

a word to say to the Canadian organization when the essential basis of the contract is ignored entirely by the American company, but enters into communication with the latter. He goes on to state in a letter written immediately, the 14th of December, to Mr. Freeland, the secretary of the American Bank Note Company :

Dear Sir,—Referring to your company's tender for engraving and printing the Canadian Government notes and stamps, there are one or two points upon which we require some additional information.

1. In conversation with you, I understood you to say that your company would be as well pleased if the stamped envelopes were withdrawn from the proposed contract. I shall be glad to have from you a confirmation of this statement.

Now, Sir, the very moment that it was mooted that these tenders were called for, that very moment constant and continuous personal communication was had between the American Bank Note Company and the Minister of Finance (Mr. Fielding) here in Ottawa and in New York ; but not one word, not one item of interview or conversation could the British American Bank Note contractor have with the Minister of Finance. Will the House please note what this clause that I have just read means ? When all the other contractors from confederation up, when the other two tenderers in this case, gave in their tenders upon remunerative and unremunerative work equally and submitted the whole tender, why was it that the Minister of Finance was forward to intimate to the American Bank Note Company that the one unremunerative part of their tender might be dropped, and they not called upon to carry out ? Stamped envelopes have not gained great currency in this country on account, I suppose, of their lack of cheapness. The machine to make stamped envelopes will cost from \$5,000 to \$7,000. The profit in making stamped envelopes that are used from year to year in this country will not more than pay the interest on the cost of the plant, and so that is not a remunerative part of the contract. The Finance Minister suggests that this may be dropped out of the American Bank Note Company's contract, and that the Queen's Printer may do this work. If the Queen's Printer is to do it, the Government must supply the Queen's Printer with \$6,000 worth of machinery, which will be left for all time to come entirely unremunerative. It is a most singular thing that they should be dropped out, and that this intimation should come from the Minister of Finance. But it did.

2. In the case of a number of inland revenue stamps, the prices are abnormally high.

I should think they were abnormally high in the offer of the American Bank Note Company—sometimes ten times as large as the tender of the British American Bank Note Company. Chewing tobacco stamps are \$100 per thousand ; snuff, under 40

per cent, \$57.06 per thousand ; law stamps, \$72.34 per thousand. And the Minister says these prices are abnormally high. He said :

I find, however, that the quantities of these stamps hitherto used and consequently made the basis of our estimates as given in the specifications, have been quite small. I can understand that if only these quantities are required, the price on which you tender must be made high enough to include the cost of engraving. This price, while it might be reasonable as applied to a small quantity, would be excessive in the event of a large quantity being required.

But, by the Minister's own admission, a large quantity is not required.

It is possible that, owing to the changes in our revenue laws, some of these stamps may be used in larger quantities.

And he asks him to amend his tender with reference to these items for larger quantities if they should be necessary. But now follows the important point.

3. I desire to call your attention to the following paragraph in your tender :—

“ The American Bank Note Company understands and makes it a part of this tender that it is not required by the specifications hereto attached to manufacture bank note and other papers, steel rolls, steel plates, the dies and other tools of the trade, inks, colours, &c., in the city of Ottawa, but that such supplies necessary to a faithful fulfilment of the contract may be obtained elsewhere.”

I think it would be well—

How mildly the hon. Minister corresponds with this favoured company.

I think it would be well for you to offer some explanation of this clause. Our specifications were not intended to prevent the importation of paper, ink, colours, &c., &c., or the ordinary—

That is a good word.

—ordinary tools of the engraving trade. Nor were they intended to prevent the importation of steel rolls or steel plates where such rolls or plates are of a plain character, without any engraving, impression or other such work. The only point in which your condition seems to conflict—

He does not like to put it too rawly or too roughly by saying that they do conflict—

—with the terms of our specifications is in respect of the dies. If you attach importance to the making of these outside of the Dominion of Canada, I shall be obliged if you will furnish me with fuller information on the subject. Our chief purpose in requiring the work of this contract to be done in Ottawa is that it may be performed by workmen in an establishment coming immediately under the supervision of this department, with a view to the greatest possible security against loss or fraud. I shall be pleased to receive any information you may be able to furnish as to the circumstances which in your judgment require these dies to be made abroad.

Yours very truly,

W. S. FIELDING,

Minister of Finance.

Now, I take it that that letter is an invitation, couched in the most alluring terms, to Mr. Freeland to make good his case, and