

X/14/2

The

Canadian Liberal Monthly

Volume 3

September 1915 = August 1916

PUBLISHED BY
CENTRAL INFORMATION OFFICE
OF THE
CANADIAN LIBERAL PARTY
HOPE CHAMBERS, - OTTAWA.
1916

PRICE 60c

**The
Canadian Liberal Monthly**

Volume III

September 1915 - August 1916

**Published by the Central Information Office of
The Canadian Liberal Party
Hope Chambers, Ottawa
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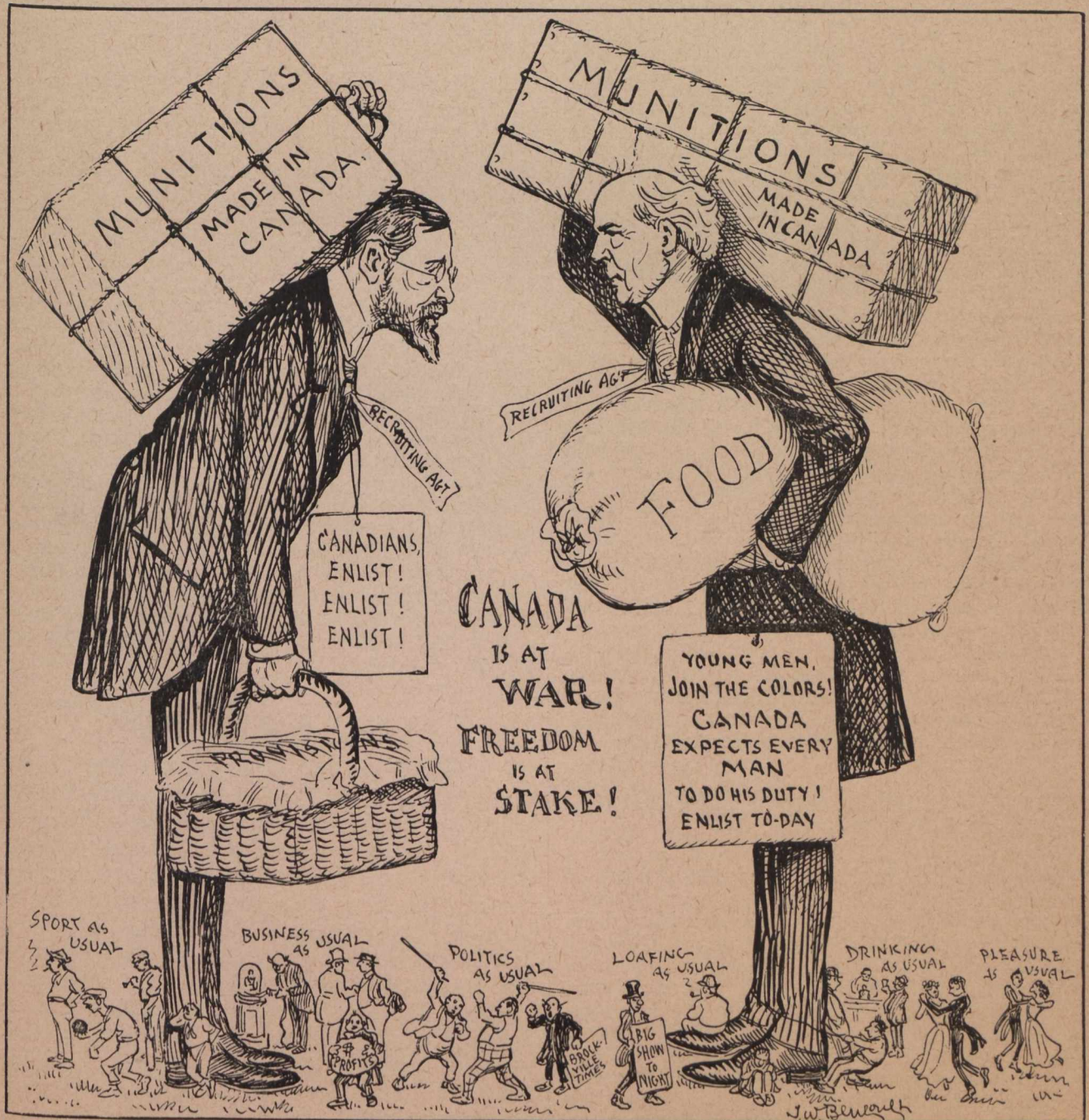
THE CANADIAN LIBERAL MONTHLY

Vol. III. No. 1.

OTTAWA, SEPTEMBER, 1915.

Ten Cents

THE GIANTS AND THE PIGMIES



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SIR WILFRID'S ILLNESS.

The news that Sir Wilfrid Laurier had been obliged a few days ago to undergo a slight operation for the removal of an abscess in his jaw was received with sympathy and concern by Canadians everywhere. The operation was entirely successful, and in spite of exceedingly trying weather conditions for some days following, Sir Wilfrid is well on the road to complete recovery. With this annoying trouble of long standing removed, it is confidently believed by his medical advisers that he will enjoy better health than for years past.

The fact that he was determined at all costs to keep his engagement to speak at the big recruiting meeting at Napanee on September 2nd had much to do with aggravating the trouble under which the Leader was suffering. He had been far from well for some days before, but in spite of the constant pain and the inroads this made on his strength, Sir Wilfrid travelled to Napanee and addressed the greatest gathering seen there in many years. To those who understood the disabilities under which he was laboring at the time, aggravated by intolerable heat on the improvised platform from which he spoke in the new drill hall at Napanee, Sir Wilfrid's appearance and his vigorous, impassioned appeal to the young men of the district to come forward and "do their bit" in the hour of the Empire's trial, was a revelation of the wonderful vitality and the unconquerable pluck of the man whom all Liberals delight to follow as Leader and all Canadians honor as the greatest Canadian of his time.

GERMAN CRUISER FOR AUSTRALIAN NAVY.

According to "The Navy," the official organ of the British Navy League in London, the Australian Government have asked for tenders for the raising and re-fitting of the famous German raider "Emden," which lies off North Keeling Island in the South Pacific as the result of the effective work of the guns of the Australian cruiser "Sydney" on November 9th, 1914. The "Emden" when raised is to become a unit of the Australian fleet. It will not be difficult for Canadians to understand and sympathize with the anxiety of Australians to incorporate in their Navy Australia's first naval capture.

THE CANADIAN ANNUAL REVIEW.

The 1915 edition of the Canadian Annual Review, edited and published by Mr. J. Castell Hopkins, F.S.S., F.R.G.S., is off the press and fully lives up to the unique reputation enjoyed by this foremost Canadian book of reference. It contains an amazing amount of information on public affairs, arranged so that any item is readily located, and written in a manner at once clear and authoritative. To business men as well as men engaged or interested in public affairs, the Review is invaluable. It has been published annually since 1901 and forms a complete, authoritative and genuinely interesting history of Canada. It is a tribute to the painstaking ability of its editor that the accuracy of the Review is never challenged; it is the recognized authority.

AS TO GRAFT AND GRAFTERS.

In a recent pamphlet on the War, its causes and some of its problems, issued by the Graduates' Society of McGill University, there is a short homily on honesty in public affairs which should be read by every Canadian. It says "Men who cheat their country by dishonesty in public works entrusted to them are dependent, like all business men, on the public for their existence. Dishonesty in them would never appear were an actual public opinion developed which would make of every Canadian a fearless inspector and would make of a "grafter" an outcast with whom Canadians would neither deal nor associate. We must each of us feel that we are part of the Canadian Government, and that those who cheat the Government cheat us. Every Canadian should feel that dishonesty in the furnishing of public supplies is a crime that becomes peculiarly abhorrent in time of War. Each of us must feel that cheating in a contract for war equipment is a hidden blow at one of our soldier brothers. The development of such a spirit would make it possible for crimes against the people to be punished as they deserve to be, and it would do much towards ensuring a sound and honest equipment to each of our Canadian soldiers."

AN ABLE WAR PAMPHLET.

"Hopes, Fears and Visions of the War" is the title of an attractive and most interesting booklet which is a reproduction of an address delivered at Ottawa, Aylmer, Que., and several places by Lieut.-Col. R. B. Hamilton, late Commanding Officer of the Queen's Own Rifles of Canada. Events leading up to the War, its progress and its effects not only on Canada but on the World at large are treated by Col. Hamilton in an original and most interesting way, and the result is a readable and highly instructive treatise. It is being published by Col. Hamilton for the joint benefit of the Belgian Relief Fund and the Red Cross Fund and can be sincerely recommended to all readers of the Liberal Monthly.

WAR CONTRACTS INVESTIGATION.

Horse Purchases in Maritime Provinces.

THE investigations of the Davidson Commission on War Contracts were covered in the last issue of the Liberal Monthly to July 22nd, when the Commission left Ottawa to take evidence on the purchase of horses in the Maritime Provinces.

Sir Charles Davidson sat at Summerside, P.E.I. from July 29th to 31st, at Moncton, N.B. August 4th, Dorchester, N.B. August 5th, Kentville, N.S. August 7th to 16th, Wolfville, N.S. August 17th and 18th, again at Kentville August 19th to 24th, and at Halifax, N.S. from August 26th to September 3rd, when the inquiry for the Maritime Provinces was closed. It is understood that the next work of the Commission will be at Victoria, B.C. where the purchase of the now famous submarines will be inquired into.

Earlier Evidence Fully Corroborated.

The result of the whole inquiry into the purchase of war horses in Nova Scotia and New Brunswick has been to thoroughly corroborate evidence brought out in the first place at the meetings of the Public Accounts Committee during the last Session of Parliament. Dozens of witnesses were examined and the evidence was so voluminous that nothing more than a brief review can be given here.

Foster, Ex. M.P. Changes Story.

The proceedings at Kentville, N.S. were decidedly interesting from the very start on August 7th, when the Commissioner commented on the absence of four of the most important witnesses required including Woodworth and Keever, the two Americans who did the actual purchasing in Kings County, and Dr. Chipman and Dr. Wood, the veterinarians who examined and passed on the horses.

Mr. Foster, at the outset of his evidence declared that he was not responsible for the appointment of Woodworth and Keever as buyers and when it was pointed out to him by Mr. John Thompson, K.C., counsel for the Commission, that he had sworn before the Public Accounts Committee that he accepted the responsibility for Keever and Woodworth, he declared that what he meant was that these men could not have come to Nova Scotia and bought horses without him.

Some Sample Horses.

Some of the evidence at Kentville showed:

A horse sold by R. H. Creighton of Berwick for \$100 which had two spavins and one hip down.

A horse sold by H. J. Chute, Somerset, for \$165 which might be 12 to 15 years old, in such condition that it sometimes fell down and had to be raised to its feet again.

A horse sold by George Porter for \$65 which he admitted was 20 years old, and which another witness said was badly heaved.

A horse sold by H. E. Porter for \$160, 11 years old and badly puffed.

A horse sold by N. W. Keddy of Berwick for \$150 which was 14 years old and for which he admitted having paid only \$55 six years ago. Other witnesses on the same day swore to getting big prices for horses that were 14, 12, 15, and 16 years old, and

next day another witness from Wellsford told of getting \$100 for a horse which he admitted was 20 years old and had the heaves and which he declared he would have killed in the Fall if he could do nothing better with it.

Several witnesses at Kentville declared that the examination of their horses by the Government vets were very slight and superficial. One man swore that he got \$165 for a horse which he knew to be 14 years old and which he bought in 1912 for \$125.

Public Accounts Evidence Repeated.

A. B. Harvey of Aylesford repeated the evidence given before the Public Accounts Committee, with some new details. One was of a horse he bought for \$10 but which the buyers turned down. He went out and traded this for another horse which they readily accepted for \$90. The latter horse, he judged, was 32 or 33 years old. Another horse he bought and sold the same day to the Government buyers was 17 or 20 years old, and brought him \$75. It was spavined on both hind legs. The next day several witnesses proved the age of the horse which Harvey declared was 32 or 33 years old, and it then turned out that this was the same horse which gained fame during the Public Accounts Committee hearing as having once been traded for "two ducks and a drake."

At Wolfville, N.S., the evidence was similar and it was here that the story was re-told of the famous horse that was offered for sale for the South African but was rejected. That would make the horse more than 20 years old. It brought \$160, although bought by the seller eight months before for \$100.

Commission Finds Deficit.

Gifford H. Oakes, Secretary of the King's County Conservative Association, who acted as agent of Foster, admitted that he had been supplied with a number of signed cheques in blank and that he had filled some of them for large amounts and cashed the cheques before the horses were bought. In other cases he gave these blank cheques to the buyers which were filled in when horses were bought, while in still others, he admitted, he filled in amounts which did not correspond in amount with the records of the horses bought. Other testimony by Oakes indicated the amazingly loose and unbusinesslike way in which the work was transacted.

T. C. Woodworth appeared at Kentville on August 24th. He was able to give little real information, explaining that he had destroyed the book in which he had kept his records. He had tags of the horses purchased but said he had given these to Foster in New York about two months before. Woodworth denied that he had got a cent of money for himself. His attitude during the early part of his testimony was such as to draw from the Commissioner a severe reprimand.

At the concluding hearing Sir Charles Davidson declared that as regards Woodworth and Keever, "the prices paid for the horses do not equal the amounts placed in their hands." This alleged deficit was shown to amount to about \$3,000.

EXTRAVAGANCE—DEFICIT—TAXES.

The Financial Policies of the Nationalist-Conservative Government.

THE business firm which would undertake during times of depression and financial stringency to extend its premises, increase the number of its employees, double its running expenses, borrow huge sums of money at high rates of interest, and then call upon its shareholders for contributions to make up the resultant deficits between income and expenditures would speedily become insolvent. It would go to ruin unless new directors were appointed and a different policy initiated.

The railroad company which in similar conditions extended its lines into unproductive territory, which increased its rolling stock when no increase was necessary, which replaced good enough stations with fancy new buildings at enormous cost, and which then undertook to raise its rates in order to make earnings equalize expenditures would soon be in the hands of the receiver.

The farmer, who during a period of poor crops and low prices, went ahead and purchased expensive and useless implements, who tore down his good enough barns and built new and larger one at high cost, who built expensive fences for stock that he did not possess, and who then mortgaged all these and his land besides to get the money to do these foolish things, would soon find himself in the hands of the sheriff or staggering along under a load of debt that he could never hope to escape.

The salaried man who became extravagant and bought cars and costly furniture, moved into a new big house with expensive servants, and lived at the rate of \$8,000 a year when his salary of \$5,000 was more likely to be reduced than increased, would not have to wait very long for the day of reckoning.

The Government Spends.

The above, it may be said, are quite suppositious cases to be quoting at a time when economy, efficiency and retrenchment have become the watch-words of business men and individuals the whole world over. It would be hard to find such cases in the business world at the present time.

But is it not an actual and undeniable fact that they but fairly illustrate the amazing lack of the first principles of business and the incredible blindness with which the country is being overloaded with a staggering burden of debt by the present Government of Canada?

The Government of Canada is the board of directors of the greatest business in Canada—the Dominion itself—and the shareholders are the people themselves who by their ballots elect that Government to office.

The People Must Pay.

It is the people themselves who directly or indirectly, immediately or at some time later on, must supply every dollar of the money which the board of directors administers and spends.

When, therefore, individual thrift, efficiency and economy are being preached to and practised by the shareholders—the people—should it not be expected that the “Directors”—the Government—should show an example of the thrift, economy and efficiency which they preach?

It is an elementary principle of business and finance that when revenues are falling and earning power decreasing, and especially when there is no immediate prospect of them doing anything else, it is not only the part of wisdom, but the absolutely necessary course of safety to introduce measures of thrift, economy and efficiency.

Never in the history of the Dominion of Canada has there been such absolute need of economy and efficiency, thrift and thoroughness, retrenchment and reform, foresight and frugality, and above all, honesty—as there is to-day.

Reckless Mis-Management.

Have such measures been introduced in Canada by the Borden Nationalist-Conservative Government?

The answer is No! A thousand times, No! Pledged before elected to retrenchment and economy, the Borden Nationalist-Conservative Government, in the face of falling revenues, decreased receipts of all kinds and business depression generally, has actually followed the very opposite course.

The Borden Nationalist-Conservative Government has handled and is handling the business of the country on a system which, if applied to any private business on earth, would speedily and certainly land that business in absolute ruin and bankruptcy.

The present government has increased its ordinary running expenses in the most reckless and startlingly extravagant way.

It has multiplied the number of its employees without any regard to efficiency, until there is today an army of government servants with big salaries and no work to do.

It has extended its premises and the machinery of administration to an unreasonable degree.

It has deliberately spoiled the efficiency of its purchasing system by allowing it to be exploited for the benefit of the patronage middleman, the party favorite.

It has encouraged waste and extravagance among its officials.

It has delegated work which it should do itself to highly paid and not always efficient outside commissions.

It has handed out huge gifts of the people's money to railway corporations, and endorsed their paper with the most reckless disregard of future possibilities.

Increasing Debt and Taxes.

And in order to overcome the tremendous domestic deficits which had to come on the heels of so reckless a course, in order to equalize expenses and revenues, it has increased the National Debt by heavy borrowings at ruinous rates of interest, and **now it calls upon its "shareholders," the people of Canada, to contribute through the medium of further burdensome taxation.**

This, let it be clearly understood, has no reference to expenditure for War purposes, with which all Canadians, from the richest to the poorest, are in hearty accord. **No portion of such expenditure is paid from revenue, and the interest on our borrowings for War purposes has not yet commenced to be felt.**

The money for War purposes is being borrowed from Great Britain on long-term loans.

What Other Dominions Can Do.

While many of the other self-governing Dominions of the Empire are paying at least part of their War expenditure out of revenue, Canada, in spite of heavily increased taxation, both direct and indirect, is unable to pay from revenue **even the ordinary month in and month out expense of running the country and her public works.**

The deficit in Canada for the fiscal year 1914-15, the difference between income and expenditure—apart entirely from War spendings—amounted to **fifty-three million dollars.**

At this time, therefore, when borrowing for domestic purposes is very difficult and rates of interest high, the Dominion finds herself, as a result of this deficit, compelled to increase her already heavy National Debt by borrowing at **five per cent.** While these borrowings are classed by the Minister of Finance as temporary loans, to be repaid by new borrowings when money is cheaper, it is a fact that they may, at the option of the holders of the debenture stock, be converted into 20-year long-term borrowings.

These borrowings have undoubtedly set the rate which the Dominion, the Provinces and the Municipalities will have to pay for years to come, and of course cannot but have tremendous effect on the rates of interest which private individuals and institutions will have to pay.

Government Had Warning.

Let it be kept always in mind that the depression in Canada commenced long before the War, and that there are men with authority to speak of such things who declare that the depression would have been only greater had the War not come; that as a matter of fact War has helped rather than hurt the business and industrial life of Canada. The signs of the impending depression were plain long before the War and long before the depression had actually made itself felt in acute form. It was shown in steadily decreasing trade, in falling revenues, in slacking immigration and in increasing unemployment. In the face of all these signs the Borden government increased their expenditures instead of curtailing them.

They had charged, and they still make a pretense of charging the Liberal administration from 1896 to

1911 with ruinous extravagance; and yet the cold figures show that expenditures from the time the Tories took office until the end of 1914, exceeded by sixty-five million dollars the expenditures in the last fiscal year of Liberal rule.

The Liberal government spent as it did under the encouragement of the most prosperous times in the history of Canada, with revenues bounding and prosperity on every hand. Under the shadow of approaching depression, the present Nationalist-Conservative government spent only the more freely.

The Increase in Expenditure.

The Premier, Sir Robert Borden is on record as having stated, in his election manifesto of 1911, "that the increase in what is known as ordinary controllable expenditure of from thirty-six millions in 1896, to seventy-nine millions in 1911, is proof of extravagance beyond any possible defence, and is prima facie proof of corruption." Under Laurier rule the increase in expenditure, during the greatest era of expansion in the history of Canada, had been three million dollars a year. **The Borden increase has been at the rate of sixteen millions a year! Sixty-four millions in four years!**

If an increase of three millions a year in good times was "proof of extravagance beyond all possible defence," what is to be said of an increase of **sixteen millions a year in times of depression.**

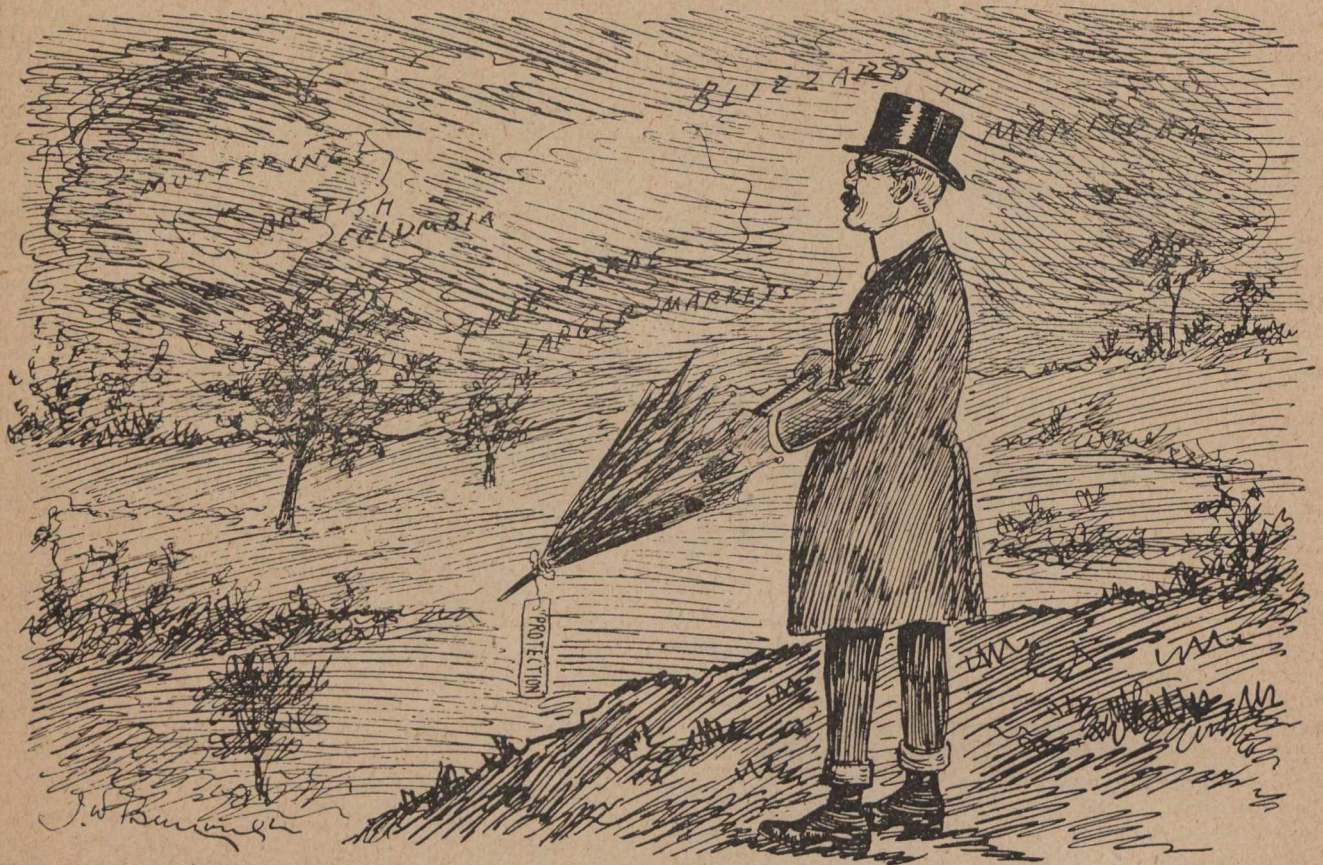
Retrenchment in other Dominions.

It has already been pointed out that Canada's expenditures have been increased even since the War. Let us see what other parts of the Empire have done to meet the situation created by the War. The London "Times" of May 22nd, 1915, records that "Steps were at once taken by the Government of South Africa to curtail, as far as possible the expenditure for the fiscal year ending March 31." Regarding India, the "Times" says in the same issue that "to meet the shrinkage in revenue it has been decided to curtail expenditures, **and not to resort to additional taxation.** The capital outlay for public works, etc., was reduced by £12,000,000 (\$60,000,000). Australia and New Zealand adopted a similar policy.

But Not in Canada.

But no such wise and business-like policy was to be expected in Canada, at least not from the present Nationalist-Conservative government, and as the result shows, there was no sign of it. At the end of the last fiscal year the National Debt had been increased by \$113,379,233, of which only a little over sixty millions represented War expenditures. The remainder, approximating fifty-three millions, represented the difference between expenditures apart from war, and its revenues apart from borrowing. And despite new taxes and new special duties, from which the Minister of Finance declared he expected to reap forty million dollars, total revenues continue to fall. The "War" taxes have proved protective rather than revenue-bearing. For the past five months of the current year, for instance, customs revenues have fallen off over one million dollars compared with last year.

A STORMY OUTLOOK



ELECTION POSSIBILITIES.

The British North America Act provides clearly that Parliament shall last for five years from the return of the last previous election writs, unless Parliament is previously dissolved. The last writs for the general election of 1911, when voting took place on September 21st, were officially returned on October 7th, 1911. The present Parliament, therefore, would come to an end by law on October 7th, 1916, but there is a provision in the law allowing two full months for the holding of an election. It is therefore quite clear that an election need not necessarily take place before December 7th, 1916.

Legal Difficulties Soon Over.

When attempts were made to bring about an election, first in November, 1914, and again in June, 1915, it was found that there were certain legal difficulties in the way, probably the most important being the fact that there were not and could not be legal voters' lists in certain parts of Manitoba and the unorganized districts of New Ontario. Before these difficulties could be overcome, public opinion against an election became aroused to such a pitch that the Government decided not to tempt fate. By November 1st of this year the legal barriers will have been removed for by October 1st the lists in Manitoba will have been allocated to the respective polls in each Federal riding, and the lists in the unorganized districts of New Ontario by October 15th will be prepared by the judges. In two weeks from

that date the lists could be printed. Election writs therefore may be issued at any time after October 1st, and the election could be held in November.

The Soldiers' Ballots.

The ballots for soldiers at the front are in London, England, but final arrangements, so far as can be learned, have not yet been made to get a supply to every point where Canadians are in uniform. It would also be necessary for the Government to appoint six commissioners to oversee the soldiers' voting, as provided in the special legislation governing this procedure.

Anything May Happen.

In view of the way in which members of the Government and certain Government newspapers have recently been mildly deprecating the idea of an election this fall, it is as well to bear in mind that this may be in order that they can spring the election before the people could have time to voice an effective protest. Anything may happen. Sir Robert Borden may find it difficult to retain both Sir Sam Hughes and Hon. Robert Rogers in his cabinet, and he may soon cast upon the electors the responsibility of deciding the future of his Nationalist-Conservative government.

Neither the press nor the people will be consulted as to the date of an election. It will be sprung in the night, if it is to be brought about at all this year.

GOVERNMENT SEED GRAIN

Farmers of the three western provinces who received seed grain from the Dominion Government this year are being required to pay at least half of their indebtedness to the Government out of this year's crop. According to statements recently issued at Ottawa, the amount paid out by the Department of the Interior as relief up to July 31st, amounts to \$8,534,018 for seed grain and \$4,075,420 for other goods and supplies, making a total disbursement by the Government of \$12,609,439. Seed grain was supplied mostly to farmers in districts where there was a serious failure of the grain crops in 1914 owing to drought. In some other districts new settlers who found themselves in difficulties before they had harvested a crop of any kind were also given aid, much of which was disbursed by traders named under the Government patronage system.

Circulars dated July 31st, 1915, were issued to all these debtor farmers by the Commissioner of Immigration at Winnipeg, who presumably acted under instructions from Ottawa. These circulars notified the farmer that the seed grain or other advances made during the winter of 1914-15 were payable at the time the crop grown in 1915 was sold, and that the Government had made arrangements with "the respective grain purchasing interests and railways (these being the agents of the Government for this purpose) under which there will be set off or secured against the proceeds of the grain marketed by you the amount due by you." When these circulars were received by the farmers, many protests resulted. Wheat prices were high in July and it was intimated that the Government believed that it might be justified in collecting from the farmers the whole amount they owed. Shortly after wheat prices dropped fast and this added to the volume of protest. The result has been that on September 8th, the announcement was made that the Government will insist only on payment of one-half of seed grain and fodder advances this year.

Quality of Seed was Poor

Possibly the most serious is the complaint as to the quality of the seed wheat supplied. It is declared that much of it contained from six to nine different varieties of wheat, to say nothing of it being fouled with mustard and other kinds of fowl seeds. The mixed seed not only produced a very mixed sample which is difficult to sell at any fair price, but it entailed very heavy losses in the field for the reason that the different varieties grew unevenly and much of the early kind ripened and shelled before the later kinds were ripe enough to cut.

Another complaint regarding the system of collection is that, in view of the very low prices now prevailing, many farmers would like to sell only enough to supply them with cash for their actual living needs, believing that a little later on prices will stiffen. As the Government money, so far as they have been able to learn, must come out of the first proceeds of the crop, the farmer is practically forced to sell at the low prices, in spite of the assurances of the Government that it does not wish to force immediate sale.

TRYING TO FOOL THE FARMER

IN framing and carrying out the scheme of increased taxation put into force at the recent session of Parliament under the guise of "War" taxes, the Borden government made an attempt to cater to the farmers which can only be regarded as amusing when the real effect on the farmer's pocket is considered. It was in the nature of a "grand stand play" consisting of special exemptions of Indian corn, binder twine, mowing machines, harvesters, binders and reapers, from the "horizontal" increase of $7\frac{1}{2}\%$ in customs duty. So far as this exemption in favor of the farmer went, it appeared on its face to be fine for the farmer. But it must be remembered that the new increased tax applies to ploughs, harrows, horse rakes, seed drills, wind mills, cultivators, manure spreaders, etc., on all of which the duty is raised from 20% to $27\frac{1}{2}\%$. The new tax also goes on hay loaders, potato diggers, fodder or feed cutters, grain crushers, fanning mills, hay tedders, farm, road or field rollers, the duty being increased from 25 per cent to $32\frac{1}{2}$ per cent. Then, too, axes, hoes, rakes, pronged forks are raised from $22\frac{1}{2}$ per cent up to 30 per cent and paints from $22\frac{1}{2}$ per cent to 30 per cent and from 30 per cent to $37\frac{1}{2}\%$, according to their quality; shovels and spades from $32\frac{1}{2}$ to 40%; hose 25 to $32\frac{1}{2}\%$. All these articles are largely produced in Canada and by reason of the extra tax the price of such goods produced in Canada will be and have been without material benefit to the Dominion Treasury.

It is, we believe, a fair statement to make that half the raw materials entering into these articles manufactured in Canada are produced in this country, and consequently on such raw materials the Treasury will not benefit by the imposition of the war tax as it only applies to imported goods. Assuming that materials used in the manufacture of these articles would represent 40 per cent of the selling price of the articles, the manufacturers would have to pay either through taxation on the imported materials or through enhanced prices on native produced raw materials $7\frac{1}{2}\%$ on the 40% value, which would be about 3 cents on every \$1.00, whereas he gets additional protection of $7\frac{1}{2}\%$ on every \$1.00 on the finished articles. In other words, he is given a present in the shape of additional protection to the extent of $4\frac{1}{2}$ to 5% which the consumer will have to pay without benefitting the Dominion Treasury. How do you like it Mr. Farmer? Please do not forget that you are called upon to pay these additional prices, under the plea of war necessities.

But that is not all. The war tax hits the farmer on his clothing, furniture, provisions, in fact, all the necessities of himself, his family and his household—and, as we have shown, where the Dominion Treasury gets \$1.00 through the tax, the Canadian manufacturer can pocket \$3.00.

If, instead of making a foolish attempt to deceive the farmer—by sugar-coating the taxation pill—Mr. White had earnestly wanted to help him, one of the best ways of doing it would have been by giving him access for his wheat to the United States market. That would have been in harmony with the gospel of more production.

THE MANITOBA SCANDAL

Sensational developments have followed fast on the elections in Manitoba on August 6th. The original Royal Commission commonly known as the Mathers' Commission made its report on August 26th, with a clear finding that there had been a huge conspiracy to rob the Province, and that at least four members of the Roblin Government, including Sir Rodmond Roblin himself, had been parties to this conspiracy whereby the contractors, Thos. Kelly and Sons, received cash overpayments amounting to some \$892,000.

Conservative Ex-Ministers Arrested.

On August 31st, the four ministers named in the report, Sir Rodmond Roblin, Hon. Dr. Montague, former Minister of Public Works, Hon. G. R. Coldwell, former Minister of Education and Acting Minister of Public Works, and Hon. James H. Howden, former Attorney-General, gave themselves up to the custody of the police after having been notified that warrants for their arrest had been issued on the instructions of the new Attorney-General, the Hon. A. B. Hudson. They were charged with conspiracy and were released on bail of \$50,000 each, to appear for trial. A long legal fight is expected and at the time of this writing proceedings are just being commenced with a view of having Thomas Kelly, the senior member of the contracting firm, extradited from the United States where he had fled at the first intimation of real trouble. The extradition proceedings are expected to be tedious and it is very likely that the Tory ex-ministers may know their fate before Kelly has been returned to Canada.

The Commission Finding.

The findings of the Royal Commission, which was composed of Chief Justice Mathers of the Supreme Court of Manitoba, Mr. Justice Macdonald of the Supreme Court and Sir Hugh John Macdonald, Police Court Magistrate of Winnipeg, was clear cut and unequivocal. Briefly it may be reviewed as follows:—

Liberal Charges Fully Proven.

That all the charges made on the floor of the House by A. B. Hudson on behalf of the Liberal Opposition just prior to the end of the last Session had been fully proven. Just how closely Mr. Hudson and his confreres had figured the amount of this amazing steal of public moneys is shown by the findings of the Commission putting the total amount at \$892,098.10, while Mr. Hudson in specific charge on the floor of the House set the amount at \$882,000.

A Deliberate Conspiracy.

That the original contract with the Kelly firm for the erection of the Parliament buildings was from the first a fraudulent scheme or conspiracy

to obtain an election fund out of the extras, and that this conspiracy was actually hatched prior to the letting of the contract. Also that the parties to this scheme or conspiracy at the first were the Premier, Sir Rodmond Roblin, Mr. Coldwell, the Acting Minister of Public Works and Thomas Kelly. That Thomas Kelly & Sons were informed prior to the date on which tenders were received that alterations would be made in the contract.

That only one regular tender, that of the Peter Lyall Company, was received by the Department of Public Works up to the day that tenders closed, and that it was on the following day that the Kelly tender, the total of which was only \$3,250 less than the Lyall tender, was received and accepted. The Commission found that all circumstances point to Sir Rodmond Roblin as the person through whom, or by whose authority, Thomas Kelly received advanced knowledge of what was in the Lyall tender.

That the fraudulent scheme or conspiracy, which included the change from piling to caissons for the foundation and from concrete to steel in other parts of the building, was entered into to obtain, through the extras, the election fund for the general election called by the Roblin Government in July, 1914.

Parties to the Conspiracy.

The Commission found that other parties to the farming and the carrying out of the conspiracy included V. W. Horwood, the Provincial architect, Dr. R. M. Simpson, President of the Conservative Association in Winnipeg, (for many years commonly known in Winnipeg as the confidential political agent of the Hon. Robert Rogers), also some other of the members of the firm of Thomas Kelly & Sons.

The Commission also found that J. H. Howden, the Attorney-General, was not a party to the framing of the conspiracy, but that he soon learned of it and helped it along and this also applies to Dr. Montague, the Minister of Public Works, who in the early stages of the affair was absent owing to sickness.

Financial Agent Was Tory Worker.

The Commission found plainly that Dr. Simpson acted as financial agent of the Old Government in carrying out his part of the fraudulent scheme and conspiracy, and that he was even empowered to dictate a lump sum or a percentage for the purposes of the election fund which was to be added to the estimates passed by the Provincial Architect, Mr. Horwood, and that the architect did in fact add to his estimates in each case the sum so specified by Dr. Simpson.

Dr. R. M. Simpson it will be remembered by all who followed the proceedings of the Royal Commission is the man whose name figured so prominently in connection with the burning by officials of the Great North Western Telegraph Company of a number of telegrams which passed between the Hon. Robert Rogers

at Ottawa and parties in Winnipeg. These telegrams were destroyed by order of Mr. Z. A. Lash, President of the Telegraph Company, and their contents, which undoubtedly would have made interesting reading.

State Documents Destroyed.

The Commission also found that an elaboration of the original scheme was conceived and that Sir Rodmond Roblin, on July 4th, 1914, entered into a new contract with the contractors for the super-structural steel for parts of the building for \$802,650. Both he and the contractors well knowing that this price was inflated by the provision in it for the election fund and that this contract was made, although there were no plans prepared at that time and therefore no honest estimate of the steel required could possibly have been made. Later on Sir Rodmond Roblin and Dr. Montague fearing the consequences, should this new contract be discovered, cancelled the contract and destroyed the order-in-council passed on July 4th, 1914, authorizing the execution of the contract and that they caused every paper and record which could be found referring to this contract to be destroyed.

It was also found that Dr. Montague agreed with the contractors to allow them \$75,000 in the estimates for work on the dome of the building to recoup them what they lost by the cancellation of the destroyed fraudulent contract and that he sent the Provincial Architect to Chicago in company with Kelly to arrange with the construction expert there to prepare plans showing an increase in the weight of steel to the extent necessary to cover up this over-payment of \$75,000. The steel plans were thus over-loaded to the extent of 467 tons, which would have given an over-payment to the contractors of upwards of \$80,000 on this one item.

Architect Ordered False Records.

That this expert E. C. Shankland of Chicago was paid \$15,000 "on account," this sum being more than double his proper remuneration. It was found that during the session of the Public Accounts Committee in March, 1915, W. A. Elliott, the Chief Inspector of the work was ordered by Horwood to give false returns of the yardage of concrete, which he did, and that William Salt, also at the request of Horwood, altered his original records of the depth of the foundations in an attempt to justify the extraordinary over-payment to the contractors. When Mr. Coldwell and Mr. Horwood found that William Salt would not falsely swear to the accuracy of these altered figures of the depths of the caissons, he was then induced to leave the Province in order that his evidence could not be secured before the Public Accounts Committee. Salt was paid various sums of money to remain out of the Province during the sessions of the Committee and after the legislature prorogued he was paid further large sums to keep outside of the jurisdiction of the Royal Commission.

"Grossly Excessive Prices."

The brazen disregard of all business principles shown by the members of the Roblin Government

who were parties to the conspiracy showed in such remarkable prices as \$12.00 per yard for concrete, \$40.00 per thousand feet for rough lumber used in the caissons and 7 cents per pound for iron rings, all of which were aptly branded by the Commission as "grossly excessive."

Dr. Montague's connection with the conspiracy is a subject of a particularly interesting item in the Commission findings which shows that at first he refused to approve of the estimates sent in to his Department by the Provincial Architect Horwood, but that after an interview with Dr. Simpson in January, 1914, "Dr. Montague's attitude underwent a complete change and payments were thereafter made with little or no enquiry."

Further Revelations are Likely.

Such in brief are the leading features of the finding of the Mathers Royal Commission, proving to the hilt every charge made by the Liberals in connection with the Parliament buildings and very naturally leading to the surmise, if not the belief, that other very large contracts for public works carried out by the Roblin Government in the last four or five years, may have been done along the same lines. Already departmental enquiries into the building of the new Agricultural College near Winnipeg have revealed many items which will be more closely looked into. The contract for this building was let in the early part of 1911, while the Honourable Robert Rogers was still Minister of Public Works, and dictator of the Roblin Administration and prior to his removal to Ottawa as a Member of the new Borden Administration.

Liberals Redeemed All Promises.

In causing the arrest of the four ministers named in the findings of the Commission, the Norris Government has fulfilled to the letter its promise that the whole affair would be investigated to the end and that whatever action this investigation indicated would be taken. The fate of Sir Rodmond Roblin and his three former Ministers is now in the hands of the law. The Government has appointed as prosecutors, Mr. R. A. Bonnar and Mr. R. W. Craig of Winnipeg, two of the leading criminal lawyers of Manitoba and it will remain for the jury to settle their future. The volume of criticism to which Premier Norris and his Government were subjected during the recent political campaign in Manitoba based on the erroneous and carefully disseminated assumption that they would protect the guilty parties and would allow them to escape, have been answered in the manner in which the law has been invoked at the earliest opportunity after the findings of the Commission gave the Department to the Attorney-General the proper basis on which to formulate the charge against the men named.

In this, as well as in other actions quickly following the triumphant victory of the Norris Government on August 6th, the new Liberal Administration in Manitoba is justifying the claims of its members and its supporters that it is going to give Manitoba the best Government in the history of that Province.

THE STORY OF THREE DAYS

How War Brought an Amazing Vindication of Liberal Principles

From *The Nation*, London.

THE complete collapse of the German resistance in South-West Africa rouses a variety of reflections in a variety of minds. To some it is rejoicing at the first great triumph acquired by the British arms in a ten-months' war. To others it will be satisfaction at the addition of vast territories to the British Empire—much of them uncertainly productive, but others full of wealth in minerals and agriculture, and providing an opening for Back Veldt Boers who desire trekking into wide pastures, or for locations for natives, whose increasing birth-rate is continually pressing against the boundaries of their present domains. But to some at least, the whole story which culminated in the vote of thanks of Parliament to General Louis Botha and his commandoes on Tuesday will evoke feelings in which the soil or diamonds of the actual conquered territories bear but little part in the completion of one of the most remarkable human dramas the world has ever seen.

A volume would be required to tell even the outline of that amazing episode whereby, not only has an individual soldier passed to almost dizzy heights of fortune, but Liberalism has been vindicated in a manner which must have exceeded its wildest dreams. Let it be sufficient here to notice the incidents of three widely separated parliamentary days.

The First Day—A Liberal Protest.

The first is the House of Commons on August 16th, 1901—almost fourteen years ago. The Colonial Secretary, Right Hon. Jos. Chamberlain, had just instructed the British Commander-in-Chief in the Transvaal to issue a proclamation which, amongst other penalties, decreed that all commandants and leaders of the forces still resisting should, failing surrender before a short time, be 'permanently banished from South Africa. **The proclamation is challenged by Sir William Harcourt, then leader of the Liberal Opposition. 'If you are dealing with belligerents, you have no right to banish them. If they are not belligerents, you cannot by proclamation banish them.'** Mr. Chamberlain replies, to the satisfaction of the great majority, with the analogy of Alsace-Lorraine. Did not Germany banish from Alsace-Lorraine all disloyalists; and cannot the British Empire do to those who are 'banditti guerillas' in South Africa what Germany has done so successfully in Alsace-Lorraine? An unchanging Tory press weighs in with unchanging Tory doctrine. It sneers and jibes at those who criticize the proclamation. It is only a little discontented at the mildness of the measures adopted against (in the language of the London 'Times') 'a system of desultory fighting, bearing scant resemblance to legitimate warfare.' It consoles its followers (as to-day in debate on the National Register), with the promise that his is only

a beginning—the 'first turn of a new screw which is capable of putting on severer pressure.' **The Liberal protest is, of course, helpless and vain. The time limit expires. Permanent banishment from South Africa is decreed by the British Government against Louis Botha and his followers.**

The Second Day—A Liberal Experiment.

The second scene, in the House of Commons, is almost exactly five years afterwards—July 31st, 1906. The war has been fought to an end. The end has been a Treaty (despite the protests of Lord Milner) instead of unconditional surrender. The country has been ruled as a conquered province by young men fresh from the University of Oxford. Fancy schemes of Government all designed to keep the Dutch in a permanent minority, and hence in permanent hostility, have been devised by Prussianized minds. Finally, the whole crew have been swept out of power by the British people, and a Prime Minister, Sir Henry Campbell-Bannerman, who knew the ways by which the British Empire has been created and maintained has been returned triumphantly to power. **The discussion is on a settlement which will give complete power to the inhabitants of the Transvaal to choose their own rulers. Amid gathering excitement it is denounced in fierce terms by the leader of the Tory Party, Right Hon. Mr. Balfour. It is a 'most dangerous experiment.' 'No human being ever thought of such an experiment before—that of giving to a population equal to, and far more homogeneous than our own, absolute control of everything.' 'There is nothing to prevent the country making every preparation, constitutionally, quietly, without external interference, for a new war.' 'I am astonished that any Government or any party that cherished the British connection in the Transvaal should desire so audacious an experiment should be tried.'** He sees no security that 'this absolute power given to the Transvaal will not be used to establish a condition of things which may make some future action against this country (he is thinking of the opportunity of a European war) possible, probable, and dangerous.' Hence he will not accept the invitation that both parties shall join together to make this gift of freedom 'the gift of England.' Upon the Liberals alone must fall the responsibility for 'what I regard as the most reckless experiment ever tried in the development of a great Colonial policy.' And Sir Henry Campbell-Bannerman, Liberal Prime Minister, in reply, has only opportunity for the beginning of a sentence: 'Never in the course of my Parliamentary career have I listened to a more unworthy, provocative, and machievous'—when the Tory Opposition howls him down in one wild roar of fury. And the House

divides. **And despite that opposition a Constitution is established, under which Louis Botha, once perpetually banished from South Africa, becomes Prime Minister of the Transvaal.**

The Third Day—A Liberal Vindication.

The third evening is that of July 14th, 1915. Seven more years have passed. Freedom in the Transvaal has produced a federated South Africa, with Louis Botha as (seemingly perpetual) Prime Minister. Milner, Milnerism, Prussianism, all its unclean theories of life and conquest, have vanished into the darkness. The 'opportunity' of a great European war, which Mr. Balfour foresaw, has come—and gone. **General Botha has just suppressed rebellion in his own country; then gone forth to lead a Dutch and English force with the skill by which he was enabled for three years to defy—fifteen years before—all the armies of the Empire.** He has occupied town after town. He has traversed great wastes and territories. He has encompassed around his enemies in a manner that has proved him a master of war. He has conducted operations in a country described as 'deserts of shifting sand, waterholes rare and often poisoned by the enemy, mines thickly strewed, no pasture for the baggage trains, railways torn up and destroyed.' And he has finally effected the peaceful surrender of the force defending a country nearly as large as England and Germany combined. And—remembering no doubt the story fifteen years ago—he has given to the vanquished generous terms of peace. **So in the same House of Commons in which he had been declared by proclamation a perpetual outlaw, a Prime Minister of the British Parliament, Right Hon. Mr. Asquith, amid the enthusiastic plaudits of all parties combined, asks the House 'at this earliest opportunity to testify the admiration and gratitude of the whole Empire to the illustrious General who is also Prime Minister of the Union.'** And the words are re-echoed by the Tory leader, who mocks at Germany for thinking that 'a brave foe who had pledged his word would not keep his word,' and asserts that **'no resolution ever submitted to this House will secure greater support than will be given to this resolution by every section of the House.'**

So the world passes on its way, with its amazing vicissitudes of fortune. And those who look on observe events which carry with them lessons which will be forgotten, and verdicts of political wisdom which each generation is compelled to learn anew. The irony of history only required for completion the presence there last Tuesday of Sir William Harcourt, who had protested against perpetual banishment of General Botha from South Africa, and of Sir Henry Campbell-Bannerman, who had given the constitution which had made him Prime Minister, with the power to aid us in the day of trial. It would have been good to see, amid the sonorous laudation of the orators and the crashing cheers of the audience, the presence in the same Chamber of the one, who had been mocked at for his protest,

and the other who had been shouted down for his policy; of those whose protest and policy had alone made that oratory possible and created the conditions of that applause.

The Triumph of Liberalism.

The tale is worth the telling. It should be remembered and recorded in some such memorial as that erected out of the twelve stones of Jordan for the instruction of the Children of Israel; as a lesson of the laws of how great nations can be established, and how destroyed. It is worth the telling, not only for the romance of its historical setting, a romance which will remain undimmed by time; and not certainly for any desire to revive the memory of old, unhappy, far-off things, and battles long ago. **It is worth the telling because Liberalism is always in danger; because, to those who never learn and never forget, its principles are always hazardous, risky, doubtful; because it is so much easier to use force and compulsion to crush down opposition, to abolish choice and conviction, than to trust to loyalty, and the free determination of free men, and patience, and generosity, and response to generosity, and all the healing influences of liberty and time.** If Liberalism had failed fourteen years ago in its protest or seven years ago in its performance, General Botha would have suffered 'perpetual banishment'—perhaps to South-West Africa. And to-day the British Empire in South Africa would have been lost to the British Crown. But because Liberalism was true to its traditions, this man has indeed visited South-West Africa, and is to-day returning 'bringing his sheaves with him.'

THE AUSTRALIAN NAVY.

The triumphant successes of the Australian Navy in the first year of the War have so completely proved the wisdom of the Commonwealth Government in equipping and maintaining a navy of their own that work is now far under way on a permanent naval base at Fremantle, West Australia. Extensive tracts of what was virgin bush but a year ago are now covered with roads, railway lines, store-rooms and offices, while jetties, docks, work-rooms, etc., are in course of construction. This base is designed to be the permanent home of the Australian Navy, and recent advices indicate that when it is completed, Fremantle will rank second only to Sydney among the ports of the Island continent. Little has been heard of late regarding the movements of the ships of the Australian Navy, this no doubt being due to the strict censorship in Canada. When the truth may be known, however, it is certain that Canadians will be surprised if not humiliated to learn just what Australian warships have been doing in these days of need when Canada is without a navy of her own.

THE CARSLAKE HOTEL PURCHASE.

The Exchequer Court of Canada on September 7th rendered judgment in the matter of the Carslake Hotel property in Montreal which was expropriated by the Federal government some months ago. The property is designed for use as a postal sub-station in Montreal, and faces on St. James and Windsor streets, opposite the Bonaventure station. The valuation set upon the property by the Exchequer Court is \$288,750. In view of the fact that the Dominion Government, through the Department of Public Works, of which Hon. Robert Rogers is the head, actually offered \$325,532 for the property, or nearly \$40,000 more than it was worth, and also in view of the fact that this offer was made only after protests in Liberal newspapers and in the House of Commons had shown that the owners were asking over \$700,000 and had reduced their demands because of this unwelcome publicity on the deal, a brief interview of the whole affair should prove of interest.

Negotiations Started in 1913.

A sessional return produced in the House dated April 1st, 1915, shows that the purchase of the Carslake Hotel property for a postal station was first recommended in November, 1913. Evidence before Mr. Justice Audette in the Exchequer Court shows that during the negotiations, the owners of the property first asked \$712,330, that they later modified this demand to \$654,030. The departmental return shows that still later, after some details of the pending deal had become public through the press, the price was again lowered to \$407,880. This was apparently the state of affairs when the Department of Public Works made a formal offer of \$325,532, which the owners declined. The property was then expropriated to the Crown, the price to be set by the Exchequer Court, and in the meantime payments on the purchase price were made by the Government amounting to \$220,000. The sum of \$175,000 was paid about August 18th, 1914, and a further sum of \$45,000 was paid about November 23rd, 1914.

Property Sold for \$90,000 in 1910.

Records of the registry office in Montreal show that this property was bought in 1909 by G. T. O. Carslake from McGill University for \$75,000. On December 1st, 1910, Mr. Carslake leased the property to H. A. Dorsey, the lease containing an option of purchase which was taken up on December 15th, 1910, in the name of the Carslake Hotel Company for \$90,000 cash. Dorsey, it later appeared, was secretary of the Carslake Hotel Company and accepted shares of the company in payment of his rights under the lease and option.

It is thus plain that in 1910 the fair value of the

property, as demonstrated by the sale, was \$90,000. In 1913, when the Department of Public Works commenced negotiations for purchase, the price mentioned was \$712,330.

In the House of Commons on March 20th, 1914, Hon. Rodolphe Lemieux made the first public enquiry regarding the deal. On April 6th, 1914, Hon. Robert Rogers, answering the enquiry of Hon. Mr. Lemieux, declared that **no offer had been made for the property by the Government prior to notice of expropriation.**

Government Offered \$325,000.

But an order-in-council dated February 20th, 1914, authorized that \$325,532 "be the amount tendered for the property," and other letters on the departmental files show that this amount of \$325,532, cash, was actually tendered to the Carslake Hotel Company, Limited, at Montreal, on April 15th, 1914, and that it was refused by H. A. Dorsey on behalf of the company.

Court Says Value is \$288,000.

The property which the Government was willing to pay \$325,532 for is found by the Exchequer Court, to have been worth only \$288,750. In other words, the Government was willing to throw away nearly \$40,000 of the people's money, and this even after they had been warned on the floor of Parliament that they were being held up for an excessive price. The question why they were willing to do this will probably never be answered.

DIARY OF THE MONTH

1915.
August.

- 4 ST. DENIS, (Montreal) LIBERALS, in convention, nominate ALPHONSE VEREVILLE, present Labor representative in Maison-neuve.
- HON. RODOLPHE LEMIEUX and HON. W. T. WHITE address patriotic mass meeting on campus of McGill University, Montreal.
- 6 MANITOBA PROVINCIAL GENERAL ELECTION, results in return of 39 Liberals, 5 Conservatives, 2 Independents, with three elections deferred.
- 7 PUBLIC DEMONSTRATION in honor of SIR WILFRID LAURIER at St. Lin, Quebec, the birthplace of the Liberal Leader. Gathering of 8,000 people addressed by SIR WILFRID LAURIER, HON. RODOLPHE LEMIEUX, HON. SYDNEY FISHER, Mr. P. A. SEQUIN, M.L.A. and Mr. WALTER REED, M.L.A.
- 12 SIR WILFRID LAURIER addresses two mass meetings at SHERBROOKE, Que., in interests of recruiting.
- Recruiting meeting at Bedford, N.S., addressed by Mr. A. K. MacLean, M.P. (Halifax), Sir Fred. Fraser and others.
- WEST LAMBTON, (Ont.) LIBERALS, in convention at Sarnia, nominate the sitting member, F. F. PARDEE, M.P. Convention addressed by HON. GEO. P. GRAHAM and A. B. McCOIG, M.P. (West Kent).
- 14 Recruiting rally at Cedar Glen Park, Ont., addressed by HON. GEO. P. GRAHAM and others.
- 16 Recruiting meeting at Lindsay, Ont., addressed by HON. GEO. P. GRAHAM and others.
- 18 Public meeting at Summerside, P.E.I., addressed by SIR GEORGE FOSTER.
- 19 Recruiting meeting at Bedford, Que., addressed by HON. SYDNEY FISHER and others.
- 27 Recruiting Rally at Scarborough Beach, Toronto, addressed by HON. GEO. P. GRAHAM and others.
- 31 SIR RODMOND ROBLIN, HON. Dr. MONTAGUE, HON. G. R. COLDWELL and HON. J. H. HOWDEN, former cabinet ministers in Manitoba, surrender to authorities at Winnipeg to answer criminal charges arising out of Parliament Buildings scandal. Admitted to bail on charge of conspiring to defraud.

THE CANADIAN LIBERAL MONTHLY

Issued by THE CENTRAL INFORMATION OFFICE of the CANADIAN LIBERAL PARTY
Hope Chambers, Sparks St., Ottawa, Ont.

Subscription, \$1 per year.

Sample Copies free on application

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