

# Shell and Fuse Scandals

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## Million Dollar Rake-off

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Taken from the Government  
Records

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This pamphlet deals with two phases only of the work of the Shell Committee.

### SHELLS

The first article refers to the manufacture in Canada of Shells.

### FUSES

On Page 7 of this pamphlet begins an article showing how a **MILLION DOLLAR RAKE-OFF** on a fuse contract was negotiated.

# Shells

The history of the war shows that the British Government was quite unprepared, at its outbreak to furnish the necessary supply of munitions. Realizing this—strenuous efforts were made to manufacture quickly large quantities of shells to cope with this situation and the enormous reserves which Germany had for years piled up. Shells were of vital importance; shells meant victory for the allies; shells meant protecting the lives of our Canadian and British soldiers. Shells were the one thing that was needed.

The Canadian Government was asked to assist in the manufacture of shells and were given an initial order of 200,000. The Government appointed a shell committee composed of four military and four civilian members.

## **IT WAS A CANADIAN COMMITTEE**

This Shell Committee was a Canadian Committee. It was appointed by the Canadian Government. The executive head was under the control of the Canadian Government and the British Government looked to the Canadian Government to carry on the work.

## **THE SHELL COMMITTEE APPOINTED BY THE CANADIAN GOVERNMENT**

On April 26th, 1916, copy of the original appointment of the Shell Committee was laid before the Meredith-Duff Commission. This was filed as exhibit No. 8. It shows that Sir Sam Hughes, the Minister of Militia, appointed the Shell Committee on the 7th day of September, 1914. At that time it was composed of four members, Col. Alexander Bertram, Thos. Cantley, Geo. W. Watts and F. D. Lafferty. A few days later, the Minister of Militia appointed Mr. E. Carnegie to the Commission and later still other members were added.

A telegram was also produced dated September 10th, 1914, which was from Sir Sam Hughes, to the British War Office and read as follows:—

**"Have organized committee to manufacture shells. They guarantee 20,000 by 1st of November and 30,000 monthly thereafter. May be able largely to increase this amount."**

**(Sgd) Sam Hughes.**

## **GOVERNMENT REPORTED TO PARLIAMENT WORK OF SHELL COMMITTEE**

In the House of Commons on April 5th, 1915, Sir Robert Borden referred to the Shell Committee in the following terms:—

**"I WISH TO PLACE BEFORE PARLIAMENT THE RECORD** of what has been accomplished by the committee appointed in this country to fill orders which the British Government desired to place here, if they could be placed in Canada, for the supply of munitions. A committee was formed by the Minister of Militia in the early stages of

the War, consisting of Colonel A. Bertram, Chairman; Thos. Cantley, Esq.; Geo. W. Watts, Esq.; E. Carnegie, Esq.; representing the manufacturers; Col. T. Hanson, Master General of Ordnance; Col. Greville Harston, Chief Inspector of Arms and Ammunition; and Lt. Col. F. D. Lafferty, B.C.A. Superintendent of the Dominion Arsenal, representing the Department of Militia and Defence."

"The Executive work of the committee has been very wisely entrusted to the Chairman, Colonel Bertram, WHO REPORTS WEEKLY TO THE MINISTER OF MILITIA and also to the committee when it meets (which is usually monthly) or more often, at the call of the Minister."

(See Vol. 3, p. 2614, House of Commons Debates, 1915)

That the British Government held the Canadian Government responsible for the Shell Committee is proven by a statement which Earl Curzon, Lord Privy Seal in the British Government, stated speaking in the House of Lords on June 23rd, 1915, as follows:

"In Canada the system adopted by the War Office has been this: They have made their orders from an early date THROUGH THE CANADIAN GOVERNMENT, treating the Canadian Government in fact, as their agents for the supply of munitions of War. ANY REQUIREMENTS FROM THE WAR OFFICE HERE ARE COMMUNICATED BY LETTER OR TELEGRAM TO THE CANADIAN GOVERNMENT, OR RATHER, TO THE MINISTER OF MILITIA THERE. This officer constituted quite early in the day the Shell Committee to which the noble Lord referred. That is a body presided over by a gentleman whose name he mentioned, General Bertram, and upon it are representatives of the various manufacturing interests in the Dominion, and the function of the Committee is to advise the Minister as to the contracts, which, on behalf of the Imperial Government, he shall conclude. All applications are made to him. They go before the Committee, who examine and adjudicate between the claims or the capacities of the different parties; then the contract is concluded over there, AND FINALLY THE CANADIAN GOVERNMENT ASSUME THE RESPONSIBILITY OF INSPECTING THE MUNITIONS FOR US WHEN THEY HAVE BEEN PRODUCED."

#### **EXCESSIVE PRICES PAID, FRIENDS FAVOURED**

For a time after the Shell Committee had been appointed little was known publicly of its operations. Not many months had elapsed, however, before it became common talk that enormous and excessive profits were being made by a few favoured firms in the manufacture of shells.

Ottawa was besieged with Tory members of Parliament, lobbyists, manufacturers, middlemen and agents of all kinds and descriptions, tumbling over one another to secure orders for the manufacture of shells. Additional orders were from time to time

received from the British Government and the Shell Committee continued to place these orders in a most arbitrary manner.

### **POLITICAL FAVORITISM**

The atmosphere became surcharged with rumours of political favoritism and abnormally high profits. So much was this the case that rumours of the grossest graft and scandal were in circulation everywhere. When the House of Commons met in the winter of 1916 Mr. F. B. Carvel, M.P. for Carleton, N.B., Hon. Dr. Pugsley, Mr. G. W. Kyte, M.P. and other members of Parliament made serious accusations against the Government in regard to the manner in which this Shell Committee had been operating.

They accused the Shell Committee of being the distributor of Tory patronage and fact after fact was placed before the members of the House of Commons to prove that Conservative members and their friends were influencing members of the Shell Committee and reaping tremendous profits out of the money which was being spent.

One of the chief criticisms levelled against the Committee was that several of its members who were interested in manufacturing Companies were receiving huge contracts, and Mr. Carvell in his speech on March 7th gave the following information:—

“John Bertram & Sons, Ltd., of Dundas, Ont., received contracts amounting to over \$1,300,000. General Alexander Bertram, who was Chairman of the Shell Committee was Vice-President of the John Bertram & Sons Co., Ltd.

“The Electric Steel & Metals Company of Welland, of which Mr. E. Carnegie is Secretary-Treasurer, got contracts for some \$1,800,000. Mr. Carnegie was also a member of the Shell Committee.

“The Nova Scotia Steel Company, of which Col. Thomas Cantley is the head, secured orders of all kinds amounting to over \$15,000,000. Col. Cantley was also a member of the Shell Committee.

“The Universal Tool Steel Company, a company known to be owned and controlled by MacKenzie & Mann, got orders amounting to some \$1,700,000 and Mr. Carvell adduced proof to show that they received their orders through the intervention of Sir Sam Hughes himself.

### **THE SHELL COMMITTEE A PATRONAGE DISTRIBUTOR**

In support of these accusations Mr. Carvell and other Liberal members gave facts to show how Tory members, Tory candidates, and their friends were dabbling in these contracts.

Space here will not permit giving all the details which were placed upon Hansard at that time. Any person making application to the Central Liberal Information Office, Ottawa, will be supplied with a copy of Hansard containing these speeches by Liberal members.

**A Few Facts Brought to Light Were:—**

That mushroom Companies were established and incor.

porated in all parts of the country and received large orders for shells, while other concerns having establishments, and in a position to do the work without delay were refused orders.

There were strong accusations made that in some cases before contracts were finally closed by the Shell Committee, a commission had been demanded from the manufacturer.

The Liberal members were prepared to prove that a gentleman closely connected with a member of the Shell Committee, in fact a son of one of the members of the Shell Committee had demanded 1½% commission from a firm in Toronto who was about to receive an order for shells. The demand was made with a threat that if the commission was not paid the Company could not get the order for the manufacture of shells. The Company refused the commission and consequently did not receive the order.

**THAT THE MEMBER FOR PRINCE EDWARD, ONTARIO, Mr. Hepburn, who was a member of THE FIRM OF HEPBURN BROS., AND WHO OWNED a planing mill, received two ORDERS, ONE FOR 200,000 FORGINGS 4.5 shells at \$2.00 a forging, and another for MACHINING 50,000 4.5 SHELLS at \$6.00, or a total order for over \$700,000. This order was given to Mr. Hepburn on May 29th, 1915, who immediately took it to Montreal where it was carried out by another concern.**

That the E. Long Manufacturing Co. of Orillia, the Canadian Maleable Iron Works of Owen Sound and Mr. E. A. D. Morgan, former Conservative candidate in Richileau, Que., had received at the same time contracts for the manufacture of 60 pound high explosive shells, but for some unaccountable reason Mr. Morgan, the Conservative candidate got 25c. and 50c. a shell more for his work than did the Orillia and Owen Sound Companies.

That the Conservative candidate for St. Catherines, Mr. J. D. Chaplin, formed a mushroom Company (the Metals Drawing Co., Ltd.) incorporated under the Ontario Laws on March 5th, 1915, with an authorized capital of \$50,000. With this small authorized capital, Mr. Chaplin was able to secure contracts aggregating over \$4,000,000.

At St. John, N.B., the York and Cornwall Cotton Company got an order for 25,000 shrapnel shells and took this to Messrs. Jas. Fleming and Sons, an old established firm, and the Fleming people did the work and paid the York and Cornwall Cotton Company a commission of 10%.

Not only was this nefarious work going on in connection with shells but also in regard to shell boxes.

The Liberal members were prepared to prove that one of Sir Sam Hughes' constituents, Mr. C. W. Burgoyne, of Fenelon Falls, secured an order for 3,000 shell boxes at \$2.50 each and immediately sublet to a gentleman by the name of Mr. W. Tiers at a profit of 50c. a box.

Bona fide manufacturers from all over Canada were clamoring to secure orders for shell boxes but were refused. In some mysterious way however Mr. W. H. Farnham of St. Stephen, N.B., got an order for 25,000 shell boxes. He had no Company, no manufacturing plant, but eventually succeeded in getting together a combination of politicians and proceeded with the manufacture.

With these and many other facts before the House and the country, the Right Hon. Sir Wilfrid Laurier, the leader of the Liberal Party, felt it incumbent upon himself to move a resolution asking for a committee to investigate the accusations made by the Liberal members. Consequently on March 7th, 1916, Sir Wilfrid moved the following resolution:

"That a special committee of members of this House be appointed to inquire into all purchases of shells or other munitions or goods by the Shell Committee, formed by the Minister of Militia, as stated to this House by the Prime Minister on the 15th April, 1915, together with all contracts made or orders given by the said committee for any shells or other munitions or goods, with authority to the said committee to examine witnesses under oath and to require the production of any documents, books, letters or papers; and that such special committee be directed to report from time to time to this House in such manner as it may think advisable."

In moving this resolution the following are extracts from Sir Wilfrid's speech:

#### **THE BASIS OF THE DEMAND FOR AN INVESTIGATION**

"One thing that is indisputable, and that is only too true, is: that if money has not been lost owing to the work of the Shell Committee, time has been lost, and loss of time is ten times more criminal than loss of money. We can pay for shells in money, but we have to pay for the lack of shells in blood; and I say that, owing to dereliction of duty on the part of the Shell Committee time has been lost, and owing to that time so lost, battles have been lost, thousands of lives have been sacrificed, victories have not been carried to a final issue, the enemy has not been pursued as he retreated, and the War has thus been prolonged. It is upon these facts with their terrible consequences that, from my seat in Parliament, I to-day arraign the Shell Committee, that I hold the Government responsible, and that I ask for an investigation."

#### **CANADA PAYS HER SHARE FOR MUNITIONS**

"My hon. friend from St. John (Mr. Pugsley) asked the hon. Minister of Finance, during the course of the debate on the address, the following questions":—

Hon. Wm. Pugsley:—I desire to ask my hon. friend, the Minister of Finance, (Sir Thomas White) as to what proportion of the expense in connection with the carrying on of the war, in so far as Canadian soldiers are concerned, is to be borne by the Government of Canada. I desire to know whether all the expense of ammunition, guns, equipment, etc., is to be borne by the Government of Canada, or what the arrangement is?"

Sir Thomas White:—I may say to my hon. friend that the Government of Canada is bearing the entire expense of Canada's partic-

pation in the war. There will necessarily be certain accounts which cannot be adjusted until the war is over."

Mr. Pugsley:—That means, of course, all the ammunition, all the guns, all the boots and shoes, and all the clothing used by the Canadian soldiers at the front?"

Sir Thomas White:—Our understanding is that the Canadian Government will pay all, but that an adjustment is necessary and will have to take place later."

Here we have conclusive evidence that in this matter we have to look to the Canadian Government, and the Canadian Government, of course, is responsible to the people. We have the facts clearly established that the Shell Committee was appointed by the Canadian Government, that it acted under the Minister of Militia, that it reported to the Department of Militia and Defence, that the Minister of Militia had the calling of it whenever he chose, and that it is the money of the Canadian people that is used to pay for the shells ordered by the committee. We have it also in evidence that the Minister of Militia was the author of the committee."

The Government refused the committee and with a solid Conservative backing voted down the resolution of the Liberal leader.

It will be noted in another section of this pamphlet that the Government did grant a limited inquiry in regard to fuses. A Royal Commission to examine into the letting of a contract for fuses started to take evidence on April 3rd. So startling was the evidence and so complete the vindication of the charges made by the Liberal members that on May 5th, 1916, Mr. F. B. Carvell, M.P. presented to the House of Commons a resolution asking for extension of the scope of this Royal Commission in order that the contracts for shells might be examined.

Obedient to the lead of Sir Robert Borden who spoke at length on this second motion, the solid Conservative party voted down Mr. Carvell's motion.

## Fuses

At the time the work of the Shell Committee was being discussed in the House of Commons reference was made to an order for fuses which had been let in the United States, but it was not until Tuesday, March 28th, 1916, when Mr. G. W. Kyte, M.P. for Richmond, N.S. was speaking in the House of Commons that the real climax was reached.

### "LIMITED INQUIRY"

In the course of Mr. Kyte's address he made accusations so serious that notwithstanding the fact that for the minute the Government refused a Parliamentary investigation they were afterwards forced by some of their followers to grant, what can well be called a "Limited Inquiry" by a Royal Commission.

The Royal Commission was composed of Sir William Meredith of the Supreme Court of Ontario and the Hon. L. P. Duff, mem-

ber of the Supreme Court of Canada. The accusations made by Mr. Kyte can be summarized briefly as follows:

That on the 25th day of May, 1915, the American Ammunition Company was incorporated in the State of Virginia with an authorized capital of \$1,000,000, but with only a subscribed capital of \$1,000. The Company was authorized to manufacture shells, cartridges, fuses, etc.

That about two weeks later—June 9th—the International Arms and Fuse Company was incorporated in the State of New York with an authorized capital of \$1,500,000, but with a subscribed capital of only \$3,000.

That neither of the foregoing companies were in possession of a plant, but were organized for the purpose of entering into fuse contracts with the Canadian Shell Committee.

#### **A MILLION DOLLAR RAKE-OFF**

That on June 10th, three Americans, E. B. Cadwell, head of the newly organized American Ammunition Company, one B. F. Yoakum, of New York, and E. W. Bassick, of Bridgeport, Connecticut, all connected with one of the above mentioned companies, signed a formal agreement by which they apportioned **TO THEMSELVES A MILLION DOLLAR COMMISSION** out of a contract for fuses which they had been promised by General Bertram, head of the Canadian Shell Committee.

That this agreement for the division of a million dollar rake off was signed on June 10th, 1915, and that nine days later, on June 19th, they got the contract from the Canadian Shell Committee.

That the day the contracts were awarded them the Shell Committee advanced them the sum of \$2,166,000. Within four months they received an additional cash advance of \$1,083,300, making a total advance of \$3,250,900.

The above briefly are the accusations which Mr. Kyte made:

#### **WHAT WAS PROVEN BEFORE THE ROYAL COMMISSION**

It is impossible in this small pamphlet to quote all the evidence that was brought out in proof thereof, but we give here a brief summary of what was proven at this investigation.

1. That the American Ammunition Company was incorporated on May 25th, 1915. Certified copy of the letters of Incorporation was put in as evidence before the Duff-Meredith Commission.

2. That the International Arms and Fuse Company was incorporated in the State of New York, with an authorized capital of \$1,500,000, but with a subscribed capital of only \$3,000. A copy of the letters of incorporation was placed in evidence.

It was also proven that on June 19th these two Companies got a contract for fuses and that this order for fuses was given with the full consent and knowledge of Sir Sam Hughes as was proven by a certificate which was attached to each contract signed by Sir Sam Hughes as follows:

I, Major General, the Honourable S. Hughes, Minister of Militia and Defence of the Dominion of Canada, in accordance with authority duly conferred upon me by His Britannic Majesty's Government, hereby ratify and confirm on its behalf the foregoing agreement between the American Ammunition Company, Incorporated, and the Shell Committee.

Dated at Ottawa, Canada, this 19th day of June, A.D., 1915.

SAM HUGHES, Major General,

Minister of Militia and Defence.

Witness: John F. Orde.

### AND THE DIVISION OF A MILLION DOLLAR RAKE-OFF

The outstanding feature of Mr. Kyte's charge was the reading of an agreement dated the 10th day of June, 1915, whereby a million dollar commission was divided between Mr. B. F. Yoakum, Mr. E. W. Bassick and Mr. E. B. Cadwell. The length of this agreement precludes reproduction but the following paragraphs of the agreement which was placed on the records of the Royal Commission are given:

"Whereas, The Shell Committee of Canada acting by Brigadier-General Alexander Bertram, as Chairman and agent, has agreed to purchase 2,500,000 fuses (of which 1,666,666 were to be graze fuses) from a manufacturer to be designated by E. B. Cadwell & Co., Inc., and

"Whereas, said E. B. Cadwell & Co., Inc., and said Yoakum and said Bassick were together instrumental in negotiating and effecting said contract for the purchase and sale of said 2,500,000 fuses, which contract is presently to be reduced to writing and executed, and

"Whereas, said E. B. Cadwell & Co., Inc., and said Bassick are together entitled to receive as their total and aggregate commission for negotiating and effecting said contract the sum of One Million Dollars (\$1,000,000) in the whole, being at the rate of forty cents per fuse: and,

"Whereas, of the total amount of said commission of One Million Dollars (\$1,000,000) to be received said Yoakum is to be entitled to Four Hundred and Seventy-Five Thousandths, 475/1000 or eventually a total of \$475,000, being at the rate of 19 cents per fuse; and said Bassick is entitled to Two Hundred and Seventy-Five Thousandths, 275/1000, or eventually a total of \$275,000, being at the rate of 11 cents per fuse; and said E. B. Cadwell & Co., Inc., is entitled to Two Hundred and Fifty Thousandths, 250/1000 or eventually a total of \$250,000, being at the rate of ten cents per fuse.

From the above it will be seen that the Million Dollar Rake-Off was to be divided as follows:

Benjamin Franklin Yoakum .....	\$475,000
E. B. Cadwell & Co. ....	250,000
E. W. Bassick .....	275,000

Total \$1,000,000

### ALLISON'S COMMISSION WAS \$225,875

Before the Royal Commission, Mr. Benjamin F. Yoakum testified that out of his commission, namely \$475,000, J. Wesley

Allison shared share and share alike. He stated that before this \$475,000 was evenly divided some expenses had to be deducted namely, \$30,000 to Mr. Craven and \$3,385 travelling expenses which he had incurred in putting through the deal, which left total of \$441,650 to be divided between himself (Mr. Yoakum) and Mr. Allison, an equal share of \$225,875 apiece.

Mr. Yoakum produced orders from J. Wesley Allison to show how he (Allison) wished his \$225,875 distributed, which was as follows:

#### THE LADY SECRETARY WHO GOT \$105,000

To Major George Washington Stephens of Montreal ....	\$10,000
To Eugene E. Lignanti of New York .....	50,000
To Col. Wm. McBain, Toronto .....	30,000
To Mabel Edwards, Mr. Allison's "Lady Secretary" ....	105,000
And the balance to Mr. Allison himself .....	30,875

Thus we have the disposal of the \$225,875 of commission which Mr. J. Wesley Allison secured on this one fuse transaction.

#### HOW "FOXKEY" ALLISON ARRANGED IT

The question now arises how were John Wesley Allison and Benjamin Franklin Yoakum able to arrange this enormous commission. The whole story will never be told, but the facts as brought out before the Meredith-Duff Commission are that as early as February, 1915, Allison had made an arrangement with Mr. Yoakum whereby he (Allison) would receive a cash payment of \$25,000 from Mr. Yoakum, said payment to compensate Allison for permitting Yoakum to enter share and share alike into some war contracts.

#### CHEQUES PRODUCED

In proof of this, cheques were produced to show that on March 12th, 1915, Mr. Yoakum paid Mr. Allison on account \$10,000 and again on May 5th, 1915, another cheque for \$10,000. The following letter dated May 6th, 1915, was produced:

#### HOTEL MANHATTAN Hawk & Wetherbee

Mr. B. F. Yoakum,  
No. 71 Broadway,  
New York City.

May 6, 1915

My dear Mr. Yoakum:—I have your esteemed favour of the 5th inst., enclosing check for \$10,000, as the second payment on account of our agreement of February last, re your interest in the Allison Supply Company, leaving a balance due of \$5,000.

I do not want to have our arrangements changed in any way. We have an understanding which will not be departed from under any condition, regarding the British-American Trading Corporation. I think you will find that all business that you have with me, will be carried out in accordance with our agreement.

If it is convenient for you to do so, you can send me the balance of \$5,000, at any time and this will close the matter up.

Yours very truly,

(Sgd) J. WESLEY ALLISON

## **AND MR. ALLISON GET CONNECTED WITH THIS FUSE CONTRACT?**

has been stated over and over again by Major General Sir Hughes that J. Wesley Allison is his "guide, councillor and friend."

On the witness stand on May 12th, 1916, Mr. Yoakum swore that it was Colonel Allison who told him of the possibility of this fuse contract and he also stated that the first time that he, (Mr. Yoakum,) met Sir Sam Hughes, was when the three, Sir Sam Hughes, Col. Allison and himself had lunch together in Ottawa.

The records produced before the Royal Commission showed that Colonel Carnegie of the Shell Committee received from the War Office in England a cablegram on April 28th, 1915, giving them a definite order for these graze fuses. Evidence was also produced to show that General Hughes had asked Colonel Carnegie to see Allison in regard to this fuse contract.

### **READ THE DATES**

April 28, 1915.—Cable ordering fuses received from the British War Office.

April 30, 1915.—Cablegram from British War Office reaffirming and elaborating details of fuse order.

April 29-30, 1915.—Sir Sam Hughes in New York in consultation with Allison.

April 30, 1915.—Mr. Carnegie, of Shell Committee, goes to New York, at request of Sir Sam Hughes.

May 1st, 1915.—Mr. Carnegie in New York in consultation with Allison.

May 2nd, 1915.—Allison arranged for Mr. Carnegie to meet Mr. Yoakum and Mr. Craven.

May 4th, 1915.—Allison brought Mr. Bassick into the deal.

May 5th, 1915.—Yoakum gave Allison his second payment of \$10,000 or getting into the game."

Sometime between May 1st and 10th (date not definitely fixed.) Mr. Cadwell (the manufacturer) Mr. Bassick, Mr. Yoakum meet in Belmont Hotel, New York, to discuss this fuse order.

May 14th, 1915.—Mr. Yoakum, Mr. Allison, Mr. Bassick, Mr. Cadwell all meet in Manhattan Hotel, New York, and discuss final details of fuse order.

May 21st, 1915.—Shell Committee at Ottawa write letter granting the American Ammunition Company a contract for 2,500,000 fuses, divided as follows: 1,666,666 No. 100 graze fuses at \$4.00 and 833,334 No. 80—time fuses at \$4.50 each.

June 10, 1915.—Agreement drawn and signed whereby Yoakum, Bassick and Cadwell agree to **DIVIDE A MILLION DOLLAR TAKE OFF.**

June 19, 1915.—Official order given American Ammunition Co. (Cadwell's Company) for fuse order.

Careful study of these dates will, it is believed, enable any person to intelligently grasp the whole situation.

## **HAD THE SHELL COMMITTEE BEEN IN LEAGUE WITH ALLISON MORE FAVOURED TREATMENT COULD NOT HAVE BEEN ACCORDED HIM.**

From the time the Shell Committee considered the awarding of these contracts for fuses, it seemed to have been their evident desire to award them to J. Wesley Allison's nominee and at such prices as would permit an enormous commission.

It would take pages to reproduce here what was stated in the Meredith-Duff Commission. The one point brought out ever was that for this order of 1,666,666 time fuses at an exorbitant price had been given.

Mr. Cadwell who was the real manufacturer, (the other gentlemen, Messrs. Yoakum, Bassick et al being nothing more than straight middlemen,) swore on the witness stand that the Companies with which he was associated, were at the time this contract was awarded them, manufacturing for the Allied Governments over 13,000,000 fuses. Mr. Cadwell admitted that he could have taken this order for fuses for \$2.32 apiece (or exactly \$1.65 less than was given) and out of this price namely \$2.32 have given \$500,000 commission and made money.

Mr. Cadwell admitted that when the new Imperial Munition Board had succeeded the old Shell Committee they reduced the price of these fuses from \$4.00 to \$2.70 a fuse and that he still was making sufficient money to continue payment of this enormous million dollar commission.

Mr. Cadwell stated that had these fuses been put up for tender that instead of tendering at \$4.00 apiece he would have tendered at some figure between \$2.40 and \$2.75.

The summing up of the whole situation means that no tenders were asked, the Canadian manufacturers ignored, the Shell Committee arbitrarily set the price at \$4.00, and these American manufacturers who would have been willing to tender from \$2.40 to \$2.75 were asked to take the work at \$4.00.

If there is one deal which the Borden Government should be ashamed of, if there is a matter in which they have been concealed during their term of office which is unsavoury, it seems to be this order for fuses given at the request of Sir Sam Hughes, to J. Wesley Allison and his friends.

### **CANADIAN MANUFACTURERS SIDE-TRACKED**

Abundant evidence was produced to show that Canadian manufacturers who were in a position to manufacture these fuses on a very large scale, were ignored.

The Northern Electric Company, Montreal, Mr. Lloyd Harris, Toronto, the General Electric Company, of Peterborough, were all willing to undertake the manufacture of fuses, were side-tracked in every possible way until this order had been given to Allison and his friends, and then apologies were given for overlooking them.