

Hon. Mr. Eberts—*Continued.*

Q.—Or the formation of a Company? A.—No, he did not.

Q.—Did he tell you anything in connection with the Government and the Columbia and Western Railway Company, relative to the settlement of the land question? A.—He did not. I will tell you what he did tell me; he said something to me with reference to Mr. Wells.

Q.—Of a complimentary nature? A.—No, it was not.

Q.—It was otherwise. What was the matter? Had they been to the theatre too often? A.—Well, no. He warned me against him, that is all.

Q.—Just this warning. The nature of the warning is what has been intimated before, to look out for the little man? A.—I don't know about the words.

Q.—What was the warning he gave you? A.—I cannot give you the exact words.

Q.—Well, did you think anything of what Mr. Taylor told you? A.—I didn't think anything of it at the time.

Q.—It slipped by. Now, during the Session of 1902, you know Bill 87 was withdrawn; on the 19th day of June, 1902. Do you recollect Sir Thomas Shaughnessy being here during that Session? A.—I don't remember whether he was or not.

Q.—Sir Thomas Shaughnessy, Mr. Matthews, and E. M. Osler, M. P.; Mr. Matthews, a Director of the C. P. R. Do you recollect them being here at the end of the Session of 1902? A.—I don't just remember it.

Q.—They were here on the 16th day of June, 1902; the Bill was withdrawn on the 19th of June, 1902. Did you, at that time, have any conversation with Sir Thomas Shaughnessy or any of these gentlemen about the Bill? A.—I don't think I did.

Q.—Do you know whether— A.—I don't just remember at this moment about meeting Sir Thomas Shaughnessy at that time.

Q.—Well, do you know whether the Cabinet had a meeting with these gentlemen? A.—I don't remember at the time. I have not tried to refresh my memory with reference to it.

Q.—On the 16th of June those gentlemen were here; the Bill was withdrawn on the 19th of June and the House was prorogued on the 21st of June. What I want to know is whether you can refresh your memory and let us know whether you had any conversation with these gentlemen touching this Bill on that occasion? A.—1902?

Q.—Yes. 1902, last year. A.—I don't remember. I am trying to remember if I saw Sir Thomas Shaughnessy in 1902.

Q.—Do you recollect having a meeting with these gentlemen, or any of these gentlemen, or whether they came over the Bay here and had a meeting with the Ministry? A.—I just forget, Mr. Helmcken; I cannot charge my memory with it.

Q.—At any rate the Bill was discharged, Mr. Attorney, and the next thing, I suppose, was Mr. Brown called upon you to know what you were going to do, or what was to be done? A.—I don't know that, either.

Q.—Do you know whether he called upon Mr. Dunsmuir—of course he could not; he was not here? A.—Mr. Dunsmuir had gone away to England then.

Q.—And I think you left? A.—I left here on the 20th of June, and I could not have seen Mr. Brown after that.

Q.—In going through, did you see any of the C. P. R. people? A.—I did not go through Montreal at all; I went from here by way of the C. P. R. as far as a place called Portal, on the boundary of the 49th parallel, and from there I went to St. Paul and Chicago and Buffalo and New York.

Q.—Coming home, did you have any conversation with the C. P. R.? A.—Let us see—I arrived in Montreal in 1902—I will try to refresh my memory to see when I arrived in Montreal; I think I went immediately west to see my sister. (Looking at memo book.) I have got no memorandum. I have got a memorandum of the date of sailing; that was on the 11th of December.

Q.—You came back by New York? A.—I came back by the St. Lawrence River.

Q.—Do you recollect going to Montreal at all to see the C. P. R. officials, or did any of the C. P. R. officials see you with regard to this question? A.—No, I think I was only in Montreal—I think we arrived in Montreal late on Saturday afternoon; on Sunday I went out to a niece of mine who lives somewhere on the Lake St. Peter, I think it is, somewhere near Norvall, Mrs. Jamieson; I spent Sunday there; and at 8 o'clock Sunday night—I came in that evening at 8 o'clock, Sunday evening, and left.

Hon. Mr. Eberts—*Concluded.*

Q.—So that you did not see any of the C. P. R. officials there on your return from England? A.—I did not. I think, if I remember rightly, I saw Mr. G. McL. Brown in the Windsor Hotel just to shake hands with him; but I was not down to the C. P. R.

Q.—You did not discuss any Columbia and Western Railway land matters at all? A.—I did not.

Q.—In regard to Mr. Marshall's interview in reference to intervention, Mr. Attorney, when did that take place? A.—If you have got that letter there, it took place about a week before that, I think.

Q.—Had writs been issued in the matter? A.—I don't know.

Q.—You did not ask that? A.—No.

Q.—Why should he come down and ask the Crown to intervene? A.—I don't know that.

Q.—Was there any particular reason? A.—I don't know. I don't know why he would ask the question. He wanted to know if the Crown would intervene to test the question. And I told him he had better proceed in the usual way, that he better write a statement of facts to the Provincial Secretary. I remember I told the Premier at the time about his coming.

Q.—And you told us the result of Mr. Marshall's visit, and the advice you gave. You were of the opinion that there should be intervention? A.—Well, when that Rogers matter came up, Mr. Wells brought that Rogers matter up.

Q.—The opinion that you have expressed here with regard to intervention or not-intervention, I would like to know how you distinguish that matter from the opinion that you gave in the Kaslo and Slocan matter? Can you explain to the Committee the difference between your action in this case and in that? A.—I thought they were two different propositions altogether. The Kaslo and Slocan matter was a different thing altogether from this.

Q.—In the Kaslo and Slocan a writ had been issued by the Railway Company against an official, and the defence was undertaken by the Government, as I understand it? A.—No; that was not so. An official of the Government—a writ had been issued by the Kaslo and Slocan against an official of the Government —

The Chairman: Are we to go into the Kaslo and Slocan in addition to all this? I am opposed to it.

Mr. Helmcken: I only want to know the principle.

Mr. McPhillips: The Attorney-General has undertaken to say that Bill 16 was ill-timed legislation; I think Mr. Helmcken is quite right in trying to find out whether there was complete analogy between the action of the Government in the Kaslo and Slocan case and their action in this.

Mr. Smith: I expressed my view the other day that there was no connection, and I cannot see it yet.

The Chairman: This inquiry will never end if we go into matters of that kind.

Mr. Helmcken: I think I am entitled to have the question answered; I want to know the difference between the right which was at stake in the Kaslo and Slocan matter in 1901 and the matter at the present time.

The Chairman: I don't think there is any necessity to answer that question.

Mr. Green: I think the question is a proper one.

Mr. Helmcken: Rights were at stake in 1901 with reference to the Kaslo and Slocan, and a Bill was introduced and became law, whereby those rights, if any existed, were taken away; and in this particular instance rights were at stake, and Mr. Attorney is of the opinion that the Court is the proper place for the settlement of those rights. Now, if that is good in one case it is good in another.

The Chairman ruled the question out of order, and that appeal should be had to the Speaker, if desired.

Mr. McPhillips: I think, Mr. Eberts, you contended that the Columbia and Western Railway Company could not have compelled the Government on a petition of right to grant land to them earned under a Land Subsidy Act? A.—I imagine they could not.

Q.—I would like to cite to you an authority right on the point that might be a matter of interest to you, to show that such a thing was actually done. The case was carried into the Privy Council. A case from Newfoundland, between the Government of Newfoundland and the Newfoundland Railway Company, and others, reported in 13 Appeal Cases, 1888, page 199 (producing book). (The witness contended that the authority cited is not analogous.)

The Committee here adjourned until to-morrow, May 19th, 1903, at 10 a.m.

TUESDAY, May 19th, 1903.

The Committee met at 10 a.m., pursuant to adjournment from yesterday. Present, the full Committee.

SIR THOMAS G. SHAUGHNESSY, appearing before the Committee, and being duly sworn, testifies :—

The Chairman : Sir Thomas, I suppose you are aware of the scope of the inquiry? Here is the resolution (showing the same to witness). A.—Yes; I know of its general character.

Q.—Would you prefer making a statement yourself or have the Committee examine you? A.—I will do just as the Committee may prefer in the matter.

Mr. Duff suggested that the documents referred to by Mr. Brown should be first produced. Mr. Brown had not produced them, although promising to do so.

The Witness: I will explain to you that these documents were forwarded to Mr. Brown on the 4th of May, and Mr. Brown told me that he had not received them until he was over on the other side, on his way up to Banff. And I have the papers here with me this morning, the same papers that I forwarded to him on the 4th of May.

Mr. Helmcken : Do you produce any documents? A.—Yes; some that I would like to deal with as I proceed with my examination.

Q.—I mean, have you got the documents that Mr. Brown gave you? A.—Yes, I am going to produce them now. These are the documents (producing them).

Q.—These are all the documents? A.—These are all the documents.

Mr. Duff : Sir Thomas Shaughnessy has stated that he has now produced all the documents pursuant to the request of the Committee?

The Chairman : I understood you to say you had some further documents that you would produce during the course of the examination? A.—That was my intention, yes.

Mr. Duff : I will suggest that we have an opportunity of inspecting those documents before the examination begins.

The Chairman : Have you any objection, Sir Thomas, to letting us go through these documents?

Witness requests a conference with his solicitors, which is allowed.

Mr. Davis : Mr. Chairman, Sir Thomas has no objection at all to producing these documents now, but he would like to have them before him during his examination, and wishes to get them back after the proceedings are over.

The Chairman : Certainly he can have them.

Mr. Helmcken : We can have copies made in the meantime.

Mr. Davis : Yes.

Witness here produced another file of documents into the hands of the Committee.

Mr. McCaul : These documents include all those that Mr. Oswald has too? He has no other documents besides what you are producing? A.—I think not; I think that covers all the correspondence.

Mr. Davis : He has the Orders in Council and patents. A.—Mr. Oswald has the official Orders in Council and plans, a list of the patents, and so on.

Mr. Duff : Has he the certified copies received by the Company? A.—I think so.

Q.—I would like to see them. A.—These are official records of very great importance.

Mr. Oswald here produced the documents referred to.

Mr. Davis : There is nothing in those that you have not got. These, I understand, we can have back.

The Committee here adjourned until 2:30 P.M. to-day, May 19th, 1903.

TUESDAY, May 19th, 1903.

The Committee met at 2 p. m., pursuant to adjournment from this morning. Present, the full Committee.

SIR THOMAS G. SHAUGHNESSY in the witness-box, testifies as follows :—

The Chairman : Sir Thomas, will you make your statement to the Committee?

Sir Thomas G. Shaughnessy : Mr. Chairman and Gentlemen of the Committee,—I think, before going into other matters, it would be proper for me to explain why these letters

Sir Thomas Shaughnessy—*Continued.*

promised by Mr. Brown were not delivered more promptly than they might have been. The letters were forwarded to him from Montreal, in response to a request from him, on the 4th of May. I wrote him, when sending the letters, that I saw nothing in those matters that would be of much moment, unless it be a report of some interview that he had with the Government; and in concluding my letter I said, "I wish to impress upon you the importance of keeping these documents in your possession;" my purpose being to have them available in the event of our requiring them hereafter in any action in connection with this question; not intending for a moment that he should not produce them to the Committee, for I wished to have them handed in if the Committee wished them. Later, Mr. Brown received them, after having left Vancouver; and, in view of my letter, instead of submitting them to the Committee as he should have done, he brought them to Banff, and handed them to me, and I at once said I will take them along to Victoria and produce them.

Now, with reference to this dispute about these two grants of land, these two patents for land, the subject of this investigation by the Committee, I wish to say that, of course, in connection with these matters, my information of details is very trifling indeed; I endeavoured to get these matters in concrete form when the necessary negotiations had been conducted. I could refresh my memory if I had that file of papers. (File of papers handed to witness.) On September 6th, 1901, Mr. Brown telegraphed to me, "Am not yet officially advised about Orders in Council providing immediate preparation B. C. Southern grants and Columbia and Western grants to and including third section approved by Governor yesterday. Instructions"—and some word there I cannot make out—" (informers) prospect grants have been issued." On September 11th, 1901, Mr. Brown telegraphed me, "In response to my letter of 31st July, asking early settlement Columbia and Western land subsidy first and third sections, received yesterday from Chief Commissioner copy of Order in Council setting out settlement determined by Government. Order provides for immediate preparation of grants. Particulars by mail unless you wish them wired." On the 11th of September, 1901, I also received another message from Mr. Brown, "Received to-day from Chief Commissioner copy Order in Council rescinding former Orders in Council and setting out final settlement B. C. S. land subsidy, as determined on by Government. It is same as that of Order in secretary's office, except that most northerly deficiency block made smaller. This settlement provides full acreage, former arrangement gave something in excess. Order provides immediate preparation grant. Will be out of town until to-morrow evening." On the 15th of September Mr. Brown telegraphed me, "Certified copy Orders in Council and maps of Columbia and Western settlement determined by the Government will be delayed, as I am making copies for file here. Columbia and Western settlement first section exhausts all the alternate even-numbered blocks from two to twenty-four, inclusive, deficiency for that section being made up of two additional blocks, one six by six miles and the other six by sixteen miles. Settlement for third section exhausts balance even-numbered blocks to Penticton, leaving deficiency, which Government says shall be made up of two blocks, one the south-east corner of Province, the other lying west of Elk River, bounded on west by eastern boundary of B. C. Southern block two."

On the 20th of November, 1901, the Honourable the Chief Commissioner of Lands and Works, Mr. Wells, called at my office in Montreal, at about half-past five in the afternoon, I should say, and told me that he had come down for the purpose of making delivery of the grants relating to these two railway companies. We had a conversation on a number of subjects, but nothing of any importance, certainly nothing that impressed itself upon my memory, until Mr. Wells requested permission from me to retain two of those patents, being the two patents now under discussion for lots which I now know as 4,593 and 4,594. I said to Mr. Wells that this was rather an extraordinary request, in view of the fact that the company had earned these lands and the Government had recognised that fact and had issued the patents. He explained that there were some vacancies in the Cabinet,—my recollection is he said two vacancies, but upon that point I am not positive—that there were some vacancies in the Cabinet that would be filled in the course of a few days, and that it would be a source of great convenience to Mr. Wells if he could have those patents until the Cabinet positions were filled; in any event, the patents would be returned to me in a month. After some little hesitation, I said to Mr. Wells that I had no desire to embarrass him or his Government, and if it would be a source of convenience for him to retain the patents for that period, I had no objection to his doing so. About that time Mr. Creelman came into my office, and we had some discussion about the legal phase of the situation which I cannot recall, and paid very little attention to.

Sir Thomas Shaughnessy—*Continued.*

The next morning Mr. Wells came to the office for the purpose of getting a receipt for the patents that he had delivered. Immediately, I think, on getting his receipt, coming from the secretary's office or the legal department, he came to see me again; and we discussed the railway situation. In the course of that conversation he urged upon me the importance of our building what was known as the Spence's Bridge line. I talked rather strongly about the policy that the Government in the Legislature of British Columbia had adopted toward our Company, encouraging all sorts of schemes that were inimical to us, and then pointed out the fact that while we had spent a very large amount of money in building lines in British Columbia during the last four or five years, scarcely any of those lines were giving any return on the investment, and I was disinclined to take up the building of any more railways there until those roads were doing better, and until there was some settled policy in regard to railway matters on the part of the Government and the Legislature. Mr. Wells urged the construction of the Spence's Bridge line, and finally asked me, when he found I would not consent, to write him a letter or a statement; he either handed me then, or subsequently sent in, a memorandum covering the points with which he desired me to deal. Pursuant to that, I wrote him the next morning, that is, two days after our conversation on the subject of the patents, I wrote him a letter, which has been produced, and which it is unnecessary for me to repeat here,—my letter of November 22nd on the subject of the Company's railway policy in British Columbia.

The Chairman: This letter (handing same to witness)? A.—Yes, that is the letter.

Mr. Helmcken: You might recognise the memorandum that is pinned to it (copy of Mr. Wells' memorandum). A.—I certainly do not recognise the memorandum. I am of opinion that Mr. Wells left with me a memorandum of some kind; indeed, it is evidenced that he did from the fact that I refer to it here; but I have no recollection of this memorandum, nor can I find on my files any record of it. So that, while it is quite possible that this is the memorandum, I don't recognise it as such. Subsequently to these occurrences that I have just related, I gave comparatively little attention to the matter; it rather slipped my memory; beyond urging Mr. Brown, whenever I saw him, to get these patents delivered, because the matter had been pending for a long time. We had stated in our reports to our shareholders that we had earned these lands, so that they would pass to us as soon as the grants were passed by the Government, and I wished, if possible, to get the matter closed up. Nothing was done until March, 1902, when Mr. Brown telegraphed me that, without notice of any kind, the Government had cancelled the Order in Council relating to those grants, and had also cancelled the patents; to which telegram I made a reply, which, I think, has been produced here.

Mr. Helmcken: Have you got the telegram from Mr. Brown? A.—Yes, this is the telegram: "March 22nd, 1902. T. G. Shaughnessy, Montreal. Personal. Columbia and Western grant, second block, East Kootenay, cancelled without notice. Wells and other Ministers explain political expediency, and now propose Company accept alternate Government blocks along line in settlement third section; that grant will issue at Company's request; promise introduction of Bill to reinstate subsidy fourth section. Wells promises East Kootenay block settlement fourth section. Doubt sincerity. Am making formal written protest and stating discussion this proposal without prejudice Company's right; insist on settlement already reached. Have done so Ministers separately, and meet Cabinet Monday, as Premier ill to-day. If any suggestion or instructions please wire. G. McL. Brown." I replied on the 24th of March (1902): "Understand from your message that Government have cancelled Order in Council granting parcel of land in South-East Kootenay as portion Columbia and Western subsidy, and propose to give land elsewhere. I do not see that we have any means of forcing Government to keep faith, and, therefore, we must accept situation as it is. Apparently politics permit with impunity methods that would destroy character in business life,"—which was my feeling at the time in connection with the action of the Government with respect to these particular patents. Subsequently, when we found that the Government had actually taken this action, I discussed with Mr. Creelman, our solicitor, the position that the Company should assume with reference to the grants. Mr. Creelman, after giving the matter very careful consideration, advised me that, without reference to the delivery of the grants to me, that our title to the lands was complete, that the Great Seal having been attached the lands had passed from the possession of the Crown to the possession of the Company, and that they could only be restored to the Crown by a deed from the Company. We hesitated about taking up any action on those lines for some little time, until, finally on the 7th of May, 1902, I tele-

Sir Thomas Shaughnessy—*Continued.*

graphed Mr. Brown as follows: "Say nothing until Provincial Parliament prorogues. Then say to the Government that we are advised the patent for the land in the south-eastern corner of the Province having issued with the Great Seal attached, it could only be restored to the possession of the Crown by a deed from the Columbia and Western Railway Company. We are further advised that in the case of a Crown patent actual delivery is not required, but that, if it were, Mr. Wells made such delivery when here, and it was only placed in his possession for one month, for reasons which he explained to me. Very important that there should be no hint of this while Parliament in Session, otherwise they might introduce a revoking Act." So that you see we were wise in our generation, we prepared to anticipate just what occurred subsequently. We were afraid if anything was said about that at the time, that legislation might be passed that would deprive the courts of jurisdiction—as was done subsequently. The only communication that I had with Mr. Wells subsequent to that time, of which I have any evidence, and I am quite sure it was the only communication I had with him, by wire or otherwise, was a telegram dated the 27th of November, 1902: "Referring to my conversation with you when in Montreal regarding settlement of land matters"—in the meantime Mr. Wells had visited Montreal again and we had had conversation, and in the course of that conversation I had told Mr. Wells the position we were going to assume with reference to these grants, to which he replied, if that could be established, if that were admitted by the legal advisers of the Crown to be the case, that there would be no further hesitation about handing over the lands. After his return to British Columbia he telegraphed me on the 27th of November, 1902: "Referring to my conversation with you when in Montreal regarding settlement of land matters, I am prepared to take this up with you whenever you are ready to do so. I am anxious to have the reservations removed as soon as possible, but do not wish to take any steps before making a settlement with your Company." To which I replied: "Ready to further discuss land question with you at any time. Please write or wire me what you have to suggest." This, generally, Mr. Chairman, is my recollection of such connection as I had with the transaction under discussion by the Committee.

Mr. Duff: Sir Thomas, about what time did the Canadian Pacific Railway Company acquire control of the British Columbia Southern? A.—I should say in the early part of 1897; but I cannot fix definitely the date.

Q.—Acquired practically the whole of the stock? A.—Acquired the entire control of it, yes.

Q.—And the property, at least the grant to the British Columbia Southern, the land grant, still, I suppose, remains the property of that company? A.—Yes.

Q.—Subject, I think, to some arrangement with the Crow's Nest Coal Company and the Dominion Government? A.—Yes.

Q.—Generally, what is the nature of that arrangement? A.—The arrangement, the original arrangement, was that the Canadian Pacific Railway Company should purchase from the British Columbia Southern shareholders their charter and land grants.

Q.—That is, you mean, acquire the stock? A.—Everything; acquire the stock.

Q.—The property in the land grants and so on still remained in the British Columbia Southern? A.—Still remained in the British Columbia Southern Railway

Q.—The transfer was by means of a transfer of stock? A.—Yes. But the original owners of the stock made other conditions, which were, that a specific amount should be paid in cash, and that of the two reserves, which were known as reserve No. 1, described, I think, by Statute, and reserve No. 2, described by an Order in Council of 1901—that of the lands in these two reserves the Coal Company—these gentlemen having constituted themselves into a Coal Company—should receive from any lands earned and received by the British Columbia Southern Railway Company by reason of the construction of this line, all the lands in the first reserve excepting eight sections that were to be selected by the British Columbia Southern Railway Company alternately with eight sections to be selected by the Coal Company; in other words, with the exception of eight sections, the British Columbia Southern Railway Company undertook to turn over to the Crow's Nest Coal Company—or at that time, I think, the Kootenay Coal Company—of the lands in reserve No. 1, about 250,000 acres.

Q.—That was under the first arrangement? A.—That was the first arrangement. That was subsequently altered, when the Dominion Government came in, by what is known as the Crow's Nest agreement, a certain number of coal lands were to be turned over to the Government to be held by the Government, and by arrangement between the Crow's Nest Coal

Sir Thomas Shaughnessy—*Continued.*

Company and the Canadian Pacific Company and the Government it was agreed that of the lands so to be turned over to the Coal Company 50,000 acres was to be selected by the Dominion Government, to be held for public protection. Up to the present time the Government has—

Q. (Interrupting.)—Pardon me for a moment, wasn't there a further term? A.—In reserve No. 2 the Coal Company was to have the right to select 10,000 acres of coal and oil lands before the Railway Company would make any selection of its own in that way.

Q.—And was there any further term also with regard to the working of coal lands? A.—There was a further term that if the Crow's Nest Coal Company provided, during a period of ten years, a suitable and sufficient supply of coal for the Railway Company and the patrons along its line of railway, the Company would undertake not to open up these coal lands that they were to receive in reserve No. 2, and the area of the Railway Company's land having been reduced to six sections when the Government decided to take 50,000 acres.

Q.—The parties to this arrangement, then, would be the British Columbia Southern Railway Company, the Crow's Nest Coal Company and the Government of Canada? A.—Yes; and incidentally the Canadian Pacific Railway Company, because the Canadian Pacific Railway Company rather undertook to perform the works to be performed by the British Columbia Southern.

Q.—Yes, I see. At this time, of course, the land grant had not been settled? I mean to say, the British Columbia Southern Railway Company had not acquired from the Government of British Columbia the lands to which they were entitled? A.—The road not having been built.

Q.—Subsequently the lands were conveyed, the matter being settled in August, 1901; I think that is correct, isn't it? A.—I think that the first conveyance was made previous to that time.

Q.—In 1899; the initial block was conveyed in 1899? A.—The initial block, the large block, out of which the Company was to get six sections.

Q.—And the other lands were conveyed, including the deficiency lands, in August, 1901? A.—Yes.

Q.—Under one of those Orders in Council. And those lands acquired in that way by the British Columbia Southern Railway Company would, therefore, be subject to this arrangement with the Crow's Nest Coal Company? A.—Yes, I should say any portion of them that constituted a portion or parcel of reserve No. 2.

Q.—Now, which would constitute a parcel of reserve No. 2? A.—A portion of one of the British Columbia Southern blocks south-east of the Elk River.

Q.—South-east of the Elk River; that would be what is known here as 4,593? A.—4,593, I think, would be outside of that, because the British Columbia Southern did not acquire 4,593.

Q.—Oh, well; but I mean to say that assuming it had been acquired by the British Columbia Southern? A.—They would have selected a portion of the No. 2 reserve.

Q.—The British Columbia Southern did acquire it to the extent that an Order in Council was passed that it should be conveyed to them. A.—So I see by the evidence, but I did not know about it before; never before.

Q.—I would like you to try and refresh your memory about it. A.—I wish you could. I don't wish to withhold anything from the Committee.

Q.—I don't suggest that you are intentionally withholding anything. A.—I find that in December, 1900, I had a telegram from Mr. Brown in which he said, "Modified British Columbia Southern arrangement settled by Government to-day," or something to that effect.

Q.—Now, you recall, Sir Thomas, during the year 1900 the Company was pressing for a settlement of its land question with the Province? A.—Yes.

Q.—And Mr. Brown was here on behalf of the Company negotiating with the Government with respect to it? A.—Yes.

Q.—And do you recollect this, that Mr. Brown was pressing the Government to give these two pieces of land which are now known as blocks 4,593 and 4,594 in settlement of the deficiency lands to which the British Columbia Southern were entitled, or in part settlement of deficiency lands? A.—To the British Columbia Southern?

Q.—Yes. A.—Yes.

Sir Thomas Shaughnessy—*Continued.*

Q.—I am dealing altogether with the British Columbia Southern. You recall that?  
A.—Yes.

Q.—And you will, perhaps, recall also that at that time, in September, the matter was disposed of, or apparently disposed of, by an Order in Council under which certain other lands were given as deficiency blocks, the Government of the Province of British Columbia refusing to give these two blocks in question? A.—Yes, Mr. Brown communicated with me by telegraph with regard to that.

Q.—Now, I call your attention to this telegram, dated the 7th of September, and apparently received in Montreal at that date: "Referring to my first message necessary yesterday, alternate blocks to be given up same as shown on the last plan I sent you,"—I suppose that plan is not produced here among the papers brought by Mr. Oswald?

Mr. Oswald: No, I have not got that.

Q.—"Deficiency lands to be taken out of two blocks, one bounded on the west by the Kootenay Lake, its eastern boundary abutting on our most westerly block as per plan. The other deficiency block lies to the north of reserve as shown on plan." Now, just to make the thing clear to you as I go along (handing plan to witness)—this is the plan, Sir Thomas, which was actually attached to the Order of Council of the 10th September. A.—That is the plan, as I recall it, yes.

Q.—The two blocks you would recall from the descriptions as deficiency block A and deficiency block B (indicating)? A.—Yes.

Q.—Then it proceeds to say: "This arrangement would knock out as deficiency lands the land west of Elk River and at south-east corner of Province,"—that would comprise what is now known as block 4,593? A.—No, not all of it, because block 4,593 extends from the boundary line to this point (indicating), while the reserve No. 2 only extended 95 miles from the boundary line westward; that reserve No. 2 would be a block like that, running up to Morrissey and Elk River and back to this point (indicating on map), so that that piece there would be a portion of the second reserve.

Q.—Yes; but in the meantime you had got as your initial block what is called there as company block 1. You can take that from me. A.—Yes, I will take that from you; I cannot speak definitely.

Q.—Yes, you may take it from me that company block 1 there is referred to in the Order in Council as the initial block bounded in blue. A.—Yes.

Q.—Now, that being the case, the land west of Elk River and at the south-east corner of the Province would be land comprised in what is now known as 4,593? A.—Yes.

Q.—Now, he goes on: "My second telegram advised that land along and to the west of Elk River might possibly be given for deficiency purposes in place of the block on Kootenay." A.—That is, in lieu of this one, you see (indicating).

Q.—That is, Mr. Brown advised that 4,593 might possibly be given in lieu of deficiency block A? A.—No, it must be some other block, because this is west of the Elk River and block 4,593 is east of the Elk River.

Q.—Then it would be 4,594 that he is referring to? A.—I don't know; certainly the one you describe as 4,593 is east of the Elk River, whereas the block you now refer to is west of the Elk River. I should say that that is the second piece of land, whatever the number of it, covered by this.

Q.—That would be 4,594, then? A.—Yes.

Q.—Then the telegram goes on: "If former proposition satisfactory matter can be closed at once. If I am stick out for latter there will be further delay. Please instruct quickly." Then there are further telegrams, and the result is that you advise him on the 7th of September: "As between the block on Kootenay Lake and that lying west of Elk River, for one of the deficiency blocks, would prefer the latter. Presume proposition outlined in your telegram best that can be carried through; therefore, you have authority to accept." So that at that time you were pressing for the lands known as 4,594; but the result was that the Government refused to accept that proposition, and gave you deficiency blocks A and B instead. Now, I notice here that there is a telegram to you from Mr. Brown, dated the 10th of September, in which he says, "Matter closed if can see you on arrival and get right back. Will leave for Montreal Thursday. Certain matters wish discuss before you come out. Please say." As a matter of fact, did Mr. Brown go East after that? A.—I cannot say.

Q.—Were you in British Columbia in the fall of 1900? A.—I think so.



Sir Thomas Shaughnessy—*Continued.*

Q.—You think you were? Then, of course, in that case, you would have some personal discussion with him? A.—Yes. I think I was here in October, 1900.

Q.—Then on the 18th of December, 1900, Mr. Brown telegraphed you, “Modified B. C. Southern settlement passed. After settlement necessary details. Will leave for East probably in day or two.” You got that telegram? A.—Yes.

Q.—I suppose, in the ordinary course, Mr. Brown would advise you what the nature of that settlement was? A.—In the ordinary course he should. But, I must confess, I took it for granted that it was a portion of this entire transaction, but what particularly it had reference to I could not say; it seems to have escaped me entirely; I did not give it any attention.

Q.—You think you gave it no attention at all? A.—I gave it no attention at all; indeed I knew nothing about it, never thought anything about it, until yesterday, when I learned that there had been some Order in Council passed in December, 1900, relating to this British Columbia Southern, and until then I had given no attention to that telegram. If I had, I would have sent it on to the Secretary. I generally pass these things over; I give him a copy of it.

Q.—Were you here in October, 1900? A.—I was here in October, 1900, yes.

Q.—Now, Mr. Brown has told us that during the period between the 10th of September and the 19th of December, when the last Order in Council was passed, that he was constantly pressing the Government, that he was practically living here, and that he almost wore his soles out, to get this settlement which had been made in September put aside and a fresh one substituted for it. Was that done without your cognizance? A.—No; probably I may have known about it, but I certainly did not charge my memory with it, and I cannot at this time recall any of the circumstances connected with it.

Q.—Can you not recall to this extent, that at that time, with your approval, Mr. Brown was endeavouring to get blocks 4,593 and 4,594 as a part of the British Columbia Southern settlement? A.—Well, I cannot recall those particular blocks. Of course, it was with my knowledge and by my desire that Mr. Brown was doing everything that could possibly be done to get this land matter settled up here.

Q.—I quite understand that. But I call your attention to this map, which I may tell you is the map annexed to the Order in Council of the 19th December, 1900, under which the settlement of the 10th September, 1900, was modified by the substitution of deficiency blocks A and B on this map for the northerly block on the other map; these being respectively 4,593 and 4,594. Do you say, Sir Thomas, that it has entirely escaped your recollection that Mr. Brown was at that time pressing in the way that he mentioned, for the purpose of getting those blocks substituted? A.—I have no recollection of it. Of course, we would very much prefer to get these two blocks rather than the blocks specified, and no doubt Mr. Brown was endeavouring to get the best arrangement he could with the Government. I have no recollection of Mr. Brown having specific instructions from me or my having discussed it in any way. If he could get those lands instead of the lands which had been proposed previously, we would be glad to get them, because we considered them better lands. But the negotiations were apparently his own, and I did not follow them in any way.

Q.—You did not follow them at all? A.—No.

Q.—Now, do you know with regard to correspondence, Sir Thomas, whether files of correspondence are kept in Vancouver? A.—Well, I don't know as to that. Mr. Brown's correspondence was of rather a limited and irregular character. I don't know whether he kept copies of his correspondence or not. Most of his communications with me on these subjects were verbal; he seemed to prefer to go to Montreal to discuss the question rather than write a letter about it. Then, too, there was very little occasion for communications between him and me on the subject, from the fact that he had rather a free hand in dealing with these questions. I told him what we wished to have done, and Mr. Brown would endeavour to negotiate it to the best of his ability; and, consequently, the correspondence between us was comparatively limited.

Q.—But he would report to you from time to time? A.—Not necessarily, until things had reached a point where—

Q.—But prior to the Order in Council of the 10th of September there seems to have been a good deal of correspondence between you, several telegrams passed? A.—Yes.

Q.—And Mr. Brown asked authority to complete one or two settlements which the Government were willing to accept? A.—Yes, and which I supposed closed it.

Sir Thomas Shaughnessy—*Continued.*

Q.—And which you supposed closed it? A.—And which I supposed closed it; and I don't think that at any subsequent time I had in mind the fact that there was any land open for the British Columbia Southern Railway Company there in connection with these two parcels. I thought, so far as they were concerned, they were closed.

Q.—There is no doubt, Sir Thomas, that, so far as that deficiency block A is concerned, if that had been acquired by the British Columbia Southern Railway Company it would have been subject to the arrangements you mentioned? A.—You refer to the arrangement between the Coal Company and the British Columbia Southern?

Q.—Yes. A.—Yes.

Q.—That is so? A.—Yes.

Q.—That is, the Company would have been entitled to the selection of 10,000 acres of coal lands, and that your right to work would have been limited, during a period of ten years, contingent upon the Coal Company not furnishing an adequate supply of coal? A.—That would play no part in this at all. If the land had come to the British Columbia Southern Railway Company, the Crow's Nest Coal Company would have had the right to select out of that parcel and a portion of the adjoining parcel, which constituted what we know as the second reserve, the two together; out of that they would have had the right to select 10,000 acres of coal and oil land before we could make use of the land at all ourselves.

Q.—But not only in that but in the other; all the land you had taken yourself would have been under the terms mentioned? A.—I think that would apply to the coal area in what is known as the first reserve, although I am not clear on that point; it is a question of interpretation of the contract.

Q.—Yes; and if, on the other hand, those lands went to the Columbia and Western as part of the land grant of the Columbia and Western, those conditions would not have applied? A.—Possibly, in certain cases they would not.

Q.—Well, that is really clear, isn't it, Sir Thomas? A.—No, it is not clear in our case by any means.

Q.—There was no arrangement between the Columbia and Western and the Crow's Nest Coal Company of that kind, was there? A.—No.

Q.—Therefore, the Columbia and Western would not have been subject to any legal liability to the Crow's Nest Coal Company? A.—Possibly not.

Q.—And I think, as you mentioned in one of your telegrams, the only obligation to which the Columbia and Western Railway Company would have been subject, in that event, to the Crow's Nest Coal Company would have been a possible moral obligation on the part of the Columbia and Western Railway Company? A.—Yes; a moral obligation, however, that would have been observed.

Q.—Well, however, a possible moral obligation? A.—Yes.

Q.—Which, I suppose, there might have been a set-off to in the way of other moral obligations, in the event of any dispute between the Crow's Nest Coal Company and the Columbia and Western Railway Company? A.—I think I can say to you positively—

Q. (Interrupting.)—Really, Sir Thomas, I only want the facts. A.—You have led up to an answer which I think I should be permitted to give.

Q.—I have no objection. A.—Immediately after these grants were issued, and during the time that I expected that Mr. Wells would make delivery of them within a comparatively short period, Mr. Creelman and I discussed the question of our liability to the Crow's Nest Coal Company with reference to these lands if they came to the Columbia and Western Railway Company. Mr. Creelman was decidedly of the opinion that there was no legal liability. But I said, as to the moral liability, and he said, "That is a question of policy for you to decide." I said, "Those two companies are controlled by the Canadian Pacific; the Canadian Pacific is a party to the arrangement between the Crow's Nest Coal Company and the British Columbia Southern Railway Company, controlling the Columbia and Western. If these lands come to the Columbia and Western the Crow's Nest Coal Company must have exactly the same rights in connection with them that they would if they came to the British Columbia Southern." And, I think, that on the very first occasion that I entered into discussion with the Crow's Nest Coal Company, when we were trying to arrange to have the land question closed up, I told the gentlemen representing the Crow's Nest Coal Company, controlling this property, if it came to us they would have the same right of selection that they would have anyway.

Sir Thomas Shaughnessy—*Continued.*

Q.—When was that, Sir Thomas? A.—That, I would say, was some time last year.

Q.—Some time in 1902? A.—I think so.

Q.—When did any question arise between you and the Crow's Nest Coal Company last year as to these lands? Would that be after the decision of the grants? A.—I don't think I personally discussed the question until late in the year 1902.

Q.—With whom? A.—With the Crow's Nest Coal Company.

Q.—With what gentlemen? A.—With Mr. Nicholles and Mr. Pellett, who constituted a sort of sub-committee to deal with this land question.

Q.—In what way did that question arise between Mr. Nicholles, Mr. Pellett and yourself at that time? A.—It arose in this way, that they wished to get the deeds of the lands belonging to the Crow's Nest Coal Company. We were quite willing to give them the deeds, provided we could agree upon the selection of our six sections of land.

Q.—What I mean is this: At that time the grants to those lands had been cancelled, had they not? A.—The form of cancelling them had been gone through by the Government.

Q.—The Order in Council cancelling had been passed? A.—Yes, that had been passed.

Q.—And you were then discussing with the gentlemen of the Crow's Nest Coal Company what you would do in the event of your succeeding in establishing title to them? A.—Yes.

Q.—Yes; and you assured them that, in the event of your getting the title established, their agreement would be observed? A.—Yes. That was the position from the beginning; that happened to be the only conversation I had with them on that subject.

Q.—How was it, then, that the question of the legal liability was discussed, if it was not material? A.—For this reason: that I know in 1900, when I came out to the West here, I was filled with the idea, for some reason or other that I cannot explain, that there was a feeling on the part of the public—I do not refer to 1900, I refer to 1899—

Mr. Helmcken: You had a presentiment? A.—I had a presentiment—I had a feeling that on account of the discussion that had been going on in the newspapers in reference to the large area and the phenomenal value of those lands that had gone to the Crow's Nest Coal Company, that there was a disposition upon the part of the Government to withhold our land grants there because of the fact that the Crow's Nest Coal Company were going to get 10,000 acres of those lands and that would be commented upon and would be a source of public clamour. I never felt that it would be a matter of much moment to us whether the lands came to us in the name of the Columbia and Western or the British Columbia Southern; the title to the property would have been exactly the same, because we owned all the stock of both Companies, and it made no difference to us, nor did we at any time understand that it would make any difference in our contract obligations.

Q.—But if the question of legal liability was altogether immaterial, why was it raised, and why was Mr. Creelman's opinion taken upon it? A.—Because it was naturally a question I would discuss with Mr. Creelman, because we might have found it of some moment in dealing with the Crow's Nest Coal Company to know about the legal liability.

Q.—Exactly. You might have found it of some advantage to have a set-off of moral obligations? A.—For instance—

Q.—(Interrupting)—You might have moral obligations against the Crow's Nest Coal Company which you could not enforce? A.—Yes, for instance—

Q.—(Interrupting)—Or rather, they might have moral obligations against you, and you might set this moral obligation off against them? A.—No, we did not intend to do anything of the kind; that is your own surmise. For instance, the Crow's Nest Coal Company, whether they were morally obligated or not, if they did not observe their obligations to provide a suitable and sufficient supply of coal and coke at reasonable prices—

Q.—(Interrupting)—And this would have given you a very convenient weapon? A.—To have said to them, "Now, if you are going to take these coal lands, you know we might have possibly a legal ground on which to object; we don't want to raise that, but we want a further promise from you that if you want our lands there you will give us an adequate supply of coal, for we want to be supplied for our own railway and for the industries along the line,"—but whether we would have used that or not, if it came to that, I don't know.

Q.—It would put a legal weapon in your hands—of course, you might be benevolent—but it would put a weapon in your hands which you could use if you desired? A.—Our intentions are not benevolent; we are never accused of benevolence.

Q.—Well, I will say moral intentions. A.—That is the correct term.

Sir Thomas Shaughnessy—*Continued.*

Q.—It would have put a legal weapon in your hands, at all events, which in some possible contingency you might have used against the Crow's Nest Coal Company? A.—I suppose it might have been used if we thought it desirable to do so.

Q.—And, as a matter of fact, the Crow's Nest Coal Company have not been, as you would say, fulfilling their obligations? A.—No.

Q.—And it would have been a convenient thing for you to have had this weapon in your hands to compel them to do so? A.—Yes.

Q.—And I suppose it would have been an advantage, too, in that case, to the Company, an arrangement by which the British Columbia Southern Railway Company was divested of those lands and they became vested in the Columbia and Western Railway Company, if the suggestion for that change came from the Government and not from the Company? A.—I do not know anything about that.

Q.—Mr. Wells has said, Sir Thomas—I am not asking these questions merely for the purpose of suggesting bad faith; I am simply putting them because they have a bearing on the matter—it has been said by Mr. Wells that Mr. Brown came to him and pressed upon him and pressed upon other members of the Government that these lands should go to the Columbia and Western Railway Company as part of their deficiency subsidy; but that Mr. Brown also said to Mr. Wells that he desired that the proposal should come not from the Company but from the Government. Now, in the circumstances, in view of your obligations to the Crow's Nest Coal Company, that would have been a convenient explanation, would it not, if it had occurred? A.—I don't know anything about it; I don't know whether it occurred or not.

Q.—I mean to say, if it had occurred? A.—I don't say that it would have been a convenient thing; no, I don't think so.

Q.—Do you mean to say that your feeling in favour of the Crow's Nest Coal Company went so far as this, that if the Government had forced you to take these lands for the Columbia and Western, when you desired to take them for the British Columbia Southern, that you still would have felt under this very strong moral obligation towards the Crow's Nest Coal Company? A.—Our desire was to secure the lands for the company that earned them and to whom they were justly entitled, under a form of contract in the nature of an Order in Council reserving these lands for a period of eight or nine years before the road was built. That was our first desire. If we could not get them, and there seemed to be decided objections on the part of the Government—

Q. (Interrupting)—You really did desire them for the British Columbia Southern? A.—So far as the Company is concerned—and I am speaking for the Company—we really did desire to get them for the British Columbia Southern Railway Company.

Q.—Notwithstanding you had that strong desire, and notwithstanding that Mr. Brown accomplished that purpose in September, 1900, that fact does not appear to be made known to you at all? A.—No, I had not known; I had no information about it.

Q.—That was a singular piece of negligence on his part? A.—Well, possibly.

Q.—Well, it was, really, wasn't it? A.—Well, it was, yes; I should have been notified of it; but I don't appear to have had any notice of it.

Q.—You will observe that Mr. Brown could not have been in any ignorance about it, because the map attached to the Order in Council of the 19th of December, 1900, is noted in Mr. Brown's handwriting? A.—Yes. I can quite understand that if Mr. Brown were asked by the Government to permit the Government to substitute for these two blocks that had been arranged in September, 1900—that is for this block above here to substitute these two other blocks—that Mr. Brown would have been very glad to do it, because he knew that we would prefer those lands.

Q.—But do you suggest that the proposal came from the Government? A.—No, I do not; I know nothing about it.

Q.—Because Mr. Brown has stated—has given a very graphic description of the great strain he was under during the two months during which he was endeavouring to persuade the Government to make this change from the northerly block to the southerly blocks; so that there is no doubt that that did not come from any benevolent designs on the part of the Government, but from Mr. Brown? A.—I cannot express any opinion on that.

Q.—But Mr. Brown having accomplished this purpose, having got these lands for the Company which Mr. Brown desired, two very large blocks, yet the Company remained in entire ignorance of that until practically this date,—until this dispute has arisen? A.—That is the position of it, no question about it; as explained by you.

Sir Thomas Shaughnessy—*Continued.*

Q.—Now, can you recall, Sir Thomas, when negotiations first opened for the granting of these two blocks to the Columbia and Western Railway Company? A.—No, I cannot.

Q.—You are not able to do that? A.—No.

Q.—You cannot say what date that was? A.—No.

Q.—I see that on the 23rd of July, 1901, Mr. Brown telegraphed you as follows: "Feel now that with prompt decision south-east corner, and probably section lying between B. C. Southern block two and Elk River, might be secured as lieu land third section Columbia Western, and at same time finally close B. C. Southern matters." Now, would you kindly look at the map? A.—These are the two pieces.

Q.—The two pieces are 4,593 and 4,594? A.—Yes.

Q.—What led up to that telegram, Sir Thomas, can you say? A.—I don't know. It was in ordinary course; Mr. Brown had been negotiating these things out here, as representing the Company, and whenever he reached a point of that kind he telegraphed me or advised me, as a rule. I don't know but he might possibly have said to me that he thought it best for us to get these two blocks for the Columbia and Western, but I have no recollection that we had any conversation on the subject.

Q.—It does not seem likely that those two blocks were blocks that the Government would press upon him? A.—I don't say that.

Q.—But it would certainly be Mr. Brown's duty to get them if he could? A.—His duty was to get the land grant due to the Columbia and Western Railway Company.

Q.—I understood you to say also, and it is quite clear, there is no doubt about it, Sir Thomas, that all the way through these negotiations it was the desire of the Canadian Pacific Railway Company to get these two blocks as part of the deficiency lands under one or the other subsidy? A.—Yes. Because, when the Canadian Pacific entered into the obligation to build the Crow's Nest Railway, the Government had portions of these lands reserved for the railway grant.

Q.—And they were supposed to be very valuable land? A.—Well, they were supposed to be very much better than the mountain tops.

Q.—Very much better than the lands contained in the original railway reserve? A.—I think probably they were; although I have no definite information about them; we have not had surveys.

Q.—And Mr. Brown further says in this telegram, "In any event, in view advantage establishing lieu land precedent very necessary in fourth section settlement, and in view Land Commissioner opinion land contiguous to line no value anyway"—that was the view of Mr. Hamilton at that time? A.—Mountain tops, yes.

Q.—The view of Mr. Hamilton at that time was the land contiguous to the line of the Columbia and Western and embraced in the Columbia and Western reserve was of no value? A.—A considerable portion of it.

Q.—So that, beyond all question, it would be Mr. Brown's duty to press for these lands if he could get them? A.—I would say that; yes.

Q.—So that this telegram does not convey to you that this was something which had been put forward by the Government to Mr. Brown, does it, but as something Mr. Brown was seeking to secure himself? A.—I don't know with whom the suggestion originated, but I should say that Mr. Brown would be very anxious to secure it if he could.

Q.—Wherever it came from? A.—Yes.

Q.—Are you familiar at all with the terms of the Columbia and Western Subsidy Act? A.—Well, very generally.

Q.—Only in a very general way. However, I suppose this language of Mr. Brown would convey something to your mind, "In any event, in view advantage establishing lieu land precedent very necessary in fourth section settlement." Did you understand what that meant? I suppose you took some meaning? A.—The construction I placed upon that was that there would not be land enough within the area specified in the Act to settle the grant for the fourth section; and while there had, apparently, been no reference to lieu lands to satisfy that deficiency this would help do it—getting lands in a new area.

Q.—It has been established here that within the original Columbia and Western reserve there was quite sufficient land to satisfy the land subsidy, not only for the third but for the fourth section as well. Does it not occur to you that one advantage the Company would gain by getting these two blocks would be that by so doing they would establish this precedent,

Sir Thomas Shaughnessy—*Continued.*

that under the Columbia and Western Act the Columbia and Western Railway Company were entitled to go outside that reserve and to take lands which were a long way remote from the line of railway? A.—That, I should say, would be the purpose of it, the intent of the telegram.

Q.—That is what he was endeavouring to do? A.—Yes.

Q.—You were getting valuable lands in lieu of lands of no value, and at the same time getting lands remote from the line of railway, instead of contiguous, and thereby establishing the precedent mentioned? A.—If there were no lands within the belt along the railway that should be accepted by the Company, or the Company should be asked to accept in satisfaction of its land grant, and that there were other lands that the Government could properly allow the Company to select, it was important for us to have a precedent established that would allow us to select them, provided the Government would consent to it.

Q.—Yes, I see. Now, there was a difficulty in the way of that, though, wasn't there, Sir Thomas; at least, it occurred to you when it was proposed to you, that there was a difficulty in the way of carrying that out? A.—Of carrying what out?

Q.—Carrying out the suggestion that these two blocks should go to the Columbia and Western Railway Company? A.—Yes.

Q.—And what was that? A.—It was because in one case, in the case of these two blocks, we were accepting a lesser area than the quantity specified in the subsidy agreement—under the subsidy legislation. With reference to the section of the line between Trail and Robson, we were not free agents exactly, because when we acquired the line from Mr. Heinze between Trail and Robson it was with the understanding that he should be a participant with us, he should participate with us half and half in any land grant due for that section of the line; therefore, it would be unwise for us to accept a lesser area for that section of the line than we were entitled to under the contract; that is, we were not free to do it.

Q.—Exactly. So that, in order to avoid any possible claim from Mr. Heinze, you suggested to Mr. Brown that, so far as these blocks were concerned, they should be attributed to the third and fourth sections only? A.—Yes.

Q.—The third and fourth sections only? A.—Yes.

Q.—Because none of the third section had been built at the time the railway was transferred to you from Mr. Heinze. Therefore, Mr. Heinze would be entitled to an undivided half interest in all the lands attributed to the first and second sections? A.—That is all.

Q.—So that the arrangement that was completed on the 10th of August was that for the first and second sections the Company selected lands along the line or contiguous to the line, of practically no value, in which Mr. Heinze would be entitled to an undivided half-interest; and for the third section they selected these two valuable blocks, in which Mr. Heinze would not be entitled to anything? A.—No, that is not the fact.

Q.—What is the fact? A.—The fact is this, I should say, speaking from such knowledge as I have of it: I would quite as soon have the lands along the line between Trail and Castlegar, the lands applicable to that section of the line, as I would the latter portion of the way, even these two sections. Those lands are very much better than the lands further west, in the vicinity of Christina Lake.

Q.—What you say is, you would have been very glad to have had the lands as far west as Castlegar? A.—No; I say, the lands applicable to the section of the line between Castlegar and Trail, constituting the first and second sections, would, from all I know about them, be very much better lands than any we would get—

Q. (Interrupting)—Pardon me, I would be obliged if you would repeat that answer again. A.—I say that your intimation that we were quite willing to accept lands of a lower grade for the sections one and two which we had to divide with Mr. Heinze, than we were for section three, is hardly correct, from the fact that the lands applicable to the line between Trail and Robson, constituting sections one and two of the Columbia and Western, are, I am informed, a very much better quality of lands than those that can possibly be obtained for section three.

Q.—That is along the line? A.—Yes; now, then, in lieu of the larger area of about 900,000 acres of land due for section three, we were willing to accept in a more desirable locality an area of about 600,000 acres—the figures are approximate only—I think the difference was between two and three hundred thousand acres. It was quite proper for us to consent to that reduction of acreage with respect to a section of line in which we were alone

Sir Thomas Shaughnessy—*Continued.*

interested, but it would not be proper for us to consent to a like reduction of acreage with respect to a line in which Mr. Heinze participated with us in the land grant.

Q.—You were protecting Mr. Heinze's interests in that way, while at the same time greatly increasing the value of your own interests? A.—That is a mere matter of opinion.

Q.—There cannot be any question about that. A.—I should say I would prefer these lands to the lands that would, under the strict interpretation of the Statute that the lands available there would have been given for section three.

Q.—That is, than these mountain tops? A.—I think so; yes, But at the same time that fact was recognised, there being a great reduction in area.

Q.—Is not this the fact, that the lands which were accepted by the Company, under the arrangement with the Government, for sections one and two extended along the line of railway, the projected line of railway, not only as comprised within sections one and two, but westward as far as Penticton, that is over the third, fourth, fifth and sixth sections? A.—I do not know; I cannot recall their location.

Q.—Now, you may take these two maps, taking them together, as indicating the alternate blocks. A.—There is nothing here to show, Mr. Duff, and I do not know enough about it to be able to identify it myself—the particular lands applicable to sections one and two.

Q.—You were suggesting the particular lands applicable to sections one and two? A.—I cannot pick them out on this map.

Q.—Take it this way, then, do you know where section one extends? A.—Yes.

Q.—Then, referring, now, to Mr. Brown's telegram to you of the 25th of July, "Propose endeavour to get full area of first section under separate and distinct settlement." A.—Yes, that was after I had telegraphed him that we must not consent to any reduction of area with reference to the lands where Mr. Heinze was interested with us. That was subsequent to that date.

Q.—"Propose endeavour to get full area first section under separate and distinct settlement. This will merely exhaust available alternate blocks along line of railway" A.—Yes.

Q.—"Would then proceed to negotiate on lines suggested my cipher for settlement subsidy third section, Robson to Christina Lake. Is proposed course action satisfactory?" A.—Yes.

Q.—Being the blocks from 2 to 24, the alternate blocks? A.—Alternate blocks 2 to 24. And that takes in practically all the land along the line of railway.

Q.—All the alternate blocks? A.—Yes.

Q.—Now, that would leave some deficiency blocks, Sir Thomas, at least certain deficiencies of 84,000 acres, which were proposed to be made up, one six by six miles square and the other six by sixteen miles square, shown on the plan by numbers 6 to 28. Now, you will see the proposal which was made here; this is the memorandum which was attached to the Order in Council of the 10th of August by which this subsidy was settled (showing same to witness); would you mind looking at that first page, Sir Thomas? A.—Yes.

Q.—And you observe from that, looking at the map, that the proposal which was carried out by that Order in Council was that there should be allotted for section one, that portion in which Mr. Heinze was interested, the alternate blocks from 2 to 24 along the line of railway? A.—Yes.

Q.—Leaving a deficiency of 84,000 acres, to make up which there were allotted the two blocks 26 and 28, which are shown on that map? A.—Yes.

Q.—Now, that was what the Company was getting, of land in which Mr. Heinze was interested? A.—Yes.

Q.—And that land was wholly made up of land along the line of railway and within the original Columbia and Western reserve? A.—Yes.

Q.—That is correct? A.—Yes.

Q.—In other words, it was these valueless mountain tops? A.—Not necessarily. These lands were the nearest lands to the railway.

Q.—I quite understand that. A.—And, of course, they had a value beyond lands more remote. For instance, the lands beyond these would not have been as valuable as these. But I have no doubt, if this examination had taken place before the event, I would have been inclined to have given the good lands to Mr. Heinze and keep the poorer ones.

Q.—I have no doubt you would. I read on in Mr. Brown's telegram. He says: "Assume Heinze not interested in this. Please say. Propose endeavour get full area first section

Sir Thomas Shaughnessy—*Continued.*

under separate and distinct settlement. This will merely exhaust available alternate blocks along line of railway. Would then proceed to negotiate on lines suggested my cipher for settlement subsidy third section, Robson to Christina Lake." And you then answer by calling his attention to the fact that Mr. Heinze was only interested in the line between Robson and Rossland, and that he might safely proceed along these lines? A.—Yes.

Q.—The result of all these arrangements was—the result of this alteration was—that taking the legal liability of the Columbia and Western for these two sections, the valuable lands in South-East Kootenay were got free from any obligation to share up with Mr. Heinze, and free from any obligation to share up with the Crow's Nest Coal Company; whatever may have been the intention, that undoubtedly was the effect? A.—I do not really see why there should have been any obligation in any event to share with Mr. Heinze in any lands that we received for any other of the sections of the line.

Q.—But this might have been done with Mr. Heinze, that the alternate blocks along the line of the third section might have been appropriated for the third section, and some of these valuable lands in South-East Kootenay appropriated for the first section. Why, with respect to the lands in which Mr. Heinze was interested, namely, the lands appropriated for the first section, did you give the alternate blocks along the fourth and fifth and sixth sections? A.—Evidently because Mr. Brown was not attending strictly to Mr. Heinze's interests.

Q.—Exactly. And the reason for the transfer from the British Columbia Southern to the Columbia and Western Railway Company was, probably, that Mr. Brown was not attending to the Crow's Nest Coal Company's interests? A.—No, that was a matter that he would not have anything to do with. That would be dealt with quite independently of Mr. Brown.

Q.—But, as a matter of fact, this whole thing was done on consultation with you; you were the person that raised the question with regard to Mr. Heinze, weren't you? A.—Yes; I did not wish Mr. Brown—as soon as my attention was called to these proposed arrangements, I did not wish Mr. Brown to get into a position where he would be contracting with the Government to accept a lesser area for the portion of the line in which Mr. Heinze was interested; and, therefore, I called his attention to that agreement, about which I don't think he knew before.

Q.—There is no doubt that this change, at all events, was quite an advantageous one to the Railway Company, so far as they were concerned? A.—Well, I think so; that is, I think that if they got those two blocks they would have been better than other blocks. I do not think it was anything more than what the Railway Company are entitled to. Of course, that is quite another question; we will discuss it another time; because we had been kept out of our lands with higgling for a long time, and have been for three years.

Q.—Unless it were for some artificial object, it would seem very singular, would it not, that this change should have been one which the Government pressed upon Mr. Brown, instead of a change which Mr. Brown pressed upon the Government? A.—I have no opinion to express on that.

Q.—You would not care to express an opinion on that? A.—No.

Q.—Now, Sir Thomas, you had an interview in 1898, I think, some time here, with the Turner Government; I don't remember the precise date; in June, I think it was. You were here in the summer of 1898 and you had some negotiations with the then Turner Government with regard to the settlement of the conditions of the subsidy of the Columbia and Western Railway Company, which you had previously acquired? A.—I don't think that I ever came to Victoria in my life for the purpose of having a consultation with the Government, or negotiations with the Government.

Q.—Not with that object, but you might have when you were here? A.—Generally, when I came here I called upon the members of the Government or the Premier, and we talked about affairs in British Columbia. I recollect meeting Mr. Turner and some members of his Government in 1898, with reference to the construction of a line from the Coast to Pentiction and down to Midway. I won't pretend to repeat what occurred at the time, because I have so many of these things to look after that it is a very difficult thing to store everything away in my memory. I do recollect, however, that the Government were exceedingly tenacious to get that piece of line built; that Mackenzie & Mann had made them a sort of proposition that, under certain conditions, they would undertake to build the line, provided that they could build to Midway. Mr. Turner and the members of his Government, in discussing the question with me, wanted to know how anxious we were to retain our rights to build from Midway to



Sir Thomas Shaughnessy—*Continued.*

Penticton. I am not sure that I gave them a definite answer at the time, but I think I did, that we had about as much railway construction in hand as we wished to undertake at that time, and that we would willingly forego our charter rights and subsidy rights with reference to that section of the line, if anybody else would build it. Subsequently Mr. Mann saw me in Montreal and talked with me about it.

Q.—I would like to ask you with regard to what occurred here, and get your best recollection about it. Did you go away from Victoria having, as you thought, made a definite and final arrangement with the Government by which you abandoned your right to construct west of Midway under that charter? A.—Well, I don't know that I did; I don't know that I did. I expressed to them, I think, rather what would be our policy if the question came up in a more formal manner. Because this was only a sort of general conversation on the subject.

Q.—Exactly. Were you impressed with a view that at the same time the Government had undertaken with you that the subsidy for the fourth section, which was contingent upon the completing of the fifth and sixth sections under the original Act, would become payable to the Company notwithstanding the failure to complete the fifth and sixth sections? A.—No, I don't think I can say that.

Q.—You don't think any definite arrangement of that kind was made? A.—I don't think any definite arrangement was made, and I don't think at that time I quite understood the situation with reference to the necessity of constructing those two sections before the subsidy would be paid for section four.

Q.—So that it would not be the fact, as far as your recollection goes? A.—I hardly think so at the time.

Q.—I put to you a suggested agreement of this sort, that you, on the one hand, abandoned your right to construct, by agreeing, of course, to consent to Mackenzie & Mann taking the charter and subsidy with respect to the fifth and sixth sections, and that the Government, on the other hand, agreed to abandon the position that you were to complete the fifth and sixth sections before you were entitled to the subsidy with respect to the fourth section. I gather from what you say that you cannot say any such arrangement as that was made? A.—No; I think probably the Government would have been justified then in passing an Act granting the rights with regard to the fifth and sixth sections to this other Company, without reference to the Columbia and Western rights, because I expressed an indifference about building that piece of line at that time; but I don't think I would be justified in saying that there was any undertaking upon the part of the Government, that in consideration of our doing that, they would abandon any claim that they might have to get those sections constructed before the land grant was paid for section three.

Q.—Then did you ever have any arrangement of that sort, Sir Thomas, with the Government? A.—I don't think that we ever had any formal arrangement.

Q.—When I say formal arrangement, you will understand that I do not mean any written arrangement. I mean any distinct, positive, clear understanding of that kind? A.—Not that I can recall.

Q.—Not that you can recall? A.—No.

Q.—Did you ever state the existence of any such arrangement as that to Mr. Brown; I mean within recent times? A.—I think I said to Mr. Brown when the question first came up of legislation that appeared to be required to enable the Government to give us the subsidy for the third section, I think I said to Mr. Brown at the time: "Now, in view of what occurred with the Turner Government when, in deference to their anxiety to have this piece of line built by Mackenzie & Mann from Midway to the Coast, we withdrew any objection, so that they might be able to put through the legislation and get that line built—in view of that, I think it would be the proper thing that the Government should reinstate us."

Q.—That is, you thought that the Legislature and the Government dealing fairly by you, you having stepped aside at the time they wanted you to, for the purpose of the building of the Coast-Kootenay line, that they should now give you that relief? A.—Yes; I think, to my mind, it was rather more a matter of fair dealing than any specific undertaking.

Q.—Then, in your view, a statement contained in a letter here of the 14th of March, 1902, addressed by Mr. Brown to the Honourable the Attorney-General—this is a copy; personally I know nothing about it, except that it is produced by the office of the Attorney-General; I presume it is a correct copy (handed to witness)? A.—I think that Mr. Brown

Sir Thomas Shaughnessy—*Continued.*

was stating the case more strongly than I could, on my conversation. Of course, it is quite possible that he had some negotiations with the Government apart from mine.

Q.—Mr. Brown was present, I think, at the interview between yourself and the Government? A.—I am not sure whether he was or not; I cannot say.

Q.—At all events, you would not have felt yourself justified in stating this very distinct agreement which Mr. Brown states here? A.—I think, if I had gone that far, that I would have asked it to be put in writing.

Q.—As a matter of fact, an agreement was drawn up; you remember an agreement being drawn up between the Columbia and Western Railway Company and the Government of British Columbia, which was never executed, do you? Perhaps that will refresh your recollection (handing document to witness)? I can have the original if necessary. Never executed by the Government, but executed by you on behalf of the Railway Company. That, I understand, was an agreement which was drawn up in Montreal, consequent upon the negotiations that you had in Victoria prior to that; at least, it has so been presented to us here? A.—Oh, yes, I recollect what it is now; this was an agreement reached between the Government and ourselves with reference, practically, to a transfer of the lands to the Government, in consideration of a cash subsidy of \$4,000 a mile.

Q.—Yes. A.—This agreement was executed by the Columbia and Western Railway Company, and, I think, sent on to Victoria to be executed by the Government, but it was never executed by them, some election or something intervening.

Q.—This is a clause at the end of the agreement: "Provided that nothing herein shall affect the right of the contractors to any land grant to which they may be entitled in respect of their railway already constructed between Rossland and Robson." Now, do you think that if you had made an arrangement of that sort with the Government at that time, and afterwards in Montreal had this agreement drawn up for execution by the Company and the Government, that you would have been likely to omit that term? A.—To omit which term?

Q.—If you had made an agreement with the Company which was intended to be, although not expressed in writing at the time, a binding agreement by both parties, under which the Government abandoned their right to insist on the terms of the Subsidy Act as to the subsidy in respect of the fourth section, do you think that afterwards, when you had this agreement drawn up and sent here for execution, that you would have omitted the term that I mention? A.—Well, I don't know; we are all guilty of serious omissions occasionally.

Q.—But I think you do say, if you had made a specific arrangement of that kind, you would have had it put in writing? A.—Yes, if I closed that arrangement there I would have asked that they get it in form; and I do not recollect that we ever did get it in form there or elsewhere.

Q.—And your recollection would not allow you to go as far in that direction as Mr. Brown? A.—No, I think not.

Q.—There is no doubt that this agreement would be intended to represent what was arranged between you and the Government here with regard to the Columbia and Western subsidy? A.—Well, I should think so; because the date of that is July, isn't it?

Q.—Yes. This is dated the 18th of July, 1898. A.—1898. That was within the month after I had been here; that was evidently the result of our negotiations finally. I am sorry that I cannot recall more about the details.

Q.—And you would not be able to go so far, then, I think, so far as you are concerned, as this contract recited in the document which is a copy of Bill 87, which was presented to the House in the year 1902 (handing document to witness)? A.—I would not, in the matter of the consideration.

Q.—You mean to say, in the matter of the abandonment of the right to build? A.—In the matter of the undertaking that the Company should obtain grants of lands in respect of the fourth section after the Company had constructed said fourth section. With reference to the balance, I think the Government was justified in what is said there, in assuming that we were abandoning our right to build the fifth and sixth sections.

Q.—I understood you to say that you thought, as a matter of fair dealing, that they would be entitled to assume that? A.—Yes.

Q.—But the question I rather put to you is: you see that the preamble of that Bill recites an explicit arrangement, an abandonment of your right to build on the one hand, and an abandonment of the condition on the other hand? A.—Speaking from memory, now, Mr.

Sir Thomas Shaughnessy—*Continued.*

Duff, I would not be justified in saying that I would feel that there was a contract of that kind—unless something has escaped my memory, and, if so, I wish to correct my evidence afterwards.

Q.—And, so far as you are concerned, you would not have approached the Legislature of British Columbia for the relief mentioned in Bill 87 upon the basis of an express agreement of that kind? A.—Certainly not, unless there was some justification for it; with the knowledge that I have now.

Q.—With the knowledge that you have now? A.—With my present impressions, no.

Q.—No, you would not do that. And you are unable, Sir Thomas, to throw any light upon what it was that occasioned the change by which the British Columbia Southern Company acquired the south-eastern blocks in substitution for the northern blocks, on the 19th of December, 1900? A.—Utterly impossible for me to say a word; I don't know anything about it.

Q.—And you are not able to throw any light, either, upon what occurred prior to the telegram of the 23rd of July, which has been produced here, which is the first document relating to the negotiations for the transfer to the Columbia and Western to be had? A.—No.

Q.—Now, I think you were here in June, 1902, were you not? A.—That would be last year; yes.

Q.—That would be after the Order in Council rescinding the grants? A.—Yes.

Q.—And after the introduction of Bill 87? A.—Yes.

Q.—You had some conversation with Mr. Wells at that time, hadn't you? A.—Yes, I think I met Mr. Wells twice; I think I met him at the hotel and at the House.

Q.—You met him at the House? A.—The Parliament Buildings, although I am not absolutely sure about that. I think I met him twice, however, while I was here.

Q.—I suppose you remonstrated with him on the action of the Government with reference to these grants? A.—I can imagine that I used some expressions with reference to that; yes.

Q.—Well, you recollect it, don't you? A.—No, I do not.

Mr. Helmcken: Let us have an example? A.—I don't recollect what the conversation was, Mr. Duff; I know I met Mr. Wells.

Mr. Duff: You are able to recall, I suppose, the fact that you had conversation on the subject? A.—I recollect that I did refer to it, yes.

Q.—Did he give you any explanation? A.—Well, I declare I cannot recall what it is—what the explanation was. I imagine, however, that it was the usual explanation of the impossibility of their carrying the measure through without being defeated; or something of that sort.

Q.—That is, you mean, with reference to the grants? A.—Referring to the grants.

Q.—That is not referring to Bill 87, because I think you left before Bill 87 had been withdrawn? A.—I don't know anything about Bill 87, excepting that there was such a Bill before the House relating to the—

Q.—You remember that Mr. Brown advised you that Mr. Wells had promised him that, under the fourth section, these lands would go to the Company? A.—I don't think that I had any similar conversation with Mr. Wells.

Q.—You don't think that you had any similar conversation with Mr. Wells? A.—No.

Q.—You were rather anxious about these grants, weren't you; I mean to say, you considered it a matter of importance? A.—“Anxious” is hardly the proper word, because we have thousands of transactions all the time.

Q.—But so far as British Columbia is concerned, this was a matter of very considerable importance? A.—Yes, I was anxious to have the matter closed up; and I did not have any doubt then, as I have not now, that in the end the Province of British Columbia would perform its whole duty to the Columbia and Western Railway Company.

Q.—But that whole duty at that time, with reference to section three, was that these grants should have been delivered to the Company? A.—Yes.

Q.—That was your view of the whole duty at that time? A.—Yes.

Q.—Now, you recall the fact that Mr. Brown did advise you that Mr. Wells made him a promise of that sort, don't you? A.—No, I do not; I do not.

Q.—I refer to a telegram of the 22nd of March, 1902, which you might look at to refresh your memory by (showing same to witness). A.—Oh, yes; “Wells promises East Kootenay block settlement fourth section”; that is the line to which you refer; yes.

Sir Thomas Shaughnessy—*Continued.*

Q.—And I think also, Sir Thomas, he had forwarded to you a copy of the correspondence with Mr. Wells, in which he had suggested that Mr. Wells had made him a promise of that kind? A.—Probably.

Q.—Don't you recollect it? A.—No, I don't recollect it.

Q.—Now, if you will look at Bill 87, reading section two—I am not asking for a legal opinion from you, but reading it as one familiar with railway land grants, in a practical way. (Witness peruses the section referred to). That section would obviously enough have put the Government in position to give these blocks? A.—I should say, under that section, it would be able to give a grant any place in the Districts of Yale and Kootenay

Q.—And not only that, but the Company would have regarded itself as entitled to select any lands in Yale and Kootenay Districts? A.—They certainly would be, under that section.

Q.—Reading that, you would consider there was no possible doubt of it? A.—That would be my impression.

Q.—And including these two blocks, if necessary; I mean to say, including these two blocks if they so chose? A.—If they were at the command of the Crown to be selected. Assuming that they belonged to the Crown.

Q.—Of course, if the Crown had them? A.—They would be in the same position as all other lands in Yale and Kootenay Districts.

Q.—That Bill, which appears to have been drawn by Mr. Brown himself, would have just as effectually accomplished the purpose of the Company as the grants themselves would, if it had gone through; that is so, isn't it? A.—From the Company's standpoint, I cannot quite see what relation this has to the grants.

Q.—Why? A.—Because the grants had already been made to the Company.

Q.—I quite understand that; but while the grants had already been made to the Company, the Government had assumed at all events to cancel the grants. A.—Yes, but we never gave the slightest weight to that action of the Government, not the slightest, until the repudiation Act was passed this Session; there was no question in our minds as to where the title to those lands rests, not the slightest. We are quite prepared now to go into the Courts with it, to determine where the ownership is.

Q.—But you would also realise that a contest of that kind in the Courts would have been a matter of no very short duration; you know enough about litigation to know that, I suppose? A.—What?

Q.—You know enough about litigation to know that a contest of that kind in the Courts would not be a very short one? A.—Well, I don't know; I don't think that the Province would want anything more than to have the Courts interpret—pass upon the legal status of the case; it would not necessarily take a long time; I don't think we considered that phase of it at all. We can hold lands for a long while; we are in the habit of doing it.

Q.—It would not occur to you, or any one on behalf of the Company, that it would have been a very much nicer thing to have an Act passed which confirmed the Company's title to these lands, instead of going to the Court? A.—It never occurred to me.

Q.—But still, you were always — A. (Interrupting.)—So far as that was concerned, I never knew anything about it; I know nothing about it now except as I get it from you.

Q.—Didn't you know that a Bill of this kind was being introduced? A.—I knew that a Bill was being introduced to enable the Government to give us the land we had earned by reason of the construction of the fourth section of the railway.

Q.—But you say you never heard any suggestion that it was intended, and it never occurred to you, in any way whatever, that it was intended to carry these lands to the Company in spite of the cancellation? A.—Never, never; never a word from any source.

Q.—As far as you are concerned, you were altogether ignorant of any purpose on the part of the draftsman of this Bill to enlarge the powers of the Company under the Subsidy Act, 1896? A.—I never imagined that the Bill had any other purpose except to close up the business, to pay us the subsidy we had earned for section four without constructing section five. That was the only purpose.

Q.—Then, with regard to this Bill, as I gather, Sir Thomas, the position is this; that the agreement upon which the Bill is based was one upon which you would not have approached the Legislature for this relief—as you have already said? A.—Probably not in those exact terms.

Sir Thomas Shaughnessy—*Continued.*

Q.—Well, you do not wish to alter what you said with regard to that, do you? A.—No.

Q.—The relief which is sought to be given by the Bill is more broad and comprehensive than you would have asked on the part of the Company? A.—Yes.

Q.—And in that respect the Bill was not expressing the views of the Executive of the Canadian Pacific Railway Company? A.—It was not what they had in mind; we did not think anything of that kind necessary.

Q.—You did not have it in mind. You stated in one of your telegrams, Sir Thomas, that you had certain plans with regard to the utilisation of these blocks. You might tell us what they were, if you would? A.—Well, our plans were to possibly open up some coal mines on—I cannot recall the name of the river there—on Lodge Pole Creek. But in the meantime our plans would have been this—exactly the same thing would have occurred with those lands as occur with the lands that come into the possession of the Company; the lands would be turned over to the Land Department for administration, for the sale of timber or of land, or anything else that might be available there, or desired by purchasers. We did intend, however, if we could arrange with the Crow's Nest Coal Company in the selection of these coal lands in these sections in this territory, we did intend to open up some coal mines in here of our own.

Q.—But I am referring now to deficiency block A and deficiency block B. I do not mean the initial block. A.—We had in view exactly the same plans that we were trying to carry out with reference to these other blocks, to get the timber utilised, and, if possible, to sell off the land in the valleys for the purpose of cultivation.

Q.—As also to open up coal mines? A.—And open up coal mines wherever there was any coal, or at some suitable point where there was coal.

Q.—And it was quite understood there was coal in the south-east block? A.—Yes, both on the land of the B. C. Southern and Columbia and Western.

Q.—And you had planned to open up mines? A.—We had on Lodge Pole Creek; not in the lands in question.

Q.—What was the advantage of your investigating it, when you had Mr. Henretta go up there? A.—Last year, I think, was his first report on these lands; that was made last year.

Q.—I suppose the time you took those lands over and made that arrangement with the B. C. Southern you had some idea of the value of them, or the capabilities of them? A.—Took over what lands?

Q.—At the time you made the arrangement with regard to the building of the Crow's Nest road? A.—I don't think we had a very high opinion of their value, Mr. Duff, or we would not have parted with 250,000 acres of them quite unnecessarily.

Q.—I see. A.—Our effort then was to induce this Coal Company to start in as soon as possible and develop coal mines, with a view to serving the smelters and other industries in the west.

Q.—Who were the gentlemen that constituted the Crow's Nest Coal Company, chiefly? A.—Well, at that time, I think, Senator Cox, Mr. Jaffray, Col. Prior, Mr. Hanson, and Col. Baker were the principal men. I don't know that I am justified in mentioning Col. Prior as one of the principal men, because he disposed of his principal shares; but he was one of the Company.

Q.—A substantial subsidy was paid for the building of the Crow's Nest road independent of the lands? A.—Yes, there was a subsidy paid. I wish there had not been.

Q.—And you think that the only reason that you parted with those lands to the Coal Company was because you did not regard them of any great value? A.—Certainly not of the value that is now attempted to place upon them; because they are placed at a value so infinitely beyond the railway itself that we hardly would have allowed them to get out of our possession.

Q.—So that that was your plan, to utilise them at all events by developing coal mines? A.—Not necessarily developing coal mines, developing anything that there was there to develop.

Q.—Does the British Columbia Southern Railway Company conduct operations of that kind itself? A.—No.

Q.—In order to do so you would have to form a subsidiary company? A.—No, we would not.

Sir Thomas Shaughnessy—*Continued.*

Q.—How? A.—We could have it done through the Land Department of the Canadian Pacific Railway.

Q.—Does the Land Department of the Canadian Pacific Railway develop coal mines?

A.—There is no reason why the Canadian Pacific Railway Company should not develop coal land through its Land Department, if it chooses.

Q.—Does it? A.—We have never developed a coal mine ourselves up to the present time.

Q.—Does it operate industries at all? A.—Yes, to some extent; it has conducted farming operations; to an extent it has conducted lumbering operations, although that scarcely came directly under the Land Department, it came more under the Construction Department. The Canadian Pacific Railway Company conducts smelting operations. All without the intervention of private companies of any kind.

Q.—The Canadian Pacific Railway Company itself? A.—Yes.

Q.—Where does it conduct smelting operations? A.—At Trail.

Q.—In the property of the Company itself? A.—Well, no; the administration is in the hands of the Canadian Pacific Railway Company, but, of course, the property belongs to the British Columbia Southern. However, as the Canadian Pacific owns all the stock of the British Columbia Southern—but there is no intervening company of any kind excepting the British Columbia Southern Railway Company.

Q.—And do you think you would have operated coal mines without the intervention of another company? A.—Possibly; or we might have organised another company.

Q.—Wouldn't you say that you would? A.—We might find it convenient to do so. I might tell you that two or three years ago, I cannot tell exactly at what period, I suggested to our directors the formation of a coal company; and a coal company was formed, known as the Pacific Coal Company, with the very purpose of taking up outside lands wherever we thought it was necessary, with a view of meeting our coal supply; but every share of stock of that Company would be owned by the Canadian Pacific Railway.

Q.—And that is the Company to which you referred to in speaking of it in 1902, was it not? A.—I don't know. I have read Mr. Wells testimony, and, of course, the fact that he says that I did refer to some company leaves room for the possibility that I did mention the Pacific Coal Company or some other company to him; but I declare I cannot recall having talked to him about any company.

Q.—And if you referred in conversation with Mr. Wells to the formation of a company to deal with these lands in accordance with the plans that you had, I suppose this was what you meant? A.—No, I never mentioned such thing, directly or indirectly, to Mr. Wells or anybody else at any time under any circumstances.

Q.—I thought you just said that it might have been? A.—We never thought so; no such proposition had ever entered into our minds for a moment with reference to those lands.

Q.—You have suggested, in one of your telegrams, that you had plans with regard to those lands? A.—Yes.

Q.—Can you say when those plans were formed? A.—We had the same plans that we have with all the lands we get hold of, to utilise them to the best advantage we can.

Q.—Is that what you meant when you said this, "We have our own plans for the utilisation of the land"? A.—Yes.

Q.—By that statement did you convey—because at that time I think you expected those telegrams to be read here—did you mean by that language to convey to the Committee that in the ordinary course these lands would be available in accordance with the usual plans that prevail for the Company's lands all over Canada? A.—That, and that only.

Q.—Don't you think the language is a little unfortunate, then? A.—Possibly; but the thing that I had in my mind at that moment was that the Company might wish to establish there, if we could arrange, as I say, the selection of the Crow's Nest Coal Company, we might establish a coal mine on Lodge Pole Creek. That was, I suppose, what guided me in using that language there. But we had no plans of any nature or description that contemplated the alienation of one single acre of that land to any person or any Company other than the Crow's Nest Coal Company, the selection that they would be authorised to make at any time; excepting under our administration of our Land Department in the ordinary transaction of business.

Q.—Had anybody ever suggested a plan of that sort to you? A.—Never, never.

Sir Thomas Shaughnessy—*Continued.*

Q.—Did you ever hear that it had been suggested to anybody else, then? A.—I think I heard long afterwards that there was some gossip about it, but I cannot pretend to recall what it was; because I let it in one ear and out the other; it was a thing I knew nothing about and cared nothing about; I gave it no attention.

Q.—What did you hear, and when did you hear it, and from whom did you hear it? A.—I heard that there had been some rumour to the effect that a land company was to have been formed to take a portion of these lands—to get a portion of these lands from the Company; but, inasmuch as no such thing had ever been mentioned to me directly or indirectly by anybody, and I knew that it was absolutely untrue, I gave it no attention.

Q.—Who made that statement? A.—I don't know that I can tell you who it was.

Q.—Where did you hear it? A.—Well, I cannot say. It may have been here or it may have been in Montreal. It was one of those pieces of gossip to which I give no attention.

Q.—Was it after or before the cancellation of the grants? A.—I should say it was a considerable time after. I should say that that was either when I was out here last June or since then.

Q.—When you were here last June, Sir Thomas, did anybody mention to you anything with regard to this alleged conversation between Mr. Wells and Mr. Taylor in Montreal? A.—No.

Q.—Nobody said anything about it? A.—Nobody said anything to me about it.

Q.—Are you quite clear about it? A.—I am.

Q.—Do you remember Col. Prior mentioning it? A.—I do not.

Q.—You would not say he did not? A.—Certainly he never mentioned it to me in that way.

Q.—In what way? A.—As a conversation between Mr. Wells and Mr. Taylor.

Q.—What at all like that do you remember that he did mention to you? A.—I don't remember that he mentioned anything to me.

Q.—Will you say positively that Col. Prior did not inform you that suggestion had been made that these grants had been improperly procured, or attempts made to improperly procure them; or some such suggestion as that? A.—I don't think he did.

Q.—Will you say he did not? A.—I am prepared to say that he did not in that sense, that such a thing would have impressed itself upon me, and the rumour of such a scheme came to me in such a way as not to impress me at all.

Q.—As a matter of fact, you were informed through the medium of Mr. Brown's reports that statements of that sort had been made? A.—I think Mr. Brown did. I think Mr. Brown, in one of his letters or telegrams, said that there had been some rumour about the formation of a land company to take over a part of these lands. But I am not clear about it, I am not sure that it was.

Q.—Were you not, as a matter of fact, Sir Thomas, informed through the medium of Mr. Brown's reports that not only had these suggestions been made, but, to some extent at all events, the Government had acted upon them by cancelling the grants? A.—I think that probably in that report of Mr. Brown's—I am not sure, but I think in that report of Mr. Brown's that I left with you to-day, of some interview with the Government, that there was some intimation that the Government had acted on the assumption that there was some undue influence in dealing with the grants; but I am not sure about that.

Q.—Don't you think, Sir Thomas, that that is a matter that should have impressed itself upon your mind to some extent, if you had never heard of it before? If grants to your Railway Company, that you regarded as absolutely complete, had been cancelled by the British Columbia Government on the ground of some alleged misconduct in connection with their issue? A.—I don't think that there is any difficulty in explaining my position with reference to it, so that it would be very clearly understood.

Q.—Would you mind answering that question, Sir Thomas? A.—My answer to the question is, that knowing that there was no such thing, that it was absolutely without foundation, I gave no attention whatever to the gossip connected with it; nothing whatever; it did not impress me, nor would it at any future time impress me. I knew there was no ground for it.

Q.—And it was a matter that did not in the least concern you? A.—And it was a matter that did not in the least concern us, yes.

Q.—And, therefore, when you came here you did not make any explanation with regard to it? A.—I made no explanation with regard to it, because there was no explanation to make.

Sir Thomas Shaughnessy—*Continued.*

Q.—You made no inquiries? A.—No, I did not. I see no reason why I should. Because it was a matter of no moment to us whatever. If there had been a charge made to me, if any person had come to me and said, it is charged that in connection with this some person has attempted to use undue influence, and had charged that the Company was supporting him in doing so, or whether he had or not, if it came to me in that shape, then I would have felt it a duty to inquire. But it never came to me in that way.

Q.—Don't you think it came in this way, that the statement had been made to the Government of the Province, and the Government had acted on it to the extent of cancelling the grants? A.—The Government of the Province never gave me that intimation.

Q.—But did not Mr. Brown? A.—Only in the terms you see there in the report of the interview with the Government.

Q.—But didn't it appear that the Premier, Mr. Dunsmuir, was influenced by it? A.—I don't think so.

Q.—Don't you think it appears clearly enough from Mr. Brown's report that Mr. Dunsmuir was influenced by that circumstance? (Reading) "Dunsmuir—There are other complications. Brown—What are they? Dunsmuir—I told you. Brown—Do you refer to what you told me of a conversation alleged to have taken place between Mr. Wells and Mr. Taylor in Montreal after the deeds had issued, about some company which Mr. Taylor proposed to form and in which the members of the Cabinet were to take stock? Dunsmuir—Yes." A.—How does it follow on?

Q.—Do you consider that as an indication that Mr. Dunsmuir was influenced in the cancellation of these grants by that report? A.—No, I do not; I think if you will follow on you will find that Mr. Dunsmuir rather says that that is not the case, doesn't he?

Q.—I don't think so. I think he says that, so far as Sir Thomas Shaughnessy or Mr. Brown are concerned, he has no suggestion against them; but I don't think you will find anything there to suggest that Mr. Dunsmuir was not influenced by that circumstance to a large extent in cancelling the grants. A.—This is the language as the report, for whatever it may be worth, gives it: "Brown—Then you still have doubts of the integrity of the Company, for without its connivance how could Taylor or anyone else other than the Company deal with its lands? Dunsmuir—No, no; that's what I say. Only the Company could deal with the lands. Brown—But yes, yes—and if you have the slightest doubt in your mind on that score there is only one way to settle it, and that is a Royal Commission. It is outrageous. Prior—Sit down and keep cool; nothing of the sort is suggested"—and so on.

Q.—Quite so, Sir Thomas; I quite agree. A.—Now, then, this follows on here.

Q.—I am referring to Mr. Dunsmuir, you will understand, Sir Thomas, all the time. A.—I have not followed this through, but you will notice here that Mr. Dunsmuir, when asked, "Did he speak to you, Mr. Dunsmuir?" Mr. Dunsmuir says, using an expression peculiar to himself, I believe, "No."

Mr. Helmcken: Sir Thomas, is that a stenographic report of the meeting of the Executive, or what is it,—that document? A.—I understand that to be a report made by Mr. Brown from his own recollection, typewritten for my own information, of what had occurred, in order to convey to me what had occurred at the meeting.

Q.—That is his own concoction? A.—It is his own report of the meeting.

Mr. Duff: Now, did you have any discussion with Mr. Eberts in regard to this matter when you were here in 1902, Sir Thomas? A.—I think not; I don't recollect that I had any talk with him about this matter at all. I met Mr. Eberts and lunched with him, but I don't think that we touched on this subject at all.

Q.—Nor with Mr. Wells? A.—I met Mr. Wells, and my recollection is that I rather found fault with the policy the Government had pursued in not delivering these patents but in cancelling them; but as to the nature of the conversation or what passed between us, I would not attempt to express, I would not attempt to repeat the conversation.

Q.—Did Mr. Wells give you any assurance? A.—I think not; I think not. I think not, beyond expressing the greatest friendship for the Company and his wish to have the matter adjusted in some way or other to our satisfaction, and his regret that for political reasons they could not hand over those patents.

Q.—And then Mr. Wells did give you an explanation, and that was that the action of the Government was due to political difficulties? A.—Yes.

Q.—And he expressed his regret that they were unable to carry out the transaction? A.—Yes.



Sir Thomas Shaughnessy—*Continued.*

Mr. Helmcken: You were here on the 16th of June, last year, and went away on the 17th of June? A.—I was here about the middle of June.

Mr. Helmcken: I looked it up; and you were here on the 16th of June and went away on the 17th of June. A.—Yes.

Mr. Helmcken: And Bill 87 was withdrawn on the 19th of June? A.—Yes.

Mr. Duff: Sir Thomas, the net result of Mr. Wells' conversation would be that, so far as he was concerned, both in a public way and in a personal way, if it were not for these political difficulties, he would be glad to see that these lands became vested in the Company? A.—Yes. I do not recall that Mr. Wells at any time ever urged any other reason for the non-delivery of the grants?

Q.—At any time whatever? A.—At any time whatever, either before or after the cancellation of the grants. And, indeed, last fall, when Mr. Wells was in Montreal and called on me, some reference was made to it again, and I said: "Mr. Wells, we propose to stand strictly on our legal rights in the matter; Mr. Creelman advises, and our other counsel advise us, that the title to these lands is vested in the Columbia and Western Railway Company, and we propose to establish that right in the Courts." And he said: "If you can give us legal advice to that effect, the grants will be restored now and turned over to the Company."

Q.—That was in 1902? A.—In 1902.

Q.—Legal advice in the way of judgment in the Court, or legal advice— A.—I did not consider it to mean that.

Q.—You did not consider it to mean the result of litigation? A.—No; I considered it to mean that if a reputable lawyer selected by the Company, or selected by the Government, or lawyers selected by the parties, decided that that was the correct view of it, he would be quite willing that the grants should be given to the Company.

Q.—He did not state that if you entered into litigation and succeeded they would be glad to obey the order of the Court? A.—No, he did not; no.

Q.—Was there any mention of political questions in your interview last fall, then? A.—No, I don't think so. It was a very brief interview; we had very little time together.

Q.—Your first interview with Mr. Wells in 1901, I gather from what you have told us in regard to this matter, occurred on the 20th of November? A.—Yes.

Q.—And on that occasion the only matter which was discussed with reference to the grants was the non-delivery of these two grants on account of political difficulties? A.—Yes.

Q.—What, precisely, did Mr. Wells say to you on that subject, as nearly as you can recollect? A.—He said to me: "There are some vacancies in the Cabinet"—my recollection is he said two vacancies, but I am not sure about that—"that we would like to have filled before these grants are delivered"; or "that I would like to have filled before those grants are delivered, because it might be convenient for me to be in a position to say that the lands had not been transferred. I expect that these vacancies will be filled in the course of a very few days; but, whether they are filled or not, I will hand these grants over to you within a month." That was the only reason given by Mr. Wells for asking to retain the grants in his possession.

Q.—Did he have the grants in his hand at the time? A.—I think not.

Q.—You knew the lands to which they related, of course? A.—Yes.

Q.—You knew these two blocks in the south-east corner? A.—Yes; I knew from the telegrams that I had received with reference to it.

Q.—And he told you that it might be convenient for him to take the position that these lands had not passed to the Company? A.—Yes.

Q.—And you concurred in that? A.—Yes, I did; I acquiesced; my reply was that I had no desire to embarrass him or his Government, and that I was quite willing that he should retain them.

Q.—And you were quite willing, I gather, Sir Thomas, so far as the Company was concerned, that if the question came up in a public way, that the Government should be in a position of representing that the transaction was not complete? A.—It seems to me that was a matter between the Government and the public.

Q.—That was the position that you took? A.—Yes.

Q.—You quite concurred in that? A.—Yes.

Q.—That when the matter came up in a public way, they could take that position. So that, if inquiries were made in the House, for example, the grants were retained so that the

Sir Thomas Shaughnessy—*Continued.*

Government might be able to say to the House, the transfer of this property has not been completed; that would be the fact, would it? A.—I don't know what the Government might do in the matter, I could not anticipate.

Q.—I mean to say, as a result of what passed between you and Mr. Wells? A.—I don't know what the result might be; I am merely telling you the fact.

Q.—But that would have been quite within the spirit of Mr. Wells' proposal at that time,—or his explanation, I should say? A.—I don't know that it would; I don't know that I should say anything on that point.

Q.—What I want to get at is—if you can tell me the exact language, of course I will be glad to have it; but, otherwise, I would like to get the effect of it as nearly as possible. Certainly, Mr. Wells was to be in a position, as you have said, in the event of political difficulties? A.—As he said; as I repeated.

Q.—As you have related his conversation, Mr. Wells was to be in a position to be able to represent, for the purpose of meeting the political difficulties, that this transaction was not a completed transaction? A.—That evidently was his purpose; yes.

Q.—That is what he stated to you to be his purpose? A.—Yes; he wished to be in that position.

Q.—He did not specify whether these statements were to be made to the public generally or to the House, or in what way? A.—No, he said nothing on that.

Q.—It was for the purpose of getting out of political trouble? A.—Yes.

Q.—And, of course, in that view of the transaction, that statement would not have been a true statement? A.—No, it would not.

Q.—It would not. Now, you think that that really was the arrangement between you and Mr. Wells at the time? A.—That was the arrangement.

Q.—Did you, the President of the Canadian Pacific Railway Company, having those grants as your property, as you considered the property of the Company, hand them to Mr. Wells—A.—Oh, no; I did not make that statement, sir.

Q.—Let us hear what you did say? A.—I did not make that statement at all.

Q.—Well, you regarded those grants as delivered at that time, didn't you? A.—No, I did not.

Q.—Well, do you now? A.—No, I don't know that I can say—

Q.—You regarded those grants then as the property of the Company? I mean to say, did you regard them as the property of the Company? A.—Well, I don't know that I can say that I did regard them at that moment as the property of the Company.

Q.—At that time, so far as you are concerned, you did not consider that the grants had become the property of the Company? A.—No, I don't know that I can say that, because, otherwise, I would have been in rather a different position in replying to Mr. Wells. He had not delivered the patents to me; he had not the patents before him or with him, so far as I knew, at the time that he spoke to me. He merely asked my permission to retain in his possession, for the purposes that I have mentioned—by the language that I have mentioned—these two particular patents, until these vacancies were filled in the Cabinet; but, in any event, not more than a month; and I consented to that.

Q.—But if these grants were the property of the Crown and not of the Company, why ask you for permission to retain them? A.—Because he came to Montreal, as I understood it, for the specific purpose of delivering these.

Q.—But if he had not delivered them, and if delivery were necessary in order to complete some sort of property in you, why was it necessary for him to get permission from you? A.—That you will have to ask Mr. Wells about; I don't know that I can tell you why.

Q.—You cannot tell us why? A.—I can only tell you the fact as it exists, the occurrence as it was.

Q.—Well, did you at that time, in your interview, consider that the transaction was so completed that the property had passed to the Company? A.—I don't know that I gave that much consideration at that moment. The question in my mind was to the extent of which I might be able to accommodate Mr. Wells, who seemed to place some stress upon this matter; and I did not see that it would make a great deal of difference to the Company whether these patents were handed over on that evening or two weeks from that evening, or within a month of that time; I took it for granted that would do as well, his having retained them for this period, as handing them over then.

Sir Thomas Shaughnessy—*Continued.*

Q.—At all events, you were willing, notwithstanding an Order in Council, and notwithstanding the Order in Council had been complied with, and all the formalities necessary to vest this property in the Company were done excepting manual delivery of the grants, if that were necessary—you were quite willing that Mr. Wells should arm himself with those grants in his possession for the purpose of representing to the people of this Province that the properties had not passed, and gaining thereby a political advantage? A.—I would be very sorry to believe that Mr. Wells would do anything of the kind.

Q.—But is it not a necessary result of what Mr. Wells said? Isn't that the excuse that he gave, that he wanted to use them in that way? A.—There is no doubt that Mr. Wells, in his request to me, in his conversation with me, conveyed the impression that it might be convenient to him to say before those vacancies had been filled that these patents had not been handed over to the Company. There is no question about it. As to whether he would say it or not, I cannot express an opinion.

Q.—Do you think, after all, Sir Thomas, that you, having taken that position, can complain very much, or that your Company can complain very much, if you are taken at your word, and the people and the Legislature have acted in accordance with Mr. Wells' representations, namely, that that property had not passed? A.—I think that, in reaching that conclusion, you should take some other things into consideration.

Q.—Just a moment —— A.—I think I should be permitted, Mr. Duff, to say this, because you made a little bit of a speech on this subject.

Q.—Oh, certainly, I have no objection; I hope I have not made as many as you; at any rate, I don't think I have made any more. A.—This should be taken into account, that in ordinary course of events these patents should have been delivered to the Company's representative at Vancouver or Victoria, or they should have been forwarded in ordinary course by the proper officer of the Crown to the Company's headquarters in Montreal.

Q.—I quite agree. A.—That is the course that should have been pursued.

Q.—I quite agree. A.—For purposes that we knew nothing about—for reasons that I knew nothing about, in any event—the Crown, as represented by the Government of British Columbia, saw fit to put these grants in the charge of one of the Ministers to send them to Montreal to deliver them to me personally. When he came there he came to my office and told me that he had the patents for delivery, but that it would be a matter of political convenience, as I have described, if he were permitted to retain two of the patents until these vacancies were filled, or for the period of a month. It would have put me in rather an awkward position—it would be a thing I could hardly ask to do, when this Minister coming there, bringing the Crown grants, representing the Government, asked me as a matter of favour and consideration that he might be permitted to hold them for a few days—it would have been rather a difficult matter of me, with my well-known courtesy, to have declined to let him have them.

Q.—I quite understand it. A.—As to the purpose that he might use them for afterwards, during the time that they were in his possession, I don't know that I should be asked, or the Company should be asked, to assume any responsibility. If Mr. Wells, with those patents in his possession, were to make a statement, either to the public or to the House or to any individual, that was not founded on fact, the mere permission by me that he should retain those two patents should not be cause for visiting upon us any portion of the blame consequently.

Q.—Now, coming to the word "permission" that you so constantly use—that I see you have used in your telegram, and that you lay a good deal of stress upon—is that the word that Mr. Wells actually used? A.—Well, I don't know that it was; I think that he said he wanted to hold these patents for a few days—words to that effect. I won't attempt to repeat the exact conversation.

Q.—Do you pretend to say that the word "permission" was the actual term used? A.—No, I would not say it was.

Q.—Did not Mr. Wells say, "I don't propose to deliver these grants now; I desire to use them for such and such purposes, and after the expiration of a month they will be sent to you"? A.—I would not attempt to repeat the exact language, but the impression——

Q.—Did he put himself in the attitude of asking your consent to retain them? A.—I should have said that Mr. Wells' expression to me was, rather, I want to hold a couple of these patents for a few days.

Q.—I want to hold them for a few days? A.—I want to hold them for a few days.

Sir Thomas Shaughnessy—*Continued.*

Q.—And you consented to that? A.—And I consented to that.

Q.—Now, after the expiration of thirty days did you communicate with Mr. Brown on that subject at all? A.—No, I think not.

Q.—Did you ever inform Mr. Brown that there was an undertaking to deliver those patents to you in thirty days? A.—I think I did, in conversation.

Q.—When? A.—Well, when Mr. Brown was in Montreal some little time afterwards. But, once that conversation occurred between Mr. Wells and myself, and I had explained it to some of our officers, Mr. Creelman and Mr. Drinkwater, it rather passed out of my mind; I don't think I thought of it again for a considerable period.

Q.—Were you aware, during the time, that these grants had not been delivered? A.—I don't think I raised any question about the non-delivery of the grants.

Q.—Do you mean to say that the first intimation that they were not delivered was only on the cancellation? A.—No; I cannot say that that was the case, because I am very sure that I saw Mr. Brown two or three times in the meantime, and he explained to me that Mr. Wells had not delivered the patents yet.

Q.—Did he explain that he was pressing Mr. Wells and Mr. Wells was objecting to deliver them? A.—Yes.

Q.—And I suppose you assumed that still political difficulties prevented? A.—Yes.

Q.—And I suppose you were quite willing that, so long as these political difficulties remained, he could retain them? A.—There was no way we could get them unless he delivered them; I knew that.

Q.—Did you remonstrate to Mr. Wells; did you write him? A.—I don't think so.

Q.—And did you say to Mr. Brown, "Why does not Mr. Wells perform his promise?" A.—The period between Mr. Wells' conversation with me in Montreal and the cancellation represented about three months only.

Q.—Represented about three months only. And, I suppose, as long as Mr. Wells was detaining these patents for the purpose of preserving his political health and the Government, you were not very much concerned about the non-delivery? A.—I don't know that he ever used them for that purpose.

Q.—Well, he told you he was going to use them for that purpose? A.—Yes.

Q.—That was the excuse for retaining them. And did Mr. Brown report to you that that was the difficulty all the time; political exigencies were pressing the Government, and so on? A.—Mr. Brown, I think, told me that he was urging Mr. Wells to deliver those patents, but that he was putting him off for one reason and another.

Q.—Didn't you know, as a matter of fact, something about British Columbia politics at that time? Didn't you know that the Government was in rather a perilous position, politically, at that time? A.—No, I did not.

Q.—You did not suppose so? A.—Except that it has been a form of disease with the Government for a good while past.

Q.—But you had no reason to suppose that they were convalescing at that time? A.—I had not paid the matter any attention.

Q.—Now, as a matter of fact, didn't you say to Mr. Wells during that interview, with regard to these grants, "If the delivery of these grants is going to hurt you personally, or to hurt your Government, why, take them back and keep them"? A.—No, I did not.

Q.—Mr. Wells is very positive on that point? A.—Well, I think Mr. Wells' memory is at fault, in my opinion; because I feel very confident myself that nothing of that kind was said. What I did say to Mr. Wells was—and I then only had in view the temporary arrangement that he proposed—that having no desire, not wishing to embarrass him or his Government, I would accede to his request; I was quite willing that he should retain them for the period mentioned.

Q.—And, so far as your reports are concerned, as far as Mr. Brown is concerned, the real reason, not only for the retaining of these grants but for the cancellation of the grants themselves as well, is that they were retained for the very purpose that Mr. Wells said he was going to use them? A.—I don't know that; I only know they were retained.

Q.—Don't you know that Mr. Brown reports that the cancellation was due to political exigencies? A.—I think that that was about the time of the cancellation, wasn't it?

Q.—Just about the cancellation? A.—Yes.

Sir Thomas Shaughnessy—*Continued.*

Q.—And you also know Mr. Wells' own statement to you that that was the reason for cancellation and the non-delivery of the grants? A.—Yes.

Q.—You have told us that already? A.—Yes.

Q.—So that, really, Mr. Wells seems to have been carrying out this programme which was outlined to you and to which you consented, namely, that they should be withheld and remain in the hands of the Government until the Government had got out of the political hole? A.—The arrangement I made with Mr. Wells expired at the end of a month.

Q.—But you do not seem to have placed very much importance on that, because, as a matter of fact, you let it go longer than that? A.—As a matter of fact, I lost sight of it completely, and never would have thought of it if Mr. Brown had not mentioned it to me, or somebody else, and never would have thought of it until the patents had been cancelled.

Q.—Now, I see you mentioned to Mr. Brown that it was very important that the strength of the Company's legal position should not be made known after the cancellation and before the close of the Session; that is the case apparently? A.—Yes.

Q.—Had you any reason to suppose that if it had been made known legislation would have been introduced revoking the patents? A.—None whatever.

Q.—Why was that suggestion made, then? A.—Because it was a possibility; it was a contingency that might arise. I wanted Mr. Brown to know what our position was, and I wanted it communicated to the Government just as soon as possible after the session of Parliament. I did not wish to have it communicated during the session because of the possibility that some Act might be introduced which would change our position before the Courts. But I never had any intimation that any such Act would be introduced. It was merely a suggestion of my own.

Q.—It was a mere possibility that you wanted to guard against? A.—Yes, a mere possibility.

Q.—You had no ground for supposing that such a thing would really happen? A.—None whatever.

Q.—Now, on your second interview, Sir Thomas, which occurred, I think you said, on the 21st, this question came up with regard to the building of the road to Spence's Bridge? A.—Yes.

Q.—Had anything been said about that on the first occasion? A.—I think not. Mr. Wells came into my room rather late on the first occasion, as I recollect, between half-past five and six, not earlier than half-past five. And while we may have referred generally to the railway situation out there, I don't think that we devoted any attention to the Spence's Bridge line; most of our conversation was devoted to these patents, until I left the office.

Q.—And when the Spence's Bridge project was disclosed you immediately explained to Mr. Wells it was impossible? A.—Well, when the Spence's Bridge project—you mean when he spoke to me about it?

Q.—Yes. A.—Well, I said to him, yes, that we didn't want to build any more lines in British Columbia until the lines we had already built there were giving better returns. And then I found fault with the policy of the Government in subsidising all sorts of promoters' railway schemes out here, disturbing any plans that *bona fide* railway builders might have in view. I referred, I recollect, to this Coast-Kootenay line; I said, "If we go on and build the Spence's Bridge line, the first thing we know you will be subsidising or giving additional aid to the line from the Coast, and we do not feel ourselves in position to expend more money in British Columbia until a more definite railway policy is adopted." And then Mr. Wells suggested points that he would like to have a letter written.

Q.—Was there any discussion of politics with regard to that, the position of the Government? A.—I don't think so.

Q.—No particulars given with regard to that? A.—I don't think so. There may have been some reference to it, but I cannot recall any.

Q.—No suggestion as to the political advantage that the building of this road would be to the Government at that time? A.—Oh, well, I think probably Mr. Wells, in stating his case to me, did say that it would be a great political advantage to the Government if they could get this piece of road built.

Q.—Did not Mr. Wells say that he had come to Montreal for the purpose, among other things, of trying to arrange a railroad programme; that this extension, being for the benefit of the Province, would assist the Government in its difficulties? A.—Well, I think possibly he did; not, perhaps, in that language, but to that effect.

Sir Thomas Shaughnessy—*Continued.*

Mr. Helmcken: What interview are you referring to? A.—On the 21st of November, 1901. Now, I have these dates to my mind correctly, for this reason—ordinarily I would not know anything about the dates—but I know that Mr. Wells came to see me on the evening before he got the receipts for his patents, and as the receipt happens to be dated the 21st my conversation with him about the patents was on the evening of the 20th; then on the 21st we had our conversation about the railway, and in pursuance of that conversation of the 21st I wrote him this letter of the 22nd.

Mr. Duff: Mr. Wells at that time pointed out to you, did he not, that according to the terms of the Columbia and Western Subsidy Act the subsidy for the fourth section was forfeited? A.—I don't think so; I don't recollect that he did.

Q.—You might look at that memorandum (handed to witness). A.—Do I understand this to be a copy of the memorandum alleged to have been left with me in Montreal?

Q.—It is produced by Mr. Wells under oath as a copy of what was left with you in Montreal. A.—Of course, if Mr. Wells says this was the memorandum that was submitted to me before my letter was written, I must accept his statement. I can only say that I have no recollection of a memorandum in this shape.

Mr. Helmcken: Is there anything on file in your office? A.—There is nothing on file. When I heard about the memorandum I could find nothing on my files. At the same time, I might have written my letter without special reference to the headings on this letter here, because I was talking generally of the railway policy, and not specifically with reference to any of the points that he raised here. It would have been very natural for me, however, with this memorandum before me, to have marked my letter in a different way. However, it is quite possible that that is the memorandum; and if Mr. Wells says it is, I won't question it.

Q.—Now, you are quite clear that on the occasion of the second interview there was no reference whatever made to the delivery of the grants? A.—I don't think anything was said about it on the second interview. Indeed, I am quite clear it was considered closed. Mr. Wells had gone into the secretary's office, received his receipts for the patents turned over to the Railway Company.

Q.—On the first occasion there was nothing suggested on the railway question? A.—There was not.

Q.—How is it that you can be so clear with regard to the separation of these two matters? A.—I can tell you why, Mr. Duff. If the railway question had been made a matter of any discussion at all that day in connection with the patents, it would have impressed me. I was impressed, and very strongly impressed, with the only reason that Mr. Wells gave me for wishing to retain the patents. Our conversation that day was confined, I think, almost entirely to the question of the delivery of the patents and to the legal question as to whether the Government had the right to select these lands—to appropriate these lands for this purpose.

Q.—On the first day, then, in Mr. Creelman's presence—Mr. Creelman, Mr. Wells and yourself had some discussion as to whether the Government had the legal right to select these lands? A.—Yes.

Q.—That question was raised then? A.—That question was raised.

Q.—Might I ask you what Mr. Creelman's opinion was? A.—Mr. Creelman, as I recollect, was very distinctly of the opinion that the Government had the right.

Q.—That there was no doubt about it? A.—Yes.

Q.—Mr. Wells expressed some doubt? A.—Yes. I don't know that he expressed doubt as coming from himself, but he said a doubt had been expressed. I don't think he had any doubt in his own mind, from the fact that he came to deliver the patents, but he said a doubt had been expressed.

Q.—Can you explain why, if the matter was regarded as a completed transaction, that this matter of the power of the Government, and so on, should be referred to Mr. Creelman? A.—As I recollect it, Mr. Wells raised the question, and Mr. Creelman came into my room himself. We had been discussing, as I say.

Q.—Pardon me; but have you any suggestion to offer as to the reason why, if your view of the transaction—which differs entirely from Mr. Wells'—is correct, that that reference to Mr. Creelman should be made at that time? A.—Well, I cannot pretend to say; I only can say that the reference was made.

Q.—I notice in this memorandum of Mr. Brown's that was produced, with reference to a conversation that occurred on the 27th of March, 1902, with Mr. Wells, in the course of

Sir Thomas Shaughnessy—*Continued.*

which Mr. Brown and Mr. Wells apparently exchanged compliments, and it is agreed on both hands that the Canadian Pacific Railway Company has been a good friend to Mr. Wells, and that appears to be put forward as a reason that might influence Mr. Wells' public action in these matters; have you any information of what that means (handing the document to witness). A. (Reading)—"Wells—I know you have been very kind to me, but you should not ask me to defeat the Government." Is that what you mean?

Q.—"Wells—I will not impose myself with the C. P. R., Mr. Brown. Brown—What do you mean? Wells—If they don't want my friendship, then I must do without it. Brown—I think you have nothing to complain of on that score. Wells—Yes, I know you have been very kind to me, but you should not ask me to defeat the Government." That is, I suppose, with regard to friendship. Have you any idea to what that refers? A.—I should say that it was the conversation of two men who had been swinging within a very small circle for a period, and it did not mean a great deal.

Q.—It meant enough. A.—I can say this to my certain knowledge: Mr. Wells is under no obligations of any nature or description to either the Canadian Pacific Railway Company, or any of its outlying Companies.

Q.—Would not that suggest to your mind, Sir Thomas, that Mr. Brown and Mr. Wells regarded that there was a relation of mutual friendship between Mr. Wells and the Company up to that time? A.—Mr. Wells himself had always said to me that he was particularly friendly to the Company.

Q.—Yes? A.—And, on the other hand, there was no special reason why the Company should be unfriendly to Mr. Wells, that I know of.

Q.—Nothing more, however, than a mere sentiment? A.—Platonic.

Q.—Platonic, absolutely? A.—Yes; that is the case, Mr. Duff.

Q.—Absolutely moral? A.—Absolutely moral.

Mr. McCaul: Sir Thomas, have you got that Crow's Nest Pass agreement with you that was referred to? A.—No, I have not.

Q.—Is there any copy of it available that we can see? A.—It is possible that Mr Brown has one; but—

Q.—What is the exact nature of the clause about the coal mining operations of the British Columbia Southern Railway in connection with the Crow's Nest Pass Company? A.—You mean the nature of the agreement between the British Columbia Southern and the Crow's Nest Coal Company?

Q.—Yes. A.—As I explained in the early part of my statement this afternoon, the Canadian Pacific Railway Company undertook, in 1897, to build the Crow's Nest Pass Railway—the Crow's Nest Pass Railway, as it was popularly known—as a matter of fact, the British Columbia Southern Railway, which had a land grant from the Province of British Columbia of 20,000 acres per mile for certain sections of its railway. Two areas known to us, at any rate, as reserve No. 1 and reserve No. 2, had been set aside, the first one by Statute and the second one by Order in Council in 1891, for the purpose of satisfying in part this land grant. At the time that we acquired the stock of the British Columbia Southern Railway Company they had no assets excepting some few ties and some surveys, excepting their interest in these lands that would be earned by the construction of the railway, and none of the lands were defined, as I say, excepting those two areas reserved, No. 1 block, containing about 250,000 acres, and reserve No. 2, the area of which I do not know. Our contract with the Crow's Nest Coal Company was that we would transfer to them all of the lands in reserve No. 1 excepting 50,000 acres to be selected by the Dominion Government and held by them for public protection, of coal lands, and six sections to be selected by the Company. In reserve No. 2 it was agreed that the Coal Company should have the right to select 10,000 acres of coal and oil lands before the Company took any lands. The covenants of the Crow's Nest Coal Company were that they would commence at once to mine coal—open coal mines—that they would be prepared, by the time the railway was completed to Kootenay Lake, to supply coal, and that they would at all times thereafter furnish a suitable and sufficient supply of coal and coke for public requirements and Company requirements, at reasonable prices.

Q.—And, on the other hand, do I understand that the British Columbia Southern, then, agreed that they would not themselves carry on any coal mining operations as long as the Crow's Nest Coal Company lived up to the terms of its agreements? A.—These covenants being pre-

Sir Thomas Shaughnessy—*Continued.*

served, the British Columbia Southern Railway Company undertook that, on their own account, they would not open up any coal mines for ten years.

Q.—So that if these particular lands had been acquired by the British Columbia Southern, the British Columbia Southern could not, as a company, have operated coal mines? A.—No.

Q.—Consequently, if the Canadian Pacific wanted to operate coal mines, they would have to operate under some other name than that of the British Columbia Southern? A.—I don't think that they could operate at all, Mr. McCaul.

Q.—The Canadian Pacific cannot operate? A.—No.

Q.—Then, if the Canadian Pacific desired that some company should operate those coal mines in connection with those blocks of land, it would be necessary to form some other company than the Canadian Pacific to carry it out? A.—No, I don't think that would be practicable; I don't think that, under the terms of the agreement, either the British Columbia Southern, the Canadian Pacific, or any other company connected, could, within a period of ten years, utilise these lands for coal mining purposes, unless they were to plead the non-performance by the Coal Company of its covenants.

Q.—Sir Thomas, if these blocks of land in question had been acquired by the Columbia and Western Railway Company, and if the Columbia and Western Railway Company sold them to another company formed in the States, or formed anywhere you like, could not that other company go on and operate the coal lands then? A.—Well, that is a legal question that I would not like to pass upon. As a matter of fact, you know, it is beside the question, because there was never any intention at any time—

Q. (Interrupting)—I am not dealing with whether it is beside the question or not. But can you suggest any reason why any other independent company, formed independent of the British Columbia Southern, could not have acquired from the Columbia and Western these particular blocks of land in question, for the purpose of operating coal mines and boring for petroleum, and so forth? Can you suggest any reason? A.—I don't know; I would prefer to have you ask our solicitor about it. It is a legal question.

Q.—No reason suggests itself to you, at any rate? A.—Assuming that the lands were available, yes.

Q.—That is right, isn't it? Now, Sir Thomas, as a matter of fact, did you not know of a company which had its powers and could have acquired the lands from the Columbia and Western at the time this Order in Council was passed of the 10th of August, 1901? A.—You mean other than the Crow's Nest Coal Company?

Q.—Yes. A.—Yes.

Q.—Or other than the Canadian Pacific Railway Company? A.—Yes.

Q.—And a company, Sir Thomas Shaughnessy, that is very closely allied to the Canadian Pacific Railway Company? A.—Yes; made up entirely of its directors.

Q.—Made up entirely of its directors; the Pacific Coal Company? A.—Yes.

Q.—How long before, did you say, that company had been organised? A.—I should say—Mr. Creelman was the lawyer who organised it; he was not with us at that time, but I should say it was in 1899 or 1900.

Q.—1899 or 1900? A.—Yes.

Q.—Up to the 10th of September, 1900, the British Columbia Southern was pressing for the grants of these two blocks, 4,593 and 4,594, in connection with their land subsidy, were they not? A.—Yes; so I understand.

Q.—So you understand it? And that was accomplished on the 19th of December, 1900, by Order in Council, as you have since learned? A.—As I have since learned; yes.

Q.—Do you recollect incidentally mentioning to Mr. Wells in Montreal that you were not aware of the fact that the British Columbia Southern had these lands—that they had been appropriated to their land subsidy—when he saw you at the time he took these grants down? A.—No, I do not.

Q.—Well, Mr. Wells has made the sworn statement that he called your attention to the fact that these particular blocks were, by the Order in Council of the 10th of August, 1901, appropriated to the Columbia and Western, and on the 19th of December, 1900, had been granted to the British Columbia Southern, and you said, "Why, this is the first I have ever heard of this, Mr. Wells; I did not know anything about this; if I had known it, we would



Sir Thomas Shaughnessy—*Continued.*

have been quite satisfied to have had them as British Columbia Southern lands." Will you say no such conversation as that took place? A.—I don't recollect the conversation; but it is about what I would have said if it had passed.

Q.—You would not say that it did not take place when Mr. Wells said it did? A.—I would not wish to deny it; but I have no recollection of the conversation.

Q.—Do you recollect then you sent out for Mr. Creelman and asked him to bring in the Crow's Nest Pass agreement, which you have just been speaking about? A.—I do not.

Q.—Mr. Wells says that it occurred. A.—Let me understand now, Mr. McCaul. Do you understand that that was on the occasion of Mr. Wells' visit in 1901?

Q.—Yes, sir. A.—Well, I should say positively that Mr. Wells is mistaken about that.

Q.—About which portion of it? A.—About Mr. Creelman coming in with the Crow's Nest agreement.

Q.—You think so? A.—I think so, yes.

Q.—Well, when did he bring in the Crow's Nest Pass agreement? A.—I don't know.

Q.—Didn't you mention some occasion when he brought in the Crow's Nest agreement, when you and Mr. Wells were together? A.—No.

Q.—Would you say that Mr. Wells did not see the Crow's Nest Pass agreement with Mr. Creelman and yourself? A.—Mr. Creelman is here, and I would prefer you put him on the stand. But I have no recollection of Mr. Creelman bringing in the Crow's Nest Pass agreement.

Q.—If Mr. Wells states positively that he did see the Crow's Nest Pass agreement in the presence of Mr. Creelman and yourself, would you deny it? A.—I would not deny it; but I would say he is mistaken in his dates.

Q.—You say that might have happened at the second interview, the interview of 1902? A.—Yes.

Q.—To come back to the question of this company I was speaking about. On the 19th of December, 1900, these lands were allotted to the British Columbia Southern; then on the 10th of August, 1901, assented to on the 4th September, 1901, we find that they are transferred from the British Columbia Southern to the Columbia and Western. And I suppose, Sir Thomas, that it was a pure coincidence that the company that you refer to became incorporated by letters patent on the 5th of September, 1901? You will say that was a mere coincidence? A.—Positively, yes.

Mr. McCaul: I will put in the "Canada Gazette" of the 7th of September, 1901, at page 411, to this effect: "Public notice is hereby given that, under the Companies Act, letters patent have been issued under the Great Seal of Canada, bearing date 31st day of August, 1901, incorporating Sir William Cornelius Van Horne, Knight, Richard Galdworth Angus, Esquire, Charles Rudolph Hosmer, gentleman, all of the City of Montreal, in the Province of Quebec; Edmund Boyd Osler, broker, Wilmot Deloui Matthews, commission merchant, both of the City of Toronto, in the Province of Ontario, for the following purposes, viz.: (a.) To mine and extract coal and produce petroleum, and generally to carry on the trade or business of colliery proprietors, coal and coke manufacturers, miners and mineral engineers in all their branches; (b.) to search for, get, mine and extract, quarry, work, raise, make merchantable, produce, mill, smelt and reduce coal, petroleum, coke, lignite," etc., with all the usual powers which are incidental to such company.

Q.—And were you aware, Sir Thomas, that application had been made for nearly a year for these letters patent before they were issued, and that it had been standing in the Department at Ottawa, up to the last day of August? A.—Well, I don't know when the letters patent were granted. I only knew myself of the application for the letters patent; because the organisation was made at my suggestion; not with reference to that country at all, but with more particular reference to our coal interests in Eastern Canada. Incidentally, however, this coal company did acquire an option on some property near the summit of the Rocky Mountains belonging to Jennings and his associates—paid ten or twenty thousand dollars for the right to operate that. But, beyond what I say, this company never had any mission in the world, and never had any work in contemplation.

Q.—These lands are all supposed to be valuable for their coal and petroleum products; this company is organised to work coal and petroleum; consequently, it would have been in the scope of their operation to acquire this land, to develop coal and coke? A.—If they are available.

Sir Thomas Shaughnessy—*Continued.*

Mr. McCaul: Then I put in the "Canada Gazette" of the 1st December, 1900, containing the notice of application for incorporation, by letters patent of the 30th of November, 1900, of the Pacific Coal Company, Ltd.; at page 1012.

The Committee here adjourned until to-morrow, May 20th, at 10 a. m.

WEDNESDAY, May 20th, 1903.

The Committee met at 10 a. m. pursuant to adjournment. Present, the full Committee.

SIR THOMAS G. SHAUGHNESSY in the witness-box; further examined by Mr. McCaul:—

Q.—When we adjourned yesterday afternoon I was calling your attention to the notice of the proposed incorporation of the Pacific Coal Company. That is dated the 30th of November, 1900. At that time your Company, through Mr. George McL. Brown, was pressing for the appropriation of the two blocks in question to the British Columbia Southern, was he not? A.—So I understand.

Q.—And what I was calling your attention to is the peculiar co-relation of these facts. This notice, dated on the 30th of November, was inserted in the "Gazette" on the 1st of December, 1900; that was followed by the Order in Council of the 10th of September, when it was decided that the British Columbia Southern should not be allowed these lands; you recollect that? A.—I believe that is the case, yes.

Q.—Then on the 19th of December an Order in Council was passed appropriating these two blocks to the British Columbia Southern; you recollect that? You say you had no knowledge of that until recently? A.—I think you are getting your dates a little mixed, are you not, Mr. McCaul? As I understand it, this Company—I cannot speak from memory as to when the Company was incorporated—when its incorporation was given—but I understand it was in 1900?

Q.—Yes, that is right. A.—And then it was in December of that year, was it not, that the Order in Council was passed granting the lands to the British Columbia Southern?

Q.—Yes, I was wrong in saying that it was after that that the Order in Council of the 10th of September was passed. A.—Yes.

Q.—The 19th of December an Order in Council was passed allotting these lands to the British Columbia Southern? A.—Yes.

Q.—And you said the other day that you had no notice of that until quite recently? A.—Yes.

Q.—I find here a copy of telegram dated Victoria, December 18th, 1900, addressed to you, marked private, and signed George McL. Brown—"Modified British Columbia Southern settlement passed." A.—Yes.

Q.—"After settlement necessary details will leave for East, probably in a day or two." What meaning do you attach to that, Sir Thomas? A.—Well, as I explained in my testimony yesterday, I do not remember to have attached any meaning to it, excepting in connection with the transaction that had been going on in September. It did not give me any new information, apparently, in connection with the position of affairs with reference to the British Columbia Southern.

Q.—Then some person between that date, the 19th of December, 1900, and the 10th of August, 1901, was active on behalf of, I may say, the Canadian Pacific Railway in procuring a transfer of those two block from the subsidy of the British Columbia Southern to the land subsidy of the Columbia and Western? A.—Well, I cannot say as to that. I cannot say as to whether that suggestion came from a representative of the Company or from the Government.

Q.—Yes. A.—I know, however, as a matter of fact, that between the date that you mention and August, 1901, the change was made from the British Columbia Southern to the Columbia and Western.

Q.—Yes. So that, apparently, some person was carrying on these negotiations with the Government without your special knowledge? A.—Well, I would not wish to say that.

Q.—You would not wish to say that? A.—No. But I cannot speak as to the details of the negotiations, because of that I knew nothing.

Sir Thomas Shaughnessy--*Continued.*

Q.—I think you admitted yesterday that there was a very substantial advantage to the Canadian Pacific Railway Company in having the change made; it was more advantageous to you to hold those lands under the Columbia and Western subsidy than the British Columbia Southern? A.—No, I don't think that I said that.

Q.—You told Mr. Duff that it gave you a convenient weapon to use in connection with forcing the Crow's Nest Pass Coal Company to live up to their obligations. A.—I said to Mr. Duff, I think, if you will refer to the evidence I gave,—because my recollection is that I did not exactly convey that impression. I would like to have what I said read. But it is not a matter of much moment, excepting this, that the lands being in the possession of the Columbia and Western, and there being opportunity, if we so desired, to raise a question as to the legal status of the Coal Company—at least, that being in my mind at the moment—we might, if we thought it desirable for the purpose of compelling the Crow's Nest Coal Company to perform its obligations, to observe its covenants, we might plead that. That I am quite willing to admit; but not that we had any desire to get those lands in that way, by reason of the fact that it would give us such weapon.

Q.—But you will admit, Sir Thomas, that that was an advantage? A.—If the lands came to us.

Q.—If you had occasion to allege what you have just stated, it was an advantage to hold those lands under the Columbia and Western subsidy instead of the British Columbia Southern? A.—It is always an advantage, in conducting a trade, to have some weapon that you can use with the party with whom you are negotiating, if circumstances happen to give you that weapon.

Q.—When you are dealing with a man you prefer to have the whip end; that is what it comes to. And while I am on that subject, I understand that you had a legal opinion from Mr. Creelman that the Crow's Nest Pass Coal Company could not in law force their claim for the ten thousand acres of coal land in connection with the grant of these blocks to the Columbia and Western Railway? A.—I think Mr. Creelman's opinion was that the grant being made directly to the Columbia and Western Railway Company, and the Crow's Nest Pass having no contract with the Columbia and Western Railway Company, they could have no claim upon the lands, unless the fact could be established—unless the fact might weigh with the Court that the Canadian Pacific controlling both companies, there was a reason why they should observe the legal obligations of the British Columbia Southern.

Q.—Quite so. A.—But on the moral question, there was no doubt that having control of both companies we would be morally bound to observe our covenant.

Q.—That is, you had changed the position of the Crow's Nest Coal Company from being able to force a legal obligation against the British Columbia Southern, to rely upon the honour of the directors of the Columbia and Western Railway Company? A.—That is, you mean that the Government had changed the position.

Q.—Yes, if you like it; the Government by passing this Order in Council. A.—Now, it seems to me, Mr. McCaul, that we should have the thing more definitely before the Committee, so that we won't be confused.

Q.—I am quite willing. A.—The British Columbia Southern Railway Company had earned this land grant. The Columbia and Western Railway Company had earned another land grant. The Government of British Columbia by Order in Council, I gather now, I learn now, on December 19th, 1900, recognised the right of the British Columbia Southern Railway Company to receive these lands, and by Order in Council transferred the lands to that Company. Subsequently, either for the purpose of political expediency, or for any other purpose, I don't know what it might have been, the Government saw fit to take these lands from the British Columbia Southern Railway Company and give them to the Columbia and Western Railway Company; the Columbia and Western Railway Company and the British Columbia Southern Railway Company, both under control, owned in the same way and operated to the same extent by the Canadian Pacific Railway Company. Thus the Government transferred these lands from the right-hand pocket to the left-hand pocket, either for purposes of political expediency, or for some other purpose, or at the instance or request of the Canadian Pacific Railway Company, as may appear. It does not matter a two-penny bit to the Province of British Columbia whether these lands went to the British Columbia Southern or to the Columbia and Western Railway Company; it does not matter a two-penny bit to the Canadian Pacific Railway Company whether they went to the one Company or to the other Company.

Sir Thomas Shaughnessy—*Continued.*

Now, then, if the purpose of the examination here be to protect the Crow's Nest Coal Company, that inoffensive corporation, against the encroachments of the Canadian Pacific Railway Company, and that had been explained to me, I would have brought along probably more data.

Q.—I wish you had. A.—But I don't understand that that is the purpose of the Committee.

Q.—Not at all. A.—And yet that, so far, judging from my examination, has been made a very important feature of it.

Mr. McPhillips: The Government have not advanced that as a reason for cancellation of the Crown grants, so far as we know. A.—No, I do not understand so.

Mr. Helmcken: There is a suggestion, Sir Thomas, that this change was desired to be made by reason of enabling the Company to get out of its obligation to the Crow's Nest Coal Company. A.—But suppose that had been the case—which I deny absolutely—I cannot understand why the Government should become party to any issue between the Crow's Nest Coal Company and the Canadian Pacific Railway Company with reference to a contract between the two Companies.

Mr. McPhillips: I agree.

Mr. McCaul: I think my question is a fair question on cross-examination. A.—I am quite willing to answer.

Q.—I don't say any fraud was intended, but I say this, that, as a matter of fact, it changed the position of the Crow's Nest Coal Company from being entitled to enforce a legal obligation into relying upon the honour of the directors of the Columbia and Western Railway Company? A.—Probably that is the case.

Q.—That is really the position; there is no question about it.

Mr. Duff: May I be pardoned just here? I do not want to interrupt my learned friend, but the suggestion seems to be made that the purport of my cross-examination yesterday was in the direction of attacking the Canadian Pacific Railway Company with regard to its relations with the Crow's Nest Coal Company. I was not on that line at all. My cross-examination on that point was simply because, in my view, it has most direct and important bearing on this question as to whether there was intended to be a transfer to another independent company. It is quite plain that if the lands were held by the British Columbia Southern, they could not have been transferred to any Company except under those obligations; but the Columbia and Western could have transferred them free from those obligations.

Mr. McPhillips: I think that anything which would go to prove that the Government had to stand as a protector of company against company is something that we have nothing to do with. But Mr. Duff, I think, was quite right in bringing out for his own purposes the facts, which the Committee may take and adjudicate upon as they have relevancy to this inquiry.

The Chairman: You will probably have observed, Sir Thomas, before this, that extreme latitude, not to say licence, has been allowed to counsel in interrogating witnesses.

The Witness: I can say, Mr. Chairman, also, that the considerable licence has not only been allowed to the counsel but to the witnesses; because I have taken advantage of it myself very frequently during the examination.

The Chairman: I do not understand you to say that you object to be interrogated on that point.

The Witness: Oh, not at all. But I wish to try and get the issues between us clearly understood.

Mr. McCaul: Then I understand you to say, Sir Thomas, that you would have understood it a fraud on the Crow's Nest Pass Coal Company not to have allowed them to get their 10,000 acres, even though the grant were held by the Columbia and Western? A.—I would not have considered it a proper transaction; I would not have tolerated it.

Q.—It would have been practically a fraud on them? A.—I would not have tolerated it.

Q.—So that, as a matter of fact, except for the reliance which they could place upon the honour of the directors, the door was wide open for a fraud? A.—I don't know that I should be asked to say that.

Q.—Sir Thomas, there is no reflection, you see; I say, except for the reliance which the Crow's Nest Coal Company would naturally place in the directors of the Canadian Pacific Railway Company and of the Columbia and Western, the door was wide open for a fraud? A.—Yes, assuming that they had no legal rights.