

Now that that tender was as low, if not much lower than any accepted by you, every business man acquainted with the trade will admit. The question of freight from Antwerp was of course an important one; but it does not appear to have challenged any enquiry at your hands. You had 20s. for freight to bring this tender up to the highest, accepted by you. That was margin enough to have challenged enquiry. A letter in my possession from a leading shipping merchant, one whose name, if I was at liberty to give it, would be admitted by yourself as satisfactory authority, gives the following information on the subject of freight from Antwerp:—"In reply to your note, I may inform you that Antwerp is a very favourable port at which to ship rails for Quebec or Montreal. There are very large imports of grain and petroleum at that port, and usually there is a superabundant supply of tonnage there, both sail and steamer, so much so that it is quite common for vessels to proceed to Wales or the coal ports on the north-east coast of England in search of a coal or iron freight. It is quite safe, therefore, to say that freight would have been as cheap from Antwerp as from Medlesboro' or Cardiff. By steam rates ranged from 12s to 20s stg. per ton in 1874 and 1875, and I think 15s may be taken as a rate at which there would have been no difficulty in shipping rails from Antwerp to Quebec or Montreal in 1874 and 1875." If that statement is correct, and I have no doubt of its correctness, then here was a tender, not for five thousand tons, but for three times that quantity, at 5s stg. less than the lowest tender accepted by you, which was not only not accepted by you, but which you altogether ignored.

It is true that the tender was not in accordance with the advertisement, which required that tenders should be sent in for rails "delivered on the wharf at Montreal." And it is also true that you had already informed one party that no tenders which did not comply with this condition would be received. I find the following correspondence at page 3 of the printed return:—

"Philadelphia, October 23rd, 1874.
"Dear Sir: In making tenders for 'Steel Rails,' you require deliveries to be made at Montreal.

"I write to ascertain if tenders would be received for rails to be delivered at Liverpool, and all matter of freight and insurance would then be in your hands. This course would bring out greater competition in the way of bids, thus reducing prices.
"Yours truly,
(Signed) "PHILIP S. JUSTICE."
"F. Braun, Esq., Secretary,
"Public Works Department,
"Ottawa, Canada."

"Ottawa, 27th October, 1874.
"Sir: In reply to the enquiry made in your communication of the 23rd inst., as to whether the Department would accept tenders for steel rails delivered at Liverpool, England, &c., I beg to inform you that no such tenders would be accepted. In addition to the places mentioned in the specifications for delivery, the Department would have no objection to tenders for delivery on Georgian Bay, Lake Huron, or Duluth and Thunder Bay, Lake Superior.

"I have, &c.,
(Signed) "F. BRAUN,
"Philip S. Justice, Esq., Secretary,
"No. 14 North Fifth, street,
"Philadelphia, Pa., U. S."

The suggestion that permitting tenders to be sent in f. o. b. at points of shipment would enlarge the field of competition and thus advantage the Government, was one which most people will say might have been accepted. It was not accepted, and, as a result, the country lost the advantage which, the one tender sent from Antwerp shows, might have resulted from such a course. It was announced, however, as the policy of the Government, and had it been strictly adhered to, all that could have been said in relation to it was that it was hardly the wisest policy to secure the widest competition and as a consequence, the lowest price. It was not adhered to; and this brings me to your statement that all the rails "were obtained by open competition after a month's advertising for tenders."

The only advertisement for tenders was that requiring them to be sent in by the 8th October, the time being subsequently extended to the 15th November. The correspondence brought down shows that you made a private arrangement for an additional quantity of rails, without tender, and in violation of the terms stated in Mr. Braun's letter to Mr. Philip S. Justice, dated the 27th October, and printed above. It is not necessary that I should reproduce here all the correspondence. It shows that negotiations were going on between your Department and Messrs. Cooper, Fairman, & Co., in relation to an additional quantity of rails, to be delivered f. o. b. at Liverpool, and that these negotiations resulted in an arrangement is proved by the following letters:—

"Montreal, 13th, January, 1875.
"Dear Sir: In reply to telegram of the 7th inst., we beg to advise you that we have purchased account of Dominion Government 5,000 tons Bessemer steel rails, at £10 10s 0d f. o. b. Liverpool; cash against bills of lading.

"We have also contracted freight to Vancouver Ports, viz: Esquimaux, Cewichan Bay, and Natamio, at £2 5s 0d sterling per ton.

"Should you require the track bolts for this lot, we can arrange for them and in close. We are advised that steel rails are now held at £11 0s 0d. We would be glad to be favoured with the address of your bankers in England, to whom we suppose the bills of lading will require to be presented. Kindly confirm the contract as soon as possible, to enable us to cable reply, the necessary documents to follow.

"Yours faithfully,
(Signed) "COOPER, FAIRMEN, & CO."
"Hon. A. Mackenzie, Ottawa."

Ottawa, 21st January, 1875.
"Gentlemen: In reply to your several communications on behalf of Messrs. Nay-

lor, Benson, & Co., I am to state that the Government accepts their offer to supply 5,000 tons of steel rails at £10 10s 0d sterling f. o. b. at Liverpool, and allows £2 5s 0d per ton for freight to the Vancouver ports.

"The Agent-General of the Dominion E. Jenkins, Esq., will see to the insurance.
"Messrs. Morton, Rose, & Co., are the Financial Agents of the Government in London.

"I have, &c.,
(Signed), F. BRAUN,
"Secretary."
"Messrs. Cooper, Fairman, & Co.,
"Montreal."

Now it will hardly be contended by you that that "purchase,—and the term certainly applies here—was by tender. Having regard to your contention, in the Pailon case, that a tender, even if the lowest, should not be accepted if there was the slightest doubt of its having been transmitted to the department within the time specified in the notice calling for tenders had been awarded, and the particulars as to price concerning them published, was a tender under that notice. It was, therefore, a private arrangement. It was an arrangement on terms as to delivery which the department had officially announced, in answer to an inquiry from an intending contractor, would not be accepted. It was an arrangement made at 10s. a ton more than you had an offer to deliver for at Antwerp. It was necessary to obtain this additional quantity of rails, and upon that point I offer no opinion here. Most people will say that it was worth while asking tenders for them. The Antwerp tender and the letter of Mr. Phillip S. Justice were certainly sufficient to justify the belief that an advertisement asking for tenders for steel rails f. o. b. at Liverpool would have brought offers at a lower price than that at which you "purchase" them from "the Montreal firm," acting as brokers for the Government.

I think it will be admitted that these facts prove that special advantages were accorded to this firm as Cooper, Fairman, & Co. which were not accorded to others or to the public generally, and that the well established principles of the contract system were violated to their advantage. But I have a couple of other illustrations, which, confirmatory as they are of my statements, present a record without parallel in the past, I venture to say, in the dealings of any department with the public of this country. The letters which are printed above show that Cooper, Fairman, & Co. were retained by the Government as brokers to make arrangement for freight for Vancouver Island. Why should they have been so retained? Why was no effort made by inviting competition to get the lowest freights? You had an offer from other parties to transport the rails to Vancouver. Here is a letter which establishes that fact:—

"By Telegram from New York to Hon. A. Mackenzie.
"Montreal Telegraph Company,
"Ottawa, 11th January, 1875.
"Have just received contract duly executed by Guest & Co., which we forward to you. We learn, through a Transportation Company, that you may want some rails at British Columbia. Will you consider a proposition from us to ship one lot direct there, or for an additional ten thousand tons to be sent there? Please telegraph reply.
(Signed),
"PERKINS, LIVINGSTON, POST, & CO."
"Agents of Guest & Co."
"The Minister of Public Works."

And the second was in the tender of T. V. Allen, of New York, in which occurs this passage:—"with the option of delivering at Duluth or Georgian Bay at \$5 per ton additional." Now, here was one offer at \$4.75, eighty-five cents less than that of Cooper, Fairman, & Co., and another at \$5, sixty cents less, and yet both of these were ignored by you, in violation of every principle of the contract system, you threw out all the tenders sent in, and made a private arrangement with Cooper, Fairman, & Co., on the flimsy excuse that Mr. E. Samuel was not a steamboat owner. The "Merchants' Lake and Steamship Line" have, I have been told, some owners in whom probably you felt sufficient interest to strengthen you in your determination to throw this additional profit in the way of Messrs. Cooper, Fairman, & Co. Messrs. Naylor & Nelson, at that time representatives in the House of Commons and Legislative Assembly of Ontario respectively, and tolerably faithful political friends of yours, have some interest in this line.

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I have shown, from the return laid upon the table by you at the close of last session, that your statement that no steel rails were purchased by you from any Montreal firm was, in the impression it conveyed, inaccurate—the arrangements for the British Columbia rails being to all intents and purposes a purchase from Messrs. Cooper, Fairman, & Co. I have shown that your statement "that all were obtained by open competition after a month's advertising" was inaccurate, the January arrangements mentioned being a purchase without tender. I have shown that your statement "the lowest tenders being in all cases accepted" was inaccurate, inasmuch as the lowest tender was in fact altogether ignored, and that the contracts for one half the whole quantity required, and double the quantity tendered for, was made with the parties represented by Cooper, Fairman, & Co., at the highest price, with the exception of one lot of 5,000 tons to Guest & Co., of any of the tenders accepted, and without any effort on the part of the Department to induce these tendering at a lower price to furnish a larger quantity. And now I propose to deal with your last statement that no brother or relation of yours had "any interest, direct or indirect, near or remote, in any of these contracts, or ever received, or has any claim to a cent of profit from one or any of them," which I think I shall have no difficulty in proving to have been equally inaccurate with your other statements. I quite agree with your contention at Whiteby in relation to your brother tendering for contracts from the Department of which you are head:—"It is not that there would have been any harm if he had. In my speech at Montreal, at the dinner given to some of our friends, I declared, and I declare now, that the only point was whether tenders were fairly solicited, and if they were, my brother, or any other man's brother, had as good a right to tender as any other man. (Hear Hear.) I justify, therefore, his right to have it if he chose." There is no doubt about the fairness of this statement. Public men, occupying the position of Ministers of the Crown, make sacrifice enough for the public, if they are honest and unselfish in the performance of their duty, without extending those sacrifices to all their relations. But the public will agree with me in the opinion that, having regard to the disposition of this wicked world to suspect wrong-doing in public men, a Minister should be additionally careful to avoid even the appearance of evil, where a relative is concerned in any contract or advantage to be bestowed by the Government. In this case the whole correspondence proves that every principle which should govern the contract system was violated in the interest of Messrs. Cooper, Fairman, & Co. In fact so much was the case that the expression in the letter of the Mersey Steel and Iron Company to those gentlemen,

"SHOULD YOUR FRIENDS place the order with us you may rely upon us giving it our careful attention," assumes a strange significance, especially so when it is remembered

That Mr. E. Samuel, who is the lowest bidder on the list given above, is not a steamboat owner.

The Minister, therefore, recommends that the offer of Messrs. Cooper, Fairman, & Co. be accepted.

The Committee submit the above recommendation for your Excellency's approval.
Certified,
(Signed), W. A. HIMS WORTH,
Clerk Privy Council.

To the Honourable
The Minister of Public Works.
&c., &c., &c.

The plea upon which Mr. Samuel's tender was rejected in favor of parties who had not tendered at all, and who were permitted to make an offer after the tenders were in and opened, will certainly not be generally accepted. Mr. Samuel offered as surety Messrs. D. Butters & Co., and in Montreal it is not necessary to say that that was surely enough for the performance of a much larger contract than was involved in this tender. Moreover, you had just made arrangements with Messrs. Cooper, Fairman, & Co. for the transport of rails from Liverpool all the way to British Columbia, without the formality of tender, and in spite of the fact that they were not shipowners. Why this different treatment in the two cases? Then again, when you decided to ignore not only the tender of Mr. Samuel, but all the other tenders as well, and make a private arrangement with parties who had not tendered, why did you not avail yourself of other offers that had been made? You say that "in the tender made in November last for the supply of steel rails, Messrs. Cooper, Fairman, & Co., agents, stated the difference in price for delivering these rails in Montreal or Duluth and French River would be \$5.60 per ton," and in consideration for their assuming certain cost of handling, you entered into a contract with them at \$6.20, twenty cents higher than the tender of Mr. Samuel. Now there were two other tenders made in November which mentioned a price at which the rails would be delivered at these points on Lake Superior. The first was embodied in the following letter:—

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"Dear Sir: Should the Government prefer to have these rails delivered at the following points: Duluth, Fort William and Georgian Bay, instead of Montreal, we can deliver them at Duluth and Georgian Bay at \$4 per ton additional, and at Fort William at \$4.75 additional, conditional as to the delivery at points named, that there be a sufficient depth of water for vessels to go thereto, and that the option of delivering at Duluth or Georgian Bay at \$5 per ton additional." Now, here was one offer at \$4.75, eighty-five cents less than that of Cooper, Fairman, & Co., and another at \$5, sixty cents less, and yet both of these were ignored by you, in violation of every principle of the contract system, you threw out all the tenders sent in, and made a private arrangement with Cooper, Fairman, & Co., on the flimsy excuse that Mr. E. Samuel was not a steamboat owner. The "Merchants' Lake and Steamship Line" have, I have been told, some owners in whom probably you felt sufficient interest to strengthen you in your determination to throw this additional profit in the way of Messrs. Cooper, Fairman, & Co. Messrs. Naylor & Nelson, at that time representatives in the House of Commons and Legislative Assembly of Ontario respectively, and tolerably faithful political friends of yours, have some interest in this line.

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The Committee submit the above recommendation for your Excellency's approval.
Certified,
(Signed), W. A. HIMS WORTH,
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