

March 24

GOVERNMENT ACTION REQUIRED TO STOP "PEDDLING" OF BIDS

**Contracting Experts
Agree 'Intolerable Evil'
Growing in Ontario,
Heard at Legislature
Committee on Labor —
Fee and Licensing Sys-
tem Sought by Russell
Nesbitt**

PROPOSED CODE NOT UNLIKE NRA

The opinion that "bid-peddling" was an intolerable and growing evil in construction circles in Ontario, and that remedial Government action was necessary, was concurred in yesterday by experts heard by the Legislature Committee on Labor, which convened for the first time in many years as a consequence of the action by Russell Nesbitt (Conservative, Bracondale), in submitting to the House a resolution calling for an investigation into that field.

With W. H. Yates and J. M. Pigott of Hamilton speaking for the general contractors and the Canadian Construction Association; C. Ernest Wood, representing the Toronto Building and Construction Association, and W. L. Somerville, speaking for the architects, the committee heard a forenoon of discussion in which little disagreement in principle was evident, and adjourned until 10.30 on Monday morning, when other representatives, including Labor men, will be invited to speak. William Morrison (Conservative, Hamilton East) was Chairman, supported by Hon. Dr. J. M. Robb, Minister of Public Health and Labor.

Mr. Nesbitt's Proposals.

Mr. Nesbitt, who proposes a bill embodying remedial measures against "bid-peddling" and other evils of the industry, is advocating a fee-and-licensing system for contractors. Cancellation of license would be provided in case of any of seven infractions of the proposed code, which is not unlike the NRA code in the United States in principle and practice.

The acts which, under Mr. Nesbitt's proposed bill, would cause a contractor to forfeit his license, are: (1) abandonment of a contract without legal excuse; (2) improper use of funds entrusted to him; (3) fraudulent departure from or disregard of plans or specifications in any material respect without consent of the owner or his duly authorized representative; (4) wilful and deliberate disregard and violation of building code of the Province or of the safety or labor laws of the Province; (5) failure to keep full records of all business transactions; (6) misrepresentation of facts in obtaining license; (7) the doing of any wilful fraudulent act.

Subcontracts Discussed.

Much of yesterday's discussion revolved about the subject of whether contractors should be forced to submit a list of all subcontracts with the amounts involved, the general contract to be awarded on the basis of such figures.

"It has been the policy of the Toronto Building and Construction Association," said Mr. Wood, "for the subcontractor to put in his price and stick to it. The subcontractor is seldom to blame in the condition which is now complained of."

Dr. Robb—There is, however, a general chiselling down?

Mr. Wood—We know there is.

Dr. Robb—Who is the ultimate loser?

Mr. Wood—The subcontractor himself.

Mr. Morrison—You mean the laboring man does not lose?

Mr. Wood—He shouldn't lose, if the subcontractor is playing the game.

Mr. Morrison—But he may lose, through men outside your group?

Mr. Wood—That's common knowledge.

Mr. Nesbitt—Would you be in favor of legislation whereby every subcontractor would be protected?

Mr. Wood—Yes.

"Evil of the Industry."

Mr. Morrison asked if this step would stop general contractors from peddling contracts among subcontractors. Mr. Wood objected to the word "peddling," but agreed with Mr. Morrison that there often was "a man, a sort of efficiency expert, who goes to the subcontractor and tries to beat him down after he has put in his bid." That, said Mr. Wood, was the evil of the industry. He added that the workingman was less likely to suffer than the contractor, because the former was protected by organized labor.

"But a lot of workmen," said Dr. Robb, "are not organized today, or are obliged by conditions to forget that they are organized." Mr. Wood agreed.

Along NRA Lines.

Mr. Yates said his group had "something in mind along the lines of the NRA contractors' code." He personally was opposed to asking contractors to submit their list of subcontract prices when putting in their bid. E. J. Murphy (Conservative, Toronto St. Patricks) wanted to know why. "This thing has got to be carried all down the line, or not at all," Mr. Yates said. "In my opinion the subcontractor has been the real offender. He has been juggling with the supply men, and so on down the line." He approved the principle of licensing contractors, provided teeth were put in the law.

He said contractors who did none of the work themselves, but let it all out in subcontracts, were the ruin of the industry. F. G. McBrien (Conservative, Toronto - Brockton) wanted to know if Mr. Yates's firm did its excavating itself. Mr. Yates said they would be doing it from now on. Mr. Yates agreed that last-minute telephoned bids should be barred, and he approved a suggestion that all subcontractors' final bids must be in forty-eight hours before the general contracts closed.

Reputable Firms Defended.

"Isn't it a fact," asked Mr. Nesbitt, "that if a subcontractor finds he is losing money, he passes on the cut to labor?" Mr. Yates replied: "Not reputable firms." In reply to George Oakley (Conservative, Toronto Riverdale) he admitted that there were frequently leaks whereby a second subcontractor could at the last minute learn a rival's bid and rush in a lower one.

Mr. Pigott, who read a detailed and studied report on the entire situation, and was complimented by the committee, said the "whole structure is honeycombed with price-cutting." From the moment the general contractor opened his bids he was besieged with influences, he said. Some subcontractors tumbled over themselves to cut their own bids, and another evil was collusion, under which attempts were made to fix prices among the trades. He feared that in legislation aimed at the "efficiency experts," damage might be done in-

nocent general contractors, and suggested a board under Government auspices to deal with price-cutters. He too, would not admit the workingman frequently suffered when prices were cut.

Dr. Robb interposed that his information did not agree that workingmen were not the losers under bid-cutting. Mr. Pigott said those who did thus victimize labor were in such a category that a licensing law would not touch them.

"Chiselling" Cause.

Mr. Somerville, the architect, agreed that one of the chief causes of what he called "chiselling" was the "owner's representative, or efficiency man." The basis on which this man worked gave him every motive for price-slashing, for his only fee was a proportion of what he saved for somebody else by going to the subcontractors and securing cuts in their bids. He suggested the 48-hour law would leave a loophole for "tipping off."

Mr. Morrison and Mr. Nesbitt explained, in adjourning the meeting, that it was desired to give Labor representatives a full hearing on Monday, so they would not begin to invite them to speak before then.