

added 5½ per cent for War Office expenses, or altogether \$12.75½ each. The above prices are for delivery at Woolwich, England.

When the war broke out the price of No. 80 fuses (aluminum) as quoted by the War Department, England, was 10s. 9d. each, or \$2.61 to which 5½ per cent had to be added, bringing the cost up to \$2.76 each.

The cost of the quick firing 4.5-inch ammunition ordered on the 19th July, 1911, through the War Office from Vickers, was: cartridge, 10s. 3d. net, or \$2.63½; shell, £1. 6s. 7½d. net, or \$6.84; and fuse, 11s. net, or \$2.82½. My hon. friend will therefore see that he has made an error in quoting the price of the 4.5 shell.

In regard to the cost of shells in Canada, I have here a statement showing the estimated total cost of the materials ordered,

the balance of shells to be filled

4 p.m. at present prices, and the War Office prices authorized to the

Canadian Shell Committee for the manufacture of those shells, and which they filled; there is a surplus of \$42,690,630 from the prices authorized by the War Office. So that the Canadian Shell Committee would have been entitled to pay for the manufacture of those shells on the basis of the British War Office prices a sum of \$42,690,630 more than they did pay. And yet we are told that the Canadian Shell Committee paid exorbitant prices. The War Office authorized a total cost of \$345,220,000, but we fell short of that to the extent that our cost was \$303,125,000. Let me point out that the British Government does not regard the price as the most important matter. Fortunately, or unfortunately, I regarded the price as a very serious matter, and my object from start to finish was to get the price down to the lowest figure profitable to the manufacturers. But the British War Office does not so regard it. What they want, first of all, is the proper quality; they are not particular in war time as to the price so long as they get the proper quality. In all those cases, it will be found that every reasonable effort was made by General Bertram and Colonel Carnegie to ascertain the price not only in the United States, but in Canada. They visited every part of the Dominion, and every part of the United States where anybody offered shells, and, in the circumstances, these officers did their duty. I am satisfied, absolutely squarely, as will be shown later on.

We are told that in the contract for the
[S'r Sam Hughes.]

fuses there was a commission of \$1,000,000. Well, that is only 10 per cent on the whole transaction, and these gentlemen had to assume the risk of German outrages, of a change in prices, as well as other risks. I tell this House to-day, what will be proven before the Royal Commission in a day or so, that not one firm on the continent of North America could be induced to touch the No. 80 fuse at the price which was offered, and there is not one firm that is making a dollar out of the No. 80 fuse. In any event, the British Government have expressed their entire satisfaction with the firms which obtained these contracts by giving them directly through Morgan, additional contracts amounting to 4,000,000 fuses in one case, and 1,000,000 fuses in another; that is No. 80 British fuse. And these are the two mushroom companies that have been talked of before this House.

My hon. friend from Richmond endeavoured to make a point out of the advance of \$1,500,000. Let me point out to this House, what will be proven before the Royal Commission, that the usual advance made by the British Government is not 15 per cent, but 25 per cent; and I learn from the Shell Committee that the gentlemen from the United States, who accepted those contracts, fought, and almost threw up the contracts, because they were cut down to 15 per cent in the matter of an advance, instead of getting the usual advance of 25 per cent. As has been pointed out, that advance was secured by the strongest guaranty trust company on the continent of North America.

There was another point made about the division of profits. I know nothing about that, and I do not know that anybody else does except what can be learned from the contract which was purported to be read by the hon. member for Richmond (Mr. Kyte). He speaks of 40 cents a fuse on inspection, but like many of those rainbow affairs, by the time these gentlemen get through with their contracts there will not be many 40 cent pieces to divide amongst them. However, that will all come out; I know nothing about it whatever. I may point out further that the Canadian Car Company, of Amherst, had a contract for several million shells which was secured through the instrumentality of Colonel Allison and Colonel Mackie for the Russian Government, the contract being for 2,000,000 rounds of completed shrapnel shell at \$15.75 each. The price in the Morgan contract with Great Britain for