

(Ottawa Correspondence, Montreal Gazette.)

OTTAWA, May 3.—The facts regarding the bank note contract which was given by the Government to a New York concern, were disclosed to-day by the production of the correspondence. The documents establish that the American Bank Note Company offered a cut rate to the Government to get a foothold in Canada, that it dictated terms to the Government directly in violation of the specifications, that the British American Bank Note Company afterwards offered to take the contract at the same figure as its American competitor had named, and that the contract was afterwards awarded to the American concern at a greater cost to the country than it would have been done by the Canadian company had its revised offer been accepted.

The new contracts were called for last fall. Offers were made by the American Bank Note Company, New York; the British American Bank Note Company, of Ottawa; and Barber & Ellis Company, of Toronto. The latter was ruled out because the tenderers offered personal security instead of the cash deposit of \$50,000. Of the two that remained that of the American Bank Note Company figured out at \$99,046 a year, and that of the British American Bank Note Company at \$128,843. The offer of the Ottawa company was slightly higher than the rates paid under the former contract, which figured out at \$125,000. In his report upon the tenders, Mr. Courtney, the Deputy Minister of Finance, pointed out that when the last contract with the British American Bank Note Company was made, enquiries were instituted to ascertain if the rates were fair ones. It was found that they were quite as low as the American Bank Note Company was doing the same work for the banks. It follows, therefore, that the offer made was considerably below the ordinary rates of the American concern, and may fairly be called cut rates. The American offer was, strictly speaking, informal and in violation of the specifications. Section 7 of the specifications required that all work under the contract should be done in the city of Ottawa. This was accepted in its entirety by the Canadian tenderer. The American Bank Note Company added a proviso to its tender as follows:—"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, colors, etc., in the city of Ottawa, but that such supplies necessary to the faithful fulfilment of the contract may be obtained elsewhere." Considering this variation of the conditions considerable correspondence took place.

Work Done in New York.

The Deputy Minister of Finance called attention to the new condition, and added this would allow them to do a large portion of their work in New York, which seems to require very careful consideration. Thereupon Mr. Fielding, instead of throwing out the offer as a violation of the specifications, wrote to the American tenderers for explanations. They replied that they proposed to produce all the original dies in New York, because there is not the talent in Canada to do the work, nor was it obtainable here. "In the United States there were better machinery, better workmen and better ideas of art." The company practically dictated its own terms to the Government in this respect. It told the Government that the Canadian officials did not know what they were talking of when they insisted that the dies could be made in Canada, or to use the exact words, "They were not familiar with bank note engraving." In response to a feeble protest from Mr. Fielding, the company kindly agreed to modify its position so far as to make the foundation dies in New York and do the putting together in Ottawa. Thereupon Mr. Fielding reported that the terms were satisfactory, although contrary in this respect to the specifications. Before the contract had been accepted, Mr. G. B. Burland, on behalf of the British American Bank Note Company, asked for a reconsideration. He claimed, among other things, that he had not been aware that he would have to compete with foreign concerns, and that the offer of the American company was contrary to the specifications. As no notice was taken of this, Mr. Burland offered to accept and carry out the contract on the terms offered by the American company. This offer was never reported upon by the Deputy Minister of Finance. But from a statement which appears in Mr. Courtney's report, it is clear that the last offer, although nominally for the same figure, was really lower than that of the American concern. Mr. Courtney pointed out that giving the contract to a new contractor would call for a large immediate outlay for dies, designs and rolls. This is necessitated by the acceptance of the New York offer, but would have been avoided had the Canadian company been given the contract. The facts submitted to-day show that the boast that the work is to be done in Canada is a hollow sham, as the most important part is to be done in New York. They show that in this important respect the tender of the American contract was amended, whereas the Government refused to allow any change in the Canadian offer. They show finally that the last offer of the British American Bank Note Company, having regard to the initial outlay, is lower than the offer finally accepted.