

who constituted the Timber Commission, namely, that the sale of these limits was invalid, the Government would confirm the sale at a price that might be found by the court to be the fair value at the time of the sale, and the case proceeded to trial on that basis."

#### Read Extracts.

The Attorney-General then read extracts from the judgment of Mr. Justice Logie, in which the court upheld the view that the license was null and void, and that the fair value of the pine stumpage on the berths was \$17.60 per thousand feet, log scale, Doyle rule, exclusive of Crown dues, but including the burden of brush burning, instead of the price provided in the license, viz., \$7. "Translated into dollars," said Mr. Raney, "the effect of the judgment was that the company was ordered to pay an additional \$10.60 per thousand feet on all the lumber on these berths. The estimates of the quantity of timber vary from 100,000,000 to 120,000,000 feet, board measure, so that the Province will receive from upward of a million to a million and a quarter dollars more for this stand of pine than the amount called for by the contract made by the honorable member for Grenville."

Mr. Raney then went on to discuss some matters that were brought out, he said, in evidence at this same trial—"matters that will be of very great and grave interest to the members of this House."

#### Sale of Berth 51.

This evidence, he said, introduced another transaction that took place between the Shevlin-Clarke Co. and the former Government in the summer of 1917, just prior to the Dominion election. This transaction was the sale of berth 51, in the Quetico Reserve. The facts in this transaction did not come to the knowledge of the Government till the trial last December, said the Attorney-General, but he said it would be convenient to deal with the case of berth 51 first, because it was the first in order of date and because it was, in a sense, the foundation for the transaction of 1919.

Proceeding, Mr. Raney said: "Now let us first get the parties to these transactions—the characters, so to speak, in the drama. First and foremost, was the Minister of Lands and Forests, the honorable member for Grenville, whose role it was to safeguard the interests of the Province of Ontario. Secondly, there was Mr. Mathieu, the honorable member for Rainy River, whose duty, as a member of the Legislature, was also to safeguard the interests of the Province of Ontario."

#### Played Two Parts.

"Thirdly, there was Mr. Mathieu whose duty, as General Manager of the Shevlin-Clarke Co., was to look after the interests of that company. On the stage it is not uncommon for one actor to play two parts, but he never plays two parts at one and the same time. In this drama Mr. Mathieu was called upon to play two parts at the same time.

"The third chief character, or the fourth chief character (according as you call Mr. Mathieu one or two), was a young man named Allan Macdonald, whose part will be immediately described—and then there were two or three minor characters, Watts, the Crown Timber Agent at Fort Frances in 1917; Jones, the Crown Timber Agent in 1919, and one or two others.

"Now I need not tell the House the relations that existed in 1917 and 1919 between the Minister of Lands and Forests and the member for Rainy River," said Mr. Raney. "Their relations were those of Leader and follower in the Government of the day, as they had been for several years, and Mr. Mathieu had the patronage of the riding, including the nomination of Crown Land officials charged with the duty

of looking after the interests of the Province in matters between the Province and his company." To back up his statement regarding patronage, Mr. Raney read excerpts from the testimony given before the Timber Commission.

#### Reviewed Conditions.

Macdonald, said the Attorney-General, was a young Fort Frances man, in his early twenties, appointed by the Minister of Lands and Forests to be Assistant Crown Timber Agent at Fort Frances early in 1916, on the nomination of Mr. Mathieu, who as member for Rainy River had the patronage of the riding.

The Attorney-General then reviewed the conditions that led up to the sale of berth 51 in 1917. On August 24, 1917, after some correspondence with the Shevlin-Clarke Co., said Mr. Raney, the department wired George Watts, Crown Timber Agent at Fort Frances, if he had any information about the timber on berth 51. Mr. Watts answered that his office had no definite information. On September 6 the department wired to have an examination made. After a short time a letter came to the department from Watts, enclosing what purported to be a report to him from Macdonald. "I invite your attention to the terms of this report, because every word of it was false," said the Attorney-General. This report, dated September 29, 1917, said that the writer of it considered \$7 a thousand a fair price for the timber.

#### Macdonald's Qualifications.

"Macdonald did not have his foot on the limit," said the Attorney-General. "During the time that elapsed between the telegram from the department he was sitting around the Fort Frances office." The Attorney-General quoted from Macdonald's evidence at the trial in support of this statement. So far as it appeared, said Mr. Raney, no steps had been taken by the then Minister to ascertain Macdonald's qualifications to estimate what was known to be one of the finest stands of pine in Canada. "Macdonald," said Mr. Raney, "reported 24,900,000 feet of pine. At that time the company had in its office a estimate of 76,000,000 feet of pine for this limit.

"Who was looking after the interests of the Province of Ontario in this transaction?" asked the Attorney-General. "Not the member for Rainy River, for he was looking after the Shevlin-Clarke interests; not the young man Macdonald, the Assistant Crown Lands Agent, because every word of his false report was in the interests of the Shevlin-Clarke Company; not Watts, the Crown Timber Agent, because he dictated, and was a party to, the false report; not the department here in Toronto, because it made not the least effort to ascertain the qualifications or the honesty of Macdonald, whom the department and the Minister knew to be the nominee of the Manager of the Shevlin-Clarke Company, which was buying the timber."

#### Employed by Company.

Mr. Raney then reviewed the correspondence leading to the sale of berths 45 and 49 in 1919. Jones, the Crown Timber Agent at Fort Frances on nomination of Mr. Mathieu, was in the employ of the Shevlin-Clarke Company as a clerk when he was appointed. Jones recommended Ranger James Mault and Allan Macdonald to make a report on the berths as asked for by the department. The department accepted these men as satisfactory. Macdonald reported to Jones on August 6, recommending a price of \$8.50, including Crown dues. The Attorney-General then read an extract from a letter from the department to the Shevlin-Clarke Company on August 20. "In other words," said Mr. Raney, "the then Minister threw these berths at the head of the company of which the member for Rainy River was the General Manager, and who had made all the arrangements for the cruise of the berths by his nominee, young Macdonald."

Mr. Raney said that the reference in the letter from the department to the company to brush-burning as a new departure was not fortunate. The company itself had carried on a joint experiment with the Government in 1911, that was proved at the trial. Brush-burning was an accepted policy by the Department of Indian Affairs at Ottawa; in Federal pine sales in the United States, in Minnesota and in British Columbia, for at least ten years.