



FASTFACTS



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How Winnipeg Saved Itself from Construction Contractors

The dangers in thinking that a public-private partnership would have somehow exempted the city of Winnipeg from the increased construction costs created by labour shortages and rising energy costs were recently exposed by John Loxley in a recent CCPA-MB *Fast Facts*. As Loxley noted it would be equally delusional to think that when it comes to the proposed sewage treatment overhaul that a public-private partnership would provide the city with lower costs and a quality service.

This is a lesson that Winnipeg politicians learned over a hundred years ago, when, at the urging of a far-sighted city engineer, H.N. Ruttan, they switched from dependence on outside contractors to developing a significant city construction infrastructure. Ruttan, like many members of Winnipeg's early labour movement, was convinced that contractors were overcharging the city for street, bridge, and other construction work and was at the same time underpaying their workers.

For this reason he advocated the city own and run its own gravel pits, quarry, and asphalt plant. Furthermore, he thought that the city should directly hire people to carry out most of its street work and construction, paying them at a higher rate than the private contractors paid.

For example in the summer of 1895 he had to stop work being done for the city at its Exhibition Grounds when he discovered that a contractor was substituting substandard supplies in building construction and using inferior work techniques. Given its growing frustration with some contractors, and the pressure it was coming under from both labour and Ruttan, city council in 1895 adopted a 17.5-cent minimum wage on all civic work. It was less than what labour council wanted, but higher than what contracts were paying.

One of the city's leading contractors, Thomas Kelly, immediately took the city to court. Kelly accused council of trying to buy the workman's vote and argued that the wage was "an unnecessary and extravagant expenditure of the city's funds." The city's lawyer, J.S. Ewart, argued that the city had a responsibility to ensure that workers receive a living wage. According to Ewart, "If in a city the current rate of wage is below the fair living standard, all employers (including the city) suffer from lack of efficient service, but the municipality has also to sustain the expense of maintaining by its hospitals, its homes, its workhouses, its refuges, those who cannot maintain themselves and of subduing by its constables, its magistrates, its goals those who are goaded or misled into taking a portion of that which they have some reason for thinking they had a right to earn." While the judge who ruled on the case did not comment on all of Ewart's argument, he did agree that the city was



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not acting in an irresponsible manner by adopting a minimum wage policy on contract work.

Kelly did not let the matter drop. His allegations that the city was paying too much for work on a bridge over the Assiniboine River led Council to appoint Judge D.M. Walker to hold an inquiry into the contracting system. But the city could not wait for Walker's report to decide how it would asphalt Portage Avenue. Ruttan was convinced that the work would be of higher quality and would come in at a lower price if the city did the work itself. But to do the work itself, the city would have to acquire its own asphalt plant. This would not be a frivolous investment as there would be hundreds of miles of streets in need of surfacing and repair in years to come. According to Ruttan "Tenders have lately been received for asphaltting Portage Avenue. The lowest of these tenders is so high that an Asphalt plant may be built with the difference between it and a reasonable estimate of the cost by City labor."

In February 1899 the galleries of Winnipeg City Hall were packed with workers who had turned out to support a motion that the city reject all private bids to asphalt Portage Avenue and to go ahead with a plan to have the city establish its own asphalt plant. The business community opposed the motion. One speaker said he would prefer to see the work go to a contractor, even if it cost more. C.P. Wilson, representing a U.S asphalt company, said that if the city purchased an asphalt plant it would be the death of free enterprise, while Thomas Kelly's lawyer pointed out that no city in North America owned its own asphalt plant. The final word went to Ruttan, who said "It was true that there were no cities in America who owned their own plant, but there were a great many who wished they did. If they were met by the interests like are here, and they are stronger there, they will not have much chance to acquire plants."

He also defended the men who worked for the city on these projects saying that they "worked as well and took more interest in their work, which was a great advantage." The motion to set up an asphalt plant was passed by a vote of 11-1.

Two weeks later, Judge Walker released his report into Kelly's allegations that he could have built the Main Street Bridge for less than the city had paid to

do the work itself. Walker said that Kelly had failed to prove his case noting that "work was well done, and having been carried out without any mishap redounds to the credit of the city engineer and his assistants." While there might be cases where contract labourers could carry out a work more cheaply than the city hiring workers directly, he said there was no reason to believe the contractors would necessarily pass the savings on to the City. The city-owned asphalt plant was the success that Ruttan had predicted, saving the city \$7,500 a year by 1901.

The war of words between Kelly and Ruttan continued for many years, with Ruttan enjoying the last laugh. In 1913 Kelly won the contract to build the Manitoba legislative building. A Royal Commission eventually concluded that Kelly overcharged (for example by \$680,694.50 on the caissons for the building), violated wage agreements (stonecutters were told that if they wanted to work over the winter they had to take a ten per cent wage cut), provided defective work (the concrete did not meet the strength required by the architect and walls were cracked), and kicked back money to the governing Conservative Party. He was tried for his crimes in 1916, convicted, and sentenced to two years in jail.

- Doug Smith

Doug Smith is a Winnipeg writer and labour historian. CUPE Local 500 funded the research that this comment is based upon.

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