

APPENDIX No. 5

for instance, has the original contract for 250 miles of road. He sublets this in fifty or sixty-mile stretches at a reduced price. These sub-contractors sublet again to men who take about ten miles apiece. The sub-contractors once more sublet in contracts of a mile or less, and the sub-sub-sub-contractors sublet once more to the men who do the work. These are mostly Swedes, who work practically day and night, and last winter the labourers on the road were getting 15 cents an hour, while the different grades of men above them were sitting reading the paper and making fat profits. How far down the various 'subs' share in the original generous classifications is a matter of some doubt, and many are of the belief that most of the cake stays on top. In any event, the present system permits of an immense amount of unearned profits, while the unfortunate labourer is ground down, and this on a national railroad being built with public funds.

Major Hodgins laid out the line on which J. D. McArthur is working after the Grand Trunk engineers had run theirs, selecting a better and more direct route, with a saving to the country of several million dollars on this piece of line alone. For this he received the warmest official commendation. He was in high favour until he refused to fall into line on the classification graft.

Changed Classifications.

Discussing the way he made his estimates for the McArthur contract, Major Hodgins said yesterday :

'I made the estimate in the usual way before the contract was called for, allowing everywhere a most liberal margin so as to be on the safe side. Everything that I was uncertain about I put in as solid rock. I took no chances of being under the mark, and made my estimates generously. These estimates amounted to \$13,000,000. Afterwards, owing to a few changes in the way of shortening certain sections of the line, the figures were reduced to below \$12,000,000. Now comes the announcement, starting to those who do not know what is going on, that the estimates have been increased to \$16,000,000. As the change in location cheapened the line, and only affected small portions of it, all this large increase comes from classifying as solid rock what I classified as loose rock, or as loose rock what I considered common excavation. And I repeat that I was as generous in my estimates as I honestly could be, but every engineer knows that there is a line between generosity and fraud in such matters. I did not care to cross it.'

In reply to questions regarding the nature of McArthur's 250 miles of contract, Mr. Hodgins said that the 70 miles out of Winnipeg is prairie, worth about \$6,000 a mile, and there can be no mistake or question as to what classification prairie work comes under, while the 40 miles from Lake Superior junction west he estimated at \$30,000 a mile. This leaves 160 miles in the course of which 'monumental enterprise' raised the price over \$4,000,000, or the neat sum of \$25,000 a mile, making the total cost of this 160 miles of road \$14,380,000, or in round numbers \$90,000 a mile.

To put it in another way, if, as there seems every reason to suppose, the rest of the road is to be built on the same principle, the 1,800 miles of railroad built with the money of the Canadian people will carry with it a graft amounting to \$28,000,000, and the fun has only begun. For, as already pointed out, no limit can be assigned to the loss occasioned by fraudulent classification.

Warned to Change.

Major Hodgins explained that his classification was, after a while, objected to by those in authority. He asked what kind of classification was wanted. He was told to classify the grading on the same principle as it was done in Quebec. But as his interlocutors appeared unable to explain any rational manner on what method he should proceed were he to attempt to alter his estimates as requested, and as such explanations as he was given were so at variance with his official instructions in writing, he was unable to comply. At this the major received orders to go to Quebec and