

Montreal, and as well supervised as the Department of Finance could do, which was the responsible head in the matter. But it was early felt that as soon as possible the work of the preparation of these notes and stamps should be as close as possible to the supervising power; so that this contract, and the work under the contract, which went on in the city of Montreal in 1868 and from that time forward, gradually was brought into closer supervision by the Finance Department, and at the time of the granting of the contract in 1881, an option was introduced into the contract, by which the Minister of Finance could compel the contractors to do this work in the city of Ottawa. That option, however, was not put into force, it was put in as a principle into the contract, but the option was not exercised. At that time, in 1881, a step was taken in cheapening the cost of notes and such supplies to the Dominion, not so much in the actual rates which ruled before in the case of bank notes, as to the number of impressions which were to be taken from each plate, which, of course, operates in the way of cheapening the product. The number of impressions which were to be taken under that contract of 1881, was raised from 25,000 and 15,000 respectively, to 30,000 impressions from the first plate, and 25,000 from the plate retouched, that is, giving 55,000 impressions in all. That contract term ran out in 1886, and another contract was entered into. Under this contract there were absolute reductions in the rates to a very large extent, running, if we speak in the gross, up to about 15 per cent of the work so far as bank notes and inland revenue stamps were concerned, and a reduction of about 30 per cent in postal stamps and supplies. In that year, 1886, the option was exercised, and the condition was made absolute that the contractor should provide a suitable home for this work in the city of Ottawa, and that the work should thereafter be carried on in the city of Ottawa close to the supervising department. In 1892 came the period of another renewal of the contract. Tenders were asked for, the whole matter was gone into exhaustively in the department, and as a result, the work was given to the British American Bank Note Company, the same concern which had done the work for all these past years of which I have been speaking. In 1892 great reductions also were made in the rates which were paid for the work, and to establish the point which I have been making that these reductions went on from time to time as circumstances permitted, I desire to state from a report by the Deputy Minister of Finance, what were the principal reductions made in the contract of 1892:

In the case of the notes supplied to this department, the cost of the \$1 notes was reduced from \$104 a thousand to \$91.31; the cost of the \$2 notes, from \$126.50 to \$109.04, and of the \$4 notes, from \$113.75 to \$97.54. Similar large re-

Mr. FOSTER.

ductions were made in the cost of the postal and inland revenue supplies. Thus, postage stamps were reduced from 20 cents to 13 cents per thousand; registration stamps, from 40 cents to 28 cents; post cards, from \$1 to 80 cents or 90 cents, dependent upon whether Canadian or imported stock was used; reply cards, from \$3.25 to \$2.75 or \$1.50, dependent on the quality of the card.

In law stamps, in post bands, in gas and weights and measure stamps, in tobacco stamps, and all other stamps for the Inland Revenue Department, a large and substantial reduction was made. Improvements were made in the methods of manufacture, improvements in prices were made, and these improvements following in direct line with cheapening of manufacture meant that substantial reductions were effected. So much then for the history of the bank note work from the time of confederation up to the present with respect to those two lines: (1). The plan upon which the Government acted of having the work done in Canada and by Canadians, and of drawing it continually closer and closer under the supervision of the Department of Finance; and (2) the gradual and substantial reductions which took place in connection with the price for the work.

This work of printing the bank notes and other like kinds of work has been always carried on under very definite and plain conditions, and I wish to indicate some of the principal conditions of the contract which expired by notice given on 23rd April of this year, these conditions being found on page 3 of the blue-book brought down. In the first place, it was a condition of the tender, and of the specification assented to, for the contract is based upon the specification, that the contractor was to engrave, print, furnish and deliver all the Dominion notes, postage stamps and revenue stamps; the Government of Canada, on its part, agreeing to employ the company to perform all the work which the said Government may require during the period covered by the agreement; and that the work to be done—the engraving, printing and delivery—should be done at Ottawa, in such building as should be approved by the Government of Canada—fire-proof building, all safeguards considered necessary being applied. The conditions of the work are outlined with definiteness and clearness, and a general supervisory power is given to the Minister of Finance, to the Postmaster General and to the Controller of Inland Revenue in each case to see that the supplies are up to the requirements in quality and in every other respect, each of these Ministers having arbitrary power to reject supplies which did not come up to the standard of quality or in other respects as required. Those conditions have been very well understood: that the whole of the work should be done at Ottawa, that the Government should give all its work to that contractor, and that there should be this supervisory