

HOW THE MANITOBA LIBERALS SOUGHT TO GET THE TRUTH

About The Capitol Contract--Scented Something Wrong at War Session When Hon. Dr. Montague Announced

That Parliament Buildings Would Cost Million More Than Originally Specified--A Petition to the Lieutenant-Governor Resulted in Appointment of Royal Commission.

Winnipeg Free Press.

On the day before the special war session of last September closed, Hon. Dr. Montague, in asking the house to support a bill enabling the Government to borrow an additional \$2,000,000, chiefly for the new capitol, calmly announced that the cost of that work would exceed the estimates by about one and three-quarter million dollars. This statement, which naturally astounded the members, formed the prelude to a dramatic series of events that ended today in the resignation of the Government.

In his speech at the war session the Minister of Public Works told how the Government had made wholesale changes in the plans of F. W. Simon. He attempted to justify these changes by attacking the architect's reputation, asserting that he was a better designer of pretty pictures than a calculator of bearings power and strains. As the session had been called for a limited and special purpose, the opposition did not then criticize the minister's announcements. They promised, however, that they would not neglect to do so at the next regular session. How well they kept this promise the events of to-day attest. Despite the determined opposition of Government members, the Liberals patiently investigated as much of the Government's conduct in connection with the new capitol as they could. Although the whole story was not by any means told, sufficient data of a startling character was brought to light to justify charges of the most grave description.

Resume of Events. The contracts for the erection of the new capitol were let on Saturday, July 14th, 1913. Thomas Kelly and Sons obtained the main contract at \$2,859,550. A separate contract for heating, plumbing and ventilation was let to Crane and Ordway at \$119,000. The sole competitors of Kelly and Sons for the main contract were Peter Lyall and company, whose tender was only \$3,000 higher than that of Kelly and Sons. It subsequently transpired that Kelly and Sons had put in their tender a day later than the advertisement authorized.

Changes in The Contract.

Scarcely a fortnight elapsed before the Government made the changes in the contract which resulted so disastrously for it. For concrete piles in the foundation, it authorized the substitution of concrete caissons, and for reinforced concrete in the super-structure it substituted steel and concrete. Nothing was said publicly about these changes, involving close on \$3,000,000, until Dr. Montague made his memorable speech at the war session. When he carelessly referred to the matter on that occasion he remarked off-handedly that public buildings were seldom put up without the cost largely exceeding the estimate. He was careful to point out that the changes were arranged before he entered the Government, and he admitted that their cost surprised him. In due course the next regular session opened, in February last. At the outset the Liberals proceeded to make good their intention of subjecting the parliament building affair to an exhaustive inquiry. They moved for exhaustive returns on the subject in the house, and before the public accounts committee began a patient investigation, which resulted in startling disclosures from day to day. T. H. Johnson, member for Centre Winnipeg, and A. B. Hudson, member for South Winnipeg, undertook the difficult task of making the Government produce the records of its own mis-doings. Against a Government majority larger than had been packed on a public accounts committee in any previous session of the Manitoba legislature, they strenuously labored to bring all the hidden details to light. As the sequel showed, their efforts were crowned with success.

Bringing Facts To Light. No sooner had the inquiry begun than significant facts came to light. One of the first bits of information extracted showed how Mr. Simon had come to specify concrete piles in the foundation. He had been furnished with a plan of test borings

on the site, prepared by an employee of the public works department, and showing bedrock at 52 feet. When V. W. Horwood, the provincial architect, came to give evidence, he asserted that this plan was absolutely wrong, the distance to bedrock being everywhere closer to 70 feet. But all efforts to get the man that made the borings before the committee failed.

Said Verbal Agreement Only. Next, it came out that V. W. Horwood had made, without authority by order-in-council or others, an arrangement with Thomas Kelly where by the contractor was to put in the caissons. Both Horwood and Kelly swore at the time that there was no written document in existence embodying the terms of this arrangement, a verbal agreement being considered amply sufficient. According to the statement of Horwood, the contractor was to get \$25.83 a cubic yard for the construction of the caissons. Progress estimates, on which the Government authorized payments, credited Kelly with having put in 35,996 cubic yards of concrete, 1,213,000 feet of lumber at \$48,250, and \$111,650 for iron rings. He obtained payment on account of the above items to the amount of \$84,037.45--less only \$64,505, which sum was included in the original contract for concrete piles.

The Liberals at the Public Accounts Committee pressed for the production of the progress estimates, and also for the records proving the work. They got the former and part of the latter. It was found that Kelly's payments did not work out right at \$25.83 a cubic yard. In fact, A. B. Hudson, after a careful analysis, announced on the floor of the Legislature that Kelly had been paid for 13,732 cubic yards of concrete which he did not supply. Exactly how this result was arrived at formed one of the most interesting chapters in the story unfolded before the Committee. No authentic and complete record of the material put into the caissons could be produced by the Government. No plan was ever exhibited showing the cubical contents of the caissons, but only a plan showing the superficial size.

A little black book, kept by a man named William Salt, was the sole original record that the Government could produce to justify an expenditure of \$844,000. This book, moreover, did not contain a record of the total number of 359 caissons; it showed only 242. Nearly every one of those 242 caissons bore unmistakable signs of having been altered. As changed, the depths were indicated as greater than before the change. Yet even on the assumption that the little black book, as far as it went, gave true information, there was a shortage of 10,397 cubic yards of concrete. In other words, Kelly had received payment for that amount of material but had not supplied it.

Salt Disappears.

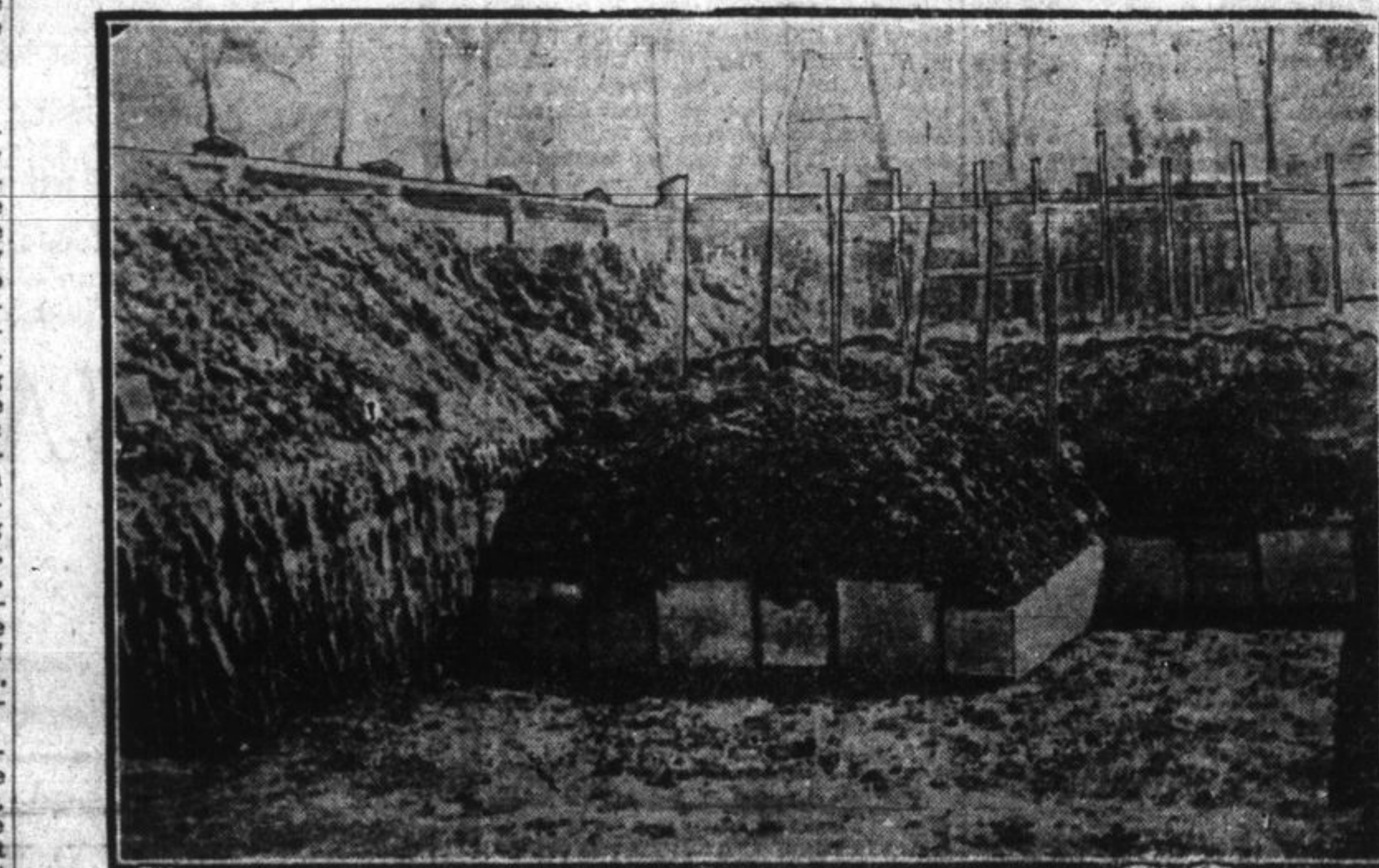
Salt disappeared while the investigation was in progress, and although the Government professed to be seeking him, he was not found. Arguing from his absence that Salt's evidence would be distasteful to the Government, the Liberals pressed day after day for proof that he was being sincerely hunted for, but none was forthcoming. It was shown that the figures in his book, as they were originally, corresponded pretty closely with the borings made by the Government employee who had also disappeared. These borings showed that the depth to bedrock varied from 51 to 48 feet, and Mr. Hudson figured that the average maximum depth of the caissons was really 46 feet. He therefore asserted that in addition to the deduction which should be made for the 10,397 yards of concrete already shown to be short, there should be a further deduction of 3,325 cubic yards. In other words, he charged that the Government had paid \$320,905 for yardage which was not in the caissons. Arguing further that the price paid for the caissons on the yardage basis was grossly excessive, he arrived at the conclusion that altogether \$475,619 was paid for work not done.

Paid Before Work Was Done. Coming to the steel work, the Liberals found out, first of all, that Kelly and Sons had been paid for full amount of two contracts for the north and south wings long before the work was done. They also showed that they got enormous profits for this work, estimated at \$117,996 for the north wing, \$88,955 for the

south wing, and \$16,575 on a third steel contract. Evidence at the Committee showed that structural steel bought by Kelly and Sons for \$59.80 a ton was sold to the Government at \$115, plus 15 per cent. profit. The opposition's estimate of the total undue profits made by Kelly and Sons was \$857,200.

Throughout the sessions of the Public Accounts Committee Government members constantly thwarted the attempts of the Liberals to get evidence admitted. The opposition members were not allowed to bring expert witnesses in order to show that the prices paid by the Government were excessive; they were not allowed to obtain from Kelly and Sons vouchers under the records covering material purchased for incorporation in the parliament buildings. Kelly was also supported in his refusal to produce pay-rolls and other important documents.

Going Before The House. A few days before the session



THE PRICE OF NEUVE CHAPELLE. A corner of Nille cemetery, showing the graves of British soldiers who lost their lives during the now famous battle.

closed the Liberals asked to have subpoenaed one Leonard Easton. This man had prepared for the legislature a copy of the original specifications, which contained an important phrase not to be found in any other copy of the specifications. It involved the sum of \$417,000 for prime costs, and in order to see how the mysterious phrase came to be incorporated, Easton's presence was essential. It transpired that while the committee was in session he left the employ of the Government and went north on the line of the Hudson Bay Railway. Government members at the committee voted down the motion that he should be brought back. When, therefore, the committee came to make its report, the Opposition presented its conclusions to the House in the form of a resolution embracing the facts learned, and demanding the appointment of a royal commission to investigate and report on all matters in connection with the contract. The Government, for its part, submitted a report affirming that all changes in the plans of the new buildings were absolutely necessary, that the additional contracts had been entered into at fair prices, and that the work had been carried out in accordance with the plans and specifications relating thereto.

Montague's Defence. There followed strenuous debate in the House, led by Hon. Dr. Montague. In a forthright speech the minister undertook to justify the conduct of the Government throughout. Mr. Hudson replied with a sober, exhaustive analysis of the evidence that had been obtained by the committee, and an impressive demand for a complete investigation by a royal commission. After Mr. Norris, the Opposition leader, had endorsed the demand made by Mr. Hudson, Premier Roblin replied. He clearly indicated in

that speech that it was not the Government's intention to meet the wishes of the Opposition. If, he said, a charge had been preferred against any minister or ministers, the demand for a commission would be in order. In the absence of such a definite charge directed against members of the Government, there was, he intimated, ground for appointing a commission. On the same night, therefore, a memorial signed by the 21 members of the Opposition was presented by T. C. Norris to Sir Douglas Cameron, the lieutenant-governor. It set forth the same main facts as had been embodied in the Liberal resolution to the House, and prayed his honor not to prorogue the Legislature until provision had been made for a royal commission of inquiry. The Legislature had been adjourned until 10 a.m. the next morning, with T. H. Johnson on the floor. At that hour, however, Sir Rodmond stated that in view of certain statements in the public press he would ask the House to suspend business in order that he might have an opportunity to confer with the lieutenant-governor. When the House met at 3 p.m., he announced that as honorable gentlemen opposed over their own signatures, had made a statement to his honor of such a kind as to warrant it, the Government had decided to appoint a royal commission for the purpose desired. There was no doubt whatever that on the previous night the premier did not intend to

grant the Opposition demand. It was surmised that his change of front came about as the result of suggestion from Sir Douglas Cameron.

Appointing The Commission. Nearly three weeks elapsed before the Government appointed the proposed royal commission. It was finally announced that the commission would consist of Chief Justice Mathers, Mr. Justice Macdonald, and Hon. Sir Hugh John Macdonald, and the commission held its first formal session on April 23. At several sittings formal evidence was presented, but nothing new developed until Edwin Salt, the brother of William, swore that Hon. George R. Coldwell induced him to conceal from the Public Accounts Committee the whereabouts of his brother. The same witness declared that V. W. Horwood, who, by the way, left the city the day before the commission began work, proposed to William Salt that he should alter his records showing the depth of the caissons. Kelly Breaks With Government. On May 1st, evidence was submitted on behalf of Thomas Kelly which flatly contradicted testimony given before the Public Accounts Committee, and clearly indicated the existence of a breach between himself and the Government. It was the beginning of the end. Kelly repudiated the statement that the work on the caissons had been done on a yardage basis, resting his new declaration on a letter from him to V. W. Horwood, dated Sept. 20th, 1913. This letter purported to be a tender to the Government offering to construct the caisson work for the lump sum of \$844,037, less \$64,050 on account of the piling eliminated from the original contract. Mr. Kelly's counsel asserted that this letter constituted a contract binding on the Government, and definitely abandoned any attempt to show that the caissons actually contained the yardage specified in the progress estimates. On behalf of the Government, A. J. Andrews, K.C., announced that claims based on the letter would not be recognized, and the contractors would be required to make restitution of any sums they had received in excess profits. F. H. Phippen, counsel for Mr. Kelly, filed an application for an injunction to restrain the commission from proceeding. By agreement between counsel, therefore, an enlargement of one week was obtained. G. F. Wilson, senior Liberal counsel, announced at the time the adjournment was granted that in the resumption of work he expected to introduce matter that would materially shorten the inquiry. A man without ambition is like a pan of dough without any yeast to raise it.

U.S. NOTE VERY SLOW Method Of Its Conveyance To Germany Accounts For Delay.

Washington, May 17.—The necessity for repeat handling and the circuitousness of the American note's route from Washington to Berlin, were responsible for the message's delay in reaching its destination. These were the various explanations and hands through which it has to pass before reaching the German Foreign Office at 10:30 a.m. Saturday.

Coded in Washington. Sent by telegraph from Washington to New York. Cabled from New York to Havre, France. Relayed by telegraph from Havre to Rome. Copied by Ambassador Page in Rome. Telegraphed from Rome to Vienna. Relayed by telegraph from Vienna to Berlin. Decoded by Ambassador Gerard and presented personally to Foreign Minister Von Jagow.

Transmitted by Jan Jagow to Imperial German Chancellor, Von Bethmann-Hollweg, and by the latter to the Kaiser. The presumption was that the Kaiser would not act on the communication without consulting all his chief advisers, including the heads of the various German States.

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