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# CONSIDERATIONS' - 4

ON

THE NEW SYSTEM

4

OF

## GOVERNMENT CONTRACTS.

S. T. Z.

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## INTRODUCTION.

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THE failure of many of the most expensive and effective Instruments and Munitions of War, lately announced; the bad qualities of the tools, and the general inefficiency of the necessaries and general supplies furnished to our forces of all arms—Artillery, Cavalry, Infantry, or Land-Transport,—has become the theme of general conversation, and the disgrace of our military administration.

The following observations of a septuagenarian, who carried “Brown Bess” fifty-three years ago, and who has also had his share of mercantile experience, and of contracts with both our own and the French governments, are offered to the public, in the hope that by them the subject of contracts may be seriously considered; and, if his assertions and opinions have weight, that the present demoralising system of Government monopoly and centralisation, and of lowest tenders, may be no longer persevered in.

He believes that he has stated nothing that cannot be proved,—that, in fact, has not been proved by every Parliamentary inquiry instituted at many different periods since the year 1783.

He aims not at fine language, but strong facts ; indeed, the very sensible and able letter of T. F. D., in the *Times* of the 18th inst., has induced him to follow up the writer's ideas,—convinced of the truth of every thing therein stated.

He doubts not that tautology, want of arrangement, and possibly false grammar, may be found ; but as he is not writing for fame, he is therefore indifferent to criticism, and will be well satisfied if what he writes should lead the Government to disabuse itself of the idea that a maximum of character, capital, and intelligence cannot compete with a minimum of these qualifications, with ignorance and rashness superadded ; and convince them that the former are more able and equally willing as the latter to work for as low profit as honest endeavours with honest materials will permit, though not to hazard quality by apparent cheapness, or to their own ruin : and to assure them that good articles for real service, are the cheapest in the end ; whilst the acceptance of tenders merely on low prices is a sure way to deteriorate our manufactures, and to injure the services to which they are supplied.

SENEX.

*March 20, 1856.*

# CONSIDERATIONS ON THE NEW SYSTEM OF GOVERNMENT CONTRACTS.

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THE able correspondent of the *Times* having given a striking illustration of the mode adopted by Government to procure unserviceable mortars, I will begin with

## SHEFFIELD WARES.

The most respectable houses in Sheffield rarely get Government business. Parties with perhaps as little character as capital tender below them; and having by low offers got the contract, commence manufacturing, with needy people and bad workmen, to make the articles tendered for, in qualities from fifteen to twenty per cent in value under the proper standard. Iron is given for steel, and cast for wrought; and thus nearly all working-tools, from intrenching to brad-awls, are nearly useless, though with a finished appearance sufficient to pass inspection by viewers ignorant of their business. It is true, also, that the Government patterns are bad and obsolete. In axes and adzes it is especially the case: they are of such make and quality as no Norwegian woodman or

Canadian lumberman would deign to handle; and they prefer giving four times, or six times, the contractor's price for a serviceable article.

Any Sheffield or Birmingham master admitted into the Ordnance stores will see goods "passed" that he knows will not be serviceable, and not such, in real quality, as were contracted for: he will see farriers' knives unscientific in their bend, besides being of bad material—altogether such as would not be admitted into a country smithy; and this character will run through the generality of Ordnance Sheffield and Birmingham ware procured by accepting the lowest tender.

It is a known fact, that the respectable Sheffield houses furnish the military houses with articles twenty per cent intrinsically better than they would give to a cheap contract, or than can be purchased in common ironmongers' shops: this is carried even to razors, and knives and forks. And yet the two qualities, when new, could scarcely be distinguished by untaught inspectors.

The great deterioration of articles in hardware is mainly caused by this cheap tender, contract system. One man who gets such a contract creates the jealousy of his disappointed rival, who keeps his eyes on every operation, books the inferiority and mode of hiding it, and himself tenders lower the next opportunity;—of course adopting the same mode, and probably adding thereto some new "dodge" if he gets the contract: and in this manner skill and ingenuity are excited to dete-

riorate, instead of improve, the manufacture. Thus the Government, by adopting low price instead of quality, is constantly assisting this downward tendency.

There is no doubt that houses of character would be only too glad to furnish articles of character, at as low, or lower, profit than is got by the contractors of inferior rubbish; though certainly not at so low a price. When money is worth seven per cent, how can small means compete truly with large capital?

#### TIMBER AND DEALS.

On these I will say but little: the general respectability of the trade is undoubted. Still, no one who has visited Aldershott and Shorncliffe, or seen the frames, &c. of huts sent to the Crimea or Heligoland, can doubt but that, in some way or other, Norwegian and Canadian spruce of indifferent quality have found their way there instead of "Onega."

That Government should have advertised for the Onega deals of Russia when war had stopped their import, or that they should have overlooked altogether the much lower-priced and much superior article for hutting,—the *yellow pine* of Canada, is surprising. It is well known that their attention was called to these matters; but "Gallio cared for none of these things," nor did they hesitate to allow a Member of Parliament to become contractor!



It is a fact that, for exposed buildings, the yellow pine of Canada is superior to all others. It resists the warping by sun, as it resists leaking by rain; it is much more free from knot-holes, much lighter for transport, and easier to work. Of these qualities the Americans take advantage, in using it for the beautiful and water-tight decks of their splendid passenger ships.

#### ARMY CLOTHING AND NECESSARIES.

Mr. Monsell has said, in the House of Commons, that the clothing department was only established last June. But the contract system as to clothing is to a certain extent an old one, and "has been tried and found wanting."

It may be expected, that under the last contract given out for East-India red cloth on the lowest tender, much will be delivered not made for the purpose, but stretched out from inferior regulation reds, thus reducing the weight per yard to the East India cloth weight, and lengthening each piece by at least two yards; in this way gaining 6*d.* per yard by the operation over the manufacture of the genuine cloth.

Grey kerseys for the "Tower" supplied under this system are known to have shoddy, or woollen waste, in them; the quantity depending on the conscience of the manufacturer, and his ability to get the cloth passed. It will vary from ten to thirty per cent! and this is how it operates: the

shoddy costs 3*d.* per lb., the wool, when dyed, 1*s.* 3½*d.* per lb.; the advantage gained by this substitution is obvious.

In grey kerseys, shoddy has been, and may be, used to the extent of 100 lbs. to 240 lbs. of wool. Thus, instead of 340 lbs. of wool, costing 21*l.* 5*s.* to an honest manufacturer, the mixture will cost only 16*l.* 5*s.* to the cheap contractor; and so the dishonest manufacturer would (if his cloth is accepted) get 5*l.* on every 31*l.* worth of cloth more than the honest man; and it is currently reported, that offers are now making of red cloth at 4*s.* 7*d.*, which, if fairly manufactured in wool, weight, and dye, would cost 5*s.* 6*d.* per yard. This tendency to deterioration was clearly seen by Sir R. Donkin, who, in his evidence before the Committee of the House of Commons, in 1833, said, "I think that  
 "in all contracts there is such a tendency to de-  
 "teriorate, and get worse year by year, that I  
 "know of no checks that would prevent it."

It is clear to common sense that the effect of supplying Government contracts by lowest tenders must have this tendency. The contractor at a low price uses all his pains and endeavours to supply the most inferior article that he or his agent, by tact or douceurs, can get accepted; whilst the army equipper, depending on the quality of his supplies for support, uses all his pains and endeavours to give the best article he can; and thus they are and have been constantly improving, till Government, by a rash and injudicious interfer-

ence, has thrown all things into confusion,—a confusion seemingly now almost inexplicable.

### SADDLERY AND HARNESS.

The notorious failure of the contracts in this material branch of supply has been acknowledged by the authorities in the House of Commons; and it is singular, that whilst rejections have been made on the deliveries of some parties, excuses have been made for the inexperience and want of seasoned materials of another contractor. And it is known also, that some of these leather contracts have been taken at prices so much below a trade value, that no manœuvring has enabled the parties to furnish them except at serious loss. All this, too, when tenders had been made by houses whose names would have guaranteed due performance. Here, again, it appears that the acceptance of tenders too low has caused deterioration of manufacture, and loss to the manufacturer, whilst the urgent wants of the service are unsatisfied.

It is worthy of remark, that as a mere contractor, however low, can never be sure of the next year's supply, they have been more subject than any trade to failure, unless they have some army business that they can reckon upon as permanent. Young contractors are apt to be rash, and forget that though their ingenuity and luck may have got them a contract which has passed, and brought them a good profit, they may lose

the next supply, and be left with material on hand, and with increased establishments and high rents.

It is no satisfaction to a manufacturer to supply army contracts with indifferent or unserviceable articles ; but the present system of contracts compels it. Every cloth-manufacturer would rather use wool than shoddy, leaving the latter for the hop-growers of Kent. But the system of pitting a whole trade without discrimination of character or means, one against the other, and accepting the lowest tender, forces fraud and trickery ; with woollens the use of shoddy, of fugitive dyes, of stretching, and chemical staining cover defects.

The French government is very particular in regard to the commercial characters of all parties allowed to tender ; they ascertain an approximation to the cost of honestly-manufactured goods to be tendered for, making a fair addition for profit, alterations, and rejections. They fix that price as a minimum, below which all tenders made are at once rejected ; this is to save the young rash house from ruin by its own tender, and likewise to leave no reasonable ground for delivering inferior articles. Then, out of all offers above the line they decide on the contract ; if two or three offers are very nearly the same, they strike an average, and divide the contract.

Our Army and Ordnance authorities appear to be well acquainted with the French rules ; but, unfortunately, to act only on the questionable and severe ones. In France the administration is or-

dered to and does assist the contractors; with us, snubbing and fining is of late the order of the day. In France, if an article is good altogether, as a whole, and any deviation not important to the soldier is discovered, it is passed; with us, the most trifling deviation, not at all to the detriment of the article or the service, is visited with fine or rejection. Also, if goods not required are a little out of time, the contractor gets fidgety lest a fine should be imposed, though the weather or some other cause not under his control should have caused the delay.

But, above all, the French system of having contract-goods examined in the presence of the contractor or his agent is not considered necessary with us. Upon a very large contract with that Government, the writer crossed the channel twenty times in little more than a twelvemonth to see his own deliveries received.

From what Mr. Sydney Herbert has said, and Mr. Monsell hinted at,—the credited report that Government was in treaty for that unfortunate speculation, the Victoria Docks, and other property in the Isle of Dogs; and the actual possession by the Ordnance of the barracks at Weedon,—there can be little doubt but that there has been an idea of centralising still more, by

#### GOVERNMENT BECOMING ITS OWN MANUFACTURER.

It may be safely asserted that, independent of

the atrocity of such a proceeding against the free trade and manufacturing interests of the country, it must needs be a failure—a most complete failure; but a monopoly at once so enormous and so erroneous could not be brought about without offending public opinion, and at an immense cost to the nation.

Only contemplate the cost of buildings and fittings, of interior railways, probably of branch railways run to the principal line; of machinery, of superintendents, engineers, foremen, clerks, and porters; then consider the extent to which, in a few years, superannuations and retiring pensions would amount, increased as they would be by useful men being pensioned on the country, to make openings for nepotism, retired butlers, and such-like. All these expenses would have, if properly dealt with, to be added by some mode of division, as an addition to the cost of the articles produced; so that although the article may be said (independent of a share of such division) to have cost 9*s.*, while the contractor would perhaps have got 9*s.* 6*d.*, the 9*s.* might be overlaid with 10*s.* for plant and superintendence, thus really costing 19*s.*, against the contractor's 9*s.* 6*d.* One might say, "What! one pennyworth of bread to all this sack!"

Besides this, who ever found Government clerks or *employés* work as men in tradesmen and manufacturers' employ? Who can expect as much, or as good work turned out by a Government as from an established private factory?

Next let us consider that, in the same way as under the cheap contract-system, there is nobody to stand responsible between the public service and the manufacturer or supplier,—it would be Hobson's choice, "that or none;" and thus, however the soldier may fare from bad articles, complaint would be useless, he must "grin and abide;" whilst, under the old clothing system, the supplier was responsible not only to the colonel on delivery, but to the soldier and the colonel for the full period of service—if inferiority is established, even to the clothing or equipping of an entire regiment.

Then, whether under the manufacturing or new contract system, the loss to the country by keeping large stocks in Government stores would not be very great. Damp, dust, frequent moving, and atmospheric influences, damage military articles most seriously; they lose all condition, become soft, rough, rusty, rotten; and every body who looks will see, and who remembers will know, that all the corps supplied from the Tower and Ordnance have been, and are, worse clothed and equipped than any fitted by an army-clothier, except the artillery and marines, which are large corps, with stationary head-quarters, and supplied with superior cloth.

Then the loss from change of pattern, and changes from war to peace, would be enormous. In the Report of the Committee of the House of Commons in 1833, we find that they deprecate "the losses by the accumulation of stores supplied,

“ under the management of public Boards, from  
 “ extensive establishments, and superannuation al-  
 “ lowances to those who conduct them, and the  
 “ multiplicity of accounts which would most in-  
 “ evitably be produced.”

At the close of the Peninsular War, public sales of accumulated stock took place repeatedly, and in quantities most enormous; so that articles that cost 10s. fetched only 1s. on an average. Mr. Stacey, Ordnance Storekeeper, stated, that among the immense mass there were sold 136,000 pairs of shoes, 46,000 pouches, 23,000 sets of belts, 4,847 great-coats, leaving at the same time large stocks in reserve.

One clothier stated before the Committee of the House of Commons, that the patterns of knapsacks had been changed twice in two years; on the first change he had 4000, and on the second 3000 in store, the whole value of which was lost. Probably the Government, under this new system, might have had 40,000 or 50,000.

#### REGIMENTAL WORKSHOPS.

My last observations apply to the possibility of the regiments in our service making up their own clothing. This, like the other points, might have been supposed settled by the reports of various Parliamentary Committees.

Gen. Maitland, who was highly in favour of it, soon found out that “there are times when it



“could not be done; it would weaken the effective force, because you would call off twenty or thirty tailors, who, instead of having muskets in their hands, would have needles in their fingers. Perhaps I had not sufficiently considered that point; and I confess that the present mode (under the colonels) by which the army is clothed has worked exceedingly well; I never heard a complaint, and it does the greatest possible credit to all concerned.”

Sir R. Donkin said, “I pushed the system of making up at the regiment very hard when a lieutenant-colonel, but was soon convinced that much inconvenience would result: and the pieces of cloth cut off surreptitiously would, as pieces of cloth, be saleable, whereas pieces cut from a coat are not saleable. My opinion is decidedly that by contract the soldier would suffer by getting a worse article.”

That the system may be adopted in the French army it is easy to imagine; but the elements of the French and other continental armies are entirely different from our own.

Their armies are raised by conscription, and it thus follows that every 10,000 men will contain as many masons, carpenters, tailors, and shoemakers, who have served part or the whole of apprenticeships before being called out, as the same number of civilians; and the strength of their regiments enables them so to select as that the home or dépôt battalion may be composed of mechanics,

whilst in our army the recruits are for the most part from the most idle and least mechanical men of our population.

A fact may here be mentioned. An ingenious French engineer, M. Chalamau, invented a mode of marking out garments so as to leave the least imaginable waste in the cutting, and by which a saving of at least ten per cent on the cloth was guaranteed. A partner in one of the London houses went over to Paris to treat for the patent, being at the same time persuaded that there was some fallacy. He admired exceedingly the beautiful and rapid and close mode of drawing the patterns, but found no appreciable saving on the mode he used in London. The fact was, that it was a saving on the quantity of cloth allowed by the Government to the regiment; the regimental tailors either cutting grievously to waste, or "cabbaging" the percentage he saved in their workshops.

There can hardly be a doubt but that in our own cavalry regiments, and any corps that make up their own clothing, the same extravagance takes place; and if both the pay and the additional pay given, and the "cabbage," were added to the cost of the garment as made at the regiment, it would be more than would be charged for those better made by a clothier.

This system in the French army, though adopted and continued, neither has nor does obtain general approbation; but has met with serious objec-

tions from parties well able to form correct judgment on the subject. And if we are to believe private letters from the East, the state of our French allies at this time has nothing to boast from such alleged superiority of their regimental administration.

#### TO CONCLUDE:

It may be stated, that from the conviction come to by every commander-in-chief, by every colonel almost without exception, and by every Parliamentary inquiry, it is certain that any system of Government monopoly or centralisation by manufacturing; of accepting tenders at the lowest offer, without considering character; of inspectors being mere labourers without manufacturing knowledge; and in which capital, skill, intelligence, and character are supposed to be qualifications that prevent the parties doing business on as low profits as those who to rashness in the attempt add want of character and want of capital, and in their place substitute cunning and fraud,—is not one that will, that ought, that can, succeed in properly supplying the wants of our army; and moreover, that the regimental system of France is not suited to the mode of raising and upholding a British army. Why, then, now that the off-reckonings are done away with, and the *unjust aspersions of the ignorant* as to clothing colonels got rid of, should they not have the honour of appointing the tradesmen in whom they

have confidence? which could only tend to their own satisfaction and the benefit of their regiments.

I shall now add the Letter from the *Times*, which has called forth my zeal in endeavouring to stay this plague of change and centralisation :

#### HOW GOVERNMENT CONTRACTS ARE GIVEN.

*(To the Editor of the Times.)*

SIR,—In a recent debate in the House of Commons serious charges were made against Government for the bad qualities of their supplies, for the irregularity with which their contracts were fulfilled, and for the frauds which were sometimes committed; and hence was founded an argument for Government becoming their own manufacturers. These charges are, in great measure, true. It is right, however, the public should know with whom the blame rests; and whether the fact is really that the honesty of British traders and the ability to produce articles of first-rate quality have departed from this commercial country; or, rather, whether the fault lies with those who now wish to cover their own blunders by making these sweeping charges against the manufacturers of England. If the fact were correctly stated by Mr. Monsell, England would indeed have reason to blush for the honour of her commercial population; but I think the following remarks will prove that the fault is to be traced to a cause carefully kept out of the public sight.

The system of contracts adopted by the Government in general, and by the War Department in particular, is vicious in the extreme, costly beyond all comparison, and demoralising to the trading community.

Lord Palmerston justly observed, in the debate in question, that every article of warlike stores ought to be of the very best quality that could be produced, and that any other was useless. Nothing can be more true than this. But how does the War Department endeavour to procure these unexceptionable articles? Their contracts are given to the lowest tenderer, whoever he may be. No matter how long and how well a manufacturer has served them; no matter how high the quality of his goods stands in the estimation of the trade at large; no matter how great the expense he has incurred to produce a material suited to the class of goods required by the Government,—if any other person can be found willing to undertake a contract for one per cent less than their long-tried and approved manufacturer, the cheaper man has the contract given to him, no matter what his character may be, or whether he has any character at all. The consequence is, that manufacturers run one against another in a race for cheapness. Whatever, therefore, is good enough just to pass the examination, and no more, is all they can give, is all they are bound to give, and is all they can really afford to give. For if one man by his excellent manufacture gives an article twenty per

cent better than another, he gets no possible advantage ; his cheaper neighbour obtains the order because he is perhaps 10s. cheaper in 100%, though he supplies articles worth twenty per cent less in actual value.

This is no imaginary case, except that the real difference in quality is often much greater, and the apparent saving in price is often much less than is here stated. Do we want instances of this ? The whole of the complaints made during the present war are only one series of illustrations. Why are the edge-tools so bad that the soldiers cannot use them ? Why are the clothes so bad they cannot wear them ? Why are the shoes so bad that they scarcely hold together ? Why the mortars and guns so bad that they cannot fire them ? Why the compressed hay so bad as to be nearly useless ? Why the preserved provisions so bad that they are compelled to bury thousands of pounds worth of them (as happened some two or three years ago) to prevent contagion from the filthy offal which was packed in place of wholesome food ? The same answer applies to all. *The character of the contractor is not taken account of ;* it is his price alone that decides whether or not he shall have the contract. And as long as this system lasts, so long will inferior articles be delivered for Government orders, to the irreparable loss of the public service, the excessive waste of the public money, and the great disgrace of British commerce. While this system lasts, very many of the highest class of

manufacturers abstain altogether from offering supplies to Government. This is well known; and there are many of the very first houses in the kingdom which absolutely refuse to supply the Government at all, because they are aware of these facts by dear-bought experience.

The latest case which has been mentioned of defective supplies, is that brought forward by Mr. Monsell in the House of Commons on Friday night. He stated, that large quantities of defective mortars purchased by Government were found utterly unfit for use, and could not be employed with any safety. But Mr. Monsell omitted to state how these supplies were obtained. The public may possibly like to know; and the facts are patent, and can easily be verified.

In the most utter ignorance of the difficulties of casting mortars of sufficient strength to withstand the enormous strain they are required to bear, the War Department commissioned some of their officials to go through the iron districts of England and Scotland and try where they could find persons willing to contract for the supply. Numbers of persons absolutely unacquainted with the quality of iron necessary for the purpose, and equally ignorant of the method of manufacture, were induced to undertake the supply of these mortars. No restrictions whatever as to the quality of the iron to be used were imposed. Each contractor used whatever kind of iron he thought proper; and as many of them from ignorance of

the subject offered to supply these mortars at ruinously low prices, and some of them scarcely above the price of the raw material, it might at once have struck the authorities that they could expect nothing but failure from purchasing such mortars. We have heard much of the Scientific Committee at Woolwich. If this is a proof of their science, what shall we expect from them when they become general manufacturers of every thing, from the paper of a cartridge to the far more important articles of heavy iron guns and mortars? The result of this experiment has been most lamentable. Many hundreds of these defective mortars have been obtained, which are just strong enough to bear the Woolwich proof, but which are found to be utterly unfit for actual service, and, as Mr. Monsell has himself stated, cannot be used for arming the fleet in consequence of the now ascertained danger of their bursting. A more lamentable example of incompetence has not been exhibited during the present war. The loss to the public in a pecuniary point of view has been enormous. But, instead of throwing the blame on the contractors, the fault ought to rest on the War Department, which adopted so absurd a method of procuring a supply of one of the most important and difficult of the munitions of war, and which the slightest possible share of practical knowledge could at once have decided would lead to nothing but failure and utter disappointment. As long as such ignorance prevails among the Go-



vernment authorities, and as long as the present system of purchasing supplies by the lowest tender, irrespective of the character and known ability of the contractor to supply suitable articles, lasts, so long must Lord Palmerston's theory, that the best possible quality of warlike stores is indispensable for the country, remain a dead letter; and the stigma of constant failure must rest on the Government authorities by encouraging a system of contract calculated only to engender fraud and to destroy, as far as lies in their power, the emulation among manufacturers to excel in the quality of their productions, rather than to produce inferior articles at the lowest possible price.

I am, Sir, your humble servant,

T. F. D.

*Birmingham, March 12.*

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