THE GOVERNMENT RAILROAD RING.

WHAT OUR NEIGHBORS THINK.

(From the "St. John Freeman.")

Prince Edward Island is much excited just now about the letting of its railway contract. The assertions of the opposition papers that a ring had been formed, of which some members of the Government were members, and that the interests of the Province would be sacrificed for the benefit of this "ring," though often repeated, were for a time unheeded. Now they are accepted as truths too painfully manifest by many who were friends and supporters of the Coalition Government. It is, to say the least, somewhat remarkable that even before the tenders were open there were many in St. John who freely stated that no matter who tendered, the parties said to be interested in the contract now made would be the contractors. Few in St. John were taken by surprise when it became known that the tender of the Messrs. Walker was set aside; that Mr. O'Brien failed to secure the contract; that Mr. McLeod & Co., and Mr. Fraser and Messrs. Rainnie & Co., had, one after the other, withdrawn their tenders, and that Mr. Schreiber was then offered the contract. It was expected by some that he too would have withdrawn.

The negotiations with Mr. O'Brien were of an extraordinary character. For some reason best known to themselves and those in their confidence, the Government provided that the contractor should give security to the extent of one hundred thousand pounds for the fulfilment of his contract. This was placing an immense difficulty in the way of ordinary contractors. They, by order in Council, required that the amount of security should be lodged in Dominion Bonds or English Consols. This was a most absurd requirement, and when Mr. O'Brien stated that he was unable to comply with it, but was willing to give other security to the same amount, the government ceased to insist upon a condition with which, perhaps, no one of all those who tendered could possibly have complied. Mr. O'Brien offered his Halifax Street Railway property as security for £60,000, and for this it was accepted, he undertaking to have some mortgages to the extent of $50,000 cancelled, and he undertook to provide personal security for the other £40,000. On August 14th, the Provincial Secretary, Mr. Haviland, wrote him an official letter, signifying the acceptance of his proposal by the government. On the same day, Mr. Pope wrote to Mr. O'Brien, urging him to hasten, as the season was passing rapidly. Mr. O'Brien, who, it seems, left at once for Halifax, telegraphed on the 16th that he was making arrangements, and expected to be ready in a week. On the 24th, he telegraphed that he was delayed by the absence of some of the persons who held bonds on the Street Railroad. The P. E. I. Government replied that unless he was ready to furnish the security agreed on by Saturday, August 26th, they would offer the contract to the party who made the next highest tender. He asked time until the following wednesday. This the government agreed to give, but told him they would wait no longer. Mr. O'Brien replied immediately that, owing to the continued absence of the bondholders, he found it impossible to get the mortgage on his railway cancelled, and he offered in lieu of such cancellation to give Messrs. Moir & Co. (Muir & Co.?) as security for that amount, and Messrs. David Starr & Sons and Messrs. T. A. DeWolfe & Sons as securities for the £40,000. These securities the government refused to accept. Mr. O'Brien then offered to lodge the $50,000 in any Bank in Halifax the Government may name, to be held for the redemption of the Bonds of the Street Railway, and asked for what amount the securities he offered were accounted good by the Government, in order that he may supplement this by other securities. The Government, two days after, replied that they intended to offer the contract to Messrs. McLeod & Co., but if they failed to meet the conditions, then his tender would be accepted, provided such men as Messrs. Duffus & Co. would become his sureties for the full amount, £100,000. The Railroad they refused altogether to take as security for any amount. In a postscript they informed him that Messrs. McLeod & Co. had withdrawn, and asked him to come on with his sureties. The Government organs allege that they waited quite as long as they should be expected to wait, and it is interesting to mark the time they really did allow Mr. O'Brien in the first instance when they knew that he must return to Halifax and spend some days in negotiating the redemption of the Street Railway Bonds. The letter accepting his proposal was dated August 14th; the last day given him to comply with the terms fixed by the Government was the 29th. Whether the security offered on the 27th was really sufficient, or as good as that since readily accepted by the Government, those who know the Halifax firms named can best determine. Practically, as every one knows, this personal security as it is called, is of little real value in any case. No one ever hears of the sureties in such cases being sued to judgment and execution on their bonds. The real security is that the Government pay but a portion of the cost of the work done until the whole is completed, and that they secure the right to enter upon the work whenever, in their judgement, the contractor is not carrying it on with the proper degree of energy.

In the second instance, he was allowed no time at all. The Charlottetown *Herald*, which was a warm supporter of the Government until forced into opposition by these transactions, says:—

"As a business man, Mr. O'Brien acted upon the Government instructions without delay. In good faith he proceeded to Halifax on Tuesday, the 5th Sept. On Wednesday he obtained Messrs. Duffus & Co. as his sureties for the amount required. On Thursday, at 11 o'clock in the morning, they telegraphed the Government to that effect. So did Mr. O'Brien, and on Friday he returned to Charlottetown, with Messrs. Duffus & Co's. letter of guaranty in the possession of the Colonial Secretary.

"The Government claim that Mr. O'Brien went away without acquainting them of the fact. Whether he was bound to do so or not, is a question for the public to decide. The Government is entitled to whatever benefit the doubt gives them; but no reasonable person can say that Mr. O'Brien lost one moment of time from the reception of the Attorney General's communication of the 4th Sept. to the 7th, when he and Messrs. Duffus & Co. telegraphed that the very letter of the Government conditions had been complied with. In the meantime the Government, seized with an inexplicable fit of haste, hoping that Mr. O'Brien had been effectually disposed of, and yet dreading that he might succeed, set to work to get rid of the intervening tenders between that gentleman and one of the ring with railroad speed. Mr. James H. Fraser, of New Glasgow, was manipulated in a manner that demands a rigid investigation. Who invited him to Charlottetown on the 4th September, and when was he invited? He came on the 4th, fully determined to accept the contract if it were offered to him, and prepared to furnish the necessary securities, and yet, on the 5th, apparently without being communicated with by the Executive, he withdrew his tender. Will the Government or the ring explain the mystery? Messrs. Rainnie & Co., of St. John, hooked down on the 5th, on the plea of the season being too far advanced. On the same day, the contract was offered to Mr. Collingwood Schreiber, an engineer on the Intercolonial railroad, and a man without capital or credit, protected by his friends, and pushed by Mr. Burpee, who became alarmed at the weakening suspicion and indignation of the public, he connected to bestow the contract. On Thursday, the 7th, he had an interview with the Executive, and those gentlemen, the guardians of the people's rights and interests, oblivious of their letter of the 4th inst. to Mr. O'Brien; unmindful of the honor of the country; and blind to the significance of Messrs. Duffus & Co's. telegram of guaranty, forthwith conclude the bargain with the highest tender. The necessary documents are drawn up with great speed; there is no enquiry made whether the sureties have consented to sign the bonds, (at least no written letter of assent is asked from Mr. Schreiber,) and, with the Lieut. Governor's and the contractor's signatures attached, the Attorney General is hurried off to St. John to complete the contract. When poor Mr. O'Brien arrives on Friday and demands a time and place for the execution of the necessary bonds, he is told that he is too late!"

The HERALD remarks that while Mr. O'Brien was required to produce letters from the parties he named as sureties, Mr. Schriber was not required to do more than name those who he said would be his sureties; and that although letters from the very firm named by the Government themselves were produced by Mr. O'Brien, yet the Government preferred to give Mr. Schreiber the contract. The defenders of the Government and the organs of the ring say that the letter of Messrs. Duffus & Co. was not received until the afternoon of the 8th, some hours after the contract with Mr. Schreiber was signed; but the telegrams from Messrs. Duffus and O'Brien to the Government was received by them on the 7th, and their signing the contract a few hours before the time at which they knew the mail would arrive, was rather a shabby expedient for evading the obligation they had incurred when they proposed to Mr. O'Brien that he should get Messrs. Duffus & Co. to be his sureties. The "Islander" says:—

Mr. Schreiber "was in the Island, in possession of a communication from the Government, intimating to him that his offer had been accepted. The offer of Mr. Schreiber, and its acceptance by the Government, constituted a contract in the terms of the offer. To give satisfactory security within a reasonable time, and to sign the formal contract, was all that Mr. Schreiber had to do. If he was prepared to do this, the contract was his, and the Government were bound to accept him as contractor."

To this the HERALD replies: "Now, let us observe that every circumstance here set forth by the *Islander*, in favor of giving the contract to Mr. Schreiber, militates with greater force in favor of Mr. O'Brien. The Government had accepted Mr. O'Brien's offer for constructing a railway—the *contract* constituted between the Government and Mr. O'Brien, by this offer, and its acceptance was never broken off. All that Mr. O'Brien had to do was to give satisfactory security—and that security lay on the Council Table on Thursday, shortly after mid-day—security, be it observed, of the Council's own selection—which the Council had sent Mr. O'Brien to seek, and which, contrary to their expectations, he had obtained. Mr. Schreiber, moreover, handed in the *names* of his sureties: whereas, Mr. O'Brien was required to furnish *letters* from his sureties—why this difference of treatment? And possessed of Mr. Schreiber's witness of sureties only, the scrupulous consciences of the gentlemen of the Executive order the contract to be signed in duplicate, and pay no heed to Mr. O'Brien's *letters*.

If we are to consider the offer and acceptance of Mr. Schreiber as a contract entered into between that gentleman and the Government, we must in all consistency, place Mr. O'Brien in the same position. The Government accordingly had two contracts on hand, at the same time, for the same thing. This being the case, the first contract was clearly entitled to the preference, everything else being equal. But Mr. O'Brien's securities were in a much more advanced stage than Mr. Schreiber's. The one gave names of men who might or might not consent to undertake the responsibility demanded of them—the other gave written guarantees from the sureties he produced that they were willing to perfect the security. Again, the fact that fourteen thousand pounds would be saved to the Colony by the acceptance of Mr. O'Brien's conrract, ought to have had a little influence with a Cabinet which was generally supposed to have a conscience or two among its members. From this our readers can learn the worth of the defence set up by the Government."

Again it says:—

"Tender after tender was spirited away from the list, until the contract came into the voracious "Ring." Only in one respect do the calculations of the Government appear to have miscarried. The prompt action of Mr. O'Brien forced ministers to take Mr. Schreiber's tender of £4,267 10s. Could Mr. O'Brien have been kept back a few days more, to give a show of decency to the preceding, the country would have seen the contract go into the hands of the adventurous Burpee, at a cost of £4,999 10s. per mile. Mr. O'Brien, therefore, is fully entitled to the credit of having been the means of saving for the meantime as least £27,750 on 120 miles of Railway."

Mr. Reilly, editor of the *Herald*, who is a member of the House of Assembly, has formally notified the Lieut. Governor and the leader of the Government that he can no longer support the Government. His joining the opposition places the Government in a minority. Of course he is much abused by the Government organs.

PRINCE EDWARD ISLAND.

ALL ABOUT THE RAILWAY CONTRACT.

(From the Halifax Chronicle.)

The Government of Prince Edward Island have published in their "Royal Gazette" the correspondence respecting the railway contract, with some notes and comments which seem strangely out of place in such an official publication. As the matter stands the Government appear to have sacrificed the interests of the public to put money in the pockets of a "Ring" in which they are believed to be interested. A review of the facts will show what ground there is for this opinion.

On the 25th of July the tenders, twenty-three in number, for the construction of the road, were opened. The lowest six—all that appear in the subsequent negotiations—were as follow; the figures in the first column indicating the price per mile in sterling, and those in the second column the equivalent in P. E. Island currency:

T. & C. Walker, London, G. B.	£3600	£4095
W. D. O'Brien, Halifax, N. S.	2770	4155
H. D. McLeod & Co. St. John, N. B.	2800	4200
J. H. Fraser & Co., New Glasgow, N. S.	2820	4230
Wm. Rainnie & Co., St. John, N. B.	2830	4245
Collingwood Shreiber, do.	2845	4267 10

Messrs. Walker & Co's tender being the lowest was accepted, but as they and the Government could not agree upon the manner of issuing the debentures in which payment was to be made, Mr. O'Brien was informed by telegraph, on the 9th of August, that his tender would be accepted provided that the terms could be arranged satisfactorily. Mr. O'Brien proceeded to Charlottetown, arriving there on the 11th, and had an interview with the Government on the 12th. The result of their negotiation at that time was an agreement on the part of the Government to accept the whole stock of the Halifax City Railroad Company unencumbered, for £60,000, and approved personal security for £40,000—the two making the £100,000 Island currency required by law as security. This resolution of the Government's was officially communicated to Mr. O'Brien on the 14th of August by Mr. Haviland, the Colonial Secretary. The leader of the Government, Mr. J. C. Pope, thought it necessary to write a letter to Mr. O'Brien the same day, informing him that it was desirable that a time be named when he (Mr. O'Brien) would be prepared to perfect the security, sign the contract and commence the work." This extraordinary letter, imposing a condition not required by the letter of the same date from the Colonial Secretary, the proper medium of official communication with the Government, appears, when read in the light of subsequent events, to have indicated a determination on the part of the Government to so harass Mr. O'Brien that he would abandon the contract. Mr. O'Brien left Charlottetown the next morning, the 15th, and on the 16th telegraphed from Halifax to Mr. Pope that the securities were being arranged and would be ready in a week.

The day before the week expired, and while they had no reason to doubt that Mr. O'Brien would be ready, the Government, by Mr. Haviland, pressed him a little closer by telegraphing that they expected him the next day. Mr. O'Brien was delayed in Halifax by the absence of some parties who held a mortgage of $50,000 on the City Railroad, which he desired to cancel before going to the Island. He telegraphed to this effect on the 24th, and was replied to by Mr. Haviland that unless he was in Charlottetown on the 26th, prepared to give the required security and sign the contract the party making the next tender would be writen to. To this application of the screw Mr. O'Brin replied, requesting a delay until the 30th, which delay was granted with the intimation that on that day he must perfect his security. Mr. Haviland came to Halifax on the 26th, on private busines, and remained until the 8th of Sept. On the 28th Mr. O'Brien, after first calling on Mr. Haviland in his absence, addressed a letter to him, stating that in consequence of the absence of the holders of the $50,000 mortgage on the City Railroad he could not get it cancelled, but he was prepared to give a Halifax firm (we omit names that are unnecessary) as security for that amount, and two other firms as security for the £40,000 required. On the 29th Mr. Haviland replied to Mr. O'Brien that the securities he had named would not be satisfactory to the Government. On the same day Mr. O'Brien addressed Mr. Haviland, asking an explanation as to what portion of his security was considered insufficient, and expressing his ability, if reasonable time were given, to furnish ample security; and to prevent any fear of delay, he would not only undertake to build the road in two years—one year less than was allowed by the Governmeut—but he would allow them to count in that period every day that elapsed from the time the contract was awarded to him until it was signed. On the same day Mr. Haviland replied, giving no further explanation than a reiteration of his former statement that the securities were insufficient, and adding that he had no power to extend the time beyond the 30th. This letter, however, did not reach Mr. O'Brien who left on the morning of the 30th for the Island, and on the 31st placed before the Government the securities he had offered to Mr. Haviland, and offered to procure others if time were allowed. The Government, by Attorney General Brecken, replied that the securities would not be accepted and no further time would be allowed.

Having thus disposed of Mr. O'Brien, who had made good use of the time allowed him by procuring securities which he might be pardoned for supposing would be acceptable, the Government communicated on the 31st with Messrs. McLeod & Co., who on the 1st September telegraphed that they would give a definite reply in a day or two