielding, Minister of Finance, voting with the majority in favor of suppressing the facts.

GUILTY SECRET MUST BE KEPT.

On March 12th a motion was made that Mr. Walker be notified by telegraph to bring with him on the following day the first and second statements of claim. Thereupon Mr. Johnson, of Cape Breton, moved an amendment that all reference to papers that Mr. Walker should produce be struck out. Mr. Fielding, Minister of Finance, Mr. Emmerson, Minister of Railways, and the whole Government majority voted for the amendment and in favor of concealment. On the same day Mr. Barker moved that the proceedings be reported to the House in order that Parliament might settle the question whether the Committee should go into these accounts. That motion also was rejected by a straight party vote, the same two Ministers voting against it.

On the day Mr. Walker was to appear he did not come. His assistant appeared, and stated that Mr. Walker had received two summonses, and yet was then on his way to England, having gone the day before. Mr. Power, the assistant, knew very little about the matter, except that he had burned up the statements at the request of Mr. Walker.

HOW THE MATTER THEN STOOD.

The Committee was, therefore, in this position. It was charged with the duty of inquiring into the public accounts and found that a claim of \$162,000 had been presented once, and that a part of it had been presented twice to the Government, on an account for which the Government was a guarantor; that these accounts had been carried off; that the company's officer who had prepared the statement of claim had disregarded a summons to appear and departed for Europe, placing himself beyond the reach of the Committee; that his assistant could give no information except that the statement of account had been destroyed. The books containing the original entries remained, and the only way to obtain the information required was to get it from these books. Yet the majority of the Committee led by the Minister of Finance and the Minister of Railways, voted down a motion to send for these records.

BROUGHT BEFORE HOUSE.

In these circumstances Mr. Barker, of Hamilton, brought the matter before the House, rehearsing the circumstances, pointing out the methods by which the Grand Trunk Pacific officer and the Government supporters in

the Committee had prevented the investigation of the account presented by the Grand Trunk Pacific Company as cost of construction. He moved a resolution (Hansard, 1907, page 5046):

"That the said statement of expenditure and the said certificates were and are the property of the Dominion and are essential to the full and proper understanding and investigation of the claims and accounts dealt with therein, and, as records were and are essential to the protection and safeguard of the public interest and of the trusts upon which the said funds are held by the Government.

"That certain statements have been detached from the report of the said accountant and have been returned or handed over to the Grand Trunk Pacific Railway Company, and the said four certificates have been mutilated and disappeared; and neither the statements nor the certificates are any longer in the possession of the Government or under its control.

"That the claims, payments and accounts upon which the said statement for audit and substitute statements were based be referred to the Select Standing Committee on public accounts for inquiry, investigation and report.

"That the report of the Select Standing Committee on public accounts presented to this House on the 15th of March instant be referred back to the said Committee with instructions (a) To inquire into and investigate every payment or claim upon which the said statement for audit and all substitute statements and the said certificates were based, and (b) as to the disposition made of the said statements and certificates and for that purpose to examine all necessary witnesses and all papers, vouchers, statements and documents relating to or affecting the same and to report thereon to this House."

INQUIRY BLOCKED BY PARTY VOTE.

A lively discussion took place in which the Government left its defence in the hands of three unofficial and not very prominent members. This debate is reported in Hansard of March 20 and 21, and copious extracts from the evidence will be found in the speeches. Mr. Barker was supported in his contention by Mr. Bristol, of Toronto; Mr. Bennett, of Simcoe; Mr. Ames, of Montreal; Mr. Lennox, of South Simcoe, and others. The members were called in and further investigation was blocked by the usual Ministerial majority.

WHO GOT THIS MONEY?

So far, therefore, the Grand Trunk Pacific promoters, the Ministers and their friends in Parliament have been able to keep from the public the details of the payments made by the company on which they made their claim against the Government. What was the nature of these expenditures, amounting to between fifty thousand and sixty thousand dollars, concerning which the company would not even furnish the names of the recipients or the detailed vouchers? What kind of preliminary expenses are these which the company would abandon rather than have the facts made known? What is the nature of promotion expenditure which causes the company's auditors to refuse to appear and give testimony? What knowledge of these details have the Ministers who resorted to such extremes of obstruction for the purpose of concealing the truth? What guilty secrets have those Government supporters who frantically interrupted at every stage of the

inquiry to prevent witnesses from answering questions leading up to a discovery of these expenditures?

PRELIMINARY PAYMENTS.

It is evident that a large part of this money was expended before any real work of surveys and construction was done. Undoubtedly much of the money was paid while the Grand Trunk Pacific measure was before Parliament, and before it was amended in the interests of the company. But who got it, and for what service?

A Transaction in Envelopes.

O'Gorman and the Transcontinental Agent—Forty per cent. Rake-off that Failed—And Came to Light Through the London Conspiracy Case.

Mr. John O'Gorman is one of the persons indicted in the London Conspiracy case. It is not necessary to go into this matter more thoroughly than to say that Deputy Returning Officer Jeremiah Collins, who has turned King's evidence, makes Mr. O'Gorman one of the organizers of this conspiracy, and that J. G. Pritchett, himself a confessed instructor in the art of ballot switching, connects Mr. O'Gorman with many of his startling revelations.

MR. O'GORMAN'S CAMPAIGN RECORD.

Whatever may be the outcome of the criminal proceedings, the fact remains that Mr. O'Gorman has long been an active campaign manager in general and by-elections, and was for many years regarded by Conservatives as a dangerous opponent. Until quite recently his residence was at London, where he was closely connected as a party campaigner with Mr. Robert Reid, now one of the commission engaged in building the eastern section of the Transcontinental Railway (\$7,000 a year), and with Mr. Geo. Reid, who is also one of the accused in the conspiracy case.

MR. O'GORMAN AS A MIDDLEMAN.

After Mr. Reid became a Transcontinental Commissioner it occurred to Mr. O'Gorman that he ought to be doing some business with this commission. Whereupon he went to Ottawa and paid a visit to Commissioner Reid. This old friend and associate spoke to Mr. Ogilvie, who had been made the purchasing agent for the commission. Mr. Ogilvie promptly gave Mr. O'Gorman an order for envelopes. The price which Mr. Ogilvie undertook to pay for a certain size and quality of envelopes was \$1.75 a thousand. Other sizes and varieties were priced accordingly. Now the proper market price for these first mentioned was \$1.25 per 1,000, so that Mr. Ogilvie was paying 40 per cent. too much for the order. As he is purchasing supplies for a public work that is likely to cost over \$100,000,000 this generous scale of prices is a matter of some importance.

NO DOUBT ABOUT THIS.

How do we know that the price paid was 40 per cent. too high? This question is easy. It is answered by the firm to which Mr. O'Gorman transferred the order and which sent back the 40 per cent. excess to the Government, some of whose officers seemed reluctant to receive it. Mr. O'Gorman

is not a dealer in envelopes, but belonged to the great family of middlemen. He turned the order in to the Barber & Ellis Company, of Toronto, who are in the stationery business in a very large way. When the London conspiracy case was before the magistrate, Mr. Ellis, of the firm, testified that he found the price to be in excess of the regular rate, and, declining to pay a rake-off to Mr. O'Gorman, returned to the Commission a cheque for \$87.05 on one small order. It appears that the account was rendered for the full amount of \$391.20 on November 24, 1905, and that it was cheerfully paid by the Commissioners, December 5, 1905, that thereafter Mr. O'Gorman made some demand on Barber & Ellis, that on December 23rd the printing firm returned \$87.05 to the Department, and that the secretary of the Commission sent the cheque to Mr. Ogilvie, the purchasing agent.

HOW IT REMAINED HIDDEN.

If Mr. Ogilvie had placed the returned money to the credit of the Receiver-General, as the law required, the whole matter would at once have been discovered by the Auditor-General. Instead of doing this Mr. Ogilvie sent the money back to Barber & Ellis, asking them to supply additional envelopes to cover the amount. Consequently the little transaction remained a secret until the London election conspiracy trial. The Auditor-General, reading Mr. Ellis's evidence, asked the secretary of the Transcontinental Commission what had become of the refund of which he found no statement in the Department accounts. The secretary passed the inquiry on to Mr. Ogilvie, who explained that he bought more envelopes with the refund, observing that if he had sent the cheque back to the Receiver-General the appropriation would be short that amount. Secretary Ryan also volunteered the explanation that Mr. Ogilvie wanted to save bookkeeping. The Auditor-General proceeded to correct Mr. Ogilvie's misapprehension, and to tell him that his action was entirely illegal.

IS THIS A SAMPLE OF THE WHOLE.

Whatever may have been Mr. Ogilvie's motive the effect would have been to conceal the transaction if the London conspiracy case had not brought it to light. Mr. O'Gorman's name did not appear in the affair, as set forth in the public accounts. He took the order under the guise of the Munro Commission Company, a concern of which he seems to have been the only member. Mr. Ogilvie testified that the price which he agreed to give was reasonable and just, but as the Barber & Ellis Company persist that \$1.25 and not \$1.75 is their regular price, and as they are still doing business at the old stand, we may assume that the general purchasing agent of the Transcontinental Commission is not the best authority on such matters. Yet he is making purchases of goods to the extent of hundreds of thousands of dollars, much of it without tender, and seems to show a preference to commission companies or middlemen, when he might deal directly with the manufacturer or producer.

The Collingwood Dry Dock.

**Government Engineer Coste Earning Pay from the Company—
While Receiving a Salary from the Government.**

**He Values the Dock as a Government Officer—While He Has
a Claim Pending Against the Contractors—And Then
Becomes a Shareholder and Director
in the Enterprise.**

The case of the Collingwood dry-dock was under investigation during the session of 1907, but the inquiry was not completed. Nevertheless, one interesting circumstance was brought to light by Mr. Bennett which shows how contractors with the Government sometimes keep on good terms with the officers in the Department with which they are dealing.

A QUESTION OF VALUATION.

The matter under inquiry was the contract under which the proprietors of the dry dock at Collingwood received an annual subsidy equal to three per cent. on the cost or value of the work, whichever might be the lower. The company was paid in November, 1905, the sum of \$30,000, being the subsidy for two years at \$15,000 a year, or 3 per cent. on a valuation of \$500,000. Mr. Louis Coste, an engineer of the Department of Public Works, had made examination for the Government and reported a value of \$503,000. It was alleged that there was no actual cost to represent this amount. The inquiry in the Public Accounts Committee, so far as it went, revealed the fact that Mr. Coste took \$200,000 of his estimate from statements of the officers of the company. This included the alleged value of old work belonging to the previous company, which had been re-organized and whose books had been destroyed by fire. There had been some extensive watering of stocks in the various re-organizations, and much subsequent marking down in the course of private litigation.

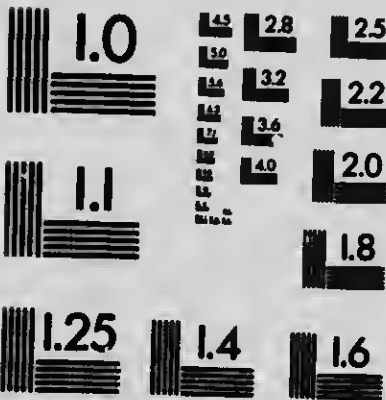
A GENIAL VALUATOR.

Mr. Coste seems to have been not too exacting in his demands for information as to the original cost of the work, though it was his business to find it out in order to make a careful valuation for subsidy. He appeared before the committee, and his own evidence did not make it appear that he had been remarkably vigilant.



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MR. COSTE AS THE COMPANY'S ENGINEER.

Further examination as to Mr. Coste's relations with the company whose property he was appraising revealed some remarkable circumstances. In 1902 Mr. Coste was an officer of the Government engaged at a salary of \$200 a month supervising departmental work at Port Colborne. At this time the Collingwood Dock Company had been seeking a subsidy for a proposed dock to take the place of their smaller establishment. They had not been able to satisfy the Department of Public Works with the plans submitted. In this extremity they thought they could not do better than consult Mr. Coste and see whether he could not prepare such plans as would satisfy his Department. Former plans which the Government had refused were made by Mr. Thompson, at one time superintendent of the Welland Canal. But we will allow Mr. Coste to tell his own story.

"I was asked by the Company to prepare plans on the ground that the former plans which had been presented to the Department and which I understood were made by Mr. Thompson, former Superintendent of the Welland Canal, had been refused by the Department, and they did not exactly know where to go, so they came to me and said: "can you design a dock that will meet the requirements of the Act?"

SERVING TWO MASTERS.

Q. You prepared these plans while you were working at Port Colborne in the winter of 1902?

A. Yes during my spare time.

Q. You were then an employee of the Government?

A. I was then.

Q. Were you employed by a salary or how were you paid by the Government?

A. I was under salary.

Q. How much?

A. \$200 a month.

Q. And when did you complete the preparation of those plans?

A. I completed them on somewhere in the month of December.

Q. Of what year?

A. In the same year

Q. And you earned in that way from the Collingwood Dry Dock Company how much?

A. \$3,500

Q. And they paid you \$2,000 in cash?

A. Yes.

Q. And they gave you \$2,000 stock?

A. Yes in Stock.

Mr. Coste explained that he accepted \$2,000 shares of stock instead of \$1,500 cash at the special request of the president of the company. He received this stock in 1905.

NOT IN A JUDICIAL POSITION.

On January 15, 1904, while this account was unadjusted, Mr. Coste, who was still in the employ of the Government, went to Collingwood and made his valuation for the purposes of a subsidy. It is not necessary here to go into the question, still under inquiry, whether the valuation was excessive, and if so by how much. It is enough to call attention to the fact that

the valuator was a man with an interest in the transaction; and that while a public officer on salary he was receiving pay for services from private parties who were doing business with the Government. More particularly should it be noticed that these services were rendered to an enterprise with which the Department had occasion to deal, and on which that same officer was to perform the functions of a judge, and in which he himself became financially interested.

THE SUM OF IT.

Mr. Coste, while an officer of the Department, took pay for making plans for the company on which his Department was to sit as judge. Though his full salary was \$2,400 a year, he claimed \$3,500 for his services rendered during what he called his spare time for a part of the year only. The company had not paid his full bill when he once more appeared on the premises as an appraiser for the Government with the power of determining the amount of subsidy which the Government could claim. He made his report in favor of the company. Afterward he obtained from the company for himself what seems to have been a satisfactory settlement. At all events he got his \$2,000 cash and 20 shares of stock, which he still held at the time of the inquiry.

Not only was Mr. Coste a stockholder, but he was subsequently made a director, and still held that position at the time of the inquiry.

Inspector Who Did Not Inspect.

Drew the Pay and Farmed Out the Job—To Another Inspector on Full Government Pay.

Charged Boat Hire for his Wife's Canoe—And Discreetly Changed her Name in the Vouchers.

A sample transaction in connection with the administration of the Public Works Department is useful as an example. It is not a large transaction, but it throws light on a large branch of expenditure. The total amount expended in 1906 by the Public Works Department and charged to dredging was \$903,541. Vast amounts are charged under the head of Harbours and Rivers, and still larger sums under St. Lawrence Ship Channel. In Ontario and Quebec alone nearly \$1,000,000 was paid in 1906 to contractors on dredging contracts. The larger part of this work was done without tender on schedule prices by the yard. Inspectors were appointed, some 60 in number, to watch these operations and verify the quantities. These were generally persons residing in the locality who had political friends, and in many if not in most cases, had no particular qualification for their task.

A SAMPLE FROM MATCHEDASH.

Now for one illustration. On page V. 249 of the Auditor-General's report will be found details of dredging performed at Matchedash Bay, in Simcoe county, where the expenditure was \$18,011.50. There were two dredging contracts and two inspectors, though the district engineer of the Department reported that one inspector would be sufficient to do all the work. As a matter of fact, one did all the work, though two were paid.

The following is the auditor's statement respecting one of these inspectors:

"Eastwood, C.S., inspector of dredging. August, October 65 days at \$3.; overtime 64 hours at 30 cents; boat hire \$33.33; rope \$1.50; postage 26 cents. Total, \$24.29"

AN INSPECTOR WHO DID NOT INSPECT.

When the district engineer proposed that one inspector should watch both contractors, the local politicians objected. Mr. Eastwood was a book-keeper employed by a local merchant, who chanced to be an influential supporter of the Government, and who supplied provisions and other necessities to the dredges engaged in this work. The merchant used his influence with Mr. Gunn, who had been the Government candidate in the county, and had

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the patronage there until 1907, when he was appointed to the Bench. Mr. Gunn appealed to the Minister of Public Works, who caused Mr. Eastwood to be made inspector for one of the dredges, while a brother of one of the contractors was appointed to inspect the work of his relative.

But it was not the intention of Mr. Eastwood or of his employer that he should cease his regular vocation. Eastwood went on keeping books and did not inspect. Out of his \$3 a day he paid \$1.25 to Mr. Gendron, the other inspector, who looked after the whole business, so far as it was watched, while Eastwood attended to his bookkeeping.

EASTWOOD TOLD THE WHOLE STORY.

Occasionally Eastwood went out to the dredges, using his wife's canoe for that purpose, but he did not go out to inspect. He went to take orders for goods for his employer. Having paid Mr. Gendron, the other inspector, \$1.25 a day, he had \$1.75 left as his own rake-off. Whether there was any real inspection the Public Accounts Committee did not ascertain.

But Inspector Eastwood told the whole story himself to the Committee. He explained the purpose of his visits in the canoe, and frankly stated that he paid the other inspector because he himself could not leave his regular work. His examination was conducted by Mr. Bennett.

CHARGED FOR USE OF WIFE'S CANOE.

Eastwood also explained his charge for boat hire, as found in the above item. Seeing that he did not inspect the dredging, it followed that he did not have to hire a boat for that purpose. As a matter of fact, the boat in question was Mrs. Eastwood's canoe, which was sometimes used by the bookkeeper when he went to the dredge for the purpose above mentioned. Mr. Eastwood did not claim pay for this boat in his own name, nor yet exactly in the name of his wife. He put in a bill with proper vouchers for the hire of a boat from "L. L. Hubbard." With charming frankness the inspector explained to the committee that "L. L. Hubbard," whose receipts were presented for the money, was not at present the name of any individual, but had been the name of his wife before marriage. Mr. Eastwood took the Committee into his confidence so far as to say that he adopted this little device through fear that if the bill was presented in his own name or Mrs. Eastwood's, the officer of the Department would not pay it.

IT WORKED ALL RIGHT.

It is not quite clear how Mr. Eastwood made up his overtime account. It may have been overtime at the shop where he worked, or possibly the other inspector found he could not do both men's work within the usual hours. At all events, the account seemed to have been paid, and there is nothing to show that even after the exposure any attempt was made to get it back or to cause Mr. Eastwood any serious annoyance.

MADE MONEY ON THE SIDE.

An Immigration Official who Traffics in Land—Is Sued for Alleged Misrepresentation and Deception in Land Business.

Swears that He Allowed Land Speculators to Carry Off Official Reports—And that he Used the Services of Other Officers to Make Money on the Side.

Here is an account of a Government employe who found it possible to make a little money in private ventures and activities not wholly unconnected with his official position.

OFFICIALS IN PRIVATE BUSINESS.

Mr. J. Obed Smith was and is Commissioner of Immigration at Winnipeg. He has a salary of \$3,000 a year and certain perquisites, including uniforms. It might be supposed that the Government is receiving his whole services, and that he would not be allowed to carry on a business on his own account. In the session of 1906, Mr. Aylesworth, then Postmaster-General, justified the dismissal of the postmaster at Cannington, Ontario, who had a salary of \$1,000 a year, by alleging that he had a financial interest in a small grocery or candy shop. The postmaster himself declared that he had no interest except that of a creditor, and had no part in the management of the concern. But he had to go.

CASE OF OBED SMITH.

In the autumn of 1906 the case of Asa B. Steele et al. against A. W. Pritchard and J. Obed Smith, was tried at Winnipeg. The action was for alleged deceit in the sale of a large tract of land in Saskatchewan, purchased from the defendants by the plaintiffs. The plaintiffs charged that they had bought a block of 47,000 acres of land at \$6.50 an acre, under the representation that they were obtaining all that the selling company had owned in certain townships, and that they afterwards learned that some 7,000 to 8,000 acres of the best situated lands in that block had been previously sold. The result of the trial was a judgment for the plaintiffs with \$14,601.80 damages. The Court decided that there had been a misrepresentation and

that the plaintiffs were entitled to profits on the lands that were withheld from them. An appeal was taken from this judgment, and at the time of writing the case is still unsettled. It is not a question here whether the plaintiffs or defendants are right as to the deceit, but to consider the position of Mr. Obed Smith as a land speculator.

PRIVATE USE OF OFFICIAL PAPERS.

In this case the land sold by the Immigration Commissioner was syndicated in Vermont, where the majority of the plaintiffs lived. In dealing with the purchasers Commissioner Smith made use of reports which came to him in his official capacity from homestead inspectors. One of the Government officials who furnished this information was Mr. Riddington, a salaried homestead inspector. The following is an extract from Mr. Smith's own evidence in the case:

Q. You, as an officer of the Dominion Government, received reports of homesteads from time to time?

A. Yes.

Q. Mr. Riddington sent you this exhibit No. 45 with letter exhibit No. 2 of the 18th of June and the plat enclosed in that letter?

A. Yes.

Q. Were they all attached together?

A. They were.

Q. You detached the letter from the plat in the meantime?

A. No, I have the report. The report that Mr. Buell took away was not the report of Mr. Riddington, but it was a copy of it. I gave him a copy of the plat and the original report.

MAKING MONEY ON THE SIDE.

Q. And you have made use of Government officials to make reports for you in order that you might make money on the side?

A. Yes, that is true.

Mr. Buell was one of the Vermont purchasers. Mr. Powell was another. Mr. Smith was asked if he had kept a copy of Mr. Riddington's report, which had been filed as exhibit 45. He answered:

"No, I kept no copy. In fact I had practically forgotten about it until I wrote to Mr. Riddington for a copy a few days ago. I received it, and I have no copy since this was given to Mr. Powell."

Q. You did not take any copy before giving it to Mr. Powell?

A. No.

Q. And this is the original report you received from Mr. Riddington?

A. Yes. They were in somewhat of a hurry, and off they went with the report in their hand."

USING HIS OPPORTUNITIES.

So it appears that the chief Immigration Commissioner was speculating in western lands, making sales to Vermont capitalists and using for purposes of persuasion and instruction reports which he received from local officials throughout the country. Some of these reports he gave the Ver-

most promoters without taking the trouble to make a copy for his own office. The plaintiffs in this action state that they accepted Mr. Smith's statements the more readily on account of his official position.

Now employees under the Department of the Interior have made oath that they will not, without due authority "disclose or make known any matter or thing which comes to their knowledge by reason of their employment."

In the particular transaction Mr. Smith testified that he received sixty cents margin an acre on the transaction which makes his profits some \$28,000.

EXCUSED BECAUSE HE INCREASED THE POPULATION.

This matter of Mr. Smith's land operation was brought up in the House of Commons, March 6, 1907, by Mr. Northrup, who read the above quoted evidence of Mr. Smith himself. Subsequently Mr. Boyce, of Algoma, moved the following resolution:

"The Government ought not to continue in office public servants who, in violation of their duty, make use of their official positions to promote their private interests."

The Government could not contradict the sworn statement of Mr. Obed Smith, the officer in question. All that Mr. Oliver, Minister of the Interior, could say was that Mr. Smith was an important and useful official, which, he said, was proved by the fact that the population of the West had increased from 400,000 to 800,000 during six years while Mr. Smith "stood at the gateway of that country." Mr. Oliver also contended that the motion was made for party purposes. Sir Wilfrid Laurier made the plea that the whole evidence of the case had not been presented, and that the judgment, finding the Commissioner guilty of misrepresentation, might be reversed. But the Premier made no defence on the main charge, and certainly gave no reason why the motion of Mr. Boyce should be rejected.

MR. AYLESWORTH V. MR. OLIVER.

Mr. Borden quoted the statement of the Postmaster-General in the Cannington case, declaring it "undesirable" that a \$1,000 officer "should engage in other business." The leader of the Opposition added,

"Yet this officer in Winnipeg had a salary of \$3,000 a year, and I think it will be conceded that the duties of his office are sufficiently great and sufficiently important to require his whole time and attention, and yet he is permitted, according to the principle laid down on the other side, to engage in business which must take his time from his official duties: in short, he and every other officer of the Department of the Interior, are to be permitted to carry on business for their private gains, to take the necessary time from their official duties, and also to utilize other employees of the Government and official information for the purposes of their private business. That is a new doctrine and a new principle. It may be carried out in practice by this Administration, but it has never been so boldly and unblushingly avowed as in this House to-day by gentlemen on the other side."

ENDORSED BY THE PARTY.

Mr. Foster, Mr. Lennox, Dr. Sproule, Mr. Taylor and Mr. Fowler pressed the question home to the House and forced it to a vote. The motion was rejected by a majority of forty on a straight party division, except that several Liberals avoided the vote, which accounts for the majority being smaller than usual.

It will be observed in this matter that the case against Mr. Smith is supported by his own evidence. When asked the question:

"And you have made use of Government officials to make reports for you in order that you might make money on the side?"

The answer of the Immigrant Commissioner is, "Yes, that is true."

And the Government with its majority in the House has deliberately voted down the motion, "the Government ought not to continue in office public servants who, in violation of their duty, make use of their official positions to promote their private interests."

Mr. Obed Smith is accordingly continued in office.

Divisions of the Session.

See How Your Member Voted—Attitude of the Two Leaders and the Two Parties on Questions of Extravagance, Corruption, Election Frauds—Public and Private Morality.

Preservation of the Public Domain—Protection from Monopolies—Labor Troubles and Responsible Government.

COAL LANDS IN THE WESTERN PROVINCES.

December 10, 1906, Mr. John Herron M.P. for Alberta, Conservative, moved:

"That in the opinion of this House the coal lands owned by the Government of Canada should be alienated only under such conditions and subject to such control and regulations as will provide for immediate supply of coal adequate at all times to the requirements of the people, and at a reasonable price to the consumer; and that in respect of coal lands already alienated, legislative provision should be made for such control and regulation in the case of emergencies as will in the future prevent loss and suffering to the people of the Western Provinces, through lack of fuel supply."

This resolution was supported by Mr. Herron himself, Mr. Borden, the Opposition leader; Dr. Sproule, Mr. Lake, of Qu'Appelle; Dr. Roche, of Marquette, and others, who described the great and unnecessary suffering and hardship endured by the western settlers for want of fuel while the country was rich in coal mines that were not working.

The motion was headed off by an amendment proposed by Mr. Knowles, Ministerialist, of Assiniboia, who moved that

All the words in the resolution but the first one be omitted, and the following be substituted:

"the recent difficulties in relation to the supply of fuel in the Western Provinces did not arise from any defect in our legislation, but from the lack of transportation facilities, and from conflicts between employers and employees."

This motion, which was not properly an amendment at all, but only a method of shirking the issue, was supported by Mr. Oliver, Mr. Turriff, Mr. McIntyre, Mr. Duncan Ross and Mr. Ralph Smith, all Liberal western members.

The House divided on straight party lines, and the amendment was adopted by 77 to 39. The names of members voting will be found on pages 800 and 801, Hansard, 1906-7.

LABOR DISPUTES.

January 9, 1907, Mr. Borden moved:

"That in the opinion of this House more effective legislative provision should be made for the prevention and settlement of disputes between employers and workmen,

to the end that strikes and lockouts, sometimes resulting in loss of life, always entailing privation and suffering, may be prevented. That a select committee of nine be appointed to inquire into the matters aforesaid and to consider and report what further enactments are desirable and necessary. That the committee have power to send for persons, papers and records, and to examine witnesses on oath. That three be a quorum of the committee."

Mr. Borden supported his motion with a strong speech, in which he reviewed the labor troubles of recent years; showed how great was the loss and suffering entailed by them; referred to legislation of other countries, and argued that the time had come to consider whether some remedy better than those now provided could be found for these evils. The Minister of Labor and other members on the Government side opposed the motion, insisting that the Government and the House had all the information required. Mr. Ralph Smith was put up to move an amendment setting forth that existing legislation with some additional provisions would meet the case. The debate was resumed on February 6th by Mr. Macdonell, of Toronto. Hon. Mr. Foster, Mr. Taylor and Dr. Sproule supported Mr. Borden's motion, which was "talked out" at 6 o'clock by Mr. Johnson, Ministerialist, Cape Breton. On February 25th the question came to a vote, when Mr. Smith's amendment was adopted on a straight party division of 78 to 40. The division list will be found in Hansard, 1907, page 3696. Mr. Borden's speech begins at page 1150. The second day's debate begins at page 2590.

THE ROBINS IRRIGATION DEAL.

February 5th, Mr. McCarthy, of Calgary, moved a resolution concerning the Southern Alberta Land Company scandal. Details of the motion and debate are given elsewhere in this publication. The majority in Parliament on February 7th, by a vote of 86 to 53, endorsed this deal. The division list will be found on page 2727, Hansard, 1907.

THE GALWAY GRAZING LEASE.

February 21st, Mr. Herron, of Alberta, brought up the Galway Horse and Cattle Company deal. It was discussed a part of the afternoon and in the evening until after midnight. Details are given elsewhere. The motion condemning the transaction was rejected by a vote of 80 to 49. Division list will be found on page 3542, Hansard, 1907.

DELAY IN APPOINTING JUDGES.

February 28, 1907, Mr. Borden revealed a disgraceful state of affairs in connection with the Nova Scotia Bench. He moved the following resolution:

"On the 27th of March, 1906, the Government created a vacancy in the Bench of the Supreme Court of Nova Scotia by appointing one of the judges to be Lieutenant-Governor of that province; that the vacancy thus created has not been filled, although more than eleven months have elapsed; and in the absence of any sufficient or reasonable explanation, this prolonged delay in making the necessary appointment, constitutes a disregard of public duty which merits the disapproval of this House."

Mr. Borden showed that on one occasion a grand jury had been dismissed because there was no judge to preside over the court; that another time the court adjourned for lack of judges; that whereas under ordinary circumstances four judges constituted the quorum, fourteen recent cases out of twenty-six were heard by only three; that on January 30th the court adjourned for want of a quorum, on February 9th it did the same, and on February 15th there was another adjournment for the same reason. He read letters from the Chief Justice of Nova Scotia, and from the president of the Nova Scotia Bar Society protesting against the situation.

Mr. Aylesworth made a rather lame defence, but promised that appointment should be made before the Court met in March, which pledge was not fulfilled. After considerable discussion, in which the Government was severely called to account for degrading the Bench in the interest of party expediency, Mr. Borden's motion came to a vote and was rejected by a straight party majority of 83 to 50. This division list will be found on page 3549.

PUBLIC OFFICIALS USING THEIR POSITIONS FOR PRIVATE GAIN.

Case of Obed Smith.

March 6th, Mr. Northrup, of East Hastings, brought up the case of Immigration Commissioner Obed Smith, who had been trafficking in lands, and in his own sworn statement confessed that he used the reports of Government officers in order to "make money on the side." This matter is discussed elsewhere. The division list will be found on page 4262, Hansard, 1907, and shows that Mr. Smith's conduct was approved by a straight party vote of 94 to 54.

THE RAILWAY MEN AND THE CONCILIATION BILL.

The bill introduced by Mr. Lemieux "to aid in the prevention and settlement of strikes and lockouts in mines and industries connected with public utilities," was unsatisfactory to railway employees. They sent their representative to ask that train lands be not included among the classes to which the compulsory investigation should apply, pointing out that no serious difficulties had arisen between them and their employers, and that machinery already existing for the investigation and settlement of difficulties affecting them. In view of their protest and of the facts which they set forth, Mr. Borden moved on the third reading of the bill:

"That the bill be referred to a special committee of the House for the purpose of hearing any persons affected by the provisions of the said bill who may desire to present any reasons or considerations for or against its enactment in its present form, or who may desire to suggest any amendments, and that the Committee report to this House the results of such hearing."

This amendment was rejected by a straight party majority of 106 to 48. The division list will be found on page 5008, Hansard, 1907.

Mr. J. E. Armstrong, of East Lambton, then moved that the bill be amended by excluding from its operations the railway employers and employees in respect to whom provision was made by other legislation for conciliation and inquiry. This motion was negatived by a straight Government majority.

SUPPRESSED ACCOUNTS OF THE GRAND TRUNK PACIFIC

March 20th, Mr. Barker moved a resolution authorizing the Public Accounts Committee to inquire into the statements of accounts presented by the Grand Trunk Pacific Company for construction work on the western sections, and also to investigate the disappearance of certificates and other public documents said to have been handed over to the company and destroyed. An account of this matter is published elsewhere. The Government put up two members, one to move an amendment and the other an amendment to that for the purpose of shelving the motion. The second amendment was carried, and the whole inquiry suppressed for the time being by a vote of 114 to 49, on straight party lines. This division will be found on page 5120, Hansard, 1907.

SUBSIDIES TO PROVINCES.

Claims of Prince Edward Island.

March 25, on Sir Wilfrid Laurier's motion that an address be presented to His Majesty asking for Imperial legislation to increase the Provincial subsidies, Mr. Lefurgey moved an amendment proposing that the allowance to Prince Edward Island for support of the Government and Legislature be \$128,000 instead of \$100,000. This motion was rejected by a majority of 96 to 34, the vote going on straight party lines. Even Mr. Hughes, Liberal, of Prince Edward Island, voted against the amendment. The division list will be found on page 5373, Hansard, 1907.

Dr. Daniel, of St. John, proposed an amendment to provide that "the number of representatives of any Province shall not at any time be reduced below that which was assigned to it when it entered the union." Sir Wilfrid Laurier contended that the amendment was irregular, and on the Premier's representation the Speaker ruled it out of order.

Mr. Martin, of Prince Edward Island, moved that all interest charged against Prince Edward Island on account of railways under construction in the Province previous to its union with Canada be refunded, and that no interest hereafter shall be charged. This motion was rejected.

Mr. Lake, of Qu'Appelle, proposed that land, timber and minerals of a Province should be a Provincial asset. Sir Wilfrid Laurier again interposed, and this motion was ruled out.

Mr. A. A. McLean, of Queen's, P.E.I., moved that a special allowance of \$100,000 a year be made to that Province. This motion was negatived.

It turned out that the Government had made a number of blunders in presenting the subsidy address to Parliament, and left out one important section which was intended to be included. When Senator Ferguson, of Prince Edward Island, discovered the principal error, the whole matter had to be taken back from the Senate and carried through the House of Commons again.

On the occasion of the second debate, April 25th, Mr. Martin, of Queen's, Prince Edward Island, proposed that instead of clause "C" the following should be substituted:

"An additional allowance to the extent of \$100,000 annually for ten years to the Provinces of British Columbia and Prince Edward Island." This amendment was rejected.

WOMEN, WINE AND GRAFT.

March 26th, Mr. Bourassa's motion calling for an investigation into charges and insinuations made against members of Parliament was introduced and pressed to a vote. Mr. Bourassa's motion was rejected by a majority of 109 to 53. Mr. Bourassa himself, Mr. Robitaille and Mr. Lavergne, of Montmagny, were the only Liberals who voted for the motion. Division list will be found on page 5500, Hansard, 1907.

LEGISLATION BY ORDER IN COUNCIL.

April 2nd, Mr. Fielding moved the third reading of the Tariff bill, to which motion Mr. Borden moved the following amendment.

That the said bill be not now read a third time, but that it be resolved as follows: That the power of legislating with respect to the tariff belongs of right to parliament and ought not to be delegated to the Governor in Council except in cases of obvious necessity.

That the said bill be referred back to committee of the whole House with instructions to amend the same by striking out of said bill all provisions which empower the Governor in Council to bring into operation the intermediate tariff in whole or in part without the further authority of parliament.

This motion was rejected by a straight party vote of 84 to 36. Division list on page 5773, Hansard, 1907.

DUTY ON FARM IMPLEMENTS.

April 2nd, Mr. Schaffner, Conservative, from Souris, moved that the duty on agricultural implements and farm machinery be 10 per cent. and not 17½ per cent., as proposed by the Government. This motion was rejected by a vote of 56 to 22. As the division took place in Committee the names of members voting were not taken.

NORTH ATLANTIC TRADING COMPANY.

April 4, Mr. F. D. Monk, Conservative, moved a resolution setting forth that the country had paid large amounts to the North Atlantic Trading Com-

pany for its alleged services in promoting immigration; that C. H. Beddoe, accountant of the Interior Department, had been sent during the session to Europe officially to examine and audit the accounts of the company, and ascertain whether it had made such expenditure as the agreement required; that this officer on his return had appeared as a witness before the Agriculture Committee and refused to give the names of the agents or sub-agents of the company mentioned in the audit report as having received money from the Government, or the names of the printers to whom money had been paid for the company under the contract. The motion concluded as follows:

That it is and has always been the undoubted right and privilege of this House of Commons to have all the information which it may desire regarding public matters of any kind and description, coming within the jurisdiction of parliament, and the refusal of the witness to answer under the present circumstances constitutes a breach of such privilege;

That the said C. H. Beddoe be summoned to appear at the bar of this honorable House according to the law and usage of parliament, on at four o'clock in the afternoon, to answer such questions as may be put to him by Mr. Speaker or other members of this House and receive such injunctions, orders and monitions as to this honorable House may seem fit.

After a spirited debate, in which the various phases of the North Atlantic deal with its suspicious and criminating details of secrecy misrepresentation, direct falsehood, intrigue and sacrifice of public funds were reviewed, as they had been exposed in the previous session, Mr. Monk's motion was rejected by a vote of 99 to 50, Mr. Bourassa, Mr. Lavergne, Mr. Robitaille, Liberals, voting for the motion. The division list will be found on page 5993, Hansard, 1907.

One sentence may be given from each of the three Liberal members who voted against the Government on this occasion:

Mr. Lavergne:

"I have no hesitation in saying that it was the most ridiculous contract that any government of any country ever had with any company."

Mr. Bourassa:

"The whole of this transaction from beginning to end has an odor of conspiracy, of secrecy, which is most obnoxious to me as a Liberal member and as a representative of a free people; the defence of the Government is not possible and will not be possible, and shall not be possible, in any country where there is anything like free opinion or respect for constitutional government."

Mr. Robitaille:

"The question which now faces the Government is this: Has their transaction with the Trading Company been carried on in an honest manner and to the advantage of the country? If so, there should be no fear of the fullest investigation. The suspicion of crookedness, of the too free use of public funds, if it is not allayed, will lead to the logical conclusion that the Government fears to back its action in the present case."

INSURANCE COMMISSION.

This subject was discussed April 10th and 11th by the House in committee. A motion to reduce the appropriation by \$30,000 was made in com-

mittee by Col. Sam. Hughes and negatived by a straight party vote in which the names are not recorded.

April 17th, Mr. Lennox, M.P. for South Simcoe, moved the following resolution:

"This House regrets that the Royal Commission on Insurance did not confine its investigation within the reasonable scope of the powers conferred upon it for the purpose of its inquiry.

"That by its action in conducting unnecessary and irrelevant inquiries into private and personal affairs with which it was in no wise concerned, coupled with its partial and discriminating treatment, its arbitrary and un-British procedure, its concealment and misrepresentation of material facts in the summary issued as its report, the commission has lent itself to improper and reprehensible partisan purposes, caused grave injustice to companies and individuals and materially lessened the confidence which otherwise would have been felt in its legitimate work."

On the first insurance debate Mr. Aylesworth was the only member on the Government side to defend the Commission against the attack and criticism led by Mr. Foster, in which many Opposition members joined. In the second debate Mr. Fielding was the only Government speaker, and he occupied only three minutes explaining why the Government had not introduced an insurance bill. The arraignment of the Commission by Mr. Lennox was supported by Col Sam. Hughes, Mr. Foster and Mr. Borden.

The House divided, and the motion was defeated by a straight party vote of 92 to 51. This division is recorded on page 6931 of Hansard.

BLAIRMORE TOWN SITE.

The discussion on this deal took place April 12, 1907. The subject is discussed elsewhere in this publication. Mr. Lake's motion condemning the collusive action of the Government is given on page 6532. The division list is on page 6616 of Hansard, showing that the deal was endorsed by a straight party majority of 56 to 27.

GOVERNMENT OFFICIALS IN ELECTION CAMPAIGNS.

April 15th Mr. Borden drew attention to the systematic and deliberate violation of the rule adopted unanimously in 1905 by the House of Commons declaring that "No official should be engaged or be permitted to engage in partisan work of any description in the election of a representative to a Provincial or Dominion Legislature." Though Sir Wilfrid Laurier himself had spoken in support of this resolution and given solemn pledges to the Government that it would be enforced, Mr. Borden gave numerous instances of its violation, many of them in an election where Mr. Fielding was the candidate, and where the violation took place with his knowledge and consent. Mr. Borden's motion expressing regret that these violations had been continued was rejected by a straight party majority of 70 to 40. This division is recorded on page 6705.

ELECTION FRAUDS.

April 16th Mr. Borden submitted a resolution, published elsewhere, asking for a more effective suppression of bribery and fraud in elections. This resolution was rejected by a straight party vote of 88 to 44. Division list in Hansard, page 6898.

ENFORCEMENT OF THE RAILWAY ACT.

April 23rd, when the Government bill amending the Railway Act was before the House, several Opposition members stated that certain provisions of the law supposed to be for the benefit of the public were and might with impunity be disregarded by the railways, as no one was charged with the special duty of instituting proceedings in the case of such violation. Mr. W. F. McLean proposed to insert a section directing the Attorney-General of Canada to enforce the Railway Act and to institute such proceedings, civil or criminal, as might be necessary to prevent violations and enforce penalties. The House divided on this motion, which was defeated by a straight party majority of 80 to 38.

On the same day Mr. Borden, Opposition leader, moved that the bill be referred back to the committee for amendment to provide that the Railway Commissioners might in cases where the public interest required it, apply to the Minister of Justice, and ask him to appear by himself or other counsel in any matter in which the public interest required such intervention. This motion was rejected by the same party majority as that of Mr. McLean.

RAILWAY PASSENGER RATES.

April 24th Mr. Borden moved:

That it is expedient that the Board of Railway Commissioners for Canada do inquire, determine and report with the least possible delay whether or not the tolls charged in standard passenger tariffs should be reduced so as not to exceed two cents per mile upon all or any of the railways of Canada. That the government under the provisions of the Railway Act, and especially the 24th section thereof, should forthwith take such steps as are necessary for this purpose.

To which Mr. Emmerson proposed the amendment that the Board of Railway Commissioners was examining the question and there was no need of further action.

The amendment was adopted by a vote of 96 to 36. The division list will be found on page 7749.

INCREASED EXPENDITURE, EXTRAVAGANCE, GRAFT AND CORRUPTION.

On the last day of one of the session Mr. Borden submitted the following resolution:

The enormous and rapidly increasing expenditure by the present administration is a matter of grave concern to parliament and to the people;

That the expenditure authorized and the liabilities incurred at the present session are as follows:

Main estimates.....	\$105,689,519
Supplementary estimates.....	10,941,555
Further supplementary estimates.....	77,050
Minor items—	
Judiciary, new.....	\$50,000
Jamaica fund.....	50,000
Bounties (estimated).....	100,000
Nicolet bridge subsidy.....	2,500,000
	15,000
	<u>\$119,323,124</u>
To which must be added supplementary estimates for over-expenditure in 1906.....	2,105,105
	<u>\$121,428,229</u>
Railway subsidies (from \$3,500,000 to \$7,000,000, according to cost of construction), say.....	5,000,000
	<u>\$126,428,229</u>
In addition the following loans have been authorized:	
Quebec bridge.....	6,678,200
Montreal harbor.....	3,000,000
	<u>\$136,106,429</u>

That this sum is equivalent to about \$22 for every inhabitant of Canada, or \$110 for every family of five persons;

That the taxation (customs and inland revenue duties) has increased from \$27,759,285 in 1896 to \$60,074,818 in 1906, and the per capita tax has increased from \$5.46 in 1896 to more than \$10 in 1906;

That the public assets have been depleted and the public expenditure has been largely and unnecessarily increased by reason of the unsystematic, improvident and extravagant methods of the present administration, which, while denying certain legitimate requirements of the public service, lend themselves to the aggrandizement of designing partisan intriguers who are thus enabled to enrich themselves at the expense of the people.

That the disclosures in the Committee on Public Accounts during the present and past sessions continually demonstrate that large sums of public money are misapplied in providing for middlemen absurd and unnecessary profits, which can have been allowed only in the expectation that recipients will in turn provide funds for party purposes.

That recent disclosures have exposed frauds in elections, which frauds could not have been successfully carried out without the expenditure of large sums of money and the aid of such middlemen.

That this House desires to place on record its strong condemnation of the maladministration and corruption thus brought to light.

This motion was supported by Mr. Borden and Mr. Foster in brief reviews of the financial situation, and of the facts disclosed, with some reference to the Liberal pledges that had been violated.

The resolution was rejected by a party vote of 91 to 43. The division list will be found on page 7870, Hansard, 1907.

CHURCH DELIVERANCES.

From the charge of Bishop Worrell, at the Church of England Synod of Nova Scotia, June 25, 1907:

"It is universally agreed that the state of politics in Canada is far from clean. There are undoubtedly in all ranks men of high ideals, ability in affairs and purity in life, but there is also a parasite condition steadily growing, which, if not eradicated, may render barren and unfruitful the promising life of our fair Dominion.

"When the brown-tail moth showed itself in our orchards the Government led a determined crusade against it, and those interested joined in the fray. If the graft pest is to be checked there must be a similar movement."

From the report of the Synod Committee on Bishop Worrell's address:

With regard to the portion of the charge referring to political corruption, the committee reported as follows:

"Your committee feel that the Church should speak out strongly on the subject of political corruption, and is of opinion that it is the duty of every citizen to exercise the franchise and to further the principles of Christian citizenship by using his vote and influence to stamp out any political evils which exist in the commonwealth, and to show that electoral purity is more important than party advantage."

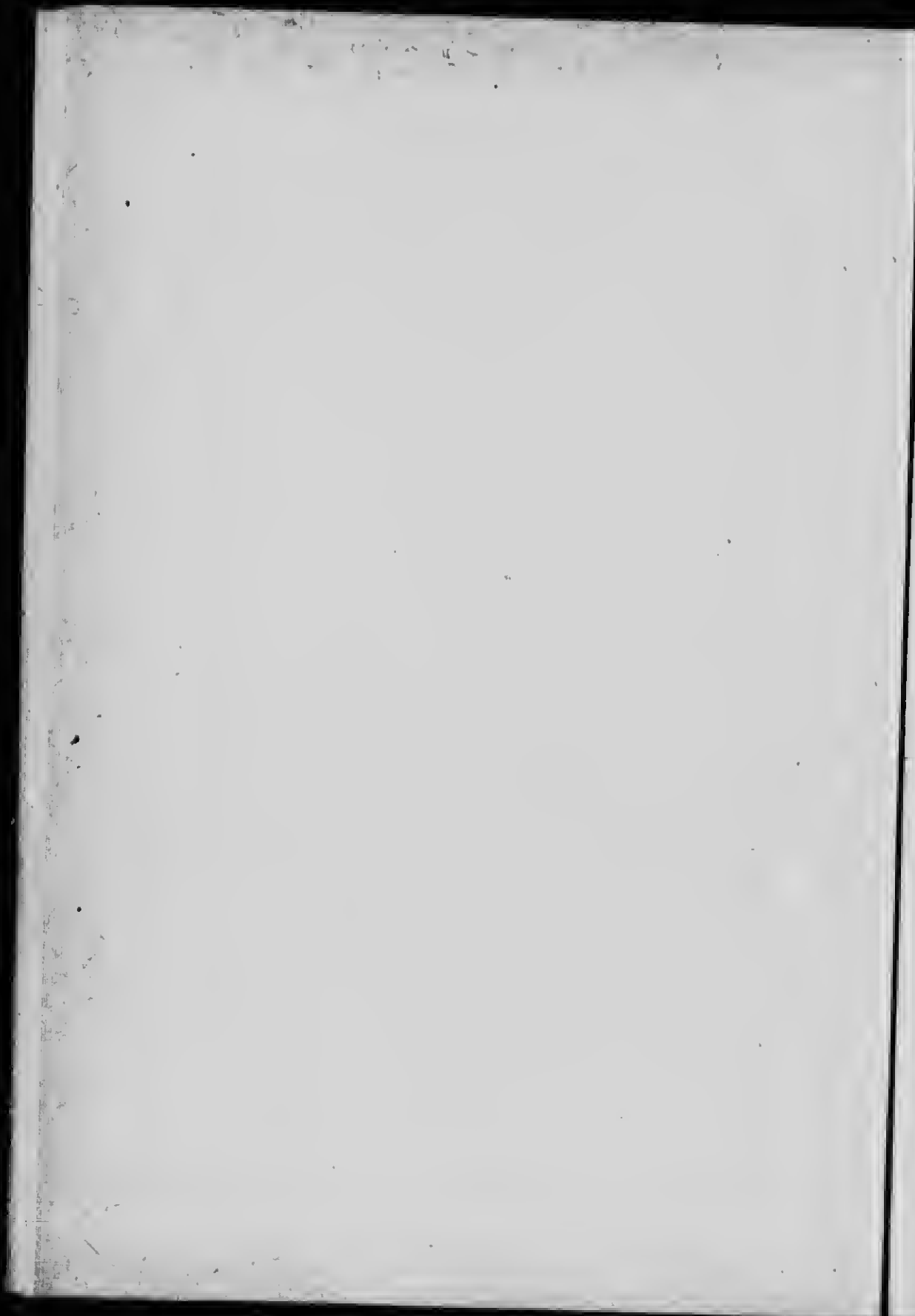
This report was unanimously passed by the Synod.

Resolution adopted by the Church of England Synod at Toronto:

That it is the conviction of this Synod that great purification of politics, of financial, social and business methods of this country is imperatively demanded to-day, and that the Church, her bishops, clergy and laymen should take a leading part in the immediate improvement of the present deplorable state of affairs."

From the Pastoral address of Rev. W. H. Heartz, D.D., president of the Nova Scotia conference, delivered at Truro, in June, 1907, and adopted unanimously by the conference:

"It is matter for national humiliation and shame that during the year in political and governmental circles grave scandals have arisen, reflecting upon the life and character of some holding high positions. Dishonesty, greed and graft and race track gambling are terms which have occupied large space in the public print; and we fear they only too faithfully represent the sad condition of affairs. It is to be hoped that searching investigation will bring the hidden things of iniquity to light, and that the guilty will meet with deserved condemnation and punishment. It is of the utmost importance to the welfare of the country, the moral strength and stability of the people of the land, that those who occupy positions of honor and trust should be men of unblemished reputation and irreproachable character. Therefore we call upon our Methodist people to use their greatest endeavors to suppress anything like bribery and corruption and dishonest speculation; and to see to it that those who represent them in public life are men of high ideals and noble purposes. Be assured that 'righteousness exalteth a nation, but sin is a reproach to any people.'"



Index.

- Adamson, A. J. (M.P.), obtains Galway lease, 67; grant made irrevocable, sells at large profit, 70.
- Alberta and Saskatchewan, public lands in Conservative platform, 6.
- Alcorn, G. O. (M.P.), on Election Frauds, 36.
- Ames, H. B. (M.P.), defeats conspiracy in St. Antoine, 38; Galway deal, 71; Robins irrigation deal, 64; G. T. P. claims, 85.
- Armstrong, J. E. (M.P.), moved to exclude railways from conciliation bill, 101.
- Aylesworth, Hon. A. B., against investigation, 25; insurance, 16; Blairmore town site, 79; officials in private business, 96; delay in judicial appointments, 100.
- Ballot frauds, Borden's resolution respecting, 33; Pritchett's confession, 39; Farr's, 35.
- Bain, J. L., fishery officer and election agent, 44.
- Barker, Samuel (M.P.), Blairmore town site, 79; resolution re G. T. P. finance, 84.
- Bennett, W. H. (M.P.), vindicated by Mr. Aylesworth, 16; supports Bourassa's motion for inquiry, 24; re G. T. P. claims, 85; Collingwood dry dock, 69; Inspector Eastwood, 93.
- Beddoe, C. H., refuses to testify concerning North Atlantic contractors, 103.
- Bergeron, J. G. (M.P.), defeated by fraud in St. James, 37.
- Blairmore town site, 72.
- Borden, Hon. Sir Fred., against investigation, 25.
- Borden, R. L. (M.P.), Conservative platform, 7; Robins Irrigation Co., 64; Blairmore, 79; resolution on official campaigners, 45; officials in private business, 96; resolution for election reform, 33; coal supply in the West, 98; resolution re delay in judicial appointments, 99; against legislation by Order in Council, 102; resolution re railway passenger rates, 105; extravagance and graft, 105; supports Bourassa's motion for inquiry, 23, 26.
- Bribery and fraud, 33.
- Bristol, Edmund (M.P.), Robins irrigation deal, 64; G. T. P. accounts, 85; Galway deal, 71.
- Brodeur, Hon. J. P., against investigation, 25.
- Brockville election fraud, Pritchett's statement, 40.
- Brown, H. P., the Galway deal, 65.
- Burbidge, Mr. Justice, Blairmore town site, 75.
- Butler, M. J., Deputy Minister, Halifax land deal, 50.
- Bourassa, Henri (M.P.), Robins irrigation deal, 64; condemns North Atlantic contract, 103; demands inquiry into charges against members, 17; moves resolution respecting, 19; submits second resolution, 25.
- Boyce, A. C. (M.P.), on partisan officials, 47; moves resolution, 96.
- Cartwright, Sir Richard, pledge of economy, 9.
- Campbell, Oscar, lighthouse-keeper and election agent, 45.
- Carvell, F. B. (M.P.), named in Bourassa's resolution, 19; speaks against time, 22; defends Robins land deal, 64.
- Civil Service reform, 7.
- Coal supply in the West, resolution by John Herron, M.P., 98.
- Cold storage in Conservative platform, 8.
- Collingwood dock, 89.
- Conciliation Bill, 100.
- Conservative platform, 7.
- Cory, Deputy Minister, Galway, deal, 68.
- Coste, L., Government engineer. Collingwood dry dock, 89.
- Crocket, James H., charged with libel by Mr. Emmerson, 31; pleads justification, case postponed, 31.
- Daniel, J. W. (M.P.), moves amendment to Provincial Subsidy Bill, 100.
- Divisions of the Session, 96.
- Dredging Inspectors, 92.
- Duncan, A. G., fishery inspector and politician, 46.

- Eastwood, C. S., Inspector of Dredging, 92; canoe strategy, 93.
- Emmerson, Hon. H. E., votes against women, wine and graft inquiry, 25; mentioned by *Frederickton Gleaner*, 27; resigns office, 28; his aspersions on Conservative members challenged by Mr. Borden, 30; prosecutes Croeket, 31; votes for suppression of Grand Trunk Pacific evidence, 84.
- Expenditure and taxation, details of, 9; Mr. Borden's motion respecting, 105.
- Extravagance and graft, motion concerning, 103.
- Farm implements, duty on, motion by Mr. Schaffner, 102.
- Ferguson, Hon. D. Senator, discovers gross error in Subsidy Bill, 101.
- Fielding, Hon. W. S., against inquiry, 23; suppresses G. T. P. evidence in committee, 84; excuses his official campaigners, 44.
- Fisher, Hon. S., against investigation, 25.
- Foster, Hon. Geo. E., challenges inquiry on insurance; 18; votes for full investigation, 26; vindicated by Laurier, 22; discusses graft and extravagance, 106; on Insurance Commission, 104; labor disputes, 99.
- Fowler, G. W. (M.P.), on women, wine and graft, 16; change of Government attitude toward, 18.
- Franchises for benefit of the people, 7.
- Frederickton Gleaner* and Mr. Emmerson, 31.
- G. T. P. accounts suppressed, 80.
- Greenwood, postmaster in politics, 45.
- Galway deal, 65.
- Halifax Herald and land deal, 54.
- Halifax land deal, 47.
- Hall, Zacheus, postmaster convicted of bribery in elections, 44.
- Hall, Robert, appraises Grand Forks property, 61.
- Herron, John (M.P.), coal lands in the West, 98; resolution on Galway deal, 71; discusses Robins irrigation deal, 79.
- Henderson, J. R., testifies on Halifax land deal, 54.
- Hitchcock, A. E., Grand Forks and Robins deals, 59, 60, 62.
- Horton, W. L., James Farr's statement concerning, 36.
- Holmes, Robert, and West Huron election case, 35.
- Hughes, Col. Sam (M.P.), moves to reduce vote for Insurance Commission, 104.
- Hyman, Hon. C. S., in Bourassa's resolution, 19; Sir Wilfrid's statement respecting, 22; resigns from the House and Cabinet, 32.
- Immigration, 7; Mr. Monk's motion, 102.
- Intercolonial, Conservative platform respecting, 8.
- Insurance Commission, motions by Col. Hughes and Mr. Lennox, 104.
- Johnston, A. (M.P.), talks out Mr. Borden's labor resolution, 59; assists in suppressing evidence, 84.
- Knowles, W. E. (M.P.), heads off resolution on coal supply, 98; defends Robins land deal, 64.
- Lake, R. S. (M.P.), Robins irrigation deal, 64; the Galway deal, 71; moves resolution respecting Blairmore town site, 78; proposes amendment to Subsidy Act, 101; coal supply in the West, 98.
- Labor disputes, Mr. Borden's motion, 98.
- Laurier, Sir Wilfrid, pledges of economy, 9; opposes investigation, 17, 22, 25, 26, 85; makes statement respecting Hyman, 22; accepts Emmerson's resignation, 28; says there is no charge against Mr. Foster, 22; encourages Emmerson's libel proceedings, 28.
- Lavergne, Armand (M.P.), supports investigation, 25; denounces North Atlantic deal, 103.
- Lefurgey, A. A. (M.P.), vindicated by Mr. Aylesworth, 16; justice to Prince Edward Island, 101; demands investigation in insurance matters, 20.
- Lemieux, Hon. R., and Conciliation Bill, 100; opposes Mr. Borden's labor resolution, 99.
- Lennox, H. (M.P.), on G. T. P. claims, 55; moves resolution condemning Insurance Commission, 104.
- Lodge, Matthew, Moncton land deal, 56.

London Conspiracy Case, mentioned in Mr. Borden's resolution, 33; Pritchett's confession, 39.

Lyon, Henry E., claimant for Blairmore town site, 73.

McCarthy, M. S. (M.P.), moves resolution respecting Robins irrigation deal, 64; Galway lease, 70.

McCarthy, L. G. (M.P.), opposes Bourassa's motion for investigation, 24.

MacDonald, E. M. (M.P.), assists to suppress evidence in G. T. P. finance, 83.

Macdonell, A. C. (M.P.), discusses Galway deal, 71; supports Mr. Borden's labor resolution, 99; on Blairmore town site, 79.

MacIlreith, R. T., Halifax land deal, 54; libel suit that failed, 54.

Mackay, James, postmaster and election agent, 45.

McGregor, J. D., obtains irrevocable grazing lease, 59; Grand Forks Cattle Company, 60; Robins irrigation deal, 61; agent for Brown in the Galway concession, 66.

McKenzie, Malcolm, and Blairmore town site, 72.

McLean, A. A. (M.P.), justice to Prince Edward Island, 101.

McLean, A. K. (M.P.), defends Robins land deal, 64; also Galway deal, 71.

MacPherson, R. G. (M.P.), defends Robins deal, 64.

Martin, Alexander (M.P.), demands justice to Prince Edward Island, 101, 102.

Miller, H. H. (M.P.), against investigation, 24.

Moncton land deal, 56.

Monk, F. D. (M.P.), North Atlantic scandal, 102.

Nichols, W. L., Indian Agent and returning officer, 46.

Nixon, Joseph, reports on Blairmore, 74.

North Atlantic Trading Company, motion by Mr. Monk, 102.

North Grey election frauds, inquiry burked by Government, 35; Farr's confession, 35; Pritchett's confession, 39.

Northrup, W. B. (M.P.), on Robins land deal, 64; re Obed Smith, 100.

Official campaigners, 44.

O'Gorman, John, London Conspiracy Case, 33; in West Huron, 36; as a middleman, 87.

Ogilvie, Andrew, Government Purchasing Agent, transaction with O'Gorman, 87.

Oliver, Hon. Frank, votes against investigation, 25; defends Robins land deal, 64; gives instructions in Galway lease, 69; changes his mind under pressure, 70; Blairmore deal, 79; excuses Obed Smith, 96; opposes action to regulate coal supply in the West, 98.

Paterson, Hon. W., against investigation, 25.

Pearson, B. F. in Halifax land deal, 48 to 55; Eastern Supply Company, 57; newspaper proprietor, 47.

Postal improvements in Conservative platform, 8.

Preferential trade, Conservative platform, 8.

Prince Edward Island, claims for better terms first by Lefurgey, Martin and McLean, 101.

Provincial Rights, in Conservative platform, 8.

Queen's and Shelburne partisan officials, 44; alleged ballot frauds, 38.

Railway Passenger rates, Mr. Borden's resolution, 105.

Read, Henry C., appraises land in Halifax, 49, 52.

Reid, Robert, Transcontinental Commissioner, recommends O'Gorman to Purchasing Agent, 87.

Robins irrigation deal, 58.

Robitaille (M.P.), supports investigation into conduct of members, 25.

Roche, W. J. (M.P.), condemns Robins irrigation deal, 64; coal supply in the West, 98.

Ross, Duncan (M.P.), precipitates the women, wine and graft controversy, 16; opposes Bourassa's motion, 24.

Schaffner, F. L. (M.P.), moves to reduce tariff on farm implements, 102.

Schreiber, C., passes suspicious claims of G. T. P., 81.

Senate Reform, 7.

Shannon, L., accountant, rejects G. T. P. claims, 81, 82; transferred from position as auditor of G. T. P. accounts, 82.
Shepley, G. F., as a baitot fraud prosecutor, 38.
Sifton, Hon. C., as benefactor to the land grabbers, 59; intervenes to stop proceedings in Blairmore suit, 77.
Smith, Obed, Immigration Commissioner, makes money on the side, 94.
Smith, Ralph (M.P.), heads off labor resolution, 99.
Sproule, T. S. (M.P.), coal supply in the West, 98; supports Mr. Borden's labor resolution, 99; supports motion for investigation, 26.
St. James Division, Montreal, election frauds, 37.
St. Antoine, Montreal, attempt to steal the seat, 38.
Subsidies to Provinces, 101.

Taxation and expenditure, 9; Mr. Borden's motion, 105.

Taylor, George (M.P.), supports labor resolution, 99.

Telegraph and telephones as national works, 8.

Templeman, Hon. W. (M.P.), against inquiry, 25.

Transportation and cold storage, Conservative platform, 8.

Turiff, John G. (M.P.), defends Robins deal, 64; interests himself in the Galway job, 70; his relatives in it, 68; defends the deal, 71; awards Blairmore town site to his friend MacKenzie, 74; defends this deal in Parliament, 79.

Wagner, Philip, convicted of stealing, salary increased, active in elections, 46.

Walker, H. W., G. T. P. auditor, obtains from the Government suspicious accounts, 82; disregards summons to testify, 83; makes sudden trip to Europe, 84; causes records to be burned, 84.

West Huron seat stolen in 1899, confessions of Farr and Pritchett, 35, 39.

Women, wine and graft, Mr. Fowler's reference, 16; Mr. Bourassa's resolution, 19; whole Cabinet against inquiry, 25; resignations of Mr. Emmerson and Mr. Hyman, 28, 32.

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