

Mr. James Anderson—*Continued.*

Q.—And you made no claim with regard to it? A.—No, I was getting a salary out of the funds, and my expenses. I was getting that out of the funds which Mr. Larsen had provided for me, and I made no claim on the Grand Trunk Pacific at all for that.

Examination of witness here adjourned till Tuesday evening, 20th February, 1906.

Committee here adjourned till Tuesday, 20th February, 8 P.M.

TUESDAY, 20th February, 1906.

Pursuant to adjournment, the Committee appointed to inquire into the matters hereinbefore mentioned met at 8 P.M. this 20th day of February, 1906.

Present: Messrs. Garden (Chairman), Paterson, Young, Ross and Macdonald.

On opening, the minutes of the previous meeting were read by Dr. Young and, on motion, formally adopted.

Examination of MR. JAMES ANDERSON continued by Mr. Macdonald:—

Mr. Macdonald: I think, Mr. Anderson, we were at the point, when the Committee adjourned the other night, where you were in Montreal, interviewing Mr. Hays and Mr. Morse. Are you able to fix the date any more closely to-night than you were the last night? A.—The time I was in Montreal?

Q.—Yes. A.—No. I was there from the end of June, towards the end of June until, I think, the first week in July. I think that was the time I was there, sir.

Q.—190—? A.—1904.

Q.—Was that the only visit you made to Montreal or the East—east of Winnipeg—in connection with this business? A.—The only visit I made in that connection?

Q.—Yes; did you make any other business trip at all, since you first went North to look for the town-site until the present time? A.—Until the present time?

Q.—Yes. A.—Do you mean to the East?

Q.—To Montreal? A.—Yes, I have been in Montreal.

Q.—How many times? A.—Once, on one other occasion.

Q.—On one other occasion—yes. When was that? A.—I believe I was in Montreal about March, I think.

Q.—Of what year? A.—1904.

Q.—1904? That, then, was earlier than the visit you spoke of at the last meeting of the Committee? A.—Yes.

Q.—Did you see any official of the Grand Trunk Pacific then? A.—Any official of the Grand Trunk Pacific?

Q.—Yes. A.—I saw Mr. Stevens then.

Q.—You saw Mr. Stevens—and anyone else connected with the Company? Was Mr. Bodwell with you at that time? A.—No, sir.

Q.—Was he in the East at that time? A.—No, sir; not that I know of.

Q.—Where did you see Mr. Stevens? A.—I met him at the Windsor Hotel.

Q.—By appointment? A.—No.

Q.—More than once? A.—Just the once.

Q.—Once. Did you discuss the Grand Trunk Pacific terminus on the Pacific Coast with him? A.—No, not to any extent—just casually.

Q.—Casually, yes. That was after you had been North the first trip? A.—Yes.

Q.—And the second time? A.—Yes, sir.

Q.—Early in March, was it? A.—Oh, it must have been very early. It might have been the latter end of February or the beginning of March.

Q.—The end of February or the beginning of March? A.—Yes.

Q.—'Um, 'um. Then you went to Montreal very shortly after you got back from your second trip, was it, or your third trip? A.—No, from my second trip.

Q.—Right after you got back from your second trip? A.—No, it was quite a while after I got back. It was about a month after I got back.

Q.—And you left here when—in January, or February? A.—In February.

Q.—That would be after the letter was written by Mr. Bodwell to the Chief Commissioner? A.—Yes, a long time after.

Q.—It was the following month? A.—Yes.

Q.—And you had this particular interview with Mr. Stevens? A.—No particular interview.

Q.—Well, call it what you like—you met Mr. Stevens, and you talked over the question of the Grand Trunk Pacific terminus with him? A.—Yes.

Q.—You told him what you had been doing up North? A.—I told him that I had been up there.

Q.—Now, will you just tell us, as near as you can recollect, what you did tell Mr. Stevens then? A.—I do not think that I had any particular conversation with him that I can recall, beyond telling him of my trip up there.

Q.—You told him about Kaien Island? A.—I told him about Lima Harbour.

Q.—And Kaien Island? A.—Yes, and Kaien Island.

Q.—Told him about your connection with Mr. Larsen? A.—Yes, sir.

Q.—Yes. And about Mr. Bodwell? A.—I suppose Mr. Bodwell's name was mentioned.

Q.—Now, why did you discuss your partnership business with Mr. Stevens? A.—I did not discuss my partnership business with Mr. Stevens.

Mr. James Anderson—*Continued.*

Q.—Oh, yes. You told him you were up there and you mentioned Larsen and Mr. Bodwell. Now, why did you mention this to Mr. Stevens at that time? A.—I have not any particular reason to give as to why I did it; but, of course, it was of interest to them.

Q.—You had no object at all in doing that? A.—No particular object.

Q.—Particular or otherwise? A.—No.

Q.—I see. How long did you stay in Montreal on that occasion? A.—I was there just one day.

Q.—One day. A.—That is all, sir.

Q.—And then did you come back West? A.—Yes.

Q.—Right away? A.—Yes.

Q.—So that you had not very much time to have more than one interview with Mr. Stevens? A.—No, I just saw him at the hotel once while I was there.

Q.—Yes. You did not go there for the purpose of seeing him? A.—Not specially, no.

Q.—Well, specially or otherwise? A.—No, sir.

Q.—Did you go to Montreal for the purpose of seeing him? A.—Oh, I thought I might see him while I was there.

Q.—Then you went there with the expectation of seeing him? A.—I expected to see him.

Q.—As a matter of fact, you went there for the express purpose of meeting Mr. Stevens in connection with the Kaien Island townsite, did you not? A.—No, sir.

Q.—For what purpose, then, did you go? A.—I had other business, both personal and private business, there.

Q.—That took you across the Continent for one day's stay in Montreal? A.—No; I had been down in St. Paul for two or three days.

Q.—And in Helena? A.—No, sir.

Q.—When had you seen Mr. Larsen before that? A.—I had not seen Mr. Larsen before that.

Q.—Did you have a talk with Mr. Bodwell before you started for the East? A.—Oh, I met Mr. Bodwell constantly before I went East.

Q.—But did you have any talk with him about seeing Mr. Stevens, or any other representative of the Grand Trunk Pacific? A.—No, sir.

Q.—Before you left here? A.—No, sir.

Q.—Are you quite sure of that? A.—I would not be quite sure of that, but I do not think so.

Q.—What arrangement did you make with Mr. Stevens on that visit? A.—None at all, sir.

Q.—In fact, you had not any arrangement made with them at that interview, had you? A.—No, sir.

Q.—No arrangement at all with the Grand Trunk Pacific? A.—No, sir.

Q.—You weren't considering them at all in the matter? A.—Well, I was considering them. I had thought of them several times in connection with the matter.

Q.—Yes; but you had no notion then of talking it over with the Grand Trunk officials, or any notion of getting them interested in it? A.—No, not any definite notion.

Q.—You had no notion at all at that time, had you? A.—I do not know exactly what you mean by notion.

Q.—Had you any notion of interesting the Grand Trunk Pacific in your townsite at Kaien Island at that time—that is, in the townsite you were trying to get? A.—No, sir.

Q.—You had not? A.—No, sir.

Q.—No. Then you did not consider that their joining with you in some way would affect your deal with the Government? A.—No, sir; never thought of that.

Q.—And this interview was a month or six weeks after Mr. Bodwell's letter to the Chief Commissioner? A.—Yes, sir.

Q.—So that, up to that date, at all events, this was an entirely independent deal of yourself and Mr. Larsen, without reference to the Grand Trunk Pacific at all? A.—Up to that date?

Q.—Yes, that is right, up to that date, which would be the end of February, or the beginning of March? A.—Nothing beyond the fact that we expected to have the terminus established—

Mr. Macdonald: You told us you had no notion of getting the Grand Trunk interested in the deal?

Mr. Ross: Let him answer the question. He did not let him half finish his answer.

Mr. Macdonald: Didn't you tell us, up to that time, you had no notion of getting the Grand Trunk Pacific interested in the deal? A.—Excuse me just one moment. That I said I had no notion of getting the Grand Trunk interested in the deal—is that the question?

Q.—Yes, that is the question. You have answered it before, you know, and told us you had not—is that correct? A.—No; I want to say that we had the idea in our first letter—the letter which Mr. Bodwell wrote—of getting the Grand Trunk Pacific interested, because we mentioned the Grand Trunk Pacific in that letter; and, therefore, we knew that we could not deal with the lands without the Grand Trunk Pacific coming in. It was impossible to do so.

Q.—Yes. Now, then, you see, you told me a moment ago that at this time, in February and March, you had no notion of getting the Grand Trunk Pacific interested in your deal; that is wrong then? A.—No, for I did not speak of that when I was in Montreal.

Q.—You did not speak of it at all, and you had no such notion? A.—No.

Q.—And you did not speak of that to Mr. Stevens? A.—No, sir. I did not bring up that question at all with him.

Q.—And you did not tell him that it would be a good place for a terminus for their company? A.—I probably told him that.

Q.—You told him that? A.—Yes, I may have told him that.

Q.—And you got no instructions from him about going back and designating the land? A.—No instructions at all, sir.

Q.—And no suggestions made? A.—No.

Mr. James Anderson—*Continued.*

Q.—Are you quite sure of that, now—that he made no suggestion to you at that time that you should go back and survey those lands—are you quite sure of that, Mr. Anderson; A.—I told him I was intending to go up there and make a survey, but I had no instructions from him to go.

Q.—No; my question is this: I am asking you, was there any suggestion from him that you should go up there? A.—No, there was no suggestion from him. He knew I was going up there.

Q.—How—how did he know that? A.—I suppose I told him I was going.

Q.—You told him you were going, and you told him of your different trips up there, I suppose? A.—I told him I had been up there twice.

Q.—And that you had cruised about? A.—Yes.

Q.—And that you had finally decided on Lima Harbour and Kaien Island? A.—Yes, sir.

Q.—As being the most suitable place for a terminus? A.—Yes, sir.

Q.—Was there any suggestion made at that time that the Grand Trunk Pacific engineers should go up to look at it? A.—No, sir.

Q.—No suggestion of that kind at all? A.—No, sir.

Q.—From you? A.—No, sir.

Q.—Or from him? A.—No, sir.

Mr. Garden (Chairman): Hadn't they looked at this before?

Witness: I beg your pardon, sir?

Mr. Garden: Hadn't the Grand Trunk Pacific engineers been up there and looked at this before?

A.—I am not sure, but I think there had been an engineer up there.

Mr. Macdonald: You gave an interview on the 17th January of this year to the "Colonist" reporter? A.—Yes, I believe I did.

Q.—I see this statement in it: "Among those who went north was James Anderson, previously connected with the Victoria Terminal & Sidney Railway, who had formed a syndicate to acquire lands at or near the probable terminus of the new line." I suppose that was correct? A.—Well—yes.

Q.—Yes. "And after a careful examination of all the sites he selected Lima Harbour, on Kaien Island, as affording the best and safest harbour, with ample ground adjacent for terminal facilities and townsite." That is correct? A.—Yes.

Q.—I think that is about in accordance with what you have already told us? A.—Yes.

Q. (Reading)—"After cruising and looking over the location, he decided to make a preliminary survey early in 1904. On the completion of the survey he discovered that the proposed site was held by the Provincial Government as a reserve." That is not correct, is it? A.—No, sir.

Q.—That is to say, you had discovered all that long before you had gone up to make the surveys? A.—Yes.

Q.—In fact, you had discovered that on your return from your first trip, as you have told us the other night? A.—Did I say that the other night? I said after my second trip.

Q.—No, your first trip. A.—I thought I said after my second trip.

Q.—No; your first trip was what you said. Now, do you say it was not on your return from your first trip? A.—I think it was on my return from my second trip.

Mr. Eberts: Read it to him what he said. He has given his evidence, and it is only fair and proper that what he said before should be read over to him.

Mr. Garden: Yes, if there is any dispute as to what was said, that is the right way to do; but I do not think there is any dispute so far.

Mr. Eberts: I do not know what his evidence was before, so cannot refer to it.

Mr. Macdonald: You think now it was on your return from your second trip? A.—I think, if you will look at the evidence, you will find that is the case.

Q.—Don't you remember saying that after you saw Mr. Larsen in Seattle, on your return from your first trip, he told you to find out whether this land could be located? A.—Yes, and I told you I went up there to look over the land and you asked me why I did not find out whether the land could be acquired first before going up. Don't you remember asking me several questions about that? And I told you I went up there first to look the land over.

Q.—And you still think you did that? A.—That is my recollection of it.

Q.—However, you knew before the 16th January, 1904, that it was under reserve, and that the only way Mr. Bodwell thought it could be dealt with was under the Land Act by section 39? A.—Yes.

Q.—Now, then, you said on this occasion, if you are properly quoted:—"This necessitated the Grand Trunk Pacific Railway Company dealing directly with the Government." A.—Well, a good deal of that report is just simply the reporter's statement. There are a lot of matters there that he made a mistake in.

Q.—That is a mistake, is it? A.—What is that?

Q.—"This necessitated the Grand Trunk Pacific dealing directly with the Government." A.—Well, I do not think that is a mistake.

Q.—You do not think that is a mistake? A.—No, I do not think it is.

Q.—So that even earlier than the 19th January, 1904, you recognised that you had to get the Grand Trunk Pacific into the deal? A.—I do not think that that interview says so, does it, Mr. Macdonald?

Q.—It says:—"This necessitated the Grand Trunk Pacific dealing directly with the Government." A.—That was before the survey was made.

Q.—Yes. A.—Well, the survey was not made until March.

Q.—Exactly. What I say is this: You knew, when you discovered the reserve was there, that the Grand Trunk Pacific had to be dealt with. You knew that from Mr. Bodwell? A.—When we discovered the reserve?

Q.—Yes. A.—Well, we had to get the lands then to handle for the Grand Trunk Pacific. We had to get them in the hands of the Grand Trunk Pacific.

Q.—In the hands of the Grand Trunk Pacific? A.—On behalf of the Grand Trunk Pacific.

Mr. James Anderson—*Continued.*

Q.—And you knew that prior to the 19th January, 1904? A.—No, sir; not at all.

Q.—You knew of the reserve being on the land prior to that time? A.—We knew of the reserve prior to that time.

Q.—Well, now, this is what is said in this particular interview:—“On the completion of the survey he discovered that the proposed site was held by the Provincial Government as a reserve, and could only be dealt with under the Land Act,” and so on. “This necessitated”—that is, the discovery of the reserve—

A. (Interrupting)—That is where the report is out.

Q. (Continuing reading)—“the Grand Trunk Pacific dealing directly with the Government.” A.—That is where the report is out.

Mr. Garden: Where is that taken from?

Mr. Macdonald: A report of an interview in the “Colonist.”

Q.—Now, a moment ago you said it was right; do you say it is wrong now? A.—I said before that it was wrong in parts.

Q.—You said that this was right, this part:—“This necessitated the Grand Trunk Pacific dealing directly with the Government.” A.—That is correct.

Q.—Now, what was it that necessitated the Grand Trunk Pacific dealing directly with the Government if it was not the reserve as discovered by you? A.—It was just as it came up, and we found that the Order in Council would not go through unless the Government were dealing directly with the Grand Trunk Pacific, and with Mr. Bodwell as their representative.

Q.—Did you know that on the 19th January, 1904? A.—I did not say so, sir.

Q.—Did you know? A.—No.

Q.—Mr. Green had had interviews with Mr. Bodwell at that time, had he not? A.—The date of the 19th January was when Mr. Bodwell wrote his letter to the Government?

Q.—Yes, and he told us—and I suppose that that is correct what he said—that he had interviews with Mr. Green before that? A.—He may have had.

Q.—And you yourself also had? A.—Did I say that I had interviews with Mr. Green?

Q.—Well, had you? A.—No, sir.

Q.—That is to say, you had no interview yourself with Mr. Green prior to the 19th January? A.—Not that I remember of, Mr. Macdonald.

Q.—I think you remembered the other night? A.—If you can show me where I said so. I said that I talked to Mr. Green casually about it.

Mr. Eberts (interrupting): I submit that the only fair way to do when he claims the witness said something different to what he now states is to direct his attention to his previous statement. No one now can tell whether he said that or not.

Mr. Macdonald: The witness has just admitted that he has said so.

Mr. Eberts: In future I will ask him not to answer your question of that kind until you refer him to what he has said before.

Mr. Garden: Yes, you might call my attention, Mr. Eberts, to what you consider is improper.

Mr. Eberts: I am calling your attention to the question he just asked the witness, Mr. Chairman.

Mr. Garden: Well, I do not think he has gone very wide of the mark just yet.

Mr. Macdonald: So you say now you had casual interviews with Mr. Green prior to the date of that letter? A.—I say that I had no interview with Mr. Green up to that time about that Kaien Island business.

Q.—But you had casual interviews with him? A.—Oh, yes; I was chatting with him about different things, and probably I talked to him about that business, but I would not be distinct about it.

Q.—As a matter of fact, don't you know that you did talk to Mr. Green about it? A.—No.

Q.—Prior to the 19th January? A.—No. I left the matter in Mr. Bodwell's hands, as far as any conversation with Mr. Green is concerned.

Q.—That is as far as you are prepared to go? A.—Yes; that is as far as I am prepared to go.

Q.—You won't say that you had not discussed it several times with Mr. Green; you won't swear that you had not before the 19th January? A.—I will not swear, no.

Q.—Now, then, having discovered that there was a reserve on the land, what did you mean by telling the reporter that “This necessitated the Government dealing directly with the Grand Trunk Pacific.” A.—Well, that is not correct. He got that sentence in the wrong place, probably. That was after the survey that it necessitated us dealing with the Grand Trunk Pacific.

Q.—Oh, that is the way you put it now? A.—If you will read it through, sir, I think you will see that that is so.

Q.—The survey was completed in what month, in February? A.—In March.

Q.—In March? A.—Well, it was not really completed until about April. We went up in March, and completed it about April. If you will read that sentence again, Mr. Macdonald, I think you will see that it is so and where that should come in.

Q.—I see exactly where it comes in.

Mr. Garden: What page is that? Oh, you are still at the “Colonist” report, are you, Mr. Macdonald?

Mr. Macdonald: Yes.

Q.—Did you say this then (reading): “In order to facilitate arrangements, E. V. Bodwell, then acting as counsel for the Grand Trunk Pacific Railway Company, was authorised by Mr. Hays to deal with the Local Government?” A.—I do not think I said it in those words. The substance of what I said was something like that. I do not know how it was put like that there.

Q.—Well, you see that carries with it the distinct impression that it was only when you had completed the survey, or discovered the reserve, and concluded that the Grand Trunk Pacific would have to come in, that Mr. Bodwell was brought into the transaction. That is not so, of course? A.—No, of course not; and that was not the impression intended to be conveyed.

Q.—Mr. Bodwell was in it from the beginning? A.—Exactly.

Mr. James Anderson—*Continued.*

Q.—Exactly—

Mr. Ross (interrupting): Were you on oath when you gave this interview? A.—No, sir.

Mr. Macdonald: Now, we will come back again to your trip in February, or March, to Montreal. Do you want us to understand that you did not know and understand at that time that it was necessary to get the Grand Trunk Pacific into the deal? Is that what you want us to understand from your evidence? A.—That we thought it was not necessary to get the Grand Trunk in?

Q.—Yes. A.—I could not exactly say that.

Q.—You could not say that? A.—No.

Q.—In fact, you knew then that it was necessary? A.—No.

Q.—That under the Land Act, land could only be granted for the purpose of public advantage? A.—We recognised all that after we found the reserve was on. That is what I have been telling you.

Q.—Well, then, you thought from the very beginning, from the time you found out about the reserve, that it was necessary to deal with the Grand Trunk Pacific in some way or other? A.—Yes, in some way or other.

Q.—And wasn't that the object of your trip to Montreal in March? A.—No, sir.

Q.—In order to make some arrangement with them? A.—No.

Q.—Were you going ahead without knowing whether you were going to deal with them or not? A.—We were going ahead to survey the land.

Q.—Without knowing whether they would take it as a terminal townsite or not from you? A.—Without knowing anything about it.

Q.—Or without making any inquiries, directly or indirectly? A.—We were going ahead with the object as outlined in the letter of the 19th January, 1904.

Q.—Although at that time you knew it was necessary for the Grand Trunk Pacific to be drawn into the deal? A.—Yes, we were going right ahead.

Q.—Yes. That, I suppose, was your first interview with any representative of the Grand Trunk Pacific Company in connection with this matter? A.—I think so.

Q.—And you left, you say, Montreal the next day. And when did you again see any representative of the Grand Trunk Pacific? A.—In May, in Winnipeg.

Q.—In May, in Winnipeg? A.—Yes.

Q.—That was when you met Mr. Stevens there again? A.—Yes.

Q.—Now, you have had some correspondence, have you not, with Mr. Stevens about this matter? A.—No, sir.

Q.—That is to say, you have never written either a letter or telegram to him, or received a letter or telegram from him in connection with this matter? A.—Oh, I have written about it.

Q.—And received telegrams? A.—I think I received one or two telegrams.

Q.—Where are they? A.—I do not know, sir. I have not got them now.

Q.—Don't you keep your letters and telegrams? A.—I keep some of them, when I think it is necessary.

Q.—You keep some of them. What did you do with these particular ones? A.—I don't recall what I did with them. I probably destroyed them.

Q.—Do you think you could find them if you searched now for them? A.—I don't think so; but I will look through my papers and see if there is anything there, and I will produce them if there is any.

Q.—If you don't produce them, what then? A.—Probably I destroyed them.

Q.—You would not find them other than among your papers? A.—I do not think that I would.

Mr. Eberts: That is an unfair way of asking the question. A man is produced here as a witness, and is asked to produce certain papers, which the witness says if he has them he has no objection to producing them, and then he turns around to him and asks him a question inferring that the witness may probably be carrying those telegrams and things around in his pocket and would not produce them.

Mr. Macdonald: I have not said anything about his having telegrams in his pocket. I simply asked him if he would make a search.

Mr. Garden: And if he does not remember destroying them he may be able to find them.

Witness: If I have any, I can find them. I may have destroyed them. But, as I say, my recollection is not clear on the point.

Mr. Macdonald: I suppose you have had a good deal of correspondence with different persons in connection with this Kaien Island business? A.—No, sir; practically none.

Q.—Well, the men you were dealing with, with the exception of Mr. Bodwell, were in all cases at a distance? A.—I was not dealing with anyone except Mr. Larsen and Mr. Bodwell.

Q.—Mr. Larsen, Mr. Bodwell and Mr. Stevens? A.—Mr. Stevens I was not dealing with at all. I was consulting with him, and that was all.

Q.—You were consulting with him in Winnipeg? A.—Yes.

Q.—And in Montreal, on this occasion in the latter part of February or the beginning of March? A.—Yes.

Q.—Have you any definite recollection of these telegrams that you speak of? A.—No, I have not any distinct recollection of what they referred to, Mr. Macdonald.

Q.—When were they dated? A.—That is impossible for me to say, sir.

Q.—They were from Mr. Stevens? A.—I do, as I say, remember getting one or two telegrams from him; I could not say exactly.

Q.—One or two from Mr. Stevens? A.—Yes.

Q.—Had you received a telegram from him before your first interview with him in Montreal? A.—I should think so, sir.

Q.—Well, aren't you sure now? A.—No, I am not sure.

Q.—You are not sure? A.—No.

Q.—Did you receive a telegram from him before your interview with him in Winnipeg? A.—I think I did.

Mr. James Anderson—*Continued.*

Q.—You think you did? A.—Yes.

Mr. Macdonald: Well, Mr. Chairman, I will ask that the witness be directed to search for all documents and papers, letters and telegrams, or any other kind of correspondence that he had with Mr. Stevens, Mr. Hays, Mr. Larsen, Mr. Bodwell, or any other person or persons, referring to the matters in question in this inquiry.

Mr. Garden: Have you finished with your cross-examination?

Mr. Macdonald: No, but I am just now taking occasion when the matter is up to ask that that be done.

Mr. Garden: You will do so, Mr. Anderson?

Witness: Yes, Mr. Chairman.

Mr. Macdonald (continuing): Now, I suppose you kept some account of your expenses? A.—Yes, sir; I did.

Q.—Yes. A.—That is, I made up a statement of the disbursements.

Q.—Of course you have got a copy of that statement? A.—No, sir.

Q.—What did you do with it? A.—I gave it to Mr. Larsen.

Q.—Gave it to Mr. Larsen? A.—Yes, when I had completed the business.

Q.—What date was that? A.—I think I gave it to him when he was in Victoria in March last, a year ago.

Q.—You gave him then a complete statement of all your disbursements from the beginning? A.—Just simply a summary, that is all.

Q.—Well, I suppose you gave him a statement of what your disbursements were in detail? A.—No, not in detail—just simply of the sums I had expended—different sums—that was all.

Q.—And what you had expended them for, and so on? A.—Yes, sir.

Q.—Where did you get those items from when you made that statement up a year ago? A.—A good deal of them from memory.

Q.—And the rest? A.—From little notations I had made, and bills that I had.

Q.—And have you got those yet? A.—No, sir; I turned them all over to him.

Q.—Oh, you turned them over to him? A.—Yes.

Q.—I think you told us the other day that you drew drafts on Mr. Larsen from time to time? A.—Yes, sir; I did.

Q.—Through what bank? A.—I drew through the Imperial Bank here.

Q.—Yes. A.—And I think I drew on him in Seattle on one occasion.

Q.—Yes. A.—And then at other times I saw him personally, and got his cheque for any funds that were required.

Q.—And you kept your own bank account with that bank? A.—With the Imperial Bank.

Q.—Here? A.—Yes, sir.

Q.—I suppose your bank-book would show your disbursements from time to time in connection with this business? A.—I do not think it would.

Q.—Why? A.—Because my personal and partnership business was included with it. I kept no separate accounts.

Q.—Wouldn't you, on looking through your book, be able to tell which was your private business and which your partnership business? A.—Hardly.

Q.—That is, you did not keep your private business distinct from your other business? A.—No, sir.

Q.—And I suppose you would have no recollection now, even if you saw your bank-book, and saw the amounts deposited from time to time, you would have no recollection now of whether those amounts were applicable to your private business or your partnership business? A.—I might be able to recognise one or two deposits.

Q.—But that would be the most? A.—That would be the most.

Q.—I suppose you would have no objection to producing that bank-book? A.—Oh, yes; I certainly would have.

Q.—I see? A.—It is a matter of interfering with my private business; and I do not see how it has anything to do with this investigation.

Q.—So you won't produce it? A.—No, sir.

Q.—Nor your cheque-book? A.—No, sir.

Q.—Nor the cheques which you drew for the partnership business? A.—I could not produce those if I wanted to, because I checked those up and destroyed them.

Q.—You destroyed the cheques? A.—Yes. At the end of the year I generally do that.

Q.—Yes. When did you destroy them? A.—I could not tell you.

Q.—Have you any recollection of destroying them? A.—Nothing beyond the fact I know I did. I check them over each year with my account for the year, and then destroy them.

Q.—Then you would destroy them, I suppose, immediately after the end of the year? A.—Yes, possibly, or it might have been a month or two later.

Q.—You have no recollection of destroying them, though, a year ago? A.—No certain date, no.

Q.—Was it in January or February? A.—I have no recollection of any certain date.

Q.—Or of the fact of destroying them? A.—I recall checking up my book and putting the old cheques in the fire.

Q.—You recall that? A.—Yes, sir.

Q.—You did that this year? A.—Yes.

Q.—When? A.—Probably a month ago, or two weeks ago, or something like that.

Q.—You burnt all your cheques for the previous year? A.—Yes, sir.

Q.—Both private and partnership, I suppose? A.—Yes, sir.

Q.—And you burnt your stubs? A.—I don't say that, sir.

Q.—Where are they? A.—I don't really know, Mr. Macdonald.

Mr. James Anderson—*Continued.*

Q.—Have you got them? A.—I may have them, and may not have them.

Q.—Why may you not have them? A.—Because I do not recall placing them any place.

Q.—I suppose you would be willing to search for those and produce them? A.—No, sir; I would not produce them.

Q.—You won't produce them? A.—No, for the simple reason that that refers to my private business—

Q.—And also to your partnership, public business? A.—Yes, part of them may.

Q.—That is to say, to this business between yourself and Mr. Larsen. Now, as I understand you, Mr. Anderson, you have your bank deposit book? A.—I think so.

Q.—And you probably have your bank stubs, your cheque stubs? A.—I probably have them, sir.

Q.—And you refuse to produce those? A.—Yes, sir.

Q.—Both your deposit book and the stubs contain entries referring to your business with Mr. Larsen relating to Kaien Island? A.—No, not particularly.

Q.—They contain some that do? A.—They don't contain any definite items referring to that business. My business was done with Mr. Larsen, and he simply supplied me with funds, and I was instructed to use them as I thought best.

Q.—Now, you told me a moment ago, in referring to those stubs, that some of those related to your business with Mr. Larsen? A.—I think some of those were cheques paid out on account of that partnership business.

Q.—That is true? A.—Yes.

Q.—And you told me with regard to your bank account, some of that business was your private business? A.—Yes, sir.

Q.—And the other was your business with Mr. Larsen? A.—It was not my business with Mr. Larsen in the sense that I made deposits in that name, or anything of that sort.

Q.—It contained deposits of moneys you received from Mr. Larsen in connection with that townsite business? A.—It contained deposits of money I had received from him.

Q.—In connection with this townsite business? A.—Of money I had received from Mr. Larsen.

Q.—Yes, of this townsite business—

Mr. Eberts: He did not say in connection with the townsite business.

Witness: I said of money I received from Mr. Larsen.

Mr. Macdonald: In connection with Kaien Island? A.—In connection with that I was doing for Mr. Larsen, and I had other business than the Kaien Island at the same time.

Q.—I will put it in another way, so there will be no doubt about it. You say he was paying your expenses? A.—Mr. Larsen was, yes.

Q.—Yes; he was paying your expenses up North to look after and locate this townsite? A.—To look after all the business I was looking after for him.

Q.—Which included the townsite? A.—Yes.

Q.—And a good deal of your expenses were in connection with the location and the surveying of the townsite on Kaien Island? Is that correct? A.—Exactly.

Q.—And these sums that were deposited in the bank were partly to cover those expenses? A.—No; they were not deposited in the bank to cover those expenses.

Q.—They were received by you? A.—Mr. Larsen supplied me with funds to disburse as I pleased. He did not ask me to render him any statements.

Q.—I understand— A.—I am trying to explain.

Q.—The moneys you had in your bank account in the Imperial Bank, which you have already told us of, contained moneys, amongst others, which you received from Mr. Larsen for expenses in connection with Kaien Island? A.—No, sir; expenses in connection with all my business connection with Mr. Larsen.

Q.—Including Kaien Island? A.—Yes, sir; including Kaien Island. That is right now.

Q.—I do not see where the difference comes in; perhaps you do? A.—Well, if the moneys had been to be applied only to Kaien Island it would be a totally different thing, but there were other investments I was looking after for Mr. Larsen as well as Kaien Island.

Q.—I am not disputing that. Now, you refuse to produce your bank-book, your bank deposit book, which shows these moneys we are just now discussing? A.—Yes, sir.

Mr. Macdonald (addressing Chairman): I make a motion, Mr. Chairman, that the witness be directed to produce his bank deposit book, containing entries relating to moneys which he received from his partner, Mr. Larsen, to be expended for expenses, which expenses included expenses in connection with the matter now under inquiry.

Mr. Garden: Would that subpoena cover that bank-book—"to produce all documents,"—would that cover a bank-book, Mr. Maclean?

Mr. Maclean: I think he certainly ought to produce those documents. Otherwise the inquiry would not amount to an inquiry.

Mr. Ross: Now, this is a matter which I feel is well worthy the consideration of this Committee, as to whether that is a matter which would come within the scope of our inquiry. I do not think that we are here to find out the incidents of the transaction between Anderson and Larsen, or Anderson and anyone else, except in so far as they affect the members of the Government, or the Grand Trunk Pacific Railway Company. And I would, therefore, move in amendment that the consideration of Mr. Macdonald's question be postponed until after he is through with the examination of the present witness.

Mr. Garden: You move in amendment that his motion be not put?

Mr. Ross: Yes.

Dr. Young: Until when?

Mr. Ross: Until he has exhausted the examination of the present witness.

Mr. Macdonald: That is rather an extraordinary way of getting discovery evidence, to be told that after we get through examining a witness that he is then going to produce something. I am not going to stop my examination here.

Mr. James Anderson—*Continued.*

Mr. Ross: It seems like intimidating a witness to string these motions on him in the midst of his giving evidence. If you are not satisfied with his answer, then you spring these motions on him in order to intimidate him, and I submit that is very wrong—

Mr. Macdonald: I do not think there is anything wrong in it.

Mr. Ross: I do not think that this is a matter which is pertinent to this inquiry, and I would like to have some time to consider this.

Dr. Young (reading from minutes): "That the witness be directed to produce his bank-book and cheque stubs, and all documents relating to his business with Mr. Larsen."

Mr. Macdonald: Letters or other documents, books of accounts, etc., relating to this matter—that is to say, relating to his business with Mr. Larsen in connection with Kaien Island townsite.

Mr. Garden: What is your amendment, Mr. Ross?

Mr. Ross: It seems to me that Mr. Macdonald should take into consideration the question of leaving that motion over until he is through his examination of the witness, because his next question may involve another motion, and if when he gets through his present line of examination it may be that he can include them all in one motion, and then we can finally decide on it.

Mr. Garden: Have you any objection to that, Mr. Macdonald?

Mr. Macdonald: Yes, certainly. The witness has not definitely refused to produce certain documents, and I want the resolution put that he produce those documents at the next sitting of the Committee.

Mr. Ross: Well, that motion involves a point for us to consider, and I think we ought to consider it among ourselves.

Witness: I do not see, Mr. Chairman, what right I have to produce my private business before this Committee. It has nothing to do with this Committee, nothing to do with it in any way, shape or form. This bank deposit book contains both my private and partnership business, and it is impossible to bring one without the other, as there were no separate accounts made for this business. I beg the Committee to consider that it is impossible for me to produce separate accounts, and if I produce now those documents it would simply mean that my whole private business would be laid open before this Committee, which I do not consider they have any right to interfere with.

Mr. Paterson: Well, is it not rather unusual to keep business in that way? A.—Well, it was usual with me at that time, owing to my connection with Mr. Larsen.

Mr. Paterson: From your experience in other lines of business, wouldn't it be the usual custom to separate your private business from your partnership business? A.—If I had been doing business in a different way than I was with Mr. Larsen, I would have considered it necessary to keep accounts and everything of that sort, but Mr. Larsen never asked me to, and I did not think it was necessary to do it anyway; this was more of a friendship agreement than anything else.

Mr. Eberts: A matter between you and Larsen? A.—Yes, entirely so, and no one else had anything to do with it in any shape or form. It included several items of Mr. Larsen's private business, referring to lumber and deals in coal lands, and items that are of no interest to this Committee in any shape or form.

Mr. Paterson: I don't suppose you would be prejudiced in any way by their production? A.—I don't know, sir. I don't suppose that you would care to be asked to produce your private accounts and have them laid open before this Committee.

Mr. Paterson: I do not think I would keep my private accounts in that way. We have had the advice of Mr. Maclean, and I think his advice should be acted on.

Mr. Garden: I may say, my own practice has been to keep my private and business accounts together, and my cheques would include both my private and business accounts. I don't think there is anything unusual in pursuing a course of that kind. However, I do not say that because a man keeps his accounts in that way that you should not be allowed to get at matters which are of public importance.

Mr. Ross: What part of this transaction with Larsen can be considered by this Committee a matter of public importance? He says he got moneys from Larsen, and I have no doubt he did, but what has that to do with the scope of this inquiry?

Mr. Garden: I don't know, I am sure.

Mr. Ross: Do I understand, Mr. Macdonald, that you cannot go ahead with your examination until these documents are produced?

Mr. Macdonald: No, not at all; but I have a motion before the Committee.

Mr. Ross: I think, out of deference to my request, Mr. Macdonald, that you should leave the matter over for the Committee to decide upon, and in the meantime go on with the examination. We are not in the happy position, Mr. Macdonald, as you are, of making a grand-stand parade with the newspapers, but I think the matter should be left over—

Mr. Macdonald: I think if I had had any disposition, as a favour to you, to let the matter stand over for your benefit, the language you have used just now would prevent my putting that disposition into force.

Mr. Paterson: I do not think that language is parliamentary, Mr. Chairman, for I do not think anyone is making a grand-stand parade.

Mr. Chairman: Well, gentlemen, don't get into any more wrangles—

Mr. Ross: I don't think Mr. Macdonald's method of dealing with this matter is a proper one.

Dr. Young: I do not think we will gain anything by any acrimonious discussion between the members of the Committee.

Mr. Garden: I am sure we will not.

Mr. Macdonald: I have made a simple motion to this Committee. I have said nothing about Mr. Ross, or anyone else, and I do not see why such language should be allowed to be used.

Mr. Garden: No. I must say that the investigation has been conducted so far without any personal feeling being displayed, and I would be very sorry to see it displayed now. I do not see that there has been any cause whatever for any such a remark from either side.

Mr. James Anderson—*Continued.*

Dr. Young : Mr. Macdonald, if I made this request, that until this line of examination is through that you do not put this motion, and then, on its completion, you could then make one motion, and embody all this in one motion ?

Mr. Macdonald : I have no objection to doing that. We would not get the production to-night, and while I think my present resolution covers everything he could possibly have, as any other documents that might be referred to would fall within the general description, still, if the Committee desires me to let it stand until a later time, we must allow the motion to stand as it is, and renew it again.

Mr. Ross : In other words, Mr. Macdonald is willing to do for someone else what he was not willing to do for me.

Dr. Young : There is no occasion for any such a severe remark. Mr. Macdonald has very gracefully accorded the Committee this favour, and I do not approve of any such remark being made. I would ask the Chair to see that the cross-examination of the witness be proceeded with.

Mr. Garden : I have already asked that, Dr. Young.

Mr. Macdonald : Now, coming back, Mr. Anderson, to that time when you returned from Montreal, after having seen Mr. Stevens, I suppose you had an interview with Mr. Bodwell ? A.—Oh, I believe I met Mr. Bodwell. In fact, I met Mr. Bodwell constantly.

Q.—Now, Mr. Anderson, if you can, I would like you to give your answers in a more definite form. You generally word them “I suppose I did this and that.” Don’t you remember whether you did or not ? A.—I don’t remember any distinct interview with Mr. Bodwell.

Q.—Distinct or indistinct ? A.—I was constantly meeting him, having business with him, and I had interviews with him from time to time.

Q.—You regarded him as your solicitor in this matter ? A.—Well, I don’t suppose I ever looked at it in that light.

Q.—Then you regarded him as representing Mr. Larsen ? A.—Yes, I regarded him as representing Mr. Larsen.

Q.—And as you were not able to meet Mr. Larsen personally, I presume that you considered Mr. Bodwell had knowledge and instructions which were of interest to you ? A.—No, I never presumed that.

Q.—Notwithstanding that Mr. Larsen was your partner ? A.—Mr. Larsen and I understood each other thoroughly in this business.

Q.—And you and Mr. Larsen were so fully in touch with each other that it was not necessary for Mr. Bodwell to interview you in any way ? A.—Except in an advisory capacity.

Q.—You returned from Montreal about what date ? You see you were down there about the beginning of March, you have already told us. You returned what date ? A.—I think I said it was the end of February or the beginning of March—I am not exactly certain as to the date when I returned. I could look up the date, by reference to some data, and then I could judge from that the exact date, if it is material.

Q.—I would like you to do that. By the way, where do you think you would have those dates noted ? A.—I do not know. I might be able, by looking at certain items, to tell where I was at a certain time.

Q.—That is in reference to your bank deposit book ? A.—Not necessarily.

Q.—To your stubs ? A.—Oh, my stubs might show that. If I drew a cheque at a certain place, I would know by that what date I was in that certain place, certainly.

Q.—Have you any other means than what you have mentioned of refreshing your memory ? A.—None that I know of.

Q.—Do you keep a diary ? A.—No, I do not keep a diary.

Q.—Now, then, I understand that you had no personal interview with Larsen about that time. A.—About which time, sir ?

Q.—About the time you were first in Montreal, in February or March, in 1904 ? A.—Not before I was in Montreal, sir.

Q.—Did you on your return from Montreal ? A.—Yes, sir ; I believe I met Mr. Larsen after I came back.

Q.—Yes. A.—But it was not in Seattle. You asked me the other day if I met Mr. Larsen in Seattle. In thinking over my answer to that part of it, I recall meeting Mr. Larsen in St. Louis.

Q.—Oh, I see. A.—I ran down from St. Paul. He left a note for me to see him. He was sick at the Salt Springs there, recovering from his “Clallam” accident, and he told me then he was going from Frenchley Salt Springs down to Arkansas, and he asked me to go down and see him. And that meeting escaped my memory.

Q.—Was it a letter he sent to you ? A.—Just a note.

Q.—A letter ? A.—I say just a note that he left for me ; not a posted letter. He left it for me at his place of business in St. Paul, at the Foley Bros.’ office.

Q.—Where is that letter ? A.—I destroyed it long ago ; I never kept it ; there was nothing in it, except that he was recovering, and I ran down from Chicago to St. Louis to meet him there, and spent one evening with him, and then returned the next morning.

Q.—That was after your interview with Mr. Stevens and before your return to the West ? A.—Yes.

Q.—That would be in March, 1904 ? A.—It was either the last week in February or the first or second day of March.

Q.—Then you took a trip to interview Mr. Larsen at St. Louis ? A.—I did, sir. It escaped my memory the other night when I was here, and it suddenly came back to me that I had seen Mr. Larsen there, and I told Mr. Eberts about it, and told him that it had slipped my memory, because there was nothing really important took place at the interview, and I had forgotten about it at the time.

Q.—So you took this trip from Chicago to St. Louis in order to discuss business with Mr. Larsen, I suppose ? A.—No ; simply to see him, and see how he was, and, of course, we did discuss business.

Q.—Kaïen Island business ? A.—Yes, the probability is that we went into all that.

Q.—And about your interview with Mr. Stevens ? A.—I simply told him I had seen Mr. Stevens—I think he had himself seen him some time previous to that—some time before that, I believe.

Mr. James Anderson—*Continued.*

Q.—Yes, and still at that time the Grand Trunk Pacific were not considered in your calculations? A.—Oh, yes, they were always considered.

Q.—They were pretty definitely considered in your calculations at that time, weren't they? A.—No, I could not say that they were pretty definitely in—

Q.—Well, what did Mr. Larsen tell you of his interviews with Mr. Stevens and Mr. Hays? A.—He did not know Mr. Hays.

Q.—But he had seen Mr. Stevens? A.—I think he had. My recollection is that he had.

Q.—Did he tell you that he had made any arrangement with Mr. Stevens? A.—No, not beyond his telling him what we were doing at the time.

Q.—Did you get any instructions from him at that time as to what you were to do when you got back? A.—No, sir; I got no instructions.

Q.—No change was made, then, in your original arrangements? A.—No.

Q.—And no instructions given you? A.—No instructions, except he knew I was going up to survey.

Q.—But there was no change made in your business relation with Mr. Larsen up to that time? A.—You mean as regards our first idea?

Q.—Yes. A.—No, there was no change made.

Q.—And you made no change at that time? A.—No, sir.

Q.—And that is all that took place at St. Louis that you have told us of? A.—Just that I chatted over the affairs with Mr. Larsen.

Q.—And then you came home? A.—Yes, sir.

Q.—And was it after that that you went North again? A.—Right after that.

Q.—And made your survey? A.—Made one survey.

Q.—I suppose you knew how matters were progressing with the Government? A.—I do not know that there was anything definitely done as regards the Government at that time that I can remember.

Q.—Mr. Bodwell, I suppose, was keeping you posted as to what he was doing with the Government? A.—Yes, Mr. Bodwell told me several times how things were going.

Q.—Yes, he kept you posted? A.—I suppose so.

Mr. Paterson: When did you first learn that Mr. Bodwell was solicitor for the Grand Trunk Pacific? A.—When did I first learn that he was solicitor, sir? When Mr. Hays wired him authorising him to act.

Q.—When was that? A.—Some time in April, Mr. Paterson.

Q.—1904? A.—Yes, 1904, sir, towards the end of April.

Q.—And after that he was solicitor for both parties, for Larsen and you and the Grand Trunk Pacific? A.—Well, I don't know, I am sure, how you would consider that. I could not answer that question.

Q.—You looked upon him as your solicitor? A.—I looked on him as being Mr. Larsen's solicitor, and when I was associated with Mr. Larsen I looked upon him as mine, I suppose.

Q.—Well, he was solicitor, then, for both parties after that date? A.—I suppose he was.

Mr. Macdonald: And, I suppose, before you went up North to make the survey Mr. Bodwell had told you this—had told you of this arrangement? I am reading now from page 13 of Mr. Bodwell's evidence: "So it was arranged that although the terms were virtually settled the Order in Council was not to be passed then, but we had the Government's permission to survey the land." (Page lxxiv.) You knew of that, I suppose?

Mr. Ross (interrupting): Well, now, Mr. Chairman, I ask you whether it is a fair thing to read in the middle of a sentence like that, immediately after a comma, and ask a question? I submit he should read the whole paragraph if he is going to question on it.

Mr. Garden: I should think the sentence should be read so as to show the context.

Mr. Macdonald: Why should I be asked to read the whole page, when there is a clear statement of fact there in what I have read, and I am asking him if he knew that fact?

Mr. Garden: Would it be possible to convey another meaning by your not reading the context?

Mr. Ross: Just read it for yourself, Mr. Chairman. There is no reason why he should start it immediately after a comma—

Mr. Macdonald: It is perfectly clear; it says "it was arranged."

Mr. Eberts: No; it says "So it was arranged."

Mr. Macdonald: The fact I wish to bring to the attention of the witness is this: "That although the terms were virtually settled, the Order in Council was not to be passed then, but we had the Government's permission to survey the land." You see that was before your survey. Do you remember that? A.—No, I don't recall that. I remember talking to Mr. Bodwell about making the survey, and asked him if he considered it wise to go ahead with it at that time, and he said he thought it would be all right to go ahead, and to start right in with the survey. That is all I remember about it.

Q.—That, however, may have been discussed between you and Mr. Bodwell about the Order in Council not being then drawn up? A.—That was probably discussed.

Q.—And that discussion, of course, would take place before you went up North to make a survey, immediately after your return from St. Louis and the East? A.—I don't think so. You see, we were talking over this business more or less all the time—

Q. (Interrupting)—Now, you have already told us, you know, you saw Mr. Larsen in St. Louis, and discussed the question of survey with him? A.—Yes.

Q.—Do you say now that you got instructions from him then to go up and survey? A.—He just told me to use my own judgment, and whatever I considered best to go ahead and do.

Q.—Then you came back? A.—Yes.

Q.—And saw Mr. Bodwell? A.—Yes.

Q.—And immediately after that you went up to make the survey? A.—Shortly afterwards.

Q.—Yes; and, as you have just told me, you probably discussed this question of the Order in Council not being issued then? A.—Yes, I probably asked him if he thought it better to wait, and not go up to make

Mr. James Anderson—*Continued.*

the survey until the Order in Council had passed the Executive, and he said something to the effect that he did not think it necessary, but that we might just as well be getting ahead with the survey.

Q.—Did he say the arrangement was virtually settled? A.—I cannot recall that he did.

Q.—Well, you were not going to survey that land unless it was, were you? A.—I may have taken that chance.

Q.—But in view of what Mr. Bodwell has said here, you knew it was virtually settled? A.—I don't know what he said here; I am only referring now to my own recollection.

Q.—Well, I have read it to you (reading): "So it was arranged that although the terms were virtually settled, the Order in Council was not to be passed." A.—That may have been Mr. Bodwell's idea; it is not mine. My recollection is that I went ahead to survey just on the chance of the Order in Council being passed shortly afterwards.

Q.—And your recollection is clear on that, is it? A.—As clear as it is possible for it to be.

Q.—As clear as it is possible for it to be. So, on that point, at all events, we have got you down to a clear recollection, that you did not know before you went up to make the survey that the terms of the Order in Council were virtually arranged? A.—No, I did not know it then, sir. At least, that is my recollection of it now.

Q.—And you are perfectly clear on that? A.—Yes. I did not know it was definitely settled.

Q.—I did not say definitely settled, I said virtually settled. You are perfectly clear on that now—don't let us have any misunderstanding about it—at the time you went up to make that survey you did not know that the terms were virtually settled, and you recollect that clearly now? A.—My recollection is as I have stated, Mr. Macdonald, that that was the idea, that I should go up then and start in making the survey of that land, although the Order in Council had not been passed.

Q.—And although you were not told that the terms of that Order in Council were virtually settled, you went up to make the survey? A.—Yes.

Q.—And you say you were not told that? A.—No, I was not told that.

Q.—You are quite sure of that? A.—Quite sure.

Q.—You went up, then, without knowing whether you had any chance of getting the land or not for the Grand Trunk Pacific? A.—Yes, I was going to make the survey.

Q.—And you were doing that without making any inquiry as to how the negotiation with the Government was going on? A.—Oh, I was constantly inquiring about it, so I would not say that.

Q.—You were constantly inquiring—from whom? A.—From Mr. Bodwell.

Q.—And what was his report to you? A.—His report to me was that things were going along favourably.

Q.—And he told you it was quite safe to go up and make a survey? A.—I do not recall him saying that it was quite safe.

Q.—Or something to that effect? A.—He said that he thought it would be just as well to go ahead with the survey, and go up there.

Q.—In other words, isn't it true what he said here? A.—I have already stated, Mr. Macdonald, what is my exact recollection of it.

Q.—Oh, you have an exact recollection of it? A.—That is to say, as far as my recollection carries me.

Q.—And I presume those interviews which you call "casual talks" with Mr. Green took place after the 19th January, and before the survey was made? A.—Oh, I met Mr. Green from time to time, yes.

Q.—And mentioned this business to him from time to time? A.—Oh, it is very likely I did.

Q.—Well, haven't you got an exact recollection of that, in the same way as you have an exact recollection about this other point, that I have just read you?

Mr. Eberts: He did not say he had an exact recollection, to my knowledge, and I was listening very intently at the time—

Mr. Macdonald: Oh, yes; he did. Have you the same exact recollection as to what took place between you and Mr. Green? A.—No, I have no definite recollection.

Q.—I suppose that Mr. Bodwell is not correct, then, when he said that Mr. Anderson was sent up by Mr. Larsen to make the survey? A.—I could not say. That may have been his idea of the matter.

Q. (Reading)—"Mr. Anderson was employed by Mr. Larsen to take charge of a survey party." Is that correct? A.—That may have been Mr. Bodwell's understanding about it. I cannot say what his understanding was.

Q.—That is not yours, however? A.—I was never sent up by Mr. Larsen. He told me to do what in my judgment I thought best. It might, of course, be put in that way; it would just depend on which side of the question you looked at it.

Q.—Would you agree with Mr. Bodwell in this—page 14 of his evidence. Speaking of these surveys that you had gone up to have made, he says: "But they were completed eventually. The lands were designated, and then the time for the Order in Council to be passed had arrived, according to our arrangement with the Government." (Page lxxiv.) Would you agree with him on that point? A.—I could not so very well agree with him on that, because the surveys were not completed at the time. The Order in Council was passed, as a matter of fact, before the surveys were completed.

Q.—I see. So that they passed the Order in Council to give you the 10,000 acres before even the surveys were completed? A.—They never gave me the 10,000 acres, Mr. Macdonald.

Q.—The Grand Trunk Pacific? A.—They gave the Grand Trunk Pacific 10,000 acres.

Q.—And they passed the Order in Council before the lands were designated? A.—Before the lands were surveyed.

Q.—Were they designated? A.—They were not designated in the Order in Council, unless the fact that they gave them the right of selection of 10,000 acres in the vicinity of Lima Harbour—Tuck's Inlet—could be said that the lands were designated.

Mr. James Anderson—*Continued.*

Q.—At all events, you had sufficiently designated the lands to enable the Order in Council to be passed? A.—There was no particular designation of the lands. Of course, they were given the right of selection of the 10,000 acres in the neighbourhood or in the vicinity of Lima Harbour; but the lands were not designated when the Order in Council was passed, and were not designated until the surveys were completed.

Q.—Now, when were the surveys completed? A.—The surveys were completed about the end of November, I think.

Q.—Weren't there preliminary surveys made first? A.—The preliminary survey was the first survey of that block that I pointed out on the map the other night, the first block on Kaien Island there (indicating on map). The other two surveys were completed by Mr. Ritchie. These other two here were completed in September and November (indicating on map), those two blocks here.

Q.—Yes. You see, in your interview with a "Colonist" reporter, you refer to them (reading "Colonist"): "After cruising them, and looking over the location, he decided to make a preliminary survey early in 1904. On the completion of the survey he discovered the proposed site was held by the Provincial Government as a reserve." Now, wasn't there a preliminary survey made? A.—Well, what would you call a preliminary survey?

Q.—Well, what would you call a preliminary survey? You are a railway man, so perhaps you can tell us? A.—If you call a reconnaissance a preliminary survey, then I made a preliminary survey, as I made a reconnaissance of the land in January, 1904.

Q.—Is that the one you had reference to in this interview? A.—Well, that interview is on a par with the usual interviews we get here in the papers.

Q.—Oh, now, you must not go back on your interview with the reporter; for this interview that is published here is an interview you had with the "Colonist" reporter, and it is not likely he would misreport you.

Dr. Young: Didn't you say the other night, Mr. Anderson, that the first survey of the Kaien Island land that you made was the outside land? A.—Yes, the outside land of all this block (referring to map).

Mr. Macdonald: When was that done? A.—In March, sir.

Q.—Before the Order in Council was passed? A.—Yes.

Q.—That would be then probably what Mr. Bodwell had reference to? A.—It might have been.

Q.—That is the lot on Kaien Island now designated as Lot 261? A.—Lot 251.

Q.—Yes, Lot 251. That, then, would be what Mr. Bodwell had reference to here? A.—It must have been. It was the only thing he could have referred to, because the other surveys were not made until long after.

Q. (Reading evidence of Mr. Bodwell)—"The lands were designated, and then the time for the Order in Council to be passed had arrived, according to our arrangement with the Government."

Mr. Garden (interrupting): Who made the survey?

Witness: Mr. Twigg made the first survey.

Mr. Paterson: On Kaien Island? A.—On Kaien Island; yes, sir.

Mr. Macdonald: Then, reading that as having reference to that first survey of Mr. Twigg, I suppose, then, you agree with this statement of Mr. Bodwell's? A.—Will you just read it again please.

Q. (Reading—"The lands were designated, and then the time for the Order in Council to be passed had arrived, according to our arrangement with the Government.") A.—I do not know what Mr. Bodwell's arrangement was with the Government as to when the Order in Council was to be passed, or if he had any arrangement.

Q.—You did not know that? A.—No. All I knew of the Order in Council was the general terms of it, and when Mr. Bodwell discussed it with the Government, and the time it was passed. I remember the time I was told it was passed, and then I saw it for the first time.

Q.—Well, then, they don't seem to have kept you very well informed as to what was going on? A.—I think I was kept sufficiently well informed, sir.

Q.—Well, do you want us to understand that you had no particular discussions with Mr. Bodwell about what he was doing with the Government, or what the Government were doing with you, or your partner, until after the passage of the Order in Council? A.—No, I do not wish you to understand that for one moment.

Q.—Well, was he keeping you posted as to what he was doing? A.—Oh, yes.

Q.—Well, then, did he not keep you posted as to what arrangement he was making with the Government? A.—I knew the general terms of what was being proposed by him.

Q.—Yes, you knew of the letter he had written? A.—Yes.

Q.—Now, did you know of his subsequent interviews with Mr. Green and Mr. McBride? A.—He probably told me when he had them, and we discussed how the matter was progressing, and he told me it was progressing favourably, and that it had got sufficiently far advanced for me to go ahead and make the survey.

Q.—Don't you recollect what he did tell you? A.—No, but I knew of it at the time. I have not impressed my memory with all the details of it, but I knew of it at the time, as he reported to me as the things went along.

Q.—You knew all about it at the time? A.—Yes.

Q.—Well, do you remember this part that I have just read? A.—No, I do not remember the part you have just read, Mr. Macdonald.

Q.—You don't remember that. So, then, all you can remember now is that from time to time he told you it was progressing all right, and you went North and made your surveys? A.—Well, there was a little more detail than that. I remember at one time the question came up as to what we should pay for the land, or what the Grand Trunk Pacific should pay for the land. I remember that point coming up.

Q.—Well, that point came up in the letter—\$1 an acre? A.—No, I mean when Mr. Bodwell was discussing it with the Government. I remember him saying that there was some talk of the Grand Trunk Pacific having to pay a little more for it. I remember that. I told him at the time, I know, that I did not see why, because the land was certainly wild lands under the classification of the Land Act.

Mr. James Anderson—*Continued.*

Q.—Yes, but I am speaking now of the time up to the passage of the Order in Council, because you have already told us, at your interview in St. Louis, that Mr. Larsen made no change in your original plan—or, rather, there was at that interview with Mr. Larsen no change made in your original plan with Mr. Larsen, and no change made with Mr. Stevens? A.—You asked me if I could recall Mr. Bodwell keeping me posted from time to time?

Q.—Yes, up to the time of the passage of the Order in Council? A.—This discussion came up before the Order in Council was passed, and this was one of the discussions in reference to the Order in Council.

Q.—It came up when? A.—During the time the thing was being considered.

Q.—Was it on your return from St. Louis? A.—I could not tell you that exactly.

Q.—Was it before you went up North to make the survey? A.—It was certainly before I went up North.

Q.—Then it must have been either before or after your return from St. Louis? A.—Yes, either in February or early in March.

Q.—Now, you say there was a discussion as to what the Grand Trunk Pacific should pay? A.—Well, you see—the Grand Trunk Pacific—it was a question of the lands being acquired for them—

Q.—Yes; but it was not the Grand Trunk Pacific had to pay it at that time, you know? A.—Well—

Q. (Interrupting)—Now, just tell us what that discussion was as to the amount the Grand Trunk Pacific should pay, the discussion that took place between February and March—

Mr. Eberts: Between who?

Mr. Macdonald: Between him and Mr. Bodwell.

Witness: Mr. Bodwell informed me that some members of the Government—I don't remember exactly who it was now that said it—but they thought that a greater consideration should be put in.

Mr. Macdonald: That is, that you and Mr. Larsen should pay more for the land? A.—That is, that the price of the land should be higher.

Q.—I suppose Mr. Bodwell told you that he got over that all right? A.—I don't remember when he told me that. I remember, though, when the Order in Council was passed that the price stood at \$1 per acre.

Q.—So that he apparently had gotten over it? A.—Yes, he apparently had.

Q.—Now, then, after the passage of the Order in Council, when did you next see Mr. Larsen? A.—In Winnipeg, the time that I told you of before.

Q.—Well, now we come to the Winnipeg interview, which was in June, or July? A.—No; I never said so.

Q.—When? A.—In May.

Q. In May. Did you get a letter from Mr. Larsen at that time to meet him there? A.—I think I got a telegram from Mr. Larsen at that time, telling me that he was going to Winnipeg and would like to see me there.

Q.—Have you got that telegram now? A.—I don't think so.

Q.—I suppose you sent him one in reply? A.—Yes, I did, sir.

Q.—At all events, you met him there, and you and he had an interview with Mr. Stevens? A.—Yes, sir.

Q.—Where? A.—At the Mariaggi Hotel, Winnipeg.

Q.—Lasting some considerable time? A.—Yes, we chatted for some considerable time.

Q.—In fact, it was a meeting which was pre-arranged between the three of you, was it not? A.—No, it was a meeting arranged between Mr. Larsen and I. Mr. Larsen knew Mr. Stevens was there at the time, and they met there together.

Q.—And you understood that Mr. Stevens was there by appointment to meet you and Mr. Larsen? A.—Oh, no; Mr. Stevens had his headquarters there.

Q.—Well, then, you and Mr. Larsen were there by appointment to meet Mr. Stevens? A.—I did not say by appointment. While we were there we met Mr. Stevens.

Q.—Why don't you be frank about it? You know very well that you and Mr. Larsen went there for the purpose of seeing Mr. Stevens, and discussing this very Kaien Island business with him? A.—No; Mr. Larsen was going there on business, and wired me he would meet me there on a certain date, and while we were there we met Mr. Stevens.

Q.—But the business, so far as it was common to yourself and Larsen and Stevens, was this Kaien Island business; that was the subject of conversation between you? A.—Yes, that was the only thing we had to talk over with Mr. Stevens; yes, sir.

Q.—Did you come to any arrangement between you? A.—Is that a question?

Q.—Yes. Did you come to any arrangement? A.—How do you mean?

Q.—About Kaien Island? A.—Mr. Stevens asked me to complete the work which I had in hand.

Q.—Well, now, surely, Mr. Anderson, you and your partner, Mr. Larsen, in calling upon Mr. Stevens, who is at that time a stranger to the transaction, you don't mean that that was the first thing that Mr. Stevens said, that he asked you to complete the work you had in hand? A.—Oh, no. We talked over what had been done, and of the survey that had taken place.

Q.—Well, up to this time, as I understood you, the Grand Trunk Pacific had no interest in this land at all? A.—I do not say that, sir.

Q.—Well, you had made no arrangement with them about it when you were in Montreal, you told us? A.—No, no definite arrangement; but when the Order in Council was passed the Grand Trunk Pacific then were the only people who were interested in it.

Q.—Oh, that is your idea? A.—Exactly.

Q.—And you then did not regard yourself as having any interest in it? A.—No, sir; I never did after that.

Q.—No interest in it at all? A.—No, sir.

Q.—Not after the Order in Council was passed? A.—No, sir.

Mr. James Anderson—*Continued.*

Q.—Nor before? A.—Well, before the Order in Council was passed, we expected that it would have been passed in a different way, as we expected we would have been able to acquire the lands for the Grand Trunk Pacific and get them to establish their terminus on them; but then, after the Order in Council was passed, we only thought that the Grand Trunk Pacific had the lands, and, therefore, it was simply a question of completing the work which we had laid out on their behalf.

Q.—So, then, your idea was that Mr. Bodwell had stepped in, got himself constituted a trustee for the Grand Trunk Pacific, got the Order in Council in the order and form that we find it now, thus cutting you and Mr. Larsen right out of the transaction altogether, is that it? A.—Well, not exactly. My understanding of it, when the Order in Council was passed, was that the Government had refused to deal with either Mr. Bodwell or anyone else except the Company itself. They said that they could not deal with the lands, and would not pass any Order in Council unless they were dealing directly with the Grand Trunk Pacific; and when that was the case, Mr. Hays notified Mr. Bodwell that he was satisfied he should act for them in the matter; and after that then our understanding in regard to the land was that we should go ahead and carry out the work as we originally planned it; that was our understanding with Mr. Stevens. That was the work of designating those lands and getting them surveyed, and getting everything ready for the Crown grants to be issued to the Grand Trunk Pacific.

Q.—When did you discover that you were out of it? A.—I never discovered that I was out of it, because, in a sense, I was still doing that work.

Q.—No, but you were out of any interest in the land? A.—When the Order in Council was passed I knew then I had no interest in the land, and before that I knew it.

Q.—Well, when was the first intimation you had that you were out of it? A.—I knew it when the Government refused to deal with Mr. Bodwell as representing other than the Grand Trunk Pacific—I knew it then.

Q.—Who told you that? A.—Mr. Bodwell.

Q.—He told you what. Just let us hear exactly what he did tell you. He told you that the Government had refused to deal with him, is that it? A.—Refused to deal with him as trustee for those lands, which we had an idea of getting for the establishment of the Grand Trunk Pacific terminal townsite.

Q.—As trustee for the land? A.—The Government refused to deal with him unless he was officially representing the Grand Trunk Pacific. That was my first intimation of it, sir.

Q.—He told you that how long before the passage of the Order in Council? A.—I could not be certain. It was some time before—it was after I came back from the North—yes, directly after I came back from the North, Mr. Macdonald.

Q.—And I suppose you made strenuous objection to that? A.—No, I was quite satisfied.

Q.—You were quite satisfied. So it was agreed between you—I suppose Mr. Larsen was consulted? A.—I suppose so.

Q.—So it was agreed between you that Mr. Bodwell should act as the trustee for the Grand Trunk Pacific Railway Company in the acquiring of these lands? A.—Yes.

Q.—And then you got your Order in Council passed? A.—And then the Order in Council was passed.

Q.—And you then recognised that it was necessary for you and Mr. Larsen to deal directly with the Grand Trunk Pacific? A.—I think Mr. Larsen had an idea of dealing directly with the Grand Trunk Pacific before that time.

Q.—At all events, the fact was conveyed at that time to your mind that you and he would have to deal with the Grand Trunk Pacific? A.—Yes.

Q.—That was Mr. Larsen's idea before the Order in Council was passed? A.—He always had some such idea whenever he talked about it.

Q.—And I presume that was the reason why he had his solicitor appointed trustee? A.—I do not think he had Mr. Bodwell appointed the trustee.

Q.—Well, do you think for one moment that Mr. Bodwell would have acted as trustee of the Grand Trunk Pacific in this matter without consulting his client? A.—Well, you see, our idea was clearly embodied in the letter of the 19th of January. This land in question was only to be conveyed by us to the Grand Trunk Pacific for terminal purposes. That was our original idea.

Q.—Then, Mr. Anderson, I presume you regarded this shuffle, or whatever you choose to call it—and I am not using the word "shuffle" in any improper sense at all—that was made at the time the Order in Council was passed, naming Mr. Bodwell as the trustee for the Grand Trunk Pacific, was simply carrying out your original idea in another way? A.—Yes, practically carrying it out in another way.

Mr. Paterson: I understand you to say, Mr. Anderson, that the Government refused to deal with Mr. Bodwell as trustee for yourself and Larsen? A.—No, that is not exactly how I put it. The understanding was that the Government (this is from what Mr. Bodwell told me) would not deal with the Order in Council unless Mr. Bodwell could show them that he was directly representing the Grand Trunk Pacific Railway in the matter.

Mr. Macdonald: Wasn't it this—Mr. Bodwell had to show that the Grand Trunk Pacific were prepared to come in with you and Mr. Larsen in the deal? A.—No, sir; not at all; not at all.

Q.—Well, that was your original intention? A.—That was our original intention, but then that was changed.

Mr. Eberts: But not the Grand Trunk Pacific's original intention?

Witness: No, not the Grand Trunk Pacific's original intention.

Mr. Eberts.—You see, he put the question to you as though it was the original intention of the Grand Trunk to come in with them.

Mr. Macdonald: No, I do not think you will find that is the way I put it.

Mr. Garden: The question was rather a suggestive one, but the witness seems to be pretty well able to take care of himself.

Mr. Macdonald: I wish Mr. Eberts would not interrupt my examination.

Mr. James Anderson—*Continued.*

Mr. Eberts : If I am going to act for him, I am entitled to open my mouth surely once in a while. If not, I might as well retire.

Mr. Garden : Well, what have you to say, Mr. Eberts?

Mr. Eberts : The interrogator is putting words into his mouth that he does not want to say. He first wants us to believe that he, Mr. Anderson, and Mr. Larsen and the Grand Trunk Pacific were all in the deal together.

Mr. Garden : Well, that was not his understanding, he said.

Mr. Macdonald : You might have the stenographer turn up those notes, and see just what was said. (Questions re-read by stenographer). That question which started out by saying "That was your original intention," it had reference to the last answer.

Mr. Eberts : The last question you asked him was whether it was not the arrangement that the Grand Trunk Pacific and Mr. Larsen were not to be in together.

Mr. Macdonald : What was there misleading in that?

Mr. Eberts : The answer you evoked was an answer to the question you asked him before.

Mr. Macdonald : There was nothing misleading about that. It was as plain as the nose on your face.

Q.—Now, we will put it to you in another way, so that there will be no question about your understanding it, Mr. Anderson. Your original intention, as I understand you, was that it was necessary to the success of this townsite arrangement that the Grand Trunk Pacific should come into it at some stage, because it was necessary to the success of the arrangement that their terminus should be there? A.—The letter of the 19th January will show that.

Q.—It showed that that was your original intention? A.—Yes.

Q.—And, therefore, the Government wanted some assurance that the Grand Trunk Pacific would come in and establish their terminus there? A.—No, that is not the way I understand it. My understanding of it was, as I recall the statement of Mr. Bodwell to me, that the Government would not pass the Order in Council, and carry out our original intention, unless they were assured that they were dealing directly with the Grand Trunk Pacific.

Q.—You knew that they were dealing with him as representing the Grand Trunk Pacific? A.—Yes, sir.

Q.—And you also knew that he was acting as Mr. Larsen's solicitor in the matter? A.—Yes.

Q.—And Mr. Bodwell says he was simply representing Mr. Larsen—you understand that? A.—I understand that he said so.

Mr. Garden : This has all been given in evidence before, hasn't it, Mr. Macdonald? The questions you have asked before are precisely the same.

Mr. Macdonald : I just wanted to make the point that Mr. Eberts has been objecting to here. However, the answer he gave some time ago is perfectly satisfactory.

Q.—Then did you have any arrangement, or was there any arrangement between yourself and Mr. Stevens and Mr. Larsen at this meeting in Winnipeg, as to whether you should share in any of the profits to be derived from this work that you were doing for the year or so? A.—No, sir.

Q.—Was that matter discussed at all? A.—No, sir.

Q.—It was not? A.—No, sir.

Q.—That is perfectly clear, then, that there was no discussion along that line at the meeting held in Winnipeg? A.—No; the only thing we discussed there, Mr. Macdonald, was the question of completing the surveys, and as to what land should be taken up by the Company, and other matters of that sort.

Q.—Was there any discussion between yourself and Mr. Larsen on that point when Mr. Stevens was not present? A.—No, sir.

Q.—And, of course, this was after the passage of the Order in Council? A.—It was after the passage of the Order in Council.

Q.—There was no discussion at all, you say? A.—No, sir.

Q.—As to where you should come in in the transaction? A.—No, sir.

Q.—Or where Mr. Larsen should come in? A.—No, sir.

Q.—And when did you meet Mr. Larsen next? A.—Probably the next time I met him was in Seattle.

Q.—About when? A.—I could not be certain as to the date.

Q.—Long after that? A.—I do not think it was a great time after that. It might have been a week or two weeks after. I remember Mr. Larsen went down to St. Paul at that time; he had some other business on hand there, and he went down to see one of his partners there—or rather down to Rat Portage, or Portage La Prairie.

Q.—Well, then, it must have been more than a week afterwards? A.—Well, you see it took me some time to come West myself, and it might have been a week or so after I arrived home.

Q.—What did you discuss with him the next time you met? A.—Oh, just about the business generally.

Q.—Was there anything said as to what he should get out of it, or what you should get out of it? A.—No, sir.

Q.—When did you come to any discussion as to what you and he should get out of it? A.—I don't remember ever having any discussion on the subject with Mr. Larsen.

Q.—Not at all? A.—No, I don't remember any discussion in particular about it.

Q.—Well, then, you never met to discuss where you stood with regard to this townsite proposition? A.—We discussed the services we had rendered the Grand Trunk Pacific Railway Company.

Q.—Well, you know there was to have been more in it than that for you, Mr. Anderson; and I want to know now when you and he first met to discuss where you and he, partners in the original idea and the original promoters of the whole scheme, stood with regard to it financially? A.—I could not tell you that. I don't remember it. I don't remember having any definite discussion on that point at all.

Q.—None at all? A.—No, sir.

Mr. James Anderson—*Continued.*

Q.—Right up to the present moment? A.—Oh, we probably discussed it in a general way. I could not give you the date for it, or anything like that.

Q.—I don't want the date. Tell me the year if you cannot tell me the date? A.—I don't remember any particular time discussing that point, Mr. Macdonald.

Q.—Do you remember ever discussing it at all? A.—No, I cannot say that I do.

Q.—So that, up to the present time, you and Mr. Larsen never have had any discussion as to where you stood with regard to your original or any subsequent arrangement, in connection with this Kaien Island townsite? A.—Well, Mr. Larsen has said to me at times that his idea was to get this deal put through, and when we had got it all through for the Grand Trunk Pacific, to simply let them say what our services were worth. That is what I remember his statement to be about the matter, and he discussed it from that standpoint.

Q.—Yes, when was that? A.—Well, I could not give you the time, sir.

Q.—Where? A.—Oh, probably in Seattle.

Q.—I don't want "probably." A.—Well, I cannot tell you where. I am telling you that that is my recollection now.

Q.—Well, is it still in the air as to what you are to get out of it? A.—What is that?

Q.—Is it still in the air what you are going to get out of it? A.—It is still in the air as far as the Grand Trunk Pacific is concerned.

Q.—And still in the air as far as Mr. Larsen is concerned? A.—Oh, Mr. Larsen settled up that part of the business; he and I settled up that part of the business ourselves.

Q.—Where? A.—In Victoria.

Q.—Oh, you did, then, arrive at a settlement with him? A.—Oh, yes, I never said that I didn't.

Q.—I asked you when you came to any discussion as to what you were going to get out of it? A.—I say I never remembered discussing it beyond what I have said. Mr. Larsen said that his idea was, that as soon as the thing was completed to turn it over to the Grand Trunk Pacific.

Q.—But you had some sort of a settlement, you say, with Mr. Larsen? A.—Yes, personally.

Q.—Personally; was that a settlement of your partnership affairs? A.—No, not altogether a settlement of our partnership affairs, but Mr. Larsen made a settlement to me for the work I had done in connection with the matter.

Q.—Now, when was that made? A.—In March, 1905.

Q.—Yes. You met together, you and he? A.—Yes.

Q.—Were you alone together? A.—Yes.

Q.—Mr. Bodwell was not present? A.—No, sir.

Q.—No person present? A.—No, sir.

Q.—Where—at your house? A.—No, sir; at the Driard Hotel.

Q.—At the Driard Hotel; and what was that settlement. Q.—I do not think it is necessary for me to tell you.

Q.—You do not think it is necessary for you to tell it. That is to say, you won't tell it? A.—That is the idea. I had a settlement with him of all my business that I had done for him up to that time. Mr. Larsen and I had an understanding at that time, and we went over all our business together and made a settlement.

Mr. Macdonald: I make a motion that the witness be directed to answer these questions as to what his settlement was with Mr. Larsen.

Mr. Eberts: That is not within the scope of the inquiry.

Mr. Macdonald: In so far as it relates to the acquisition of Kaien Island by the Grand Trunk Pacific and the lands adjacent thereto.

Mr. Eberts: I submit it is not within the scope of the inquiry as to what Mr. Larsen settled with him for in 1905. The scope of the inquiry is confined to matters in connection with the acquisition of these lands which were acquired in March, 1904—I think that is the date of the Order in Council.

Mr. Garden: You don't know the date of this settlement, do you, Mr. Anderson? A.—It was in March, 1905, sir.

Mr. Garden: Well, I will take the view of the Committee in the matter.

Mr. Ross: I would like to have the question answered for my own satisfaction, but at the same time I do not think it is a question which comes within the scope of this inquiry.

Dr. Young: Did this settlement, Mr. Anderson, involve any of your other business relations that you have been referring to as between yourself and Mr. Larsen? A.—Yes, sir.

Q.—That is to say, business in connection with these timber and coal lands? A.—Yes, sir.

Mr. Ross: Is there any way you could segregate the amount you received out of the Kaien Island transaction from the amount you received from the other business you had done for him? A.—No, sir; it would be impossible; because this was simply a settlement of all my connection with Mr. Larsen for all the business I had done for him in the northern country. It was simply what Mr. Larsen gave me, and did not include anything that came from the Grand Trunk Pacific, and had nothing to do with the Grand Trunk Pacific. It was simply a settlement for what he considered my services were worth, and was a settlement closing up our business in connection with that northern business.

Mr. Paterson: A settlement of your partnership business? A.—Yes, a settlement of all the business I was doing for him, such as looking for investments for him. It was purely a matter between Mr. Larsen and myself, an amicable settlement.

Mr. Garden: Do you press that question in view of that explanation, Mr. Macdonald?

Mr. Macdonald: Oh, yes, Mr. Chairman. I certainly do press the question.

Mr. Ross: Well, then, I move that that question be submitted to the Speaker of the House, for him to state whether it is a proper one for this inquiry—

Mr. Garden: Oh, no; we will settle it here.

Mr. James Anderson—*Continued.*

Mr. Macdonald: I do not think it is a question to be submitted to the Speaker at all. It is a question for this Committee alone.

Mr. Garden: Yes, I think so too.

Mr. Macdonald: My motion is that the witness be directed to answer this question.

Mr. Ross: I am going to take issue with that proposition. I think my amendment is the proper amendment, or at least a proper motion to put before the Committee. We are in the position of acting as judges on matters of this sort, and I do not want to take what would appear to be a partisan stand in the matter; and if it were submitted to some independent authority to decide I think it would be better, Mr. Chairman, and we could then find out whether it was a proper question for the witness to answer.

Mr. Macdonald: Surely, Mr. Chairman, every time a question of this kind arises we do not have to go to the Speaker to decide it for us. This is a matter for this Committee to decide, and if there is any appeal to be taken from the decision of this Committee, that appeal would not be taken to the Speaker, or submitted to him, but it would be taken to the floor of the House, and decided there. The Speaker has no jurisdiction in this matter. This is not a point of order that we are raising at all.

Mr. Ross: What would you do if you were in doubt as to the proper interpretation of the scope of this Committee?

Mr. Macdonald: We would have to decide it for ourselves.

Mr. Ross: Not necessarily.

Mr. Macdonald: I think, if you will look up the proceedings of any Committee where a question of that kind is raised, it will be found to have been decided by the Committee itself, and the witness told to answer, or not answer, as the decision of the Committee may turn out to be. I think that is the rule.

Mr. Paterson: Well, the Chairman has Mr. Maclean here to advise him, and we might hear what he has to say about it.

Mr. Garden: I will ask Mr. Maclean if that is a proper question to be asked the witness, in view of the statement made by the witness that there were other settlements included, other than the Kaien Island settlement?

Mr. Maclean: I think it is a proper question, Mr. Chairman, for this reason: That this inquiry is directed not only to the acquisition of these lands by the Grand Trunk Pacific Railway Company, but also to the acquisition, or attempted acquisition, of Crown lands or other lands in the vicinity of Tuck's Inlet, Kaien Island, and on the Mainland, in the vicinity of Kaien Island. And this question does seem to me to have some bearing on that question of the attempted acquisition by Messrs. Larsen and Anderson. You see this was the winding up of their proceedings; it may not have much bearing, and it may not be very important, but it seems to me to have some bearing.

Mr. Ross: It would if it afterwards happened that the lands were acquired by the Grand Trunk Pacific.

Mr. Maclean: Or if it pertained to that. You see the motion is pretty wide (reading resolution):—"Resolved, That a select committee be appointed to inquire into all matters pertaining to the acquisition, or attempted acquisition, by the Grand Trunk Pacific Railway Company, or by any other person or bodies corporate, of Crown lands in the vicinity of Tuck's Inlet," and so on. You see it says "into all matters pertaining to" that. Well, it does seem to me that the way they square up their transaction at the end is a matter pertaining to the acquisition or attempted acquisition.

Mr. Ross: I think that the evidence proves it to be the contrary, and proves that it had nothing to do with the acquisition, because this settlement took place after the acquisition had taken place, and the acquisition of these lands was not in any way dependent on the payment by Mr. Larsen to Anderson, or the reverse. Otherwise, how could the Grand Trunk Pacific have had these Crown grants in their hands at the time this settlement was made?

Mr. Garden: This was also for work that you did for Mr. Larsen when up at Work Canal? A.—At Observatory Inlet.

Mr. Eberts: Well, possibly, you had better tell them where you were.

Mr. Paterson: I think we had better have the question decided.

Dr. Young: I asked the witness the question a moment ago whether this settlement involved a settlement for work which was done by him which would not come within the scope of this Commission, and he said it did. Of course, if he can separate that settlement from the other, all well and good; but to answer the question by giving an amount involving another transaction in a partnership settlement, I do not think the question is pertinent from that point of view.

Witness: Oh, well, I don't mind withdrawing my objection to answering the question. I will answer it. There is nothing very particular in the matter. If Mr. Macdonald will put his question again.

Mr. Macdonald: I will ask you what your settlement was with Mr. Larsen? A.—Mr. Larsen paid me \$10,000.

Q.—\$10,000, besides the salary and expenses that he paid you before? A.—Yes, sir.

Q.—And what interest, if any, did you retain in any of the other properties up there? A.—In any other properties?

Q.—Yes. A.—What do you refer to, Mr. Macdonald?

Q.—Any of the other properties which you acquired for yourself and Mr. Larsen? A.—That is, I consider, outside the scope of this Commission, sir. Any timber lands, or coal lands, are not mentioned in this Commission.

Q.—I would like an answer to that.

Mr. Garden: Oh, well, go on Mr. Anderson—or do you object to answer that question?

Witness: I object to answering anything about my business in any other deals. I am answering everything that pertains to the business under inquiry, and I do not think that pertains to it.

Mr. Macdonald: We want to see whether Mr. Larsen treated you right, you know, Mr. Anderson.

Mr. Paterson: That \$10,000, wasn't that a settlement for the Kaien Island business alone? A.—No; it was a settlement, Mr. Paterson, for all the services I had rendered Mr. Larsen, and for work I had been doing for him up to that time.

Mr. James Anderson—*Continued.*

Mr. Macdonald: It was only a part of your settlement, and I ask you, in addition to your \$10,000, did you retain any other interest in any property that you had got up there in association with Mr. Larsen?

Mr. Eberts: What property?

Mr. Macdonald: Any of the property he has been speaking of.

Mr. Eberts: Coal lands, do you mean?

Mr. Macdonald: Anywhere.

Mr. Eberts: Surely that is not pertinent to this inquiry?

Mr. Garden: No, I cannot see that it is.

Mr. Macdonald: Of course it is within the scope of this Commission. It is part of the settlement. He says the whole thing is mixed up together. He says: "I got \$10,000, and I got a settlement for everything I done up there." Now, I ask him if he did, in addition to his \$10,000, retain any other interest in any other property up there?

Mr. Ross: He said it was up to that time—

Mr. Macdonald (interrupting): Can you answer that question? A.—In reference to the coal lands which we are in together on, out of that \$10,000 I paid for all the surveys and took them over from Mr. Larsen at the time.

Q.—Oh, you got the coal lands? A.—I have got the coal lands which I had taken options on, which we had not spent any money on except for surveying, and I paid for that surveying myself personally.

Q.—How many acres of coal lands? A.—I do not know how many acres.

Q.—How many square miles? A.—Five square miles.

Q.—Five square miles of coal lands. How far are they from Kaien Island? A.—Oh, they are two or three hundred miles from them.

Q.—Are they on the line of the railway? A.—No, they are not near the railway at all.

Q.—What other interest did you get? A.—No other interest.

Q.—How about this land along the line of the railway, the lots that are coloured brown on the maps? A.—Oh, I have a small interest in those.

Q.—Oh, I see, yes. Now, what is the amount of your small interest in those lands? A.—Oh, it is a very small interest; I think it is about one-sixteenth.

Q.—A one-sixteenth interest in all the land coloured brown on this map that has been put in? A.—Yes, sir.

Q.—Well, don't you know exactly whether it is a one-sixteenth interest or not? A.—It is a one-sixteenth.

Q.—That is exactly right? A.—Yes, a one-sixteenth.

Q.—Those lands are Crown-granted to whom? A.—Well, I really could not tell you, sir.

Q.—Your agreement for the one-sixteenth interest was with Larsen? A.—My agreement for the one-sixteenth?

Q.—Yes. A.—Well, you see those lands were located by me. Mr. Mathews acted as trustee for those lands after I had located them, and he acted as trustee for all concerned, and I have a one-sixteenth in that.

Q.—And it is under this agreement that you speak of with Larsen? A.—Under this original agreement?

Q.—Yes. A.—No, this is an after deal.

Q.—An after deal? A.—Yes.

Q.—You had staked these lands before you had made your settlement with Larsen? A.—Yes, I had staked those lands.

Q.—And you had put in scrip there for them? A.—Yes.

Q.—Whose scrip was that? A.—Mr. Larsen's, and I bought part of it myself.

Q.—Mr. Larsen's scrip?

Mr. Eberts (interrupting): He did not say that.

Mr. Macdonald (continuing): You bought part of it yourself, you said? A.—Yes.

Q.—What part of it did you buy? A.—Certain pieces of scrip.

Q.—How many? A.—Six.

Q.—Six out of how many? A.—Six out of how many—just let me see—twenty-one, I think, Mr. Larsen had.

Q.—Twenty-one. The whole twenty-one are now shown on this map, are they? A.—The whole twenty-one pieces?

Q.—Yes. A.—I think they were all used in those.

Q.—In locating the part coloured brown? A.—Yes.

Q.—Now, when you met to have that settlement in March, 1905, you had about a six-twenty-first ($\frac{1}{27}$) interest in that land. That is, you had the interest of six scrip? A.—No, we never figured it out on that basis.

Q.—And when you made your settlement you retained only a one-sixteenth interest? A.—Yes.

Q.—Containing in all how many acres about? A.—I don't remember; it would be twenty-one times 160 acres.

Q.—Between 4,000 and 5,000 acres.

Mr. Eberts: 3,300 acres.

Dr. Young: 3,360 acres.

Mr. Macdonald: Yes, 3,360 acres—you retained a one-sixteenth interest in that which you have still? A.—Yes.

Mr. Eberts: 210 acres.

Mr. Macdonald: Now, that was only a settlement between yourself and Mr. Larsen. That had nothing whatever to do with the Grand Trunk Pacific? A.—The Grand Trunk Pacific?

Q.—That had nothing to do with any claim you might have on them? A.—I did not have any claim on them.

Mr. James Anderson—*Continued.*

Q.—I thought you told us the other night that you had an interview with Mr. Hays and Mr. Morse in Montreal, at which interview the question as to what they were to pay you came up. Didn't you tell us that? A.—I think I did, yes.

Q.—You think you did? A.—Yes.

Q.—That was after your settlement with Larsen? A.—No; before—eight months before.

Q.—So before you had this settlement with Larsen you had a settlement with the Grand Trunk Pacific? A.—Oh, no, sir. The Grand Trunk Pacific Company never paid me a cent.

Q.—Then why did you refuse to answer that question here the other night, when I asked you what they paid you?

A.—Simply because I thought it was not a question within the scope of this Commission.

Q.—It was a very simple question to answer, if true, to say that the Grand Trunk Pacific never paid you a cent, wasn't it? A.—Yes.

Mr. Ross: The question you asked him was, "What were the terms of this discussion."

Mr. Garden: What page is that?

Mr. Macdonald: Page 263. This is what you said then (reading evidence, p. 263):—"Did you come to any understanding as to what your services were worth? A.—Yes, we came to an amicable understanding." (Page cxli.)

Witness: Yes, sir.

Mr. Macdonald (reading evidence): "As to how much you should get—is that it? A. As to what they thought our services were worth, yes. Q.—As to what you should get? A.—Yes. Q.—And you decline to tell us what that was? A.—Yes, I do, sir." Q.—Now you say you have not been paid a cent by them; is that right? A.—That is right.

Q.—That is right. Well, why did you so hesitate and decline to answer the question the other night? A.—I beg your pardon?

Q.—Can you give us any intelligible reason for your refusing the other night to answer that question?

A.—The only reason I can give is that I did not consider it to be within the scope of this Commission.

Q.—Did you make any demand on the Grand Trunk Pacific at that time? A. No, sir.

Q.—You made no demand at all? A.—No, sir.

Q.—You did not suggest that you were entitled to something from them, did you? A.—No, sir.

Committee here adjourned till Thursday, 10 A. M., 22nd February, 1906.

THURSDAY, 22nd February, 1906.

Pursuant to adjournment, the Committee to inquire into the matters hereinbefore mentioned met this 22nd February, 1906, at 10 A. M.

Present: Messrs. Garden (Chairman), Dr. Young, Ross, Paterson and Macdonald.

Minutes of previous meeting read by Dr. Young and, on motion, formally adopted.

Mr. Macdonald: In regard to that question which was left open, I would now ask for the production of the bank deposit book and cheque stubs.

Mr. Garden: That was left over until you had exhausted your examination, was it not?

Mr. Macdonald: No, Mr. Chairman; I understood that it was left over for your consideration as to how you were going to rule.

Mr. Garden: I am going to rule that he should produce all stubs and all cheques in his possession.

Mr. Macdonald: And bank deposit books.

Mr. Garden: Yes. That was on the advice of Mr. Maclean, and I think it voiced the opinion of the majority of the Committee.

Continuation of examination of MR. JAMES ANDERSON by Mr. Macdonald:—

Q.—Have you those with you this morning, Mr. Anderson? A.—No, sir.

Mr. Macdonald (addressing Chairman): Your ruling is that they must be produced at the next sitting?

Mr. Garden: Yes.

Mr. Macdonald: Not only those, Mr. Anderson, but all other papers and documents relating to the Kaien Island townsite or any of your business with Mr. Larsen in connection with your partnership.

Q.—You told us the other day, Mr. Anderson, that you had a one-sixteenth interest in the lands coloured brown on the map, some scrip locations? A.—I am not quite sure of the number, but I think it was about that.

Q.—Well, do you know who owned the other fifteen-sixteenths? A.—Well, I do not know, I am sure, now, how they are divided up.

Q.—Did you at any time know how the division was made—did you know how the other interests were divided? A.—No, I never knew how the other interests were divided, except that I knew that Mr. Larsen and Mr. Mathews were interested in them.

Q.—Divided between them? A.—Yes, between them.

Q.—The other interests—fifteen-sixteenths interest in the lands coloured brown—were divided between Mr. Larsen and Mr. Mathews? A.—That is my understanding, yes.

Q.—That is, so far as you know? A.—Yes, so far as I know.

Q.—And whether any other persons got any interest in those lands you cannot tell us? A.—No. I know of only one other person who got an interest; he joined Mr. Mathews.

Q.—And who was that? A.—A Mr. Hyman, of New York.

Q.—A Mr. Hyman, of New York. You know of no others? A.—No, sir.

Mr. James Anderson—*Continued.*

Q.—That is to say, you don't know how that fifteen-sixteenths was divided up? A.—No, sir.

Q.—Or who shares in it, apart from what you have just told us? A.—No, apart from that, I do not know.

Q.—Now, you got the Kaien Island townsite—these lands coloured brown, the coal lands—and what other property did you get there for the partnership? A.—There was no other property.

Q.—No other property? A.—There were some properties acquired in the interior afterwards, but not at that time.

Q.—That would be after your settlement with Larsen? A.—Yes.

Q.—Mr. Mathews is where at present? A.—I am not sure, Mr. Macdonald. I think he is either in Seattle or somewhere East. I do not know, I am sure.

Q.—You do not know? A.—No.

Q.—How long have you known Mathews? A.—Oh, I have known Mr. Mathews for quite a while.

Q.—Yes. He comes from Kaslo, does he not? A.—Well, I met him first in the Kootenay country. He was the coal-buyer then for the Amalgamated Smelters.

Q.—With headquarters where? A.—I do not know exactly where he had his headquarters. He used to be all through the interior—Kootenay and Kaslo.

Q.—And Kaslo, yes. A.—Earlier than that he was connected with a transportation company on Kootenay Lake.

Q.—Of course you know that he was a very close friend of Mr. Green's? A.—I really did not know.

Mr. Garden: Just speak a little louder, and turn a little towards us, so that we can hear you, Mr. Anderson.

Mr. Macdonald: You yourself were up in the Kootenay country for a considerable length of time?

A.—Yes, sir.

Q.—You knew Mr. Stevens, who was the so-called engineer of the Grand Trunk Pacific about a year ago? A.—Yes, sir.

Q.—How long have you known him? A.—About two years.

Q.—Yes. He resided, did he not, for a time in Victoria? A.—Not that I know of, sir.

Q.—I think you told us the first time you met him down here was in August, 1903? A.—No, sir.

Q.—When was the first time you met him about this business—wasn't that the time? A.—No, sir; I did not meet him at all at that time.

Q.—You didn't meet him at that time? A.—No, sir.

Q.—Now, you had an idea of forming a company, which was indicated by Mr. Bodwell's letter of the 19th January—did you ever form that company? A.—No, sir.

Q.—Did you never form any company to deal in townsite lands? A.—Oh, yes.

Q.—Yes, when? A.—About three months ago.

Q.—Called—? A.—The Pacific Coast Realty Company.

Q.—And formed by whom? Who were the subscribers? A.—Myself and Mr. Harris and Mr. Williams.

Q.—Mr. Harris is a real estate agent, is he? A.—Well, he is now. He was not up to that time; he was connected with the Canadian Pacific Railway Company before that.

Q.—And Mr. Williams? A.—Mr. Williams is a journalist.

Q.—They were the original subscribers, and, I suppose, the only persons interested with you? A.—Yes, sir.

Q.—Of course, you know there is a practice of having men of straw sign memoranda of association. That was not the case here, was it? A.—No, sir.

Q.—That company was formed for the purpose of dealing with the Grand Trunk Pacific terminus townsite lots, was it not? A.—No, sir.

Q.—Eh? A.—No, sir.

Q.—It was not? A.—No.

Q.—It hadn't that in mind at all? A.—No, sir; that was not it at all. One of our objects was dealing with lands in the Northern country.

Q.—And that idea had no part in the forming of your company? A.—No, sir.

Q.—Nothing whatever? A.—No, nothing except in a general way; there was no specific understanding that we would handle the Grand Trunk Pacific terminal townsite lots.

Q.—That would have been following out your original intention to form a company for that purpose?

A.—Well, it had nothing to do with the original intention at all; it was just a matter of business—

Q. (Interrupting)—Didn't you claim, Mr. Anderson, that that company had the selling of the Grand Trunk Pacific townsite lots? A.—I never did, sir.

Q.—I suppose you saw an article in the newspaper on the subject? A.—Yes, sir, and I corrected it afterwards.

Q.—And wasn't that idea suggested by you? A.—No; it happened like this: a reporter came up to see me and asked me for information regarding the company.

Mr. Garden: What was that?

Witness: A reporter came up to see me, and asked me for information about the company, and had an interview with me, and he mixed it all up.

Mr. Macdonald: Then this was another case of the reporter mixing things up? A.—I don't know that it was another case; however, he misrepresented it—

Q.—It was represented that you were going to handle the Grand Trunk Pacific terminal lands up there?

A.—That was the interview that was published.

Q.—And that was published after the reporter had a personal interview with you? A.—Yes, he came to see me.

Q.—And you say that that is not true? A.—That is not true.

Mr. James Anderson—*Continued.*

Q.—These reporters are rather unfortunate in their interviews with you? A.—I do not think they are with me any more than with other people. I have seen several reports that have been made which are very far from what the real statements were.

Q.—Can you give me the date of that interview? A.—No, I could not. I paid no attention to it at the time.

Q.—And how long after it appeared in the newspaper was it that you say that you contradicted it? A.—Oh, I spoke of it the next morning.

Q.—No, but did you contradict it in the newspaper by communication? A.—No, I did not contradict it by communication.

Q.—So, while it appeared in the newspaper, you published no contradiction of it? A.—Not publicly, no.

Q.—Mr. Morse, however, did, did he not? A.—Not that I know of.

Q.—Did you not see a published contradiction of it from Mr. Morse? A.—I saw a telegram which was supposed to come from Mr. Morse.

Q.—Yes, contradicting it? A.—Stating that the statement was untrue, which I knew it to be.

Q.—Did you make any statement that you had the handling of the Government's proportion of the land on Kaien Island? A.—No, sir; I never did.

Q.—To no one? A.—No, sir.

Q.—Now, I want you to be careful about that, Mr. Anderson, because I am informed you have made that statement? A.—I cannot help what you have been informed, Mr. Macdonald; I never made any such a statement.

Mr. Eberts: You can rebut it, and ask him what time it was made, and what statement it was.

Mr. Macdonald: I hope my learned friend will not continue to interrupt me in this way, as I think he should allow me to conduct this examination in my own way.

Mr. Eberts: If I am going to appear here as counsel, I should be allowed to take objections in the usual way.

Mr. Macdonald: You can certainly take objection, Mr. Eberts.

Q.—I am told, Mr. Anderson, that you made a statement to the effect that you had the handling of the Government lots up on Kaien Island; now I ask you if that is true or not?

Mr. Garden: Handling of what?

Mr. Macdonald: Handling of the Government lots. That your company had, Mr. Anderson—this Pacific Coast Realty Company. Is that so? A.—No, sir.

Q.—That is not true? A.—That is not true. I never made any such a statement.

Q.—So if anyone imagines that you made such a statement, they will probably be as insane as the reporters were all wrong? A.—You can take that view of it. It cannot be anything else.

Q.—Now, you have just told us that one of the things you had in your mind when you formed this company was the handling of lots up in the vicinity of the Grand Trunk Pacific terminus? A.—I said that I expected to deal in property in the north, just the same as any real estate company would.

Mr. Eberts: It was not a question of handling the lots of the Grand Trunk Pacific Company, though.

Mr. Macdonald:—Now, have you got an office? A.—Yes, sir.

Q.—Conducted by yourself, or your associates? A.—By myself.

Q.—Who is the president of the company? A.—I do not know that we have any president. I am the manager of the company.

Q.—Have you no secretary? A.—Yes; Mr. Harris is the secretary.

Q.—And you are the manager? A.—Yes, sir.

Q.—Any person else, other than yourself and Mr. Harris, who takes any part in the business of the company? A.—Just myself and my secretary.

Q.—Yourself and your secretary. Does he devote his whole time to it? A.—Yes, sir.

Q.—Have you applied to any member of the Government for the right, or privilege, of offering any interest, or any portion of the interest, for sale that the Government has in those lands? A.—No, sir.

Q.—Have you had any talk with Mr. Green about the matter? A.—No, sir.

Q.—Never mentioned it to him? A.—No, sir.

Q.—You are quite sure of that? A.—Yes, quite sure of it.

Q.—That is to say, you never even mentioned the fact that you had formed a company? A.—Oh, yes; I probably mentioned the fact that I had a company.

Q.—Yes—you mentioned it to him? A.—I don't remember mentioning it to him, but I probably may have.

Q.—That is to say, you have had some talk with him about this company of yours? A.—No, I never discussed the business of the company with him, if that is what you mean.

Q.—Do you say you never had a talk with him about it? A.—I say I may have probably mentioned I was forming a company, but that is all.

Q.—Yes. You probably mentioned the fact that you were forming a company. I suppose, Mr. Anderson, Mr. Larsen has never informed you, or has he informed you, as to what settlement he made with the Grand Trunk Pacific? A.—Mr. Larsen?

Q.—Yes. A.—Mr. Larsen told me that he was getting nothing from the Grand Trunk Pacific, with the exception of the expense account, which he disbursed in the surveying of the lands.

Q.—By the way, have you heard from Mr. Larsen recently? A.—No, sir; not for some time.

Q.—Do you know what the state of his health is? A.—No, except from hearsay from his associates.

Q.—Yes. He did not tell you about the five-million-dollar contract he got from the Grand Trunk Pacific, did he? A.—I did not know that he had a five-million-dollar contract.

Q.—You did not know that he had? A.—No, sir.

Q.—You don't know that now? A.—No, I don't know of it, beyond what I have seen in the newspapers.

Mr. James Anderson—*Continued.*

Q.—Mr. Anderson, did you have any talk with Mr. Bodwell as to his position in the matter? A.—No, sir.

Q.—And you do not know what he got out of it? A.—No, sir; I never heard what Mr. Bodwell got out of it.

Q.—I suppose that there was a good deal of business done by Mr. Bodwell, Mr. Morse, Mr. Larsen and Mr. Hays a year ago, that they did not do in your presence? A.—I do not know what business they did together, sir, or whether they did any.

Q.—But at all events, whatever arrangement they did make, you were not present at the making of it? A.—No, sir; I was not present if they had any arrangement.

Q.—You were not present if they had any. I suppose they got rid of you at that time. That is about the long and short of it, isn't it? A.—I do not know what you mean by that.

Q.—They paid you off? A.—Mr. Larsen and I had a settlement.

Q.—And from that time on you dropped out of it? A.—I do not know what you mean by dropping out of it. I completed the business I had on hand at that time.

Q.—Oh, you completed the business you had on hand at that time? A.—Yes.

Q.—What was that? A.—The business which we had been talking about, and that you have been asking me about.

Q.—Did you do any work for any of those parties after that settlement? A.—Yes, sir, I did. I did some surveying for Mr. Larsen after that.

Q.—But you had nothing whatever to do with the Grand Trunk Pacific Railway Company after that? A.—Nothing at all.

Q.—So, as far as they were concerned, they were rid of you when that settlement was made? A.—They were not rid of me after that settlement was made any more than before. I had nothing to do with them before that settlement was made. The only work I did for them was the completion of the surveys, which were not really completed previous to that.

Q.—Did you know anything about the sum of \$5,000 which was borrowed from Mr. Larsen by Mr. Bodwell, or alleged to have been borrowed, some time before that settlement with the Grand Trunk Pacific that you speak of? A.—No, sir.

Q.—Never heard of any such thing? A.—No, sir.

Q.—You are serious about that, are you? A.—Yes, sir, quite serious.

Q.—Never heard anything about the sum of \$5,000, which was supposed to be borrowed by Mr. Bodwell from Mr. Larsen? A.—No, sir.

Q.—Never heard your wife speak about it? A.—No, sir.

Q.—Quite sure about that? A.—Quite sure.

Q.—Could there be any such a transaction take place without your knowing it? A.—There could be. I did not keep track of Mr. Larsen's business. I do not know anything about what he did.

Q.—By the way, what salary were you getting? A.—While I was on this business?

Q.—Yes. A.—\$250 a month.

Q.—That was from Mr. Larsen? A.—Yes.

Q.—And I suppose your books will show that, your bank deposit book? A.—Yes.

Q.—Will your bank deposit book show all the moneys you received from Mr. Larsen? A.—Yes, sir.

Q.—Every cent? A.—Well, I think so. Yes, with the exception of \$250, I think.

Q.—Both for salary and expenses? A.—Yes, sir.

Q.—Now, whose idea was it to form the Company as mentioned in the letter of the 19th January? A.—I don't know whose idea it was, Mr. Macdonald. It was just talked of in a general way.

Q.—Well, you and Larsen were, of course, the parties interested in it? A.—Yes.

Q.—Was it your idea, or Mr. Larsen's idea? A.—I think it was an idea that was brought up between the three of us, Mr. Bodwell, Mr. Larsen and myself, as far as my recollection serves me.

Q.—So you did have a meeting, at which the three of you were present? A.—No, I don't remember that.

Q.—Well, you just told us that it was brought up between the three of you.

Mr. Eberts: No, he didn't.

Witness: I said it was discussed by all three of us.

Mr. Macdonald: Between the three of you? A.—Well, you see it might have been discussed between Mr. Bodwell and I at one time, and Mr. Larsen and I at another time.

Q.—Oh, that is the way you put it now. Well, now, when was the first discussion between the first two of you? A.—I think it was between Mr. Bodwell and I.

Q.—Who suggested the formation of a company? A.—I don't know.

Q.—You don't know whose idea it was? A.—No.

Mr. Paterson: When was the arrangement made with Mr. Larsen that you were to have \$250 a month? A.—I could not tell you that, Mr. Paterson, I don't remember.

Q.—Was it at the time you entered the business first? A.—Shortly after. It was not the time when we originally started it—shortly afterwards.

Q.—Well, will you tell me what your idea of that townsite company was—what your idea of it was at that time, and how it was to be formed, and by whom? A.—I think the plan we originally spoke of was looking towards the future, when the Grand Trunk Pacific started their operations through the Province. We thought it might be a good scheme to form a company to handle the different townsite lands of the Company throughout the Province of British Columbia, or any townsite lands that we could get to handle.

Q.—I see—so that was your scheme at that time. That was your scheme? A.—Yes, that was the proposed scheme. We simply talked it over on those lines, and said it would be a good thing if it was possible to carry it out.

Q.—That is, you were going to do a general real estate business in the North, or in the Province, and handle any townsites that you might get to handle? A.—No, sir.

Mr. James Anderson—*Continued.*

Q.—What, then? A.—It was a townsite company which was to have for its purpose the handling of all the Pacific Coast townsites in British Columbia.

Q.—That is what you were aiming at, then? A.—We were not aiming at that. It was simply an idea that we had at that time.

Q.—Well, it was a pretty definite idea at the time you put it in that letter? A.—I do not know that it was ever put in a letter, sir.

Q.—In the letter of the 19th January—"My clients propose to form a company incorporated under the laws of British Columbia," and so on? A.—That was for handling the Lima Harbour terminus townsite.

Q.—Well, that is the company I have been speaking of? A.—Well, you see we are talking about it in different ways.

Q.—Well, you need not get away from that. The company I speak of is the company which is mentioned in the letter—what was your idea of that company? A.—The company that is mentioned in the letter was simply for the purpose of handling that one townsite.

Q.—That one townsite? A.—Yes.

Q.—Then you had something beyond that? You had an idea of forming a company to handle all the townsites? A.—We had spoken of it at the time.

Q.—And who were to be the incorporators of this company who were to handle the Lima Harbour townsite? A.—Oh, we never got that far; it was only a proposal.

Q.—You never got that far? A.—Never.

Q.—Never considered who were to form it? A.—Never.

Q.—Well, according to that letter, you got that far that you had decided you were going to form such a company, didn't you? A.—We got so far as this: That if the proposal outlined in that letter had been accepted by the Government we would have gone ahead and formed a company, but it was not accepted.

Q.—But you had no idea of the persons who would compose that company? A.—Not at all; it never was mentioned.

Mr. Macdonald (addressing Chairman): Well, I have no other questions to ask until I get the production of those papers.

Mr. Eberts defers cross-examination until examination of witness by Mr. Macdonald is concluded.

Mr. Ross: Mr. Anderson, speaking of your visit to Winnipeg, and meeting Mr. Larsen there, was there anything strange about Mr. Larsen being there? A.—No.

Q.—As I understand it, Mr. Larsen has a large wholesale grocery establishment there? A.—Not only that, but he was employed on rebuilding part of the Canadian Pacific Company's line at that time—or, at least, his firm was, Larsen & Stewart—and he always met his partner at Winnipeg.

Q.—So there is no doubt but that he had other business there than the business you saw him on? A.—Oh, yes; he was going there constantly.

Mr. Eberts: He had a large contract for the C. P. R., you say? A.—Yes; he was handling large contracts along the line for the C. P. R. at that time, and he met his partner, Mr. Stewart, there constantly at that time.

Mr. Ross: Mr. Larsen is a man of considerable means, is he not? A.—Yes, he is.

Q.—And is what is commonly known as a millionaire? A.—Yes.

Q.—Now, in dealing with a man of that nature, you would not be disposed to drive the same hard and fast bargain that you would with some ordinary impecunious individual? A.—Mr. Larsen was an old friend of mine, Mr. Ross, and I did some business for him in the Kootenay at the time he was building the Nelson & Fort Sheppard Railway, and I was very friendly with him at that time, and we looked at this more in the way of a friendly arrangement than any bargain at all. It was simply an understanding between us.

Q.—Well, you would not deal so closely and harshly with a man of that sort as you would with a stranger, would you? A.—No, sir.

Q.—But you admit having made an arrangement with him whereby you were to get a salary in any event? A.—Oh, yes. After the work had gone along for a little while, I told Mr. Larsen I could not spend my time for nothing. Mr. Larsen knew the situation I was in at the time, and we just simply spoke of it, and he said "I will allow you whatever you think you require."

Q.—Well, in addition to that, you had a contingent interest in anything that you acquired? A.—Yes, quite so—in anything we acquired.

Q.—And the \$10,000 settlement, then, was a settlement of all your affairs up to that time? A.—Yes, sir. But, you see, I paid back out of that \$10,000 the expenses which were incurred in the coal deal, and took that over from Mr. Larsen. He was not feeling very well at the time, and he said that I had better take it over myself. And I said I was quite willing, as I considered it a good investment, and I paid back all the expenses of surveying and locating that land out of that \$10,000, that we had been to on that coal property.

Q.—Can you tell us what they were? A.—I think close to \$2,000, Mr. Ross.

Q.—I understand that what are called the "brown" lands, they were located some considerable time after the other lands—that is, the Kaien Island lands? A.—Yes, a long time afterward.

Mr. Paterson: How long afterwards? A.—Nearly a year.

Mr. Ross: But, so far as the Grand Trunk Pacific Railway Company are concerned, do I understand that you never received anything from them? A.—No; well, at one time I received, I think it was \$2,500, from them on account of survey work, but it was entirely an expense account. That was for the time I was asked to survey this land for them, afterwards. They had asked me to complete the survey.

Q.—Well, was that included, then, in the settlement with Mr. Larsen? A.—Oh, no; that had nothing to do with it; it was just included in the expense account rendered by Mr. Larsen.

Q.—Well, that was just expenses you had expended for the Grand Trunk Pacific? A.—Yes, sir.

Q.—None of it was for yourself? A.—No, none of it was for myself; that was simply for survey expenses.

Mr. James Anderson—*Continued.*

Q.—In the first place, was it your plan to secure lands by option from private individuals—was that your first idea? You mentioned that you had secured a number of options at different places? A.—Our first idea when we went up there was to secure land at the best points which, in my opinion, were likely to form the terminus for the Grand Trunk Pacific Railway Company.

Q.—That had not necessarily to be vacant land? A.—Oh, no. For instance, I took a number of options on lands at Port Simpson and Port Irving on the first trip, when I thought that the terminus might probably be located there. That was before I decided that Lima Harbour seemed to me to be the best place; but when I had decided on Lima Harbour as the best harbour, then we afterwards gave up those options.

Mr. Paterson: I suppose you would have a document setting out the one-sixteenth interest you held in these lands? A.—No, I have not any document.

Q.—What was the reason for that? A.—No reason at all, except that I knew the people with whom I was dealing, and it was not necessary to have any document.

Q.—Well, you did not suppose for one moment that those people were going to live forever? A.—I am not going to give it a thought. I had his word for the arrangement, and that was sufficient.

Q.—I suppose you have a copy of the expense account for the Grand Trunk Pacific surveys? A.—No, sir, I have not.

Q.—Did you do business with the Grand Trunk Pacific in the same way as you did it with Mr. Larsen? A.—I did not do business with the Grand Trunk Pacific at all, beyond the fact that they asked me to complete the surveys and include the whole expense account for the surveys in the original expense account, which they were to pay Mr. Larsen.

Q.—Well, you had to keep a detailed account of those expenses you incurred for the Grand Trunk Pacific Railway Company, surely? A.—Well, you see they were all incurred for the Grand Trunk Pacific Railway Company when they came to the final settlement with Mr. Larsen.

Q.—No, but this \$2,500 which was paid out by the Grand Trunk Pacific Railway Company for surveys; did they give you authority to go and make expenses without your keeping any detailed account of such expenses? A.—They had an account for all of the expenditures, and that survey account was turned into Mr. Larsen's account, in with the general account for all the expenses of surveying.

Q.—But, then, they paid this \$2,500 to you direct, did they not? A.—Yes.

Q.—And you must have handed them a statement of your expenses? A.—I gave Mr. Larsen a statement when they reimbursed him, and that \$2,500 was included in that statement.

Q.—Well, you have not now, and never have had, any detailed account of that expense account. You just made it up haphazard from memory? A.—Oh, no; I did not make it up haphazard. I made out a detailed statement.

Q.—And you received no receipt; you have nothing to show what that expense account was? A.—No, sir. All the receipts and anything like that I turned them all over to Mr. Larsen at that time.

Mr. Ross: That amount, the \$2,500, would then be credited on their account? A.—Oh, yes; the amount that was got from the Grand Trunk Pacific; that was included in Mr. Larsen's account.

Q.—And they were given credit for the \$2,500 on the total amount of the account? A.—Oh, yes, certainly.

Mr. Paterson: How did this amount come to be paid to you direct? A.—Because I was authorised by Mr. Morse when he was here, if I required any money for the survey work, just to draw on him.

Mr. Macdonald: Then you got that money by draft? A.—Yes, by draft.

Q.—You drew on him? A.—Yes.

Q.—Your bank-book will show that? A.—Yes.

Q.—Speaking of these options you got up there at Port Simpson and other places, did you get written options? A.—Yes, I had two or three written options.

Q.—Have you those now? A.—No; I afterwards handed them back to the people after we cancelled them.

Q.—Were they cancelled or did the time expire? A.—They were cancelled, some of them before the time expired and some afterwards.

Q.—And you handed them back to the people? A.—Yes, sir.

Q.—That is an extraordinary state of business, isn't it? A.—No, sir; it is quite a common thing. When a great many people take options on property they are often asked to hand the people back the options.

Q.—Well, take the options now that had expired—what about those? A.—Well, you see, I was up there in Port Simpson meeting the people who had given these options and chatting with them, and when I decided I was not going to go ahead with them I simply told them that I did not want them.

Q.—Well, have you any memorandum of any kind showing what those options were? A.—No, sir.

Q.—Nothing in writing at all? A.—No, sir; nothing in writing.

Q.—Can you tell me from whom you got those options? A.—Yes. There was an old man named Moore, down at Port Irving; he had 300 acres of land; I had an option from him.

Q.—And at Port Simpson? A.—There I had some options through Mr. Rudge up there on some land that he controlled, and I got some options from him at that time.

Q.—Did you get any options on any of the lands in Port Simpson close to the harbour, the central portion? A.—Yes, right on the harbour.

Q.—Could you tell me any lot there that you had an option on (referring to map)? A.—Well (examining map produced), this map is not very good.

Q.—It is a Provincial Government map? A.—Well, some of the Provincial Government maps are not very good. It was part of this, right here (indicating on map), Lot 29; then there was a part down in here that I had under consideration.

Q.—Well, I want to know the ones you had written options on? A.—I do not say that I had any written options on land at Port Simpson.

Q.—Well, my question to you referred to Port Simpson? A.—No, I was talking of land up about there (indicating on map), up at Port Irving.

Mr. James Anderson—*Concluded.*

Q.—Then you had no written options on any land at Port Simpson? A.—I had an option on here (indicating on map).

Q.—A written option? A.—No, not a written option.

Q.—Then you had no written options on land at Port Simpson? A.—Not at Port Simpson; I had at Port Irving.

Q.—How far is Port Irving from Port Simpson? A.—About 40 miles.

Q.—Did you attempt to get options at Port Simpson? A.—I did, sir; but the prices, as a rule, that they asked for them were much too high, in my opinion.

Q.—What was asked, as a rule, per acre? A.—Some of them went as high as \$200 an acre, up there, and some as low as \$60 and \$70 per acre.

Witness withdraws, to be called at a later date.

HON. RICHARD MCBRIDE, Premier, having been first duly sworn to give evidence touching the matters under inquiry herein, testifies as follows:—

Mr. Macdonald: Mr. McBride, when did you first hear of Mr. Anderson's scheme to acquire a townsite on Kaien Island — A. (Interrupting)—I never heard —

Q.—For the establishment of the Grand Trunk Pacific Terminus there? A.—I never heard of any scheme from Mr. Anderson. The first I heard of the scheme for the establishment of a terminus there was in a conversation, as nearly as I can recollect, that I had with Mr. Bodwell.

Q.—Yes. A.—I think Mr. Green was present at the time. I would not be so certain as to that though. However, my memory has been jogged, in a way, by the reports I have seen in the press, and I think it was in a conversation when Mr. Green and I were present. The matter was talked over in a casual way, and the result—the substantial result of the conversation was that any proposal of the kind should be submitted in writing to the Chief Commissioner for the consideration of the Executive Council. As near as my memory goes, it was only a discussion of a general character; no details mentioned. The matter was entirely new to me; at the same time, it was more than of ordinary interest, because I was only too anxious to do what I could to secure any advantage for the Province, which I considered this would be.

Q.—Have you any clear or distinct recollection of that conversation? A.—No, I have not—I have not. As I say, it was of a very general character, as near as my memory goes, and it was followed by a letter being submitted to the Chief Commissioner.

Q.—Just before going to the letter—did you have any second interview in regard to this matter with Mr. Bodwell? A.—Not that I can recall, Mr. Macdonald.

Q.—Did you discuss it with Mr. Green after that? A.—No, I do not think I did. I do not think I discussed it further with Mr. Green until the matter was up before the Executive Council.

Q.—I suppose Mr. Bodwell's verbal proposal was somewhat similar to the proposal he afterwards reduced to writing, or is your memory definite enough on that to say? A.—I cannot say that my memory is definite on that particular point. I cannot say. It likely was, however.

Q.—Then it was submitted in writing by the letter of the 19th January, 1904, which is a letter addressed to the Chief Commissioner by Mr. Bodwell? A.—Yes.

Q.—And I suppose it was discussed in Executive Council? A.—Oh, yes, the matter was discussed in Council.

Q.—Did you have any discussion with Mr. Bodwell out of Council on this matter? A.—No, none except that conversation, as near as I can remember.

Q.—No—I am speaking now of the time after the proposal of the 19th January? A.—Not that I can recall; not that I can recall. It would be more than likely that if any further treaty, as it were, were made, it would be through the Chief Commissioner—that is, the proposition having come from his Department, and having been considered by the Executive, if there were any further negotiations as between the proposer and the Government, they would take steps through the head of that Department, the Chief Commissioner. But I may have had some conversation with Mr. Bodwell. I won't say I had, or had not.

Q.—Do you remember how long it was after the 19th January that you considered the matter in Council? A.—I cannot recall. It would be considered in the usual way, like ordinary business; it might have been a week or a month after.

Q.—Would it be very shortly afterwards? A.—Well, sometimes the business before the Council is suspended for weeks, but just as soon as it would be convenient to have the members of the Cabinet come together and look into the question, it would undoubtedly be taken up. But I presume, however, this being a little out of the ordinary, the members of the Executive would want to look into the situation as far as they could themselves, but the ordinary course would pertain there pretty nearly—

Q.—But you decided at the first meeting of Council, did you not, to grant Mr. Bodwell's request? A.—The substance of the meeting of the Executive Council was this: that if the Government of British Columbia could secure for the people of British Columbia the placing of that terminal on Government lands, we should leave nothing undone to do so, but that our negotiations should be direct with the Grand Trunk Pacific Railway Company.

Q.—When did you communicate that to Mr. Bodwell? A.—I should think it would be after our final meeting in Council.

Q.—Did you have more than one meeting in regard to it? A.—I think the matter was discussed at two or three meetings. It would come up and be discussed. I imagine that that was the case.

Q.—At your first meeting, did you come to any conclusion at all? A.—Well, I am quite satisfied that if at the first meeting any conclusions were arrived at, they must have been what we substantially decided to do in the end; that is, deal with the Company direct.

Q.—You say "If any conclusion"—have you any definite recollection? That is, are you able to say what conclusion you came to at the first meeting, from your recollection now? A.—Well, I don't hesitate to tell the Committee at once that my recollection is perfectly clear on this point, that in connection with

Hon. Richard McBride—*Continued.*

all these discussions we were quite decided in the first place, if we could secure that terminal on Government lands, that we should do so; and in the second place, that any agreement that was entered into must be with the Company direct.

Q.—That is not quite in answer to my question, Mr. McBride. My question was this: Have you any clear recollection now of coming to any conclusion, and if so, what, at your first meeting of the Council?
A.—Yes, I am quite satisfied that that was the policy that the Government adopted from the first time that we discussed it in Council.

Q.—Yes. That is to say, if you could acquire the establishment of the townsite on Government lands you were going to do so? A.—Quite so.

Q.—Was it then discussed as to what your power was in that connection? A.—Yes.

Q.—Yes. A.—We were satisfied that we had full power to entertain the proposition under the Land Act.

Q.—Yes. And you were determined to carry that policy out? A.—Quite so.

Q.—There was no hesitation, or want of unanimity, upon that point? A.—Not that I can remember. The Cabinet, as a Cabinet, decided upon the point in any case; but I am quite sure we were unanimous, although I have no right to say as to what happened in the Cabinet.

Q.—And, of course, you were also determined to do the best for the Province that you could? A.—Quite so.

Q.—And you, as a body, realised that the Grand Trunk Pacific would want the best harbour and the best terminus that they could get on the Pacific Coast? A.—Well, we knew perfectly well that they would need the very best anchorage and harbour entrance that they could secure. That would appear self-evident.

Q.—And, of course, their first object would be to get the most suitable place, irrespective of anything else? A.—Quite so.

Q.—And then I suppose you thought there was a reserve on Kaien Island? A.—I was so advised by the Chief Commissioner, if I remember rightly.

Q.—Did not the members of the Cabinet take the trouble to obtain the opinion of the Chief Law Officer of the Crown upon that point? A.—I presume so.

Q.—Well, have you any recollection of doing so? A.—I presume we did. The Cabinet was satisfied we had power to deal with these lands. I cannot give you at this moment all the details, but I am quite satisfied that the Executive Council of this country felt every assurance that they could deal with these lands in the manner that they did deal with them.

Q.—And that they were under a reserve, you knew that? A.—Quite so.

Q.—And being under reserve, there was no danger—without the Government's consent, at all events—of any individuals getting in there and making valid locations on the lands that you felt so perfectly assured on? A.—Yes, sir.

Q.—Was there any arrangement to keep your intention to grant an Order in Council—or to make an Order in Council giving Mr. Bodwell and his associates these lands—secret for any specific time? A.—No; there was no particular arrangement in that regard, except that we, as a Cabinet, thought it was the proper thing to do before receiving from the Grand Trunk Pacific Company the assurances afterwards required, we thought it best to keep the matter secret, and I did everything I could possibly do to keep it secret.

Q.—Was it so arranged with Mr. Bodwell? A.—Well, Mr. Bodwell, as the representative of the Grand Trunk Pacific, knew what the Government proposed doing. He undoubtedly did.

Q.—Well, of course, you knew when Mr. Bodwell wrote the letter of the 19th January, and when you had your conversation with him, that he was not representing the Grand Trunk Pacific Railway Company? A.—I do not think that I did. I cannot recall it at the moment, and I cannot recall of Mr. Bodwell going into any details, or giving any particulars of the scheme at that time. He might have done so, but I cannot recall it. It was just a general conversation.

Q.—Well, you certainly knew when the matter was first discussed in Council that Mr. Bodwell was not acting for the Grand Trunk Pacific Railway Company? A.—I cannot say that I knew then he was acting for them, no; the proposition was just brought up and submitted to the Cabinet in the ordinary way. Here was a proposal which would secure to the Government those lands, and we discussed it in the ordinary way, and concluded that we would deal only direct with the Grand Trunk Pacific Railway Company.

Q.—You cannot recall now that you were aware that Mr. Bodwell was acting for persons other than the Grand Trunk Pacific when the matter first came before you? A.—I cannot; I cannot. I don't remember that I inquired of Mr. Bodwell anything along those lines at all.

Q.—Or when the matter first came up in Council? A.—Oh, when the matter first came up in Council, the letter was discussed there in the usual way, and the conditions that were made to absolutely attach to anything we did in the matter were just as I have stated, that the bargain must be direct with the Company.

Q.—But when it first came up in Council, shortly after the 19th January, you knew then that Mr. Bodwell was not acting for the Grand Trunk Pacific Railway Company? A.—I cannot say that I did.

Q.—Well, the letter itself shows it? A.—I cannot recall what was in the letter at the time. I might or might not have known it.

Q.—You would have read the letter? A.—I presume so.

Q.—Yes. A.—I might have, or I may have not. I have not read the letter since, as a matter of fact.

Q.—You see he speaks of his clients in this letter, and that his clients will form a company incorporated under the laws of British Columbia purporting to deal with these lands. This matter, of course, would be in your mind at the time you were dealing with the question in Council? A.—I presume so.

Q.—Yes. Now, knowing that Mr. Bodwell was then acting for his clients, who proposed to form a company, you say you refused—or do you say that you refused to deal with him unless he brought the Grand Trunk Pacific people into direct communication with you? A.—Well, substantially so, substantially so. He was given thoroughly to understand by the Executive that while we were very anxious to secure this advantage to the Province, we should only do so directly with the Company.

Hon. Richard McBride—*Continued.*

Q.—Of course, you knew it was one of the terms of his proposal that he should secure the establishment of the Grand Trunk Pacific terminus there? A.—I think that was embodied in the letter, yes.

Q.—And that is what you had in view from the Government's standpoint, the securing of that terminus there? A.—Yes.

Q.—And you also understood that if he failed to secure the terminus on those lands, that the lands reverted to the Government? A.—Yes, but what the Executive Council was anxious about right through was this, that they should deal directly with the Grand Trunk Pacific Company, and not through the intervention of any subsidiary company.

Q.—Why so? A.—Simply because we felt that if the Railway Company was bound to establish a terminus at that point, we could deal with them to much better advantage by dealing with them directly, and we felt in that way it was our duty to do so.

Q.—Well, I suppose you said to Mr. Bodwell, "We won't deal with you, we will only deal with the Grand Trunk Pacific Company?" A.—I presume that that is what was done at the time. We left him to understand that the Company must be dealt with directly.

Q.—Then, if Mr. Bodwell stated that after that letter was received by the Government, the Cabinet substantially accepted the terms as contained in that letter, would he be about right? A.—Well, from my recollection, he scarcely would be right.

Q.—And that it was arranged that the Order in Council— A. (Interrupting)—Mind you, though, with regard to the disposition of the lands, or at least the surveys, and that sort of thing, which should be by the Company, as far as these details are concerned, he might be right, but with regard to the policy of the Government to deal direct with the Grand Trunk Pacific Railway Company, what I have stated is what took place at the time.

Q.—Well, what Mr. Bodwell says is that his proposal was practically or substantially accepted. Mr. Anderson then— A. (Interrupting)—Subject to the conditions I have stated, I presume they were. There cannot be any doubt about it.

Q.—That is the way he puts it, "substantially accepted." A.—Well, the documents are there to speak for themselves.

Q. (Reading evidence of Mr. Bodwell)—"And the Order in Council was not to issue at that time, but at some future time." Was that the arrangement? A.—I cannot recall that.

Q.—You cannot recall that? A.—Oh, no. There may have been negotiations of that kind which I cannot recall. You see this thing may have taken three or four months before it was finally consummated, and these details I cannot readily recall. The Executive does a lot of business, and it is hard to recall all these details.

Q.—Had you any communication with the Grand Trunk Pacific Railway Company before the 3rd May, 1904, the date of the Minute of Council? A.—I may have had some correspondence with them. I cannot say.

Q.—It has not been produced under the Order in Council? A.—Well, if it has not been produced I had none.

Q.—You hadn't any? A.—No.

Q.—Nor with any of the officials of the Grand Trunk Pacific? A.—If it has not been produced I have not any.

Q.—Or at the time you passed the Order in Council, on the 3rd of May, 1904, you had no direct communication at all with the Grand Trunk Pacific? A.—No letters if they are not produced.

Q.—Neither from the Government to the Grand Trunk Pacific Railway Company, or from the Grand Trunk Pacific Railway Company to the Government? A.—No, none if they are not produced, Mr. Macdonald.

Q.—Now, where do you find that you carried out your declared intention of dealing directly with the Grand Trunk Pacific Railway Company? A.—In the Order in Council and in the Crown grant that was afterwards made.

Q.—Well, you see you had no communication with the Grand Trunk Pacific Railway Company? A.—Well, Mr. Bodwell was given to understand that that was the only way the Government would deal with the proposition. The proposal to establish a terminal townsite there emanated from Mr. Bodwell. We treated with Mr. Bodwell in a confidential way, knowing that he was the representative of the Grand Trunk Pacific, and having his word for it, and as he was an eminent man of standing in the community, the Government felt that they had every right to treat with him in that way.

Q.—So the Government were prepared to allow Mr. Bodwell to switch his position from being the solicitor of his clients, Larsen and Anderson, and assume the position of representative of the Grand Trunk Pacific Railway Company, without there being any direct communication between the Government and the Grand Trunk Pacific Railway Company? A.—I knew nothing of Mr. Bodwell's clients, Messrs. Larsen and Anderson, at all, absolutely nothing. All I knew was this, that Mr. Bodwell had, as it were, initiated the proposal to have the terminal townsite on Government lands, and I treated it in a confidential way, because, as I have stated, Mr. Bodwell is a gentleman of standing in the community, and stood high in his profession, and I had every confidence in that gentleman's word, and when the Government told him that any agreement they might make would have to be entered into direct with the Company, I had every confidence that Mr. Bodwell would do so, and he produced evidence that he was acting for the Company in this matter.

Q.—What evidence was that? A.—The telegram from Mr. Hays, and besides which we had his own word that he was acting for the Company.

Q.—That is the telegram which has been put in here? A.—Yes.

Q. (Producing telegram and handing same to witness)—That is the telegram? A. (Examining same)—Yes.

Q.—Then the only communication that you have seen, or received, varying Mr. Bodwell's position from that as outlined on the 19th January, and from which you could assume he was acting for the Grand Trunk

Hon. Richard McBride—*Continued.*

Pacific only in this matter, was this telegram of the 29th April? A.—Yes, and in addition to that we have his word of honour, certainly. There may have been other telegrams, Mr. Macdonald, that I cannot now recall, but I can tell you this, that the Executive Council were quite satisfied that they were dealing in this matter with the Grand Trunk Pacific Railway Company direct.

Q.—This telegram says this: “Will be glad to have you act on Mr. Stevens’ communication in regard to Lima Harbour in such a way as to fully protect our rights for the time being, and until definite plans can be determined on, without, however, committing us irrevocably.” That was the only thing you had to go on? A.—I presume so, if that is the only telegram produced—in addition to Mr. Bodwell’s own word.

Q.—Do you remember who drew up the Order in Council? A.—No, I cannot say who drew it up. The final drafting of the Order in Council was participated in by all the members of the Executive Council, and changes were made.

Q.—Perhaps you can tell us what was meant by this language in the Order in Council, Mr. McBride: “The said Ernest Victor Bodwell shall not dispose of the said lands to any person or corporation, except for the purpose of establishing thereon the western terminus of the Grand Trunk Pacific Railway Company.” What was the idea of putting it in that language, that he should not dispose of it to any person or corporation except for that purpose? A.—Well, that was simply to carry out the idea that I have already outlined, that it must go direct to the Railway Company.

Q.—No, but this would seem to indicate that it might not go direct to the Railway Company? A.—It was not so intended.

Q.—You cannot explain this, then? A.—Yes, I have explained it in that way, because we were not dealing with Mr. Bodwell as a shark, or sharper. We were dealing with Mr. Bodwell as a man of standing in this community, one who stood high in his profession, and who was known by the Executive Council to be a reputable gentleman.

Q.—And you were willing that he might dispose of the lands to some person or corporation, so long as that person or corporation obtained the establishment of the terminus upon it? A.—Not at all; not at all.

Q.—Well, what else can you make of this? A.—What the Executive Council intended by that Order in Council was that these lands should go direct to the Grand Trunk Pacific Railway Company.

Q.—What do you make of this (reading): “The said Ernest Victor Bodwell shall not dispose of said lands to any person or corporation except for the purpose of establishing thereon the western terminus of the Grand Trunk Pacific Railway Company”? A.—You may put your own interpretation on that, Mr. Macdonald, but I tell you that the interpretation of the Executive Council was just what I have stated.

Q.—Doesn’t that language indicate that he might dispose of it to some person or corporation, so long as that person or corporation would establish a terminus there? A.—No; because you know in the first part of the Order in Council it is stated very definitely that Mr. Bodwell was acting for the Grand Trunk Pacific Railway Company.

Q.—Yes, I understand that. Well, why was this not made directly with the Grand Trunk Pacific Railway Company? A.—Well, we were satisfied, for the purpose of forwarding the negotiations, that Mr. Bodwell’s name should be used there as the agent of the Grand Trunk Pacific—case of principal and agent.

Q.—But don’t you see the loophole that was left there in those words I have just read? A.—Not at all; not at all.

Q.—That he might dispose of it to some person or corporation? A.—It would not be possible, because the Executive Council were quite satisfied that it would go direct to the Grand Trunk Pacific, and you know perfectly well, from reading the other part of that Order in Council, it bears out the interpretation that the Council put upon it, and what I have stated that interpretation to be.

Q.—Well, you were quite willing to accept Mr. Bodwell’s word of honour for that? A.—Yes, for I have always found him to be a gentleman of honour.

Q.—Can you recall any reason, or your reasons, for not providing in your Minute of Council that these lands should be conveyed direct to the Grand Trunk Pacific Railway Company? A.—We were quite satisfied, Mr. Macdonald, as nearly as I can remember, with the wording of the Order in that regard.

Q.—Well, I quite understand that you were satisfied with it or you would not have passed it. A.—I don’t think, Mr. Macdonald, that it was suggested by any member of my Executive Council that the wording of that Order could, or would be, taken advantage of in any way by Mr. E. V. Bodwell. I had every confidence in him then, as I have now, and had no doubt but that those lands would be handed over direct to the Grand Trunk Pacific, and I think if you will read the whole Order through, you will see that what I say is so in that regard.

Q.—Don’t you remember that this Order in Council was drafted by Mr. Bodwell himself? A.—It might have been. Drafts may have been submitted very often. As a matter of fact, some of the most important Orders in Councils that are ever passed, the drafts for same have been drafted by the solicitor of the parties interested in the Order in Council being passed, and they would be submitted us, and revised by us, and finally adopted by us, on our being satisfied with them.

Q.—Have you the original draft of this Order in Council we are now speaking of that had been revised? A.—No, I do not think I have, but I know we discussed it on several occasions. The Attorney-General, the Provincial Secretary, and all of us discussed it in several ways and times.

Q.—Do you think that that draft is in the Department? A.—I don’t know. It might be, Mr. Macdonald.

Q.—Whose department would it be in? A.—It would be, I presume, in the Lands and Works Department.

Q.—That draft, if in existence, would show any changes that were made in the original document as drawn, would it not? A.—Oh, I think so, I think so.

Q.—Do you recollect any changes being made? A.—I cannot recall them in detail now. There were some, certainly.

Hon. Richard McBride—*Continued.*

Q.—I suppose what Mr. Green said was true, that you had made no investigation by any officials of the Government into the relative merits of the different points along the coast to find out whether other suitable harbours could be got? A.—No; at least I don't remember that we made any special investigation. We acted on our knowledge of the situation very largely. Of course, we knew that Kitimaat, Bute Inlet and Port Simpson were the places prominently featured in the press as likely to be selected for their terminal. In fact, later on Bute Inlet was mentioned, and there were no other harbours spoken of at all. In fact, the newspapers said that Port Simpson was the only possible place for a northern terminal, and when I was informed about the harbour at Kaieni Island I was very much surprised, and, therefore, very much surprised when I found it was possible for the Government of the day to make a bargain of this kind in the way of establishing a terminal townsite on Government lands.

Q.—You were surprised to find that Kaieni Island furnished the best place for a harbour? A.—Furnish a place for a harbour that would permit of the Government making such an excellent bargain. I am not in a position to say even now that Kaieni Island is the best harbour on the Coast. I have never been up there and I am not a seafaring man, so I could not say whether it was the best.

Q.—Well, my question, if you had made any investigation by any official or engineer of the Government? A.—No, we did not send a man up there; we did not think it was necessary. We were only too glad to make the bargain. Of course, if the railway went to Kitimaat, the Government lands would be benefited by it, and the same with Port Simpson; and if the road comes here to Kaieni Island we are that much ahead, in addition to which, we have so much more land.

Q.—Of course you understand, Mr. McBride, that the point selected for a terminus would be of immense value? A.—Eventually it will be, yes; undoubtedly, undoubtedly.

Q.—And the 10,000 acres which will form the terminal townsite of the Grand Trunk Pacific Railway Company will be worth millions of dollars? A.—Oh, yes; there is no doubt about that, no doubt in the world. That has been the case at Vancouver. It would not be worth anything, though, if the terminus were not established there.

Q.—That is, that land would have no value unless a terminal townsite was established there? A.—Practically none. The land is valueless.

Q.—And your bargain was that you were to get \$1 an acre for it? A.—Yes, third-class land. We sold it as third-class Government land.

Q.—And if the townsite was not established there you should pay back the \$1 an acre to Mr. Bodwell? A.—Yes, that is, if before the time mentioned in the Order in Council the bargain has not been completed, the money is to be returned, and the land then reverts to the Province.

Q.—So that the only risk that the promoters who were buying this land were running was the cost of the preliminary survey? A.—I imagine so, Mr. Macdonald.

Q.—And if the terminus was established there and a townsite formed there, they then got property worth millions? A.—They would make it worth millions, and we got property that would be worth millions, too.

Q.—And if it was not established there they would get their money back? A.—Yes, and we would be out nothing. We were out nothing.

Q.—Wouldn't it have occurred to you, as a business man, if not as Premier, that it would have been the proper thing to have gotten into direct communication with the Grand Trunk Pacific Railway Company with a view to making with them direct the very best terms in the interest of the Province that you could make? A.—I was quite satisfied with the advice tendered me by my colleague in that matter, and felt that he was doing the very best he could in the interests of the country, and I was quite satisfied with the bargain myself.

Q.—Who was that colleague—the Chief Commissioner? A.—Yes; and I was quite satisfied with the bargain myself.

Q.—That is the only answer you have to make to my question? A.—And, furthermore, I considered, as I have said here right along, that it was a very excellent and good bargain. And when Mr. Bodwell was authorised to act for the Grand Trunk Pacific Railway Company I had no desire to go over his head, for, as I say, I knew him to be a gentleman of standing here. He has, I think, the respect of the Executive Council of this country, and we felt quite satisfied to treat with him as I have stated. I might say, further, that subsequently—that Mr. Morse stated to me that that gentleman should have held back from giving the Province the quarter interest in the foreshore, as the general benefits enuring to the Province were quite sufficient; but in dealing with this matter my colleague, the Attorney-General, cited to us the precedent of Vancouver and the C. P. Ry. Co. Of course, it must be borne in mind that the Government has a reversionary interest in all the lands there that are now under Indian reserve, and they will be Government property just as soon as the Indians abandon them; in addition to which, the Government hold all these reserves here, too (indicating on plan).

Q.—Now the terms upon which these lands were to be parted with by the Government were already decided on before the 29th April, were they not? A.—Well, the thing was discussed on several occasions, Mr. Macdonald. I cannot recall the dates, but we had it up before the Executive on several occasions.

Q.—But there was apparently nothing that remained to be settled on the 29th April, when the telegram from Mr. Hays was received? A.—That might have been the case.

Q.—So that when you found that the Grand Trunk Pacific were willing to allow Mr. Bodwell to carry through some deal which they might, or might not, be interested in, according to this telegram, you then put through your Minute of Council without any further delay—that is so? A.—Yes.

Q.—And I suppose that what Mr. Bodwell and Mr. Green both say is true, that there was no attempt at all to make terms with Mr. Bodwell? A.—In what way?

Q.—As to the price, or as to anything the Grand Trunk Pacific should do in return for this enormous concession—

Mr. Ross (interrupting): Mr. Green did not say that.

Hon. Richard McBride—*Continued.*

Witness: I do not know what Mr. Green said about it, but I was very glad indeed when I was able to see some encouraging sign that the Grand Trunk Pacific would take over this Government property. You know yourself that the Grand Trunk Pacific has never yet said that their terminal is going to be there.

Mr. Macdonald: Well, you had no notion, or intention, of insisting on any terms with Mr. Bodwell as to the proposal in sight? There was no change made in the terms of \$1 an acre? A.—Well, whatever was agreed on eventually must have been the result of these negotiations. There must have been some changes made.

Q.—The first proposal was that he should pay \$1 an acre for these lands, and if the land was not taken for the Grand Trunk Pacific terminal purposes, he should get his \$1 an acre that he paid for this land back? A.—Well, that proposal remained unchanged, then.

Q.—And there was no demand made on the part of yourself and your different colleagues to make any different terms with him? A.—I think the matter of price was discussed with him by the Executive Council. I am not prepared to say what shape that discussion took, but it was discussed. I may say that I saw in the newspaper report where Mr. Bodwell said that my colleague, the Provincial Secretary, wanted to charge \$5 an acre, but I cannot recall his saying that. And even if I could recall it, of course it is not my place to divulge it; but, really and truly, I cannot remember that that that was gone into at any length, because we knew the land was third-class Government land, and we would not have the right to charge them for third-class land the same price as we would for first-class land.

Q.—Well, this land was better than third-class land, because this was for townsite purposes? A.—Well, there is nothing in the Act which deals with townsite land as such, and the land there, as it is today, without there being a terminal there, is not worth a two-pence.

Q.—Well, but that is what your agreement contemplated—either be townsite land, or the terminus, or they would get their money back? A.—I venture to say—

Q. (Interrupting)—Isn't that right? A.—It should either be a terminal, or the money that they paid over would go back to them, certainly. But I venture to say that five-sixths of the townsite lands in this country have been purchased from the Government at \$1 an acre, without ever there being any promise made that it was to be made the terminal railway by the parties who purchased them. I will say, frankly, for my part, that I believe it would have been in the public interest if the Grand Trunk Pacific had been able to get this land for nothing, provided they put their terminal there.

Q.—That is your position? A.—That is my position today, because the more I look into the question the more satisfied I am on that point.

Q.—You speak of other townsites being obtained by parties? A.—Yes.

Q.—That would be under the Land Act? A.—Yes.

Q.—It would be staked and purchased under the ordinary provisions of the Land Act? A.—Yes; this has been done under the Land Act.

Q.—Do you say that this has been done under section 39, in the case where the land was required for townsite purposes? A.—I do not know how the bargain in connection with the City of Vancouver and the C.P.R. was carried out, for there the Government gave several thousand acres of land to the Canadian Pacific Railway Company, without there being any reserve placed on the land at all. I cannot recall for the moment the details of that transaction, but that is what happened in that case.

Q.—You were not afraid, of course, that the Grand Trunk Pacific would not establish a terminus on this Coast? A.—Well, the legislation adopted by the Federal Parliament provides of course for a terminal on the Pacific Coast.

Q.—Well, then, that did not come into consideration at all? A.—We knew when they came out to the Pacific Coast they must have a terminal, and possibly termini. At least, one would naturally think so.

Q.—So there was no object in inducing them to come to any particular spot? A.—Well, so far as I am concerned, I will be frank in saying that I had never heard of any other points than Kitimaat and Port Simpson mentioned up to the time of this proposal, and it was looked upon by the press of the country that either one of those two points would be the terminal. In fact, the people who navigated the Coast, and mariners, all said undoubtedly that those were the only two points that gave any promise of being the terminal harbours. In fact, years ago Port Simpson was prominently mentioned in the same connection.

Q.—Then, do I understand that your object was to induce them to go to Kaien Island? A.—Yes; the object of the Government was to induce them to put their terminal, or termini, at a point, or points, where the people of British Columbia could make some substantial profit, as well as the treasury of this country, which would benefit by it. That has been all along the motive behind the Government's action. It was to try and help out the Province.

Q.—You were giving them a very substantial inducement? A.—We thought it was a very fair bargain.

Q.—It might eventually result in producing a revenue of some millions of dollars for them? A.—As well as for us, yes.

Q.—In consideration of their coming? A.—Certainly; we could not expect them to come here as a charity concern.

Q.—And in consideration of that inducement they were to go to Kaien Island—they were to build at Kaien Island? A.—They were to make their terminus there, certainly.

Q.—Now, the Legislature was sitting when you got that letter of the 19th January, 1904, and continued to sit until the 10th of April of that year. Why didn't you bring the matter before the Legislature? A.—I did not think it was my duty to do so, so long as I had the confidence of the Legislature and was carrying on the business of this country. I presumed I could carry on the business of this country as it is done by other Governments, partly in the Legislature and partly in the Executive Council, and I was quite decided in my own mind that when the proper time arrived for publishing the Order in Council I should then make this bargain public. In my own opinion, that was not the proper time to give any publicity to this scheme. In the first place, critics might come along and find fault with Kaien Island, and want to have it condemned, and other rival concerns might wish the terminal brought elsewhere, and influence might then be brought in

Hon. Richard McBride—*Continued.*

order to defeat the proposal we had in mind. And there are a great many reasons which would appear to you, and any ordinary business man, as to why it was necessary that this proposal should be treated in this way, in a secret manner.

Q.—Did you find any precedent of any kind for granting land of this kind by Order in Council? A.—I did not look for any precedent, and I do not know that any precedent for it has ever occurred in British Columbia. I know that the terminus of Port Moody for the Canadian Pacific Railway Company was granted—or a great deal of it was granted—long before the City of Vancouver as its terminal was ever thought of, and a lot of that Port Moody land was taken up by New Westminster miners under military grants.

Q.—And you found no precedent for making a grant of that kind under section 39 of the Land Act? A.—Not that I can recall.

Q.—You accepted Mr. Bodwell's opinion with regard to your power to do that? A.—And the opinion, undoubtedly, I presume, of my colleagues, and particularly of my colleague the Attorney-General, the Chief Law Officer of the Crown.

Q.—In fact, the suggestion with regard to your power under section 39 to make this grant of land came from Mr. Bodwell. He told you that that section would enable you to do this? A.—I do not know that he did. He might have, but you can understand that, before anything would be finally adopted, the Attorney-General of the country and Chief Law Officer of the Crown would be consulted with regard to it, as well as the other Ministers.

Q.—Wouldn't it have occurred to you that the matter being one which had never been dealt with in that way before, and there might be a very, very grave doubt as to the legality of it, that you should bring the matter up in the Legislature and have a bill put through? A.—No, it never did.

Q.—It never occurred to you? A.—No; and even if it had occurred, I would have had the assurance that every member of the Legislature who was interested in protecting the interest of the country would give his unanimous consent to the measure later on.

Q.—Well, that being so, surely it was a very simple matter to bring it into the Legislature? A.—Yes, if it had been necessary; but we always felt sure that we had the support of the Government of the day in this matter, as well as the support of the Cabinet.

Q.—That is, you felt absolutely sure of the support of your own supporters in the House in putting through this deal? A.—I felt all along, Mr. Macdonald, that I was consummating a bargain in the public interest, and one that would meet with the commendation of the great majority of this country.

Q.—Why fear, then, about bringing it into the Legislature? A.—I never did fear about bringing it into the Legislature. If it was not necessary, there was no need to bring it in, and it was so considered by my Cabinet.

Q.—Had you done so, you could not have maintained the same degree of secrecy, could you? A.—No; during the negotiations we certainly could not have done so, and it would have been very unwise to make our negotiations public. Would you, or any man in the ordinary course of business, and in a matter of that kind where, for instance, there were rival harbours and rival interests to be consulted, make the negotiations public? All manner of criticism would be levelled by the rival harbours and others interested in having the terminal elsewhere, against the idea of the Company going to Kaien Island.

Q.—Well, you were not doing the bargaining with the Grand Trunk Pacific—it was the Grand Trunk Pacific who were running after you. You were not afraid of frightening them off, were you? A.—I do not say that we were, but we were very anxious, and were very careful to conserve our own interests, as far as it was possible to do so.

Q.—I can quite understand that if the other party hesitated about making the bargain it would then, perhaps, be very well to keep it secret, but such was not the case; they were running after you? A.—I did not say that they ever ran after us.

Q.—Did not Mr. Bodwell do so? A.—Mr. Bodwell never ran after us. I think the Government of the day were just as anxious to have that bargain consummated as the Grand Trunk Pacific was; perhaps a little more so. But there was no running after things. We wanted to secure the terminal there, at a place where the public and the country would get the very best possible advantage from its establishment.

Q.—You were just as anxious as Mr. Bodwell was to have it established there? A.—Certainly. The Government was anxious to consummate this bargain. We are very anxious to-day to have the terminus established there, and if it is not established there I think a great wrong will be done the people of this Province—or, at least, a great loss will be suffered by the people of this country. I do not think there is any question about that.

Q.—Well, in the same way, I suppose, for instance, that a great loss will be suffered if it went to Kitimaat? A.—Certainly, certainly.

Q.—Although, in that case, you would get a quarter of the lands just the same—that is to say, no matter where they made their terminus? A.—Yes, at the same time, if a road is going to be built to Kitimaat, and we could participate in this additional benefit, it would be a very excellent thing for this country.

Q.—That is to say, if there should be two terminals? A.—No, it was never the idea at all. But when you mention Kitimaat I stated, in my opinion, provided there were to be two termini in the northern part of British Columbia, and the Province could participate in both of them, it would be a very excellent thing indeed for the people of this country.

Q.—Are you aware that the Province owns about one-half of the townsite of Port Simpson? A.—My opinion is that we own no land at Port Simpson, on the harbour proper. There is a reserve away at the back of Port Simpson, but on the harbour we own no land at all; it is all alienated, or has all been sold, I believe.

Mr. Garden: We have a map here you might look at.

Hon. Richard McBride—*Continued.*

Mr. Macdonald (referring to map): Did you have this before you, Mr. McBride, when you made this bargain with Mr. Bodwell? A.—I cannot remember having it before us. It may have been, but I don't remember it. I have been up at Port Simpson, however, and know that part of the country pretty well.

Mr. Macdonald: This is the plan showing a sub-division of Provincial Government property—Townships 1 and 2, Range 5—to be sold by public auction 22nd July, 1891. Now, are you aware that at the present time one-half of that townsite belongs to the Government? A.—At Port Simpson?

Q.—Yes. A.—Here is Port Simpson here, and here is the harbour—there is no harbour here at Work's Channel at all.

Q.—Here is the townsite mentioned in this plan (indicating on map)? A.—I have been up at Port Simpson, Mr. Macdonald, and been all over some of the grounds there, and have seen them with my own eyes; I put in a day or two there. This is the harbour proper (indicating on plan), and this is away in the background.

Q.—Well, isn't this the fact, that this is the Government plan of this townsite? A.—I presume it is.

Q.—Well, are you aware that one-half of that townsite is still owned by the Government? A.—It might be so. But it is not Port Simpson harbour townsite proper, and there should be no misconception about it here. Here is Port Simpson and here is the harbour. This is away back on Work's Channel (indicating on plan), miles away from Port Simpson. It is a misconception to say that the Government own the townsite, or half of it, at Port Simpson, when it really does not.

Q.—Well, then, the Government of British Columbia were attempting to deceive the people of this Province when they advertised those lots for sale? A.—It would be a misconception if the people are brought to believe that this land away back on Work's Channel would be what would properly be called the town of Port Simpson.

Q.—Anyway, you were not aware of the existence of that plan when you made that agreement with Mr. Bodwell? A.—I knew at the time that the Government had no land at Port Simpson proper.

Q.—That is not an answer to my question. I am asking you this—You had no knowledge at that time of the existence of this plan? A.—No; I never saw that plan until Mr. Oliver showed it to me one day, and I had never seen that plan before that.

Q.—I suppose the fact that a number of South African volunteers, or their assignees, located land covered by this 10,000 acres now granted to the Grand Trunk Pacific, prior to your Order in Council having been passed, and were refused, was a subject of very serious consideration by yourself and your colleagues? A.—I think it was before the Executive Council—oh, yes—yes, I am pretty sure it was.

Q.—And what excuse have you to offer for rejecting their prior applications? A.—Well, I have no excuse to offer, and no excuse is necessary. The Government refused to entertain them, and in the public interest gave those lands to the Grand Trunk Pacific; and if at the time there was a reserve on those lands, they had no standing there at any rate. I cannot recall the particulars of the different conferences, but undoubtedly the matter must have been before us.

Q.—Well, did you look into the terms of the Order in Council creating the reserve, to see what it covered? A.—I think it was looked into.

Q.—Did you yourself look into it? A.—Well, if I did not, I advised myself of its contents through my colleagues, but I think I did look into it.

Q.—And you found that it covered only a portion of the Mainland? A.—We were satisfied it covered all the land we were dealing with. From the maps, and what we were dealing with, we were satisfied it covered this land here (indicating on map).

Mr. Macdonald (addressing Chairman): Was that Order in Council produced?

Mr. Garden: Yes, Mr. McKay had it produced, and the map on which the original reserve was located (handing same to Mr. Macdonald).

Mr. Macdonald: I suppose you have seen this map before, Mr. McBride? A.—Well, I don't know that I have. I could not swear to that, Mr. Macdonald. I saw several maps, though, at the time this matter was before us.

Dr. Young: Here is Port Simpson here.

Witness: Yes.

Mr. Macdonald: This is a very old map, 1867.

Mr. Garden: Are there no amendments on it after that?

Mr. Macdonald: 1867-1870. It is a chart.

Q.—Did you see that portion marked the Tsimpsean Peninsula? A.—Yes.

Q.—Of course, you do not suppose that a peninsula includes islands, do you? A.—No, I would not think a peninsula included islands, unless the term "peninsula" were used in a general way for the purpose of indicating a certain zone.

Q.—And you were aware, when the applications of the holders of the South African War scrip were rejected, that Kaien Island was an island—of course, you knew that at that time? A.—Yes. I think that when the matter came up finally to be settled it was found that there were some persons who had staked in this particular zone, and a discussion then arose upon the subject, but I am quite satisfied in my own mind that the conclusion of the Executive Council was that this reserve was fully protected by that old Order in Council.

Q.—Yes, but what I mean to say is this—that there was no doubt in your mind, at some time anterior to the passage of that Minute of Council, that Kaien was an island? A.—It was so described on the map.

Q.—And it was so described in the applications of those South African scrip holders, was it not? A.—I really forget, Mr. Macdonald, now whether it was or not.

Q.—However, you knew about it? A.—If it said it was an island, I am not prepared to say it was not an island.

Q.—You knew it was an island? A.—Certainly.

Hon. Richard McBride—*Continued.*

Q.—And you knew that the terms of the Order in Council referred only to lands on the peninsula—the Timpsean Peninsula? A.—I cannot say that I did.

Mr. Garden: It was not known as an island when the reserve was made. All this was included in the Mainland, and as a part of the peninsula.

Witness: I understood that this island was very close to the mainland. In fact, there was one place where you walk across from the Mainland to the island at low tide. It was always looked upon as the Mainland, and no one ever attempted to take up the land there until there was some suspicion the terminus was going to be there. But even if it had been my opinion that it was an island, and that it was not under the reserve as covered by the peninsula, I would certainly put the interests of the Province, in securing the terminus there for the benefit of this Province, before the individual interest of any single applicant. I would be quite willing to take that risk in so doing.

Mr. Macdonald: Now, you see, Mr. McBride, Digby Island is there shown as being close to Kaien Island (indicating on map)? A.—Yes.

Q.—Now, can you show me Digby Island on this chart (indicating on chart)? A.—Let me see—whereabouts are we? This is the Skeena River (indicating on chart). Yes there is Digby Island. That is not it, is it?

Dr. Young: Here is the North Skeena Passage. Comparing this map with that, Smith Island is in there in the corner.

Mr. Macdonald (indicating): There is Smith Island.

Dr. Young: Here is the North Skeena Passage, and Kaien Island should be shown right here.

Mr. Macdonald: Now, looking at this chart, this point here is the passage to the harbour? A.—Yes.

Q.—Can you show me Digby Island on that chart? A.—There is Digby Island, and Smith's Island (indicating on chart).

Q.—Digby Island is over here? A.—No, here is Digby Island and Smith Island right here (indicating on chart). That is as plain as a pikestaff.

Q.—Well, this island is clearly in another place? A.—The maps don't tally; that is one thing sure and certain, but Smith Island and Digby Island occupy the same position on this little map as they do on this chart. The fault seems to be with the chart, as the channel has not been clearly outlined there; and that would strike us as being another evidence of the truth of my statement, that I was told that the channel was very low, and at low tide the mainland and Kaien Island was one and the same, and that statement is pretty nearly in line with the facts. I cannot recall having made a very close study of this map at that time, except that I was satisfied in my own mind what I was doing was all right, and what I was to be responsible for was in the public interest.

Q.—I see some other islands here—North Porpoise Island and South Porpoise Island. Those you did not regard as forming part of the reserve? A.—I don't know that I considered that at all.

Q.—In other words, you allowed Mr. Anderson, or Mr. Larsen, to obtain North Porpoise Island and South Porpoise Island and Watson Island, just at the south of Kaien Island, close up to it—you allowed them to obtain those islands right close to Kaien Island, and did not claim that that reserve covered them? A.—I do not know that I allowed them to obtain anything. They made their applications under the Land Act, and they were received and accepted by the Lands & Works Department as being all right. There is no doubt about it.

Q.—Why should they be treated differently to Kaien Island? A.—They were not considered to be in the lands reserved.

Q.—So you treated Kaien Island as an island, which you knew to be an island, differently than you treated North and South Porpoise Islands? A.—We treated them as we have done. But, so far as I know, there was no discrimination at all.

Q.—And, therefore, by putting that construction on the Order in Council, you cut out the applications under the South African War scrip? A.—There were some applications for land there, Mr. Macdonald, which were not entertained. I might say, generally speaking, since we have been cancelling all those reserves on the Queen Charlotte Islands and on the Skeena, last summer and since, there has been so much interest taken in the scrip lands that captains tell me, and others navigating up and down the Coast, that every little point has been taken up, and every little harbour. I never went into any of these applications at all, save and except that I knew there were several persons there, as you said, who were trying to place scrip on certain lands, and whose applications were not accepted, on account of it being claimed that those lands were under reserve.

Q.—Then I take this to be true, Mr. McBride, that it was only by interpreting the Order in Council to include Kaien Island that you were able to cut out the applications of scrip holders in favour of Mr. Bodwell's application? A.—I am quite satisfied, let me say again, that the Government when it finally consummated the bargain, felt that the lands to be conveyed were protected by that reserve. There was no disposition on the part of the Government to cut out anybody, as you say, but there was a strong disposition on the part of the Government to have the terminal established there, and we tried to live up to it as far as we consistently could.

Mr. Garden: It was not shown as an island, then, on this map—or Digby Island and Smith Island—

Witness: It is a pretty good precedent—

Mr. Garden: I can easily show to you that when this survey was made there were unexplored passages there, and the same thing up here; they only went in a short distance in there. They indicate that there are two islands there, and that reserve, I know, was extended out to cover all this portion. Although it is shown as the mainland to a casual observer, those dotted lines you see have been broken up, and indicate a channel as being there which has not been explored.

Witness: Of course, that is an awfully old plan.

Mr. Garden: They knew there was an island here, but they had not surveyed it. I would like to see the Order in Council making the reserve of 1891.

Hon. Richard McBride—*Continued.*

Mr. Macdonald: I am not quite sure whether you stated definitely, Mr. McBride, that you had not taken the trouble to look at that chart which we have been examining? A.—I beg your pardon?

Q.—That you had not taken the trouble to look at it? A.—I said I could not swear that I saw it before. I saw several maps, and it is very likely I did see it.

Q.—And that in coming to the conclusion that Kaien Island was included in the reserve, you did so on that Order in Council and on that chart? A.—I presume so, yes.

Q.—Well, don't you remember? A.—I cannot remember that distinctly. As I said a moment ago, for my part, even if there was any question as to that Kaien Island not being under a reserve, the larger interests of the Province involved would be what would control my view in every case, as I should very much prefer to protect the Province as a whole than to protect one single individual, or a group of individuals, who might have tried to scrip that property. I am quite satisfied we did what was right and made a good bargain for the Province.

Q.—So whether it was under reserve or not, these persons who located it under scrip, you considered that they should not have had it? A.—If the thing could have been done without interfering with the interests of the Province, certainly they should have had it, but the interests of the Province, I considered, should have come first.

Q.—Well, you either considered it carefully as to whether it was under reserve and decided that point, or you did not? A.—Oh, the matter was discussed and considered by the Executive Council, Mr. Macdonald. I am quite satisfied of that. The Executive Council met two or three times a week, and it would be very hard, unless one were to keep a diary, to tell just exactly what did take place, but I am quite satisfied it was considered at that time.

Q.—And you refused their applications on the ground it was under reserve? A.—I presume that was one of the grounds. If there was any question of the public interest being involved, that would strike me as another very important objection that the Government would urge.

Q.—Now, there is a copy of the reserve: "Notice is hereby given that all the vacant Crown land which is situate on the Tsimpsian Peninsula, and which lies to the north of a line drawn due west from the head of Work's Channel, was reserved from sale or pre-emption until further notice." That is dated—it is in the Gazette of the 15th October, 1891. Now, that speaks of the reserve on the peninsula, and the peninsula only, doesn't it? A.—Yes.

Q.—And even this chart, if you will look at it, Mr. McBride, does not show Digby Island in the reserve? A.—Well, if you read that chart into that reserve, there is no question at all about Digby Island having been included in it, because the whole of the zone is spoken of as the Tsimpsian Peninsula.

Q.—Now, is that right—just come and look at it again? A.—That is from what you showed me a moment ago. And until Mr. Garden pointed out the existence of unexplored channels there I would have thought so, and I think any layman would have taken it the same way. Here is Tsimpsian Peninsula. This seems to be the rough outline of the peninsula, and Digby Island seems to be a part and parcel of the peninsula.

Q.—Well, they would not call it an island on the chart if it was not an island, would they? A.—No.

Q.—Well then, the position is this, if you had investigated the matter with that chart, and got the opinion of your Surveyor-General, or of any other official who could give it to you, it would have been quite apparent to you, even from the chart itself, that Kaien Island was not a portion of the peninsula under reserve? A.—Oh, yes, I have no doubt that may be so.

Q.—Now, I suppose all reason for secrecy was at an end when you passed that Minute of Council? A.—No, not until I had the assurance of the Grand Trunk Pacific Railway Company, and received from them official acknowledgment of the transaction, which was eventually received.

Q.—But you had the telegram of the 29th April from Mr. Hays? A.—Yes, quite so, but then I wanted, as any ordinary business man would want, to see the finality of the case by way of an official recognition under the seal of the Company.

Q.—Well, I suppose, at all events, it is safe to say that after the 10th March, 1905, when you actually made the grants to the Grand Trunk Pacific Railway Company, that all reason for secrecy was at an end? A.—So far as I was concerned, and my colleagues agreed with me, that until we received the official acknowledgment of the situation, which we are now in possession of, the matter should not be given any publicity.

Q.—Well, you had actually conveyed the lands on the 10th March? A.—Quite so.

Q.—That was the end of it, wasn't it? There was no question then as to its being kept secret, was there? A.—Well, in my opinion, there was necessity for keeping it secret until I got later on the official acknowledgment of the Company, as the public interest was not suffering at all and no person was being hurt.

Q.—Now, you had on the 6th March, I see, a document from Mr. Morse, the Vice-President of the Company—6th March, 1905—in which he says: "Now, therefore, it is witnessed by these presents that I, Frank W. Morse, Vice-President and General Manager of the Grand Trunk Pacific Railway Company, do hereby certify that the Company approves of all the terms and conditions expressed in the Order in Council of the 3rd May, 1904." Is that the official recognition that you wanted? A.—That is the official recognition of Mr. Morse, and later on I got the official recognition of the Company.

Q.—Were you not satisfied with Mr. Morse's recognition? A.—I was quite satisfied with Mr. Morse and Mr. Morse's actions in the matter, in the same way I was with Mr. Bodwell.

Q.—But with his deed, were you satisfied with that? A.—It was only a step towards the finality of the negotiations, and Mr. Morse knew that later on I should receive the official acknowledgment under the seal of the Company for what was done.

Q.—And that was the only reason for keeping the matter secret? A.—Quite so, because I did not want any publicity given to the matter until I had taken every possible precaution to conserve as far as possible the interests of the Province.

Q.—Now, what was the danger after you had conveyed—after you had actually conveyed the property to the Grand Trunk Pacific—to the Province and the public knowing that that land had been conveyed to

Hon. Richard McBride—*Continued.*

the Grand Trunk Pacific? A.—I do not know that there was any particular anxiety, or any danger, but I do know that until the final adoption of the proposal by the Executive of the Grand Trunk Pacific Railway Company was received by me officially, there was a possibility of some little slip being made in the negotiations.

Q.—Well, then what? A.—Well, they might have perhaps said to Mr. Morse: "We want something further done or we don't propose to go any further, and the matter must rest here," and the publicity of the thing in the papers before the final stage was reached might have prejudiced the interests of the Province. Some one might have said: "Here, the deal is no good, the deal is a bad one, and the lands are no good, and the only place to have the terminal is at Port Simpson or at Kitimaat." My anxiety all along was to have the terminal brought there. I considered it would be a good bargain for the Province, and there was no ulterior motive behind it all.

Q.—I understand that. But you know the grant itself of the 10th March was made after the Chief Commissioner had received the assurances mentioned in the Order in Council, was it not? A.—Yes.

Q.—That the terminus would be established there? A.—Yes.

Q.—And, therefore, after the grant was made on the 10th March, and those assurances were given and accepted, it became absolute, and the Grand Trunk Railway Company had no right to recover their money back and give the Province back its property? A.—That was my opinion; but in any case I wanted the official acknowledgment of the Directors, which I afterwards received, and I told Mr. Morse that I wanted that, and he said that I should get that, too.

Q.—Shouldn't you have got all that before you parted with the land? A.—No. I was quite satisfied, from my negotiations with Mr. Morse, that the matter would be all right.

Q.—I can understand your reluctance to part with the land irrevocably, as you did part with it before you got those assurances; but I can hardly understand, after you parted with the land irrevocably, that there should be anything further to require secrecy at all? A.—That is a matter of opinion.

Q.—You were applied to, were you not, during the summer of last year, just before the Alberni election came on, for permission to see the Order in Council conveying these lands to the Grand Trunk Pacific? A.—I did not learn of that until—

Q.—By a member of the House? A.—I did not learn that until some time afterwards; but I understand now that an application was made to the Deputy Provincial Secretary to inspect certain Orders in Council, and it was refused, and certainly the official did quite right in refusing the inspection of the Order in Council. Orders in Council, unless specified by statutory law that they must be made public, are, of course, confidential documents. You could not carry on the business of the country for one moment if everything the Executive Council did were to be published in the press of the country, or were to be subjected to the scrutiny of the members of the House.

Q.—Yes; but then you must remember that you made this Order in Council purporting to act under the power given you by the Land Act, disposing of valuable assets belonging to the public. Now, do you think that the public should not know what you were doing with the public assets? A.—I always intended that the public should know what was done with them when, in my opinion, it was considered all right—

Q. (Interrupting)—Then, in that case, Mr. McBride, you might at this moment be carrying around in your pocket Orders in Council giving away other public lands to other corporations, and dealing with other public assets, without the public knowing what you are doing? A.—I might say, Mr. Macdonald, that I am not in the habit or accustomed to doing anything like that. But, as a matter of fact, there is a lot of business now coming up before the Executive Council which will not be disclosed until the proper time comes for its disclosure, and which will afterwards be made public; but in the meantime it will be treated confidentially by the Executive Council.

Q.—Well, you would not care to state to this Committee as to whether you have dealt with any other lands of the Province by way of Order in Council in this same way as you have dealt with these, and which are not yet made public? A.—I am not prepared to state anything to the Committee as to what the Council is doing.

Q.—Now, it is your opinion that, acting under the powers which you claim to have under section 39 of the Land Act, it is not the business of the Province, or the people of the Province, to know until you are ready to let them know, what you are doing with their assets? A.—Mr. Macdonald, so long as I am the leader of the Government in British Columbia, I propose to carry on the business of this country in what I consider to be in the public interest, and as to that I am supposed to be the judge in a great measure.

Q.—And if it occurs to you that it is in the public interest for you to conceal these Orders in Council for years, then you are going to do it? A.—It would just be a matter which depended on the circumstances at the time. If, in the public interest, it should be considered right to conceal certain negotiations, I should certainly have them concealed—there is no doubt about it.

Q.—I suppose you advised the Lieutenant-Governor in Council that he had power to make this Order in Council under section 39 of the Land Act? A.—Well, what the Government does, Mr. Macdonald, is on record. I am not here to divulge any confidences between the Government of the day and the Governor in Council, and I hardly think that question is called for.

Q.—Did you not refuse, even after the 3rd August, when the Grand Trunk Pacific—yes, the 3rd August, 1905—when the Grand Trunk Pacific Railway Company formally dealt with the matter in a meeting of their Directors, to allow that Order in Council to be seen? A.—Well, I was never personally applied to for it.

Q.—Well, do you know that it was refused? A.—Well, I was never personally applied to for the inspection of that Order in Council, but it was generally understood by the members of the Executive Council that it should be kept secret until we had got that official acknowledgment, and that then it might be published through the proper channels.

Q.—I see. A.—But I should have refused if anyone had applied to me for an inspection of the Order in Council—I should certainly have refused.

Hon. Richard McBride—*Continued.*

Q.—So that, even after you got that official acknowledgment, your Government would have refused inspection of it, and if you had been applied to you would certainly have refused? A.—Oh, I might have for a little time afterwards, but I think immediately after it was received, and just as soon as the Executive could be got together, it was made public.

Q.—Was it made public before the Legislature sat? A.—This year?

Q.—Yes. A.—Yes, I think it was. It was published in the press of the country, and favourably commented on—even by the Opposition paper.

Q.—When? A.—Why, even the Opposition paper had a good word for it—

Q.—When was that? A.—Last summer.

Q.—When? A.—Last year.

Q.—Was the Order in Council commented on? A.—The Order in Council was not published, but the substance of it was.

Q.—Correctly? A.—Oh, yes. It was published in the Government press, and the Government press, you know, Mr. Macdonald, never makes any mistakes. Even the Opposition press treated the matter in a very fair and decent way.

Q.—Will you say that Mr. Bodwell's name was mentioned in any of those reports in connection with the Order in Council—that is, before the Order in Council was brought down to the House? A.—Upon my word, I could not say, Mr. Macdonald.

Q.—The reports simply said that the Government had made an Order in Council granting those lands on Kaien Island to the Grand Trunk Pacific? A.—Yes, the Government in Council made this bargain.

Q.—Well, then, if that were published last summer, that must have been before you refused to produce the Order in Council. A.—I never refused to produce it.

Q.—I am speaking now, when I say “you,” of your Government? A.—Yes, I am responsible. I could not say.

Q.—That was before you refused to produce it? A.—I could not say. All I know about it is this: My recollection is, that just so soon as I was satisfied we had in our possession that final document, I authorised the members of my Cabinet to make it public, and it was given to the press of the country, as I had nothing further then to withhold, in my opinion, and I have not heard any complaints raised because of my withholding that, except from one or two members of the Opposition, because they thought they had been unfairly treated when they applied to see the Order in Council, and they have a perfect right to feel that way.

Q.—They would have been well justified in feeling that way? A.—But I did not mean to be other than civil with those gentlemen.

Q.—Mr. McBride, you have belonged to other Governments besides the present Government? A.—Oh, yes.

Q.—What is the general rule with reference to the preservation of secrecy in regard to Orders in Council? A.—Unless it is provided by statutory law that it is necessary that they should be brought down and laid upon the table of the House, and their contents disclosed, this is not done; and in regard to Departmental Orders, unless it appear on the face of them the contents should be disclosed, their contents are never disclosed, except a subsequent Order in Council is made authorising the disclosure.

Q.—And you have been on the Opposition side of the House? A.—Yes.

Q.—And you have undergone an experience likewise? A.—Yes, I think I have.

Q.—Just the same as Mr. Macdonald? A.—I think I have.

Q.—But that is the uniform practice? A.—Yes. I am not finding fault with my friends on the Opposition in their endeavours to try and find out about these negotiations. If they had, as they thought, a right to that information, they had a perfect right to endeavour to get it, but, then, the Department would not have any right to give it to them.

Q.—That is, you mean, that there is a general instruction given by the Department to the clerks that such matters are kept secret? A.—Oh, yes; the Secretary of State, or the Deputy Provincial Secretary, knows perfectly well it is not customary to show these Orders in Council. In fact, we are very particular on that point, even with regard to the most ordinary Order in Council that is passed.

Q.—Who is the Deputy— A. (Interrupting)—Except appointments, and such Orders in Council bearing on their face the fact that they must be made public. Otherwise, they are never disclosed except by order of the Executive Council.

Q.—Who is the Deputy, Mr. McBride? A.—Mr. Campbell Reddie.

Q.—How long has he been in that position? A.—He has been there for a long while—as far back as—well, for ten years—fully that.

Mr. Paterson: I think I understood you to say, Mr. McBride, that there were three harbours which might have been chosen as the terminal of the Grand Trunk Pacific? A.—No, two. Two were most prominently mentioned in the press, Kitimaat and Port Simpson; and then, of course, the Bute Inlet route.

Q.—Well, there was mentioned on Vancouver Island up to the northern boundary two or three harbours? A.—I imagine that there were probably a great many harbours spoken of, but I am only speaking now of those that were prominently mentioned in this particular zone up there.

Q.—Well, from what you know of the possibilities of the increase in the Pacific Coast trade, do you think it is likely for other roads to come into British Columbia and the North? A.—Yes, I think we can readily anticipate other transcontinental lines coming into British Columbia in the years to come.

Q.—Well, then, why do you say that lands fronting on a harbour that has a good deep-sea entrance, those harbour lands were absolutely worthless? A.—I know you cannot grow anything on them there.

Q.—We are not talking about growing anything; we are talking about those lands on the harbour being what you call absolutely worthless? A.—Well, you know, Mr. Paterson, as far as that is concerned, that there is always a possibility of lands even in some of the most remote districts in the Province becoming very valuable if a transcontinental railway goes through them. It would naturally make them of commercial value.

Hon. Richard McBride—*Continued.*

Q.—Well, you just said that you expected there would be an increase in the Pacific Coast trade? A.—I expect this Province to be a *great* Province, Mr. Paterson.

Q.—And you expect other railroads to come into the Province? A.—And I expect that lots of the lands of the Crown that are to-day being pre-empted, and which are being purchased for a very small sum to-day, will be worth millions at some future time.

Q.—Don't you think that if we had harbours under reserve, deep sea harbours, that the lands on those harbours would be very much more valuable than third-class lands at the present time? A.—Yes, the lands immediately on the water front, but these lands here go farther back.

Q.—Now, supposing the Grand Trunk Railway Co. had selected Kitimaat as their terminal, do you think that those lands fronting on the harbour there would be only worth the price of third-class lands? A.—No, once that land is chosen as the terminal of the railway then it is going to be worth a great deal more; but in the meantime, as I said to Mr. Macdonald, it is a well-known fact that lots of the land in the northern part of the Province has been taken up by way of scrip and been purchased at the price of \$1 per acre, and some of that land so purchased has been right on the water front. Pretty nearly everyone imagines that he knows where the terminus is going to be, and wants to get in and purchase land.

Q.—But with regard to this particular land on Kaien Island under reserve, don't you think it would have been good policy on the part of the Government to have still held on to that land, knowing that it would be immensely valuable in case the Grand Trunk Pacific made it their terminal, or some other line of railway? A.—No, I do not, Mr. Paterson, and it has been the policy of this Government to cancel reserves just as fast as we possibly could, and we have already cancelled the reserve on Queen Charlotte Islands, and on Kitimaat, and in Skeena Valley. You have to give the people some place to go to and make settlement.

Q.—Well, from your knowledge of the Pacific Coast trade and its possibilities, would you consider it good policy to sell lands situate on a harbour such as Lima Harbour has been discovered to be, at \$1 an acre, and lift the reserve on that land, which everyone knows will be immensely valuable? A.—Well, with regard to this transaction, I say again, the Government has made a very wise and excellent bargain. Speaking of the shore line generally, if the Government could get a dollar an acre for the Crown land between here (indicating on plan) and the shore line it would be a very good bargain.

Q.—I am not speaking of the bargain, only as to your evidence, as you say that if these lands had not been selected by the Grand Trunk Pacific as their terminal they would be absolutely worthless? A.—Yes, my opinion is that unless the Grand Trunk Pacific had taken this land with the intention of making it their terminal, it would be practically valueless, except as third-class lands.

Q.—Well, you must take from that, there was no probability in the assumption that any other road would ever come into the Province and want to acquire this land? A.—I do not say that at all. If any road comes in in the future it will have to pay its way. This is a pioneer road, and you must understand that a pioneer road will secure advantages which will not fall to roads that come in afterwards. That has been the history of every transcontinental road that has ever gone into a Province—for example, the Canadian Pacific Railway Company and the Northern Pacific. Why, some of those have been induced by large bonuses to come into a country, while other roads have had to pay right through the nose for the privilege of following them in.

Q.—Do I understand that it is the policy of your Government, if there are any other harbours such as Lima Harbour in the Province, that you will be prepared to sell lands on those harbours at \$1 an acre? A.—I say that if there are any other Government harbours between here and the northern part of the Province, and any transcontinental railroad wants to come along and deal with the Government, we are quite willing to deal with them, and make the very best bargain possible in the interest of the public. In the meantime, it is not going to be the policy of the Government to put a blanket over the whole of the coast line of British Columbia.

Q.—It has been stated by you that it is the policy of the Government to lift all those reserves? A.—Yes.

Q.—And then all lands on whatever harbours are open for sale as third-class lands? A.—Yes, I would imagine so, for scrip or pre-emption. Oh, yes.

Mr. Garden: In selecting your 25% of the land on Kaien Island, did the Government provide that they should make the first choice of the blocks? A.—Oh, yes, the Government has to make the first choice; it has that privilege.

Q.—Haven't they selected it yet? A.—No, it has not been selected yet.

Q.—I understand that they have selected, or will select, the land on the foreshore? A.—Yes.

Q.—In lengths of 1,000 feet? A.—Yes.

Q.—Alternately with the Grand Trunk Pacific? A.—Yes.

Q.—And in this you have the first choice of the land? A.—Yes.

Mr. Macdonald: Did you consider, Mr. McBride, that it would be a great advantage to have this foreshore land divided into 1,000-foot blocks? A.—Yes, we considered that it would be.

Q.—And that it would be better than dividing it into larger blocks? A.—Yes.

Q.—Well, do you consider there is any real difference between dividing them into 1,000-foot blocks and dividing them into a mile? A.—Yes; we thought it would be giving the Province the right to participate in any advantages that would enure to people who are interested in shipping—and in those lands along the water front.

Q.—Well, wouldn't you have got that benefit if it were divided into a mile block, just the same? A.—Yes, but a mile is a pretty long distance of water frontage.

Q.—What difference would that make if you had a mile? A.—We would have a mile, and they would have a mile, and their wharves would be a long distance away from us, and we could not participate in the same advantages.

Mr. Ross: They would have three miles if you had one? A.—Yes, one and three.

Mr. Garden: But you can select alternately? A.—Yes.