Canadian Rails for the I.C.R.

In the House of Commons, April 10, in committee of supply on the railway and canal estimates, the first item considered was $500,000 for steel rails and fastenings. The Minister of Railways explained that the Intercolonial is being rerailed. During the past year 75 miles of the line in Cape Breton had been done. There had been some scarcity of labor, so that the whole road in the island could not be completed. Last year rails had been purchased from the Illinois Steel Co. and the Cambria Co. at $32.60 a ton. The arrangement for this year is that rails will be supplied by the Sault Ste. Marie Manufacturing Co. "We had," Mr. Blair said, "a proposition from them to put in a steel rail plant to manufacture these rails in Canada. They satified us of their ability to do this work, and that they would be capable of establishing a very efficient rail manufacturing plant. They had ores of a superior quality, and the steel made from them would contain a percentage of nickel, which would be found in the rails this company proposed to make for us. This, while it did not form an element in the price, would add materially to the durability of the rail, and we felt that was an additional inducement to us to make this arrangement with them. The establishment of this industry was contingent upon their securing from the Government a fair order, and an order for a sufficient quantity to guarantee them that they would have employment for their plant as a basis from which to invite and encourage the introduction of capital for that purpose, and, as the Government viewed the matter, it was one which would appeal to the sympathetic consideration of the Canadian people, would result in the establishment of a permanent industry, and would secure to the railway companies and others who would require rails that such rails would be obtained in Canada, and give employment to a large number of people, directly and indirectly. We made an arrangement with them similar to that existing before they prepared to undertake to deliver these rails, at such price as similar rails of equal standard could be obtained in the open market. We made inquiry as to the current price of rails, and found it would be impossible for us to place orders for delivery earlier than the fall of the present year, and that the price at which they were obtainable would be at all events equal to the price we were paying last year, contracted for the year before, so we made a contract with this company to deliver to us 25,000 tons of the quality and standard adopted, 80 lbs. in weight, and we were to pay them $32.60 a ton for a delivery which would commence in the first week in Aug. and continue so that we would be able to lay them before the snow fell. The rails were to be delivered to us in Montreal. We have made no explicit contract with them for the future, although in their proposition they asked us to give them a contract for a term of five years, and they wanted 50,000 tons with which to commence the establishing of their industry. We finally concluded upon 25,000 tons. While we have made no contract with them for any term beyond the year we are now entering, we have an understanding with them under which, if they are prepared, as they engaged to do, to furnish us with rails of the quality and standard we asked for at the current price in the English market, which is the ruling price, we are prepared to consider buying our rails from them. Their machinery is now all constructed, their buildings are being rapidly put into shape, and I have had very late word from them to the effect that we will receive, commencing the first week in Aug., a delivery of 500 tons a day. As to the amount, we have inserted in this estimate $500,000. After making deductions for the value of the old rails which we are taking up, we will have to ask Parliament in the supplementary estimates for an increased sum above this amount sufficient to cover the cost of the 25,000 tons."

Messrs. Haggart and Barker argued against charging the whole $500,000 to capital account.

Continuing the discussion on Mar. 12, Mr. Haggart complained that while in this return reference was made to seven tenders at an almost uniform price of $32.85 the Government had not ascertained what the G.T.R. and the C.P.R. were paying and stated that the price of rails had not varied since the contract was made.

Mr. Blair said that the reduction in price had been $5 or $6 a ton since then.

Mr. Haggart continued by observing that $25 a ton was the most that had been paid for rails during the past six months. The contract with the Clergue Co. was dated one month before the election, and was for 25,000 tons of rails annually, for five years, 125,000 tons in all, involving an expenditure of $4,000,000 for which the Minister had not asked the consent of Parliament.

Mr. Blair said this statement was misleading. Investigation would show that the Government had taken a step which would result, without costing the public treasury a single dollar, in the establishment in Canada of an industry which would be of enormous advantage to the country, and which would give employment to many men. Mr. Clergue had approached the Government in June last with a proposal to establish a steel rail industry in the Dominion, and he did not think that they were to be found fault with for entering into an agreement merely because an election was pending. The Government was to pay for the rails a price not in advance of the current market rate, and the price named in the contract was that at which anyone going into the market in August or Sept. last would have had to have agreed to pay for rails to be delivered at the dates contracted for. He doubted whether a contract could be made to-day for delivery within 12 months.

Mr. Osler said the Minister was in error as contracts could be made now for early delivery.

Mr. Blair accepted the correction and went on to observe that the price of rails next year was, according to the contract, to be that current in the British market, and this no one could say was too high.

Dr. Sproule pointed out that the Government had entered into a contract on a falling market for rails for one year ahead of its necessities and at a time when an election was pending.

Mr. Maclean said the people would condemn a contract under which this Co. would receive, including the bounties, some $40 a ton for the rails. U.S. makers had recently sold rails, delivered in England, at $24 a ton. Rails containing a percentage of nickel could not be manufactured cheaply in England, and therefore the Government would have to pay a higher price.

Mr. Blair said the U.S. price for the rails was $35 a ton, but the manufacturers, as soon as they found they were for the English market, dropped the price.

Mr. Borden said the contract was a binding one for five years. Did not the Minister know that there were other companies in Canada that proposed to manufacture steel rails? There was a company in Nova Scotia which contemplated the manufacture of steel rails.

Mr. Blair had not heard of this company when the contract was made.

Mr. Borden said the Nova Scotia Co. was better prepared to undertake the manufacture of steel rails than was Mr. Clergue, and the contract should not have exceeded a period of two years.

Mr. Fielding said the Nova Scotia Co. would have an opportunity of supplying the Government with steel rails whenever it made a proposal to do so.

The vote was finally passed.

We are advised that the rails will be made to the A.S.C.E. standard.

Following are the principal

CLAUSES OF THE AGREEMENT.

Whereas, for the purpose of encouraging the erection and equipment within Canada of plant and machinery for the manufacture and production on most modern principles of steel rails, and plate and bridge material, the Minister of Railways has been authorized to execute a contract guaranteeing the Co. the acceptance by her Majesty during the five years next following of 25,000 tons of steel rails, at prices fixed as hereinafter specified. It is therefore agreed by and between her Majesty, for herself, her successors, and assigns, and the Co. for itself, its successors, and assigns:

That her Majesty will in each year during the years 1901 to 1905, both inclusive, purchase from the Co. and take delivery of 25,000 tons (of 2,240 lbs. to the ton) of first quality steel rails, 80 lbs. to the yard, of section from time to time prescribed and approved by the said Minister.

That the Minister shall, on behalf of her Majesty, each year during the said five years, enter into a contract with the Co. specifying, in greater detail than herein set forth, the time and place of the delivery of such rails, the section approved, the price and mode of payment, with other incidental particulars and provisions at the discretion of the Minister.

That with the exception of the year 1901, for which year the price per ton is hereby fixed at $32.60 a ton, the price for such rails per ton shall be the same as the price obtainable for the same quality of rails in the open market in Great Britain at the time when the respective orders for such rails are given under the said contracts.

That the rails delivered under the contract for the first year's supply thereof shall be delivered (c.i.f.), either at Levis or Montreal, as the Minister may specify, delivery to be made, as far as practicable, in equal quantities per month, and shall commence in the month of June, and be completed before the end of the following Sept., the rails deliverable during the balance of the said period of five years shall be delivered either at Halifax, Port Mulgrave, Levis, or St. John, as may be required by the Minister, and either specified in the said contracts relating thereto, or by the said Minister named from time to time during the progress of delivery.

That the Co. will execute all such contracts as may during the said period of five years be drawn in accordance herewith, and presented by the Minister for execution, and will manufacture and deliver the said rails for the said prices, and in all respects will comply with the provisions of the said contracts or any of them.

Temiscamingue Ry.—In the supplementary estimates, which were brought down in the Ontario Legislature by the Premier on April 2, $10,000 was appropriated for the purpose of surveys for the Temiscamingue Ry. which the Government proposes to build. The suggestion is that a line be constructed from North Bay to Lake Temiscamingue, for the purpose of opening up a large agricultural territory upon which extensive settlements have been made during the past two years. Immediately north and east of North Bay, there is a large mineral belt, and beyond this the agricultural settlement has sprung up. Some small villages have already been established on the shores of the lake, and a large traffic is done by steamers which connect with the C.P.R. Mattawa branch.