

Canadian Company Was Ignored.

So far as the evidence of Col. Carnegie shows, no further attempt was made to secure Canadian made fuses from the Canadian General Electric in spite of the fact that this company had shown its eagerness to undertake the work on a reasonable basis, and had the plant and capital necessary to handle the work on a very large scale. On the contrary, it was shown that Col. Carnegie had written to Mr. Nichols advising him to drop the whole matter. Even when the Shell Committee later found itself in a position to place an order for 5,000,000 fuses, no attempt was made to renew negotiations with the Canadian General Electric and this immense business which would have meant a large new industry in Canada and highly paid work for thousands of Canadian workmen, was given to United States companies.

Experience of Russell Motor Car Co.

But this was not all. The Russell Motor Car Company of Toronto, which has an immense machinery plant, attempted in vain to get a share of the 5,000,000 order which finally went to the United States. This was first brought out before the Commission in the evidence of Col. Carnegie on April 27th. Later evidence showed that the Russell people first heard on April 30, 1915, that large contracts for fuses were to be let. T. A. Russell and Lloyd Harris, president of the Russell Company happened to be in New York on other business when this information reached them and they then saw Sir Sam Hughes in Col. J. Wesley Allison's room in the Manhattan Hotel. They questioned Sir Sam as to the fuse orders and were told that such orders were going and they had "better get busy and scratch gravel." They immediately got into communication with the Shell Committee and as a result started at once figuring on what they could handle with a view to submitting a definite tender. They reached a verbal understanding with Col. Carnegie that they would be given a chance at from 1,000,000 to 1,250,000 of the 5,000,000 order provided they could show that they were in a position to undertake the work. They were given ten days in which to complete their arrangements and this time limit would have expired on May 22, 1915.

Contracts Let While Canadians Negotiating.

On May 21st the Russell Company wired that they had their arrangements well advanced and expected to submit a definite proposal early in the following week. When this telegram was first referred to before the Commission, Col. Carnegie said he did not think it had been received by the Shell Committee, but some days later he produced the original telegram and stated that it had been received on May 21st. It was on this same day, May 21st, that the Shell Committee notified the American Ammunition Company, or rather the Yoakum-Bassick-Allison combination, that they had been awarded the contract for 3,000,000 fuses and it was on this same day that representatives of the International Arms & Fuse Company were in Ottawa, still figuring on getting the whole of the

5,000,000 order and apparently unaware that their American competitors, the Yoakum-Bassick-Allison combination, were in the field at all. But the Shell Committee had apparently decided to divide the order between the two United States concerns because when T. A. Russell came to Ottawa on May 26th with a formal letter dated May 25th offering to undertake a contract for 1,500,000 fuses at \$4.20 each, which was 30 cents less than the price afterwards granted to the United States companies, he was told by Col. Carnegie that the contracts had been let and that the Imperial Government was not placing any further orders for fuses.

Questioned as to why the contract for 5,000,000 fuses had been let to United States companies when Canadian manufacturers were looking for the business, Col. Carnegie said he had decided in his own mind that the Canadian companies would not be able to do the work, chiefly because they lacked the expert workmen needed.

Later on, Russells Got a Contract.

One month later, however, Col. Carnegie and the Shell Committee got new light on the ability of the Russell Company to make fuses and they were given an order for 500,000 "graze" fuses at an average price of \$3.50, just 50 cents less than the price at which the contract for 1,666,000 of the same type of fuse had been given to the American Ammunition Company. Col. Carnegie declared that this order was given to the Russell Company because "the importance of starting the manufacture of fuses in Canada would justify the foregoing prices." Questioned by Mr. Hellmuth as to the "somewhat remarkable" circumstance that "a month after letting a contract for 1,666,000 fuses at \$4 we should find the Committee justifying itself for letting the 500,000 (to the Russell Company) at \$3.50," Col. Carnegie answered that at the time the first contract was let he was not aware that the price for such fuses in the United States was less than their contract price. Between that time and the time the contract was given to the Russell Company for fuses to be made in Canada this information has been received.

Carnegie Discouraged Canadians.

The facts regarding the Russell Company's negotiations as revealed in documents and the evidence of Col. Carnegie were substantiated to a large degree by Mr. Lloyd Harris, President of the Russell Motor Car Company who gave evidence on May 9th. Mr. Harris contributed some additional information of decided importance. He stated that from the very first Col. Carnegie had discouraged them in their efforts to secure a contract and that on May 6th, 1915, Col. Carnegie told him that he was wasting time as he (Col. Carnegie) had investigated the whole matter and had decided that the fuses could not be made in Canada.

"I took straight issue with him," said Mr. Harris. "I told him that was a foolish statement for anyone to make—that things could not be made in Canada,—as much larger things had been done in Canada than the manufacture of fuses."