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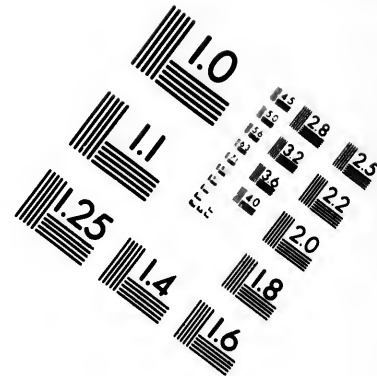
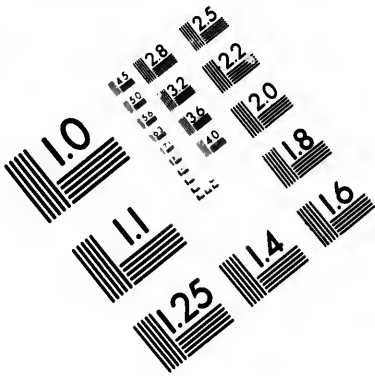


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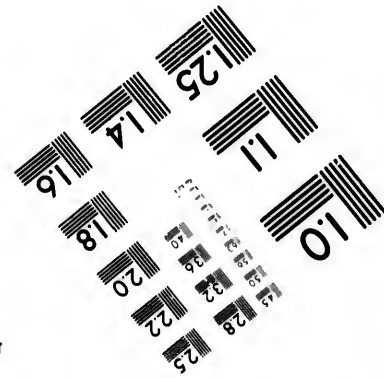
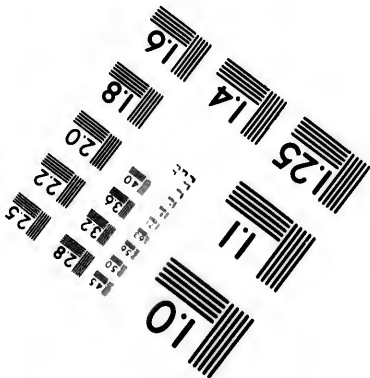
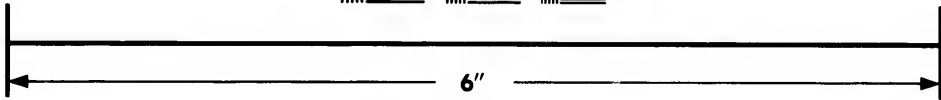
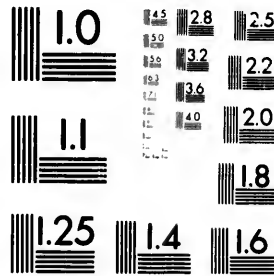
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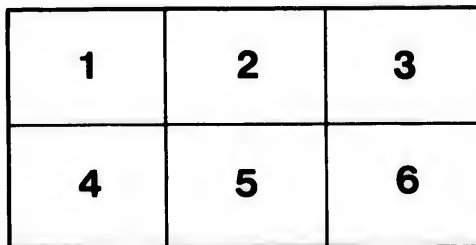
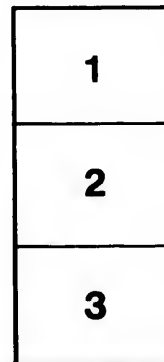
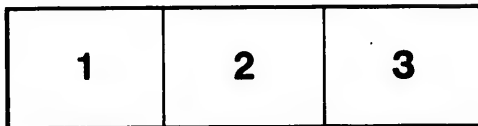
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A Little

Inside History

OF

HOW THE GOVERNMENT TREATED

THE

BANK NOTE CONTRACT,

AND

THE ENCOURAGEMENT GIVEN

TO

CANADIAN INVESTMENT

**TOGETHER WITH THE HANSARD REPORT
ON THE SUBJECT BY**

1897

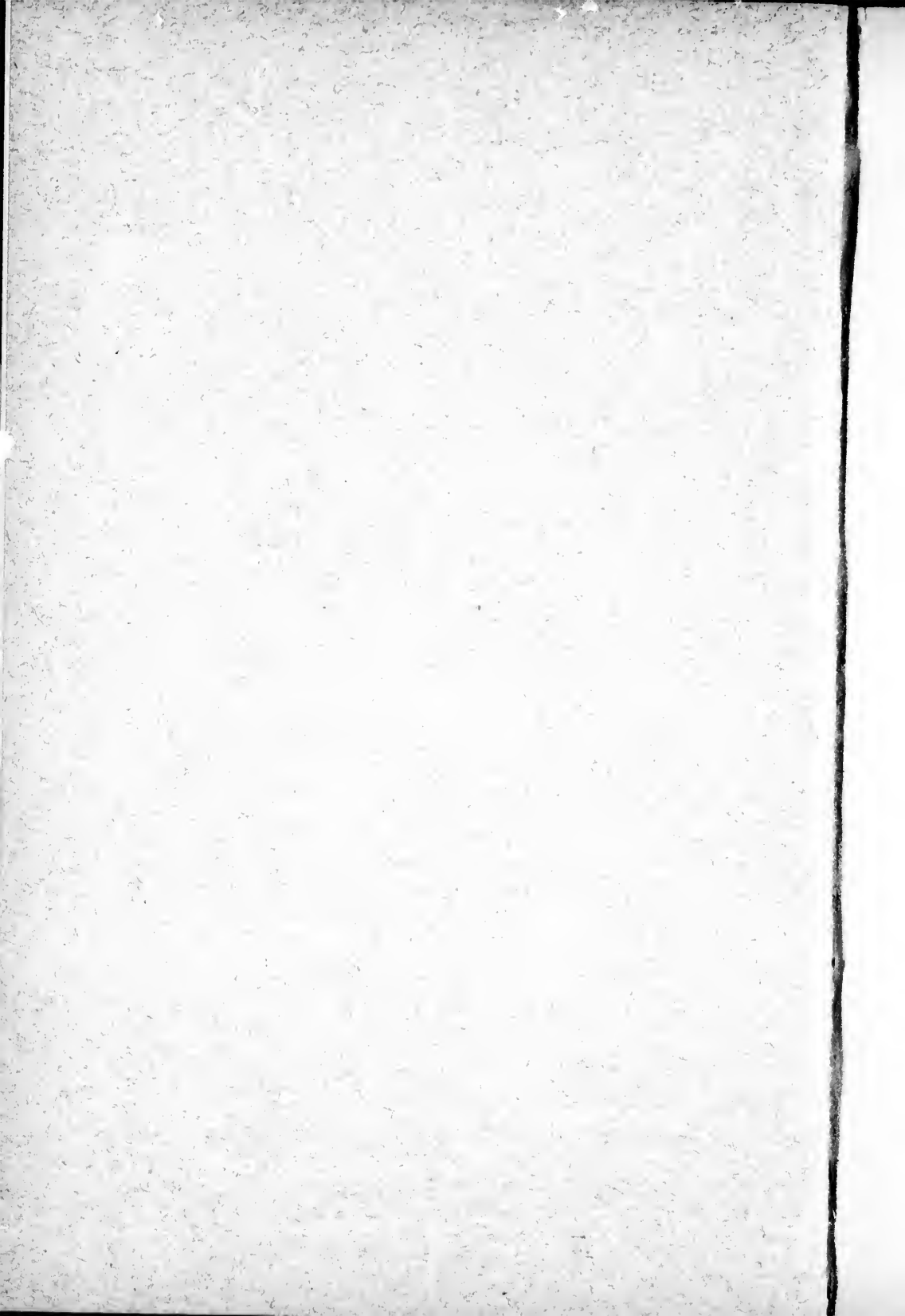
HON. MR. FOSTER,

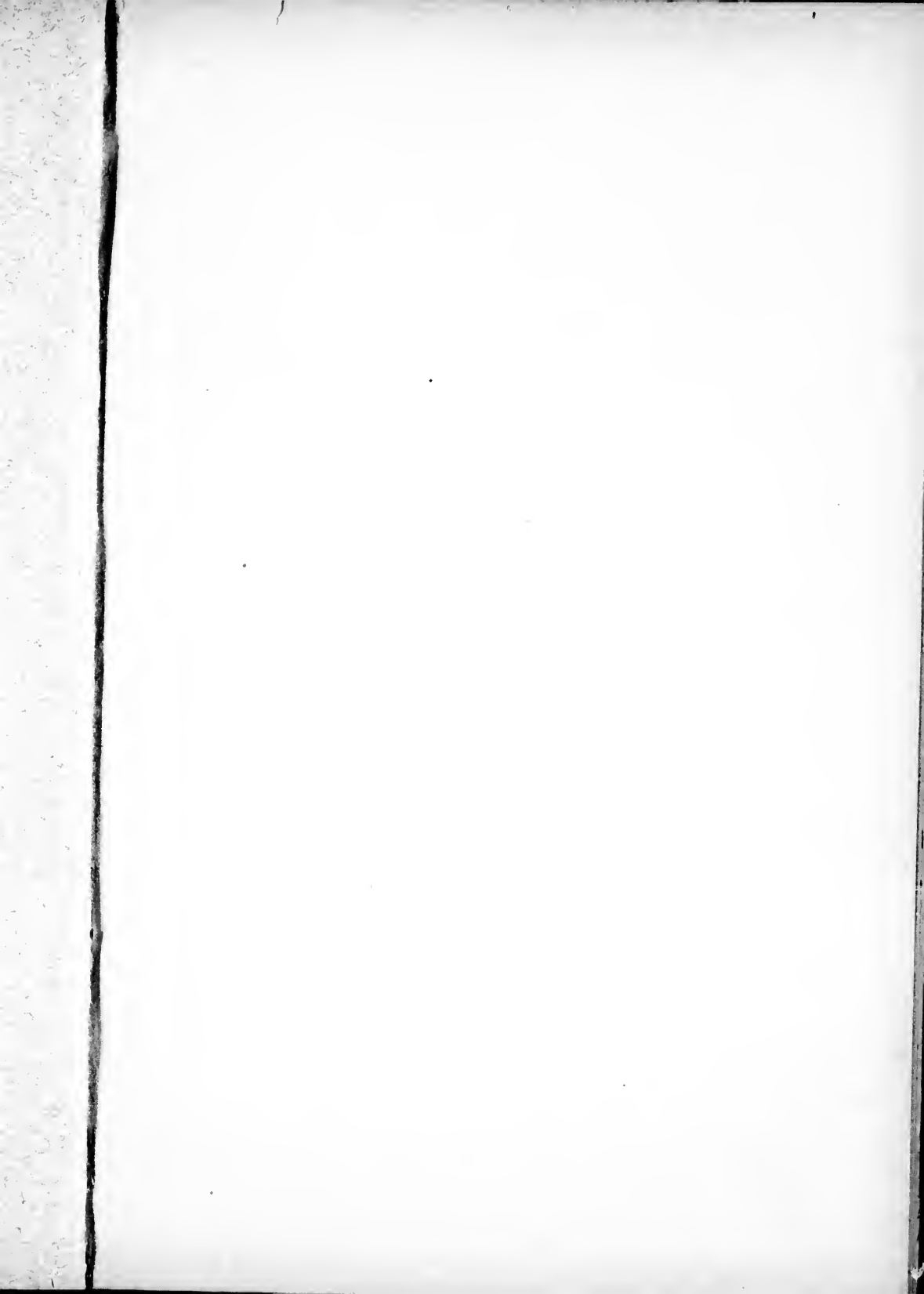
SIR CHARLES TUPPER,

MR. CRAIG, M.P. and

SIR HIBBERT TUPPER

Tupp





A STATEMENT OF THE TREATMENT ACCORDED TO THE BRITISH AMERICAN
BANK NOTE COMPANY BY THE MINISTER OF FINANCE,
HON. W. S. FIELDING.

THE history of the first large contract entered into by Hon. W. S. Fielding after his translation from the Provincial to the Federal Cabinet, that by which is given to aliens instead of to Canadians the delicate and responsible duty of producing Canada's currency, is not only instructive, but is of interest to all classes of the community. Nothing can be of greater importance to the Capitalist, the Banker and the Merchant, than that the current money of the country should be undoubtedly genuine, and that there should be no possibility of counterfeiting. It is of vital importance to the Contractor that the secrecy of a tender submitted by him, under seal, to a Minister of the Crown, should be most strictly observed; but should the course which has been followed by Hon. Mr. Fielding in this case be generally adopted, contractors will find that the results of their labor in preparing tenders are merely supplying Ministers gratuitously with data on which to negotiate with outside parties for a lower price.

To the skilled artisan it is necessary that as much high-class, and therefore well paid, work as possible should be produced in Canada, but the result of this contract will be to allow all the government engraving and skilled labor to be done at Canada's expense, in the neighboring Republic.

To every Canadian, it must be clear that our public men, especially those in positions of trust, should, like Cæsar's wife, be above suspicion; that their every act should be capable of bearing the closest inspection; that those who have to repose trust in them, should in every case find that trust sacredly kept, and that Canadian interests of Capital and Labor, whether public or private, should be defended in every way possible.

Unhappily, Hon. W. S. Fielding has not taken this view of the case in the matter of the Bank Note Contract. To show how this has been done, it is necessary to give a résumé of the facts since the accession of the Liberal Government to power in July, 1896.

When Mr. Fielding became Minister of Finance, he found existing a contract between the Crown, represented by his Department, and the British American Bank Note Company, (of which Mr. G. B. Burland is the president) for the printing of the Dominion bills, stamps, etc. This particular contract had been in force for some years, and was the last of a series of contracts for this class of work extending over a period of 35 years. During all this time the Company have the satisfaction of stating that no accident or error of any kind has occurred, and the work has always been done at least 30 per cent. less than current American prices.

One clause in the contract stipulated that it could be terminated by giving six months' notice; and on September 26th, 1896, Hon. W. S. Fielding gave legal notice to the British American Bank Note Company of the closing of their contract at the expiration of the six months' term. This notice was duly followed by an advertisement inviting tenders for November 23rd, 1896.

Three or four Canadian Syndicates examined the specifications and the nature of the work to be done, but owing to the fact that the Government would not allow it to be done in Montreal or Toronto, and finding the capital required under such circumstances too large, the responsibility involved too heavy, and the risk attendant on it so great, they all but one declined to submit tenders.

In this way the Minister succeeded in putting a veto on the aspirations of Canadian capitalists, but it is now apparent that he was quite willing to allow the engraving to be done in New York by his American friends and, according to the Toronto "Globe," promised them the privilege of a second term, if they desired it. The result of this discrimination is made manifest by the fact that it is stated that only *one Canadian Tender* was submitted; as a consequence, when November 23rd was past, only one tender had been sent in, that of the British American Bank Note Company. Was this tender opened, and was it at this stage the American Bank Note Company of New York were invited to tender? At any rate, as a result the American Company, we are informed, were allowed to change the specifications and duly sent in a tender to suit their own wants.

No further action was taken by the Canadian Company till one of two things should happen, either they would be notified of the acceptance of their tender, or if it were not satisfactory, new tenders would be asked for. This, of course, is the procedure always followed in bona fide tendering.

No communication of any kind was had by the Government with the Canadian Company until two days after the Minister had the Order-in-Council passed on the 6th January, 1897, with only four members present, and in great haste had it signed by the Governor General; then on the 8th of January, he was magnanimous enough to send the following letter to the Company:—

SIR,

OTTAWA, January 8th, 1897.

Referring to your letter of the 21st November last, submitting a tender for engraving and a cheque for \$5,000, as a deposit, in compliance with the terms and conditions set forth in Circular dated 19th October, 1896, I have the honor to state that I regret that I am unable to accept the offer made in such tender, as the Government have a much more advantageous offer from another Company. I have accordingly given instructions to have the amount of your deposit returned to you.

I have the honor to be, sir,

Your obedient servant,

G. B. BURLAND, ESQ., *Pres't.*

(Signed) W. S. FIELDING,

B. A. Bk. Note Co.

Minister of Finance.

The cheque, however, was not returned till the 18th of January. After receiving the notice above referred to, and the returned cheque, the President of the Canadian firm waited on the Deputy Minister of Finance, and requested an interview with the Minister to discuss the matter, and see if some arrangement could be made. At that time, Mr. Burland was ignorant of the fact that the American Company's tender had been received, or that the Minister had adopted a course the effect of which would jeopardise the capital of the British American Bank Note Company.

Hon. W. S. Fielding was out of town, but an interview was arranged for the following week. Before this interview was had, however, Mr. Burland was surprised to find in the "Globe" and in a New York paper, the statement that the contract had been given to the American Bank Note Company.

By this action, the most glaring injustice was done the Canadian firm by the Minister, as can be seen from the fact, that from the time of the tender, November 23rd to January 8th, no communication of any kind was held with them on the matter of the tender, although constant communication and correspondence were maintained with the New York firm, for the purpose of *changing the specifications*, and making special conditions and terms by which they could do the work, and allowing some of the items to be omitted from the *specifications altogether*, in spite of the fact that the specification contained a proviso to the effect that the lowest or any tender was not necessarily accepted, under which the Minister had power to enquire of Mr. Burland, if there were any *error* in his tender, any *mistake* in calculation or *addition*, as might easily be the case. No interview was had with the Canadian Company whatever until January 23rd, after their cheque on deposit was returned, accompanied by a merely formal notice that there was a lower tender, giving no opportunity to the Company to make any correction for the sake of maintaining their capital, and retaining their staff of Canadian labor, in face of the alien labor law of the United States. (See letter, page 9.) This narrative clearly proves that Mr. Burland's Company was not fairly treated, and that there was no desire on the part of the Minister to do him an act of *simple justice*. Were more proof needed, plenty is forthcoming. The actions of Mr. Fielding would indicate that he had determined to discourage Canadian investment, with the evident motive of favoring American. At the above interview Mr. Fielding expressed the idea that faith was to be kept with the lowest tenderer. Was it not equally necessary to keep faith with invested capital? Such faith was not kept when he allowed the specifications to be changed in favor of a foreign corporation without calling for new tenders upon the altered specifications. Was this action not dishonourable in a Minister of the Crown?

Tenders were to be in by noon of November 23rd, and it was stated by more than one Minister that only the British American Bank Note Company had tendered. This being so, the statement made in the notice returning the deposit cheque that "there was a lower tender" was, to say the least, *misleading*.

If the tender submitted at that date did not meet the Finance Minister's views, it was his plain duty, in justice to all parties, to call for fresh tenders, when he allowed the specifications to be changed, and not to open private negotiations with any third party, on condition that they would make terms satisfactory to him.

At what precise time the negotiations with the American Company were opened, remains to be ascertained, but it is probable that they were opened from Ottawa. Be that as it may, by the New Year matters were well under weigh, though not sufficiently settled for the American firm to have definitely tendered, but on January 6th, at a Council Meeting, at which only four Ministers, being a bare quorum, were present, the Minister had an Order-in-Council passed.

It is now worth while following the steps by which Mr. Fielding proceeded: On the 7th of January a report was submitted to the Committee of the Privy Council, and approved of by His Excellency in due course, from which the following is an extract:—

"On a report dated 6th January, 1897, the Minister of Finance stated that under authority of an Order-in-Council of 14th September, 1896, notice was given on 26th September, 1896, that the present contract between the British American Bank Note Company and the Government for the engraving, etc., of Dominion Notes, Postal and

Inland Revenue Stamps, will be terminated and put an end to at the expiry of the fixed period of five years therein mentioned, the contract having gone into force on the 23rd of April, 1892, and by the terms thereof was to continue for a fixed period of five years from that date."

The Minister further states that under the above cited Order-in-Council, he called for tenders for engraving, printing, furnishing and delivering to the Government of Dominion Notes, Postage Stamps, Inland and Revenue Stamps, etc. Such tenders to be received by the Minister of Finance, at the Department of Finance, Ottawa, up to 12 noon, Monday, 23rd November, 1896.

In the terms and conditions of the tender asked it was specified that the contract to be entered into was for a fixed period of five years and three months, dating from July 1st, 1897, and in his communication he, the Minister, recommended that the Order-in-Council of 14th September, 1896, be amended so as to authorize him to call for tenders for a term not exceeding the said five years and three months, instead of five years mentioned in Order. The three months were no doubt intended to be from April to July, as the Canadian Company's contract expired on the former date; and they then became stuck on the tail end of a contract to make up for the blunder of the Minister.

The Minister further stated that in response to such call three tenders were submitted, but one of such tenders did not conform with the part of the terms and conditions which required a deposit of \$5,000 with tender, and consequently this tender was not taken into consideration; the other tenderers, the *British American Bank Note Company* and the American Bank Note Company made the necessary deposit, and on examination and extension of the prices it was found that the tender of the American Bank Note Company was the lowest tender, the specifications having been changed by the American Company to enable them to make such a low tender, which change the Minister subsequently accepted without any notice to the Canadian Company, or any opportunity being afforded them to tender under the same *conditions*. It was, however, pointed out to the Minister that the stamped envelopes might be withdrawn from the new contract, and the Minister found on enquiring of the Queen's Printer that the Government could do the work themselves. What a pity he did not ask if he could do the Post Cards! The reason will be found further on.

The tender of the American Company asked to change the specifications, and made the following condition:—

"The American Bank Note Company understands and makes it a part of this tender that it be not required by the specification 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 fulfillment of the contract may be obtained elsewhere."

Correspondence being had with the American Company, the Company consented to the withdrawal of the stamped envelopes from the contract. "The Company also submitted rates for the stamps in question, if required in large quantities, and explanations were made in reference to the condition above quoted, which are satisfactory to the Minister of Finance, in view of the large saving effected if the offer of the Company is accepted."

"The Minister therefore recommends, in view of such saving, that he be authorized to accept the tender of the American Company, *provided that the DETAILS of the contract can be arranged with the Company to his SATISFACTION.*"

The Order-in-Council quoted from will repay analysis; it continues to rehearse the Finance Minister's Report, stating that three tenders had been sent in, one of which was irregular and therefore out of account. A second, the British American Bank Note Company's tender; and the third, that of the American Bank Note Company, the last named being the lowest.

It is remarkable that while the Minister implies in his Report that all these tenders were in his Department by noon of 23rd November last, he does not say so, and it is stated on very excellent authority, that there was only one tender, that of Mr. Burland's Company, in the Department.

Having stated that the acceptance of the American Bank Note Company's tender would effect a saving to the country, Mr. Fielding's Report continues: "It was, however, pointed out to the Minister that the stamped envelopes might be withdrawn from the contract, and the Minister found on enquiry of the Queen's Printer that the Government could do the work themselves." Further on this Report says: "Correspondence being had with the American Company, the Company consented to the withdrawal of the stamped envelopes from the contract;" but the Canadian Company was not honored with any correspondence on the subject.

Stamped envelopes were taken out of the contract because they were the least profitable items in it, involving as the work would, the purchase of special machinery by the American Company to the amount of \$5,000 or \$6,000. The profit on the work done, after paying the wages and material according to the quantity used for ten years past, would not pay for the *machines* in a hundred years. The saving therefore effected for the American Company by this concession on the part of our astute Minister of Finance is evident, and the Department of Public Printing has ordered the machinery to be paid for by the country, at full price, although the Canadian Company would have been pleased to sell the necessary machines for the purpose at twenty-five cents on the dollar, having no further use for them. Does this look like an endeavor to serve the country, or does it look like "business is business?" Is it any wonder that the contract was to be awarded on condition that the *details* be arranged to the *satisfaction* of the Minister of Finance!

Take next the case of POSTAL CARDS: If the Minister desired mere economy, or if he desired to have the Queen's Printer do any part of the work, for economy's sake, this was the work to be given to him. When wages and material were provided for, and engraving to the amount of \$100 done, no further cost would be entailed to the Queen's Printer. The Queen's Printer had all the machinery required, and could adequately do that part of the work, and being under no expense for rent, interest, management or machinery, if it were economy the Minister had in view, here was an opportunity for a saving of \$100,000 during the term of contract. There is no doubt about these facts.

But "Economy to the winds" BUSINESS WAS BUSINESS, when the Finance Minister could favor his American friends and destroy an Institution established by Canadian enterprise and capital, and having the full confidence of the Banking Institutions of the country and the Government for over 35 years.

No! No! Economy was not his object, or such a glaring blunder could not have been made; and the same plea of "Business is Business," if persisted in by our Dominion Finance Minister, will bring Mr. Laurier's Government to the same fate accorded Mr. Mercier's Government in the Province of Quebec by an outraged people.

The Report admits: "*It was pointed out to the Minister.*" Then he says that "after correspondence *the Company* consented to the withdrawal of the stamped envelopes from the contract."

Who was it pointed out that the stamped envelopes might be withdrawn from the contract, and not the *Post Cards*, the simplest part of the contract? The only persons sufficiently interested to do so were the American Company. It was not likely that any employee of the Finance Department would do such a thing, besides only the chief confidential employees of the Department knew the terms and conditions. Clearly the Company or its Agent made the suggestion, and the Minister was pleased to accept it to show his desire to economise!!

The gravest part of the business is to come. The last two paragraphs are as follow:

"The American Bank Note Company understands and makes it a part of this tender that it is not required by the specification hereto attached, to manufacture Bank Note or 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 fulfillment of the contract may be obtained elsewhere."

"The Minister therefore recommended, in view of such saving, that he be authorized to accept the tender of the American Bank Note Company, *provided that the details of the contract can be arranged with the Company to his satisfaction.*"

Hitherto it has been the theory that the details of a contract were to be found in the Schedule of terms and conditions supplied each tenderer. Hon. W. S. Fielding desires to make an innovation as far as contracts with the Dominion Government are concerned. Henceforth, the invitation will be, "Tenderers submit your price, the *details of the contract can be arranged to the mutual satisfaction of the Minister and yourselves afterwards.*"

Not only is the action recommended a public disgrace, but it is dishonorable, unjust and dangerous. It is disgraceful, because the words "Bank Note or other papers, inks, colors, etc., etc.," are merely a blind intended to cover the permission given to engrave steel plates of Canada's paper money, make the steel rolls on which the impressions are taken, and engrave the steel dies in a foreign country, by which Canada's paper mint is relegated to the mercy of a foreign syndicate on a foreign soil, although the Canadian syndicates who desired to tender were denied the right to do the work either in Montreal or Toronto.

Not only has Mr. Fielding's action sold Canada's birthright, recklessly injured a large home industry, thrown 100 Canadian artisans out of employment, destroyed a large amount of Canadian capital—but is against the spirit, if not the letter of the law. *It has violated the essential elements of all fair tendering*, and is on that account disgraceful.

It was decided by the Canadian Government, much more than a quarter of a century ago, as a question of principle, that the engraving and printing of Government Notes and Stamps should be no longer given out to a contractor in a foreign country, but done in Canada, under immediate departmental supervision and control.

It must be considered that the making of Government Notes and Stamps, with all that pertains to it, is unlike anything else, except dies for the coinage of the gold and silver money of the country. The dies or plates from which the notes or stamps are produced are very small things, and can be easily duplicated and carried anywhere with the greatest ease. Think of the Government of England, or the Bank of England, or the United States Government giving a contract for the engraving of their Notes, Dies and Stamps to a foreign contractor, to be done out of the country, for the reason of APPARENTLY lower prices—and these prices on paper only!!

The main consideration is not so much a saving in the art of making, but obtaining the most absolute protection possible. If the Canadian Government were not satisfied with the present or any Canadian contract, it was the *duty* of the Finance Minister to have had all the other work done at the Government Bureau, as well as the stamped envelopes, instead of accepting the tender of a foreign company to do merely the printing, or least expensive part of the work, in Canada.

While the Minister was carrying on a correspondence with the American firm, and receiving pointers as to the alteration of the terms and conditions, so as to make them more favorable to the foreign contractors, the scant courtesy of merely a notice by letter and one short interview, in which the Minister had nothing to consider but the lowest tender, were all that were accorded the Canadian firm during the two months. (See letter after interview, page 9.)

It was vain for the latter to ask another interview; it was vain for them to write; it was vain for them even to offer to do this work for the lowest figures of the American tender. It was nothing to the Honorable the Minister that half a million of Canadian capital was being destroyed in order to give a contract to a syndicate, containing not one Canadian subject, owning not one square yard of Canadian soil, with not one cent of Canadian capital, and no property in Canada to be security for their bona fides. It was nothing to him that 100 Canadian artisans would be thrown out of work. BUSINESS WAS BUSINESS! and the Canadian company was not in it—their tender was too high.

From November 23rd. to January 8th., not one word was vouchsafed the Canadian firm, though on January 6th., the Finance Minister reported to the Council that he had been in correspondence with the American firm.

On January 7th., "Mr. Fielding received His Excellency's license" to arrange the details of the contract to *his* satisfaction, and then it was safe to let Mr. Burland, as President of the British American Bank Note Company know. Accordingly, on January 8th., a letter was sent acknowledging the receipt of the Canadian tender and saying, "I have the honor to state that I regret that I am unable to accept the offer made in such tender, as the Government have received a much more advantageous offer from another Company."

This Order-in-Council was passed at a meeting where there were only four members present, three of whom doubtless were not particularly interested and simply adopted the Minister's recommendation "in view of the saving" *in figures only*, without considering the injurious nature of their action, or the far-reaching responsibilities which it involved.

Hon. Wilfrid Laurier, the Prime Minister, the President of the Council, the man above all others concerned, and chiefly responsible, stated that Mr. Fielding had not

spoken to him on the subject, and pledged himself that all the work would be done in the Dominion.

Hon. Sir Richard Cartwright, although a member of the Treasury Board, stated that he had not been consulted, nor had the subject been submitted to the Treasury Board. Sir Richard was not consulted, yet of all the Ministers he is the one in whose shrewdness as a financier, in whose integrity as a man of business, the Canadian public would have most faith.

In order to remedy this state of affairs and to supply the Ministers with full information upon which they could reconsider the hasty Order-in-Council, Mr. Burland sent the petition appended hereto. (Page 11.)

The following letter was sent Mr. Fielding and other members, after the notice in the Globe:—

HON. MR. FIELDING,

MONTREAL, Jany. 23rd, 1897.

Dear Sir:—In reference to the tender of the British American Bank Note Company, we would ask your kind attention to the injustice that would be done to the capital invested in the country, if the work of the country is given to foreigners, and we ask that new tenders be taken for the following reasons:—

1st.—That ample capital has been invested at the request of the Government to satisfactorily prepare all the work required by the Government.

2nd.—That contract is about to be awarded in violation of the terms and conditions of the specification.

3rd.—That no notice was given that foreign tenders would have privileges not embodied in the specification.

4th.—That the terms of the specification would be violated by giving the privilege to foreign competitors for a double period without equal rights to the local Company.

5th.—That the greatest injustice would be done local capital by allowing free duty to such foreign competitors without any allowance, in lieu thereof, to the local Company.

6th.—That all persons tendering against invested capital should show their ability by having suitable premises and machinery with which to do the work; tenders of all parties would then be on equal terms.

For the foregoing reasons and many others we respectfully ask for a reconsideration of the subject.

We have the honor to be, Sir,

Your obedient servants,

G. B. BURLAND, Pres't.

This letter was supplemented by another two day's later, which is as follows:—

BRITISH AMERICAN BANK NOTE COMPANY,

OTTAWA, Jany. 25th, 1897.

HON. MR. FIELDING,

Dear Sir:—We have to thank you for the time and attention you have given us with reference to the contract intended to be given to foreigners, having no claims or interest whatever in our country, save a strong desire to get possession, at any price, of the Bank Note business of the Dominion.

The British American Bank Note Company, with the assistance of the Government, was established to do this work in Canada. Large capital was invested by its citizens and the best of protection afforded, and for years past I make bold to say that the Finance Department and the Banks of the Dominion have had the Note circulation of the country at least thirty per cent. less than the current rate for such work from New York.

Our Capital now stands in great danger, not from competition with citizens of Canada and their Capital, but from one of the largest monopolies of the United States, having no interest in the Dominion,

other than the purpose of securing its work and obtaining sole possession of the field, with the ultimate result of being able to charge any price they may think proper for this class of work, as they did in former years.

In order to avoid such a serious blow to the commercial interests of the country, and to protect the large Capital already invested, we, the British American Bank Note Company, are prepared to accept the terms of the tender submitted by the American Note Company, and preserve, if possible, the business of the Dominion, that has been performed by us in a satisfactory manner, for the last thirty-five years.

We are, however, perfectly satisfied that a closer examination of the difference in price that appears on the surface of the tenders, if the quality of material is taken into account, would reduce that difference to a minimum.

We have the honor to be, Sir,

Your obedient servants,

G. B. BURLAND, Pres't.

Copy to Hon. Mr. Laurier.

On the 27th January, the following letter was sent to all the Ministers:—

BRITISH AMERICAN BANK NOTE COMPANY.

OTTAWA, Jany. 27th, 1897.

DEAR SIR:—We fear that you and other Members of the Cabinet have been so busy that the following clause of the specification, on which we have tendered, has been overlooked in the action the Minister of Finance feels disposed to take. If no special favors are to be granted foreigners to destroy the business already established, we specially ask that you will look into the matter and see how the conditions are to be fulfilled before a final decision is reached.

"All work under the contract shall be done at the City of Ottawa, in such building or buildings as are approved of by the Government of Canada, such building or buildings to be fire-proof and to contain all necessary fire-proof vaults to ensure the safety of the work."

"No contract shall be entered into with any tenderer until he has satisfied the said Government of Canada that he has or will have by the time he begins work under the contract, a proper building or buildings in Ottawa, in which to carry on the work under the contract."

We have the honor to be, Sir,

Your obedient servants,

G. B. BURLAND, Pres't.

To His Excellency the Right Honorable the Earl of Aberdeen, Governor General of Canada in Council.

The humble petition of the British American Bank Note Company, a body corporate, incorporated under the Laws of Canada, and having its Head Office at the City of Ottawa,

HUMBLY SHEWETH :

That for upwards of thirty-five years, your Petitioners have done and performed for the Government of Canada all the work connected with the engraving and printing of Bank Notes, Post Cards and Postal and Inland Revenue Stamps and Supplies.

That all this work, which is of a very private and special character, and in substance is the work of making paper money, has been performed by your Petitioners to the entire satisfaction of the various Ministers and other Officers of the Government of Canada who from time to time have had the control and supervision of the same, and without any duplication, loss or difficulty occurring in connection therewith.

That recently tenders were called for, for engraving Dominion Notes, Post Cards and Postal and Inland Revenue Supplies.

That the notice calling for such tenders was a printed one, and comprised specifications and essential terms and conditions of the proposed contract which any tenderer would have to execute if his tender were accepted.

That Your Petitioners understand that there were only two tenders put in, one by Your Petitioners and the other by the American Bank Note Company, a foreign corporation, having all its property and business connections in the United States.

That Your Petitioners also understand that the tender of the American Bank Note Company was apparently a lower tender than Your Petitioners, and that it is contemplated to award the contract to the lowest tender.

That Your Petitioners tender was based on the conditions of the contract, and on the quality of the work that it has been in the habit of executing for the Government of Canada.

That all Your Petitioners work is done here at the said City of Ottawa, by Canadian artists and artizans employed here in a special building erected here for that specific purpose, and to the satisfaction of the Government of Canada.

That the Capital employed in this purely Canadian business and enterprise is upwards of \$400,000.

That Your Petitioners have been given to understand that it is contemplated not to insist upon the condition contained in the printed form of tender requiring all work under the contract to be done here at the City of Ottawa, in a building approved by the Government of Canada.

That Your Petitioners are also informed that it is contemplated to allow the dies, rolls and plates used in connection with this work, to be brought into Canada free of duty. The value of the dies, rolls and plates belonging to Your Petitioners and used by them in carrying out the present contract, exceeds the sum of \$50,000.

That if the American Bank Note Company is awarded the new contract, and if it uses the Inks for printing Bank Notes, and the paper which it usually uses for such work in the United States, the difference in the price of material now supplied by Your Petitioners and what would be supplied by the American Bank Note Company would be as follows :—

	Per annum.
One Dollar Notes 450,000 Sheets	\$4,500.
Two and Four Dollar Notes 129,000 "	4,515.
Postal Cards 27,000,000 Cards	<u>6,480.</u>
Per Annum	\$15,495.
Amounting in five years to	\$77,475.

The above figures show clearly that the apparent cheapness of the American Bank Note Company is only in figures, unless the Government insists on the strict fulfilment of the conditions of the tender, and unless special privileges as to free importation, duties, &c., are not allowed to the American Bank Note Company.

The following charges will show the difference between the current New York rates for Bank Notes and the Canadian rates for same :—

New York rates—1000 Sheets \$1 Notes	\$ 95.00
Proportion of 5000 Sheets	20.00
Add Duty and Freight, 40 per cent	<u>40.00</u>
Cost per 1000 Sheets from New York	\$161.00
The cost of the same work delivered to the Govern- ment by Your Petitioners is per 1000 Sheets	\$ 91.31

That Your Petitioners being desirous of stopping a complete destruction of their property, and of avoiding the necessity of discharging a large number of skilled Canadian artists and mechanics, and of preventing this foreign corporation, which has practically a monopoly of the Bank Note business of the United States, from coming into Canada and obtaining a monopoly here, has offered to accept the contract on the terms of the tender put in by the said American Bank Note Company, and accordingly on the 25th day of January, 1897, Your Petitioners addressed the letter to the Honorable the Minister of Finance, a copy of which is annexed to this Petition. (See letter of the 25th.)

That having been given to understand that the whole question of the above work is now under the consideration of Your Excellency in Council, and having regard to the facts and circumstances above stated, Your Petitioners humbly pray that the said tenders for the said work be reconsidered, and that Your Petitioners be awarded the contract on the terms and conditions offered in the tender submitted by the American Bank Note Company.

And, as in duty bound, Your Petitioners will ever Pray.

THE BRITISH AMERICAN BANK NOTE COMPANY.

(Signed) G. B. BURLAND,

President.

OTTAWA, 28th January, 1897.

The two following letters merit attention :—

The Honorable WILFRED LAURIER,
Premier of Canada, Ottawa.

OTTAWA, Feby. 6th, 1897.

Honorable and Dear Sir :—Before final judgment is passed by you on our national enterprise, might I ask you to spare one half hour's time to visit the establishment and fully understand from observation, the modes and methods of producing Bank Note work, the information thus obtained from such observation, we are fully satisfied, will enable you to overcome all erroneous statements on the subject, and enable you more fully to see the benefit to be derived by maintaining our institution in this country, in preference to handing it over to foreigners, with such an alien Labor Law against all hope of our people being able to gain employment out of the country. It will also enable you to more fully understand the terms offered by the Americans, and what terms are to be arranged with them. So far as we can see, the conditions to be allowed the Americans makes null and void the specifications we have tendered on, and we do feel that notwithstanding any errors of judgment, good faith is to be kept with them, it also ought to be kept with us.

Feeling that you are very busy at present, and that I am still in the doctor's hands, Friday and Saturday next, or the early part of the following week, might perhaps be convenient.

I have the honor to be, Sir,

Your obedient servant,

G. B. BURLAND, Pres't.

The following letter was sent to the Postmaster General :—

The Honorable W. MULOCK,
Postmaster General, Ottawa.

OTTAWA, Feby. 6th, 1897.

Honorable and Dear Sir :—Your last few kind words spoken to me were full of meaning, in which you mentioned that the present Government had nothing to do with the past, but that the future was to make their record. I would therefore ~~trust you from your well-known high standard of justice and desire to~~ benefit the country, that you would spare us about half an hour of your ~~valuable~~ time to visit the establishment and see the mode and operations, and terms used in doing Bank Note work.

We know that there have been erroneous views with reference to this work, and that we have been placed at a great disadvantage owing to the fact of the lowest tender being considered the cheapest work. The information to be gained by personal observation will fully decide whether the best interests of the country will be served by handing it over to foreigners, with such an alien labor law against all hope of our people being able to gain employment out of the country. Had we been aware, or received any information that the Americans were to be allowed certain privileges and conditions, our mode of tendering would have been on equal terms.

We will be most happy to wait on you at any time you can spare a few minutes, as above mentioned, as we have much greater faith in proper remedies being applied at the present critical time than a funeral oration after death.

Feeling that you are very busy at present, and that I am still in the doctor's hands, Friday and Saturday next, or the early part of the following week, might perhaps be convenient.

I have the honor to be, Sir,

Your obedient servant

G. B. BURLAND, Pres't.

ADDITIONAL FACTS CONNECTED WITH THE BANK NOTE CONTRACT.

The following further and important particulars are obtained from the papers laid before Parliament, after the remarks in the preceding pages were written :-

When the papers in connection with the Bank Note Engraving Contract were brought down, they *revealed a condition of affairs bad beyond belief*. The public were led to believe that the tender of the British American Bank Note Company for engraving was excessively high. The papers reveal the startling fact that their tender, upon Bank Note engraving alone,—notwithstanding all the calculations and additions made—was **\$18,416.88** less than that of the American company; and in another branch of engraving and printing, viz., Inland Revenue labels, the price charged by the Canadian company being **\$2.50** per 1000 as against **\$99.80** per 1000 allowed the American company by the Finance Minister, making the price of the latter company, on the whole order, nearly **FOUR TIMES** greater than that of the Canadian company—that is **\$7,332.99**, as against **\$1,935.04**—an almost **INCREDIBLE FACT**, for the same amount of work, and ample evidence that economy and country were not the only objects in view. If the Minister had any idea of economy, he could have taken the two items above referred to out of the contract as well as the stamped envelopes, and prevented the engraving for all the paper money, postage and revenue stamps being done in New York. Add to this the five or six thousand dollars which the Queen's Printer will have to pay for machinery to do the stamped envelopes, which the Americans had removed from their contract, and the saving which might have been effected by the Queen's Printer doing the Postal Cards as well as the stamped envelopes, amounting, as shown on page 6 of this pamphlet, to the large amount of \$100,000 during the five years of the contract. What then becomes of the alleged large saving to the country, for which a *national industry has been destroyed*? The engraving is the essential part of the work—the heart of the whole matter. It is for this the Canadian company has invested so large a Capital; has maintained so large an establishment; has retained the services of a permanent and expensive staff of Artists for a long series of years. In this connection the report of the Deputy Minister is of great interest. Mr. Courtney says: "The undersigned begs to point out that at the time the present contract was entered into, full and explicit enquiries were made as to the rates of the American Bank Company, and also as to the charges made by the British American Bank Note Company to the chief monetary institutions in Canada. The result of the enquiries proved that the rates charged to the government for this class of work were in no sense higher than the rates quoted by the American Bank Note Company. It can hardly be possible that since the present contract was entered into prices for the work have fallen to such an extent as the rates offered by the American Bank Note Company would lead one to believe. Accordingly it would appear that *other reasons* exist than those pointed out inducing the American Bank Note Company to tender at rates so much lower than now paid."

"Should the government decide to enter into an agreement with the American Bank Note Company, it would appear to be desirable to bear in mind also that the institution is an alien corporation, and the officers who would in all probability conduct the business

with the government and carry out the orders would probably come here from New York. In this connection the undersigned has to *call attention* to the condition appended to their tender that they are not to be required to manufacture bank note and other papers, steel rolls, steel plates, the dies and other tools of their trade, inks, colours, &c., at Ottawa, but may obtain elsewhere such supplies necessary to a faithful fulfilment of their contract. This would appear to allow them to do a large portion of their work at New York, and is a feature of the offer which seems to require very careful consideration." Any apparent reduction in the American tender was made as a *Cut Rate* upon the mere mechanical work of printing, work which could be done by any well equipped Canadian printing house. This cut rate is more than *doubly met* by the permission the Americans have received of doing the engraving in New York. They, like the Canadian company, have to retain a staff of engravers, under yearly engagements, and this contract merely serves to keep them employed continuously, with no additional working expenses, nor tax on their business of any kind.

There is grave doubt as to whether the whole transaction is not illegal, seeing that the established practice of awarding contracts was departed from in every particular. A brave show was made of calling for tenders, and circulars were sent broadcast inviting them. English firms entertained the proposal, and asked if the work might be done in London. This permission was refused, and yet it was accorded to the American firm to do the work in an *alien country*. Why were the Americans favoured above their British competitors, to say nothing of the Canadian companies? If economy was the object, and if it was intended to have the essential part of the work—the engraving—done outside of the country, why not have it all done outside, instead of the pretence of doing it partly here, that is, the mere mechanical work? The only thing that has been accomplished is the wanton destruction of an old-established enterprise, wanton because no permanent good can result to any one, and the plea of economy is only a *sham*. The Americans made a cut rate upon the cheapest kind of machine work, and were allowed to amply make it up by the permission given them of doing the essential work in New York, the part requiring *Capital, Talent, and an Established Business*, directly contrary to the specifications; and on page 49 of the report it is clear from a statement made that the correspondence of the Canadian company was communicated to its American rival, notwithstanding which they were honest enough to say that they could not comply with the specifications. All this time the Canadian company were not considered worthy of communication of any kind by the Minister.

The fact of doing the printing in Ottawa is no guarantee of any considerable expenditure in the country, nor of security while the engraving is done in a foreign country. Even for bank note paper the American firm is awarded the same price for which the Canadian company offered to supply it, so the country saves nothing on this item, although it is nearly *one-fourth the whole value of the bank note work*. The American company made a cut rate to gain the field. They saw that they had an easy mark in the Finance Minister when they undertook to prove to him that steel dies and rolls, worth thousands of dollars to produce, are *tools of trade*, and coolly informed him that there was no talent in Canada to do the work, and that it would not be wise to move delicate machinery to Ottawa for the purpose. From this the reader will see that the Minister had full knowledge of the injury he was going to do the Canadian talent and enterprise that had done equally as good work for the last 35 years.

He violated the specifications and gave them a privilege denied to all others, which more than offsets this reduction, and between the two they have dealt a *foul blow* at Canadian capital, labour, and enterprise.

It remains to be seen whether the members of Parliament, *Liberal and Conservative*, whose business it is to safeguard the interests of the country, will stand idly by and see this gross injustice done without investigating the matter for themselves and for the country's protection.

MR. MULOCK'S LOVE OF COUNTRY ON A PAR WITH MR. FIELDING'S.

The subjoined letter is taken from the *Montreal Witness* of July last. It is a self-explanatory reply to certain remarks made by Mr. Mulock, Postmaster-General, in the House of Commons, at Ottawa, a few days before :—

THE JUBILEE STAMPS.

Mr. Burland on Why They Were Not Printed in Canada.

To the Editor of the Witness :

SIR, — Certain statements were made in the House of Commons on Friday, the 25th ult., by the Postmaster-General bearing adversely upon the reputation of the British American Bank Note Company, "because it was reported to him that there was an inequality and unevenness in its work, and that the paper was inferior and the gumming not first-class." These statements were given a flat denial on Monday, the 28th ult., by Mr. Foster, at my request. Mr. Mulock then repeated the slander in another and more aggravated form, and I now present the following facts in further contradiction thereto :—

When it became known that a jubilee stamp was about to be issued, I waited upon the minister, and, after discussion, he promised that we should do the work. Our artists then prepared a design, which was submitted to the minister. Upon examination he admitted ignorance of such matters, and referred the matter to Mr. Dobell by letter, which I conveyed in person along with the design. Mr. Dobell examined it carefully, approved of it, initialed it as perfectly satisfactory, and wrote to Mr. Mulock to that effect. This letter I myself delivered to the Postmaster-General. He then delayed a decision, and from week to week put the matter off, pleading that he was very busy, but that there was plenty of time, and that he wished to take the opinion of a clerk in another department, whom he claimed was an artist. This clerk made a design which was entirely unsuitable. I took him to my office, and gave him some general instructions in hopes that he would be able to suit Mr. Mulock's artistic taste, and I know as a fact that he did not suit Mr. Dobell's. The Postmaster-General never at any time said the one submitted by us and approved of by Mr. Dobell was not suitable. The design now actually in use is only slightly altered from the design made by us, and not improved thereby, the Postmaster-General stating that he had one made by an artist in the School of Art. His statement that I took away or had in my possession any design of his is absolutely unfounded.

These delays were made, as it now appears, to allow our contract to expire. At the same time he kept his main purpose under cover of great sympathy and many good wishes, and even asked us to make report upon the whole matter, which we did, but which he was not manly enough to present when he made the charge.

Mr. Mulock now has the audacity to say that we attempted to force upon the department a design for the jubilee stamp, which he knows to be incorrect, and he gave currency to a report, which he says he heard, that there was an inequality and unevenness in our work, that the paper was of an inferior quality, that the gumming was not first-class, and that perforation was irregular. Where did he get his information from? It could not be from the department, as no complaint of any kind has been made, and the paper, gumming, perforating and work, are identical with what has been supplied for years.

In regard to the statements, I challenge him to establish them; and I affirm that they are wrong and made with the intention to cover up his proceedings in this matter, as an excuse for killing the balance of time which the contract had to run, and thereby enabling him to have the whole of the jubilee stamps engraved in New York. To substantiate my denial, I would place the results of thirty-five years work in the making of stamps against Mr. Mulock's statements for the public to judge.

Mr. Mulock having put himself in a false position, makes a parade of saying that if we have a grievance it is open to us to have recourse at law. I admit I was mistaken in depending upon Mr. Mulock's word, and now I quite realize that I would have small evidence to maintain an action at law.

G. B. BURLAND.

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OF

HON. GEORGE E. FOSTER, M.P.

HON. SIR CHARLES TUPPER, M.P.

AND

T. DIXON CRAIG, M.P.

ON THE

BRITISH AMERICAN BANK NOTE CONTRACT

OTTAWA, THURSDAY, 20TH MAY, 1897.

Mr. FOSTER. Before the House goes into Committee of Supply, I wish to call the attention of the members present to some circumstances in connection with the granting of the contract for printing the bank notes, the inland revenue stamps, postal cards, stamps, &c., for the use of the Government. There are certain things in connection with this which I think merit the attention of all the members of this House, and it shall be my endeavour to put the facts of the case in as short and lucid a statement as I possibly can. It is a proper ambition, I think, for every country to be the maker of its own currency so far as that can possibly be done, and the mere accident or incident of more or less relative cheapness is not to be taken into account very largely in carrying out what is, on the whole and in principle, laudable and correct. On this assumption, at least, the Dominion

of Canada has gone from the time that it was a Dominion; and at the time of confederation when, by the constitution, this power came to it, it took up the old line of policy of preparing the paper currency, stamps and the like for the service of the Government, in Canada itself. From 1866 this has been done, and been done, I believe, by one firm, and from 1868 when the Dominion came to take this matter in charge, it has been consecutively carried out on the same line and under the same management, but with certain changes and gradations, of course, which were incident to the changed conditions from one quinquennial period to another, for a period of five years has generally been the term of the contract. The notes—to confine myself to that—because where notes are made the other supplies are made, and by the same person—the notes at first were made in the city of

AND.

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 \$97.64. Similar large re-

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

power and general power to a certain extent on the part of the Ministers so that the grade and quality should be kept up to the specifications and terms of the contract.

That brings us to the consideration of the present case. The contract entered into in 1892 was made for five years, and the period expired on 23rd April, 1897. The contract was to expire at that time if six months' notice were given by the Minister of Finance. If six months' notice had not been given in advance, then the contract would expire on six months' notice having been given either by the Minister of Finance or by the contractor, each in his several interest. The notice was given on 26th September, 1896, by the Finance Minister, and the British American Bank Note Company received notification that on 23rd April next the contract would expire. Just about that time the British American Bank Note Company, through the president of the company, invited the Finance Minister, who, presumably, had the larger interest in this matter and who was the person who had under his charge the arrangement of the contract, to go down to the place of the manufacture of the bank notes and stamps and look at the establishment, as he might wish to see something of the method and manner in which this work was executed. This was almost a necessary condition, because no Finance Minister or any other Minister possesses the least knowledge of the technique of this branch of the business, and unless he makes himself acquainted with it in a practical way by actually visiting the establishment and seeing just how the work is carried on, it is impossible for any man, I do not care how intelligent he may be, to approach the subject from the point of sufficient information. So the president of the British American Bank Note Company courteously invited the Minister of Finance to visit and inspect the establishment. The invitation was acknowledged by the Finance Minister, as the papers show, but, so far as I know, he never put his head inside the doors of the establishment. This invitation was given by the British American Bank Note Company on 16th October. On 19th October the Finance Minister called for tenders, getting an Order in Council on his report authorizing him to give notice for the termination of the old contract and to call for tenders for a new contract. Tenders were called for on 19th October, and the specification will be found on page 15 of the blue-book, and it would be well that hon. members should pay attention to the specifications, because they are the basis of the whole business, they are the pledge of good faith between the power asking for the contract and the parties who are tendering for the contract; and when these specifications are definitely stated it is a rule, and I think a wholesome rule, that these specifications, which are the basis of the contract, are as

much a pledge between the parties as they would be between man and man, and which should be thoroughly, absolutely and definitely observed; or, if they are not definite, and at any stage of the progress of negotiations the contracting power finds it is in the interest of the Government to make a change in the specifications, then it is the absolute duty of the contracting power to give the same information to every one of the tenderers as he does to any one of the tenderers. What were the specifications? The specifications stated what was to be tendered for, as follows:—

Engraving, printing, furnishing and delivering to the Government of Canada, as and when required during the period and on the terms and conditions hereinafter set forth:

- A. Dominion notes;
- B. Postage stamps, stamped envelopes, post and letter cards and post bands;
- C. Inland revenue stamps.

That was the work to be done, and the House will see that it takes in all the work, exactly on the lines which have been followed up since confederation, exactly on the line of previous tenders, exactly on the line of previous contracts, and no person who had had any knowledge of the previous history of tendering for this branch of the Dominion's work, had the least doubt but that these words meant exactly what they stated, and what they included, namely, that the work, and all of the work, should be done in the city of Ottawa. That was an essential basis in the calling of the tenders. The usual five years' term was fixed as the period during which this contract was to continue. Section 7 goes on to state:

All work under the contract—

That is the engraving, and printing, and delivering, and so forth.

All work under the contract shall be done at the city of Ottawa in such building or buildings as are approved of by the Government of Canada.

* * * No contract shall be entered into with any tenderer until he has satisfied the said Government of Canada that he has, or will have by the time he begins the work under the contract, a proper building or buildings in Ottawa in which to carry on the work under the contract.

The usual precautionary clauses are put in the specifications, and they agree very nearly with the specifications of the preceding tender, and terms of the preceding contract. Section 22 declares: That there should be a deposit for bona fides of \$5,000, and a deposit of \$50,000 to remain in the hands of the Government at interest for the due execution of the work. There was also the usual clause 23: That the Government of Canada does not bind itself to accept the lowest or any tender; leaving itself entirely free at any stage of the negotiations to act as it considered in the best interests of the country.

So much then for the specifications upon which the present tenders were called.

Now, I do not know exactly for what purpose or with what aim, but the fact is, that when these tenders were asked for the area of the call was made very wide indeed, and these specifications were sent to Great Britain, to the United States, and to Canada. At pages 20 and 21 of the papers brought down will be found a list of the firms and companies to whom these specifications were sent, ostensibly with the view of giving them information so that they might tender for this work on the basis as set out in the specifications. Numbers of these were sent to London, and the letter of the Minister of Finance accompanying them is as follows:—

Finance Department,
Ottawa, 22nd October, 1896.

J. G. Colmer, Esq.,
Canadian Government Offices,
17 Victoria Street, London.

Dear Mr. Colmer,—I send you a dozen copies of a circular in relation to our new contract for engraving and printing the Dominion notes, postage and inland revenue stamps. I think it is hardly probable that we shall have any tenders from parties in England, but I am desirous of having the contract made known as widely as possible to parties in the trade. I shall, therefore, be obliged if you will cause these circulars to be sent immediately to the leading houses in England in that line of business.

Yours faithfully,
(Sgd.) W. S. FIELDING,
Minister of Finance.

Mr. Colmer followed out the instructions to the letter, and in a communication to Mr. Fielding he details the corporations, and firms, and parties to whom he sent the circulars. Immediately following upon that came inquiry from some of the firms, as to whether or not the stipulation in clause 7: that the work shall be done in Ottawa; was to be firmly adhered to, and, in furtherance of that inquiry, Mr. Colmer sent the following telegram to the Finance Department:

Tenders for engraving. Firms point restrictions clause seven manufacture Canada. Also state tenders impossible without specimens mentioned clause fourteen.

The specimens referred to were specimens of stamps and the like of that. To that the Minister of Finance replied:

Tenders for engraving. Cannot abandon condition requiring manufacture at Ottawa. If responsible parties wish to tender, we will send specimens.

The answer of the Finance Minister to the English inquirers is firm and decided, that this work must be done at Ottawa. That, as Mr. Colmer says a little later on, cut out all the English firms from attempting to tender. They had not their engravers and their machinery over here, and they had no buildings to carry on this work in the city of Ottawa. There was also a tender received from a firm in Toronto, Barber & Ellis, and that firm also made

inquiry as to whether any of the conditions in the specifications would likely be relaxed. What they wished to have relaxed, was, not the condition that the work should be performed at Ottawa, but the condition as respects the \$50,000 deposit. Their argument was that it would require \$50,000 to put up an establishment, and then, if the firm had to deposit \$50,000 in hard cash with the Government, that that was an outlay of \$100,000 which was pretty nearly equivalent to a year's work. The Barber & Ellis Co. signified their intention of tendering, but they wanted the restrictions relaxed to the extent, that they would be allowed to give undoubted personal security of some kind, instead of depositing the \$50,000 cash. To that, the Minister of Finance was equally firm as he was in reference to the inquiries from London, and his letter in reply emphasizes it, and declaring that this is a very special and important work, he says:

The engraving contract is one which, from its nature, can only be undertaken by persons having a considerable amount of capital, and who are able to assure the Government of their thorough responsibility; therefore, it is necessary to impose conditions different from those which apply to ordinary contracts.

The Minister there declares that these restrictions and conditions of the specifications cannot be departed from. He is firm with the London inquirers; he is equally firm with the Toronto inquirers.

This brings the matter to another stage; that is the stage when the tenders were received. These tenders were advertised to be in on the 23rd of November, and on the 23rd of November, whether at 12 noon or at any other hour during the day I cannot glean from the papers, but presumably at the hour of 12 noon, three tenders were in. One was an irregular tender; why? For the reason that there was no deposit. That was from the Barber & Ellis Company. They were quite willing to make the deposit of \$5,000 for bona fides, and they were willing to put up any amount of satisfactory personal security for the due performance of the work; but they were not willing to deposit the \$50,000 with the Receiver General. That tender, then—number one, we will call it—was ruled out because it did not conform with the specifications. There was another one which did not conform with the specifications; that was the tender from the American Bank Note Company, which has its headquarters in the city of New York, with reference to the history of which, and the bona fides of which, and the large operations of which it is not necessary for me to say anything at this stage of the matter. Now, the Barber & Ellis tender was ruled out because it was informal, in that it did not comply with one of the specifications, the specifications being in their principal conditions such as I have read to the House. The American Bank Note

Company's tender was informal in a much more essential condition than the Barber & Ellis tender; why? The Barber & Ellis Company were willing to do all the work in Ottawa, willing to put up their building, willing to do everything except put up this deposit of \$50,000 in cash, instead of which they wished to give undoubted and sufficient personal security; but their tender was informal, and was ruled out. The American Bank Note Company's tender was informal in this condition, that it entirely overrode the basis of the whole specification, which was that the work should be done in the city of Ottawa, and they added a rider in these words:

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 the faithful fulfilment of the contract may be obtained elsewhere.

Now, Sir, I make bold to state that there was not an employee in the Finance Department, or a gentleman in Canada who has had any knowledge of the history of the bank note work of this country from 1867, who did not know absolutely and positively, in reading these specifications, that they called for all the work, and that that was the essential condition insisted upon from confederation—insisted upon when in 1886 the old contractors were forced to come to Ottawa and place their capital and large plant in a new building here. But the American Bank Note Company simply said to themselves, as they said afterwards to the Minister: "No, we cannot comply with that condition; if you enforce it, we cannot take this contract, and therefore we put this rider in, that we shall not be obliged to conform with that basic specification, but that we shall be allowed to do this work in New York, and bring it in here." The American Bank Note Company, if they be not a firm of lawyers, have graduated somewhere very near to a lawyer's office. They are skilled casuists, altogether too skilled for my simple and unsuspecting friend the Minister of Finance. With extreme skillfulness and shrewdness they expressed their contentions, as mild-looking as though there were no harm in them; but they were accomplishing the deadly business they were after, of doing none of the essential work in the city of Ottawa. "It is not required," they say, "by the specifications hereto attached, to manufacture bank note and other papers." No one ever thought it was, no one ever said it was. "Steel rolls." No one ever thought it was, no one ever said it was, if they were plain rolls. "Steel plates." No one ever thought it was, no one ever said it was, if they were blank plates. And here is where the astuteness comes in. "The dies and other tools." They slide

right over the dies as if they were on a descent of glare ice, and they get to the tools as quickly as they can, as if they were no distinction between dies and tools. An engraver's chisel is a tool, but the design which he transfers by months of hard work and an accumulation of skill which can only be learned by years of practice, is the essential thing in the work. But that, say this company, is only a tool, like the engraver's tool. The dies and other tools are to be got in New York or wherever else they can be got most cheaply. When that casuist sentence came before the Finance Minister, he was a little troubled in his conscience. He took the precaution of having a report upon these tenders from the Deputy Minister, who, from the time he has been in office in this country, has been contemporaneous with this work, and has known everything in connection with it. Now, I want the House to attend to the report of the Deputy Minister of Finance, who with the officers of his department—good officers who are used to making that kind of calculations—moneyed out, as it were, the tender. On the face of it the report of these officers is this: that the old contract totalled up to \$123,000; that the present contractor's figures amount to \$128,843, about \$5,843 more, while the American Bank Note Company quoted prices equivalent to \$99,646, a difference of more than 20 per cent in favour of their offer. That struck the Deputy Minister as being peculiar. If the Deputy Minister had been as new a comer in that department as the Finance Minister, it would not have struck him as being peculiar. But it so happened that when the contract of 1892 was being made, the Deputy Minister had to make certain calculations and researches, and he made them. When he finds that \$99,646 is the tender of the American Bank Note Company, he feels moved in spirit to comment upon those figures, which he does as follows:—

This difference is so great that the undersigned deems it advisable to make some remarks thereon, and while he is unable fully to understand the reasons for it, he considers it might arise from various causes. In the first place, the new tenderers—the American Bank Note Company—may possibly think that they would be able to make up the difference by the increased rates at which they tender for supplies that are not generally in demand. If the contract is awarded to them, this feature should be kept in mind and carefully guarded against.

That is a very wise suggestion. It is what would immediately strike a professional man who was looking into this matter and trying to get at the bottom of it. He then goes on to say:

Further, a very great difference between theirs and the tender of the British American Bank Note Company arises in the prices given for printing notes.

Now, mind, not for engraving the plates but for printing the notes.

Seeing there is such a manifest difference between the two tenderers on this item, the undersigned thinks some inquiries should be made through some expert, and he would suggest that the matter be submitted to the Queen's Printer, in order to ascertain whether the tender of the American Bank Note Company is one that can be carried out successfully, seeing they may have tendered at the unremunerative price in order to secure a foothold in the country.

Now, that is a very pregnant remark, and why is it made. It is made from previous knowledge. The Deputy Minister goes on to say :

In connection with the foregoing the undersigned begs to point out that at the time the present contract was entered into, full and explicit inquiries were made as to the rates of the American Bank Note Company, and also as to the charges made by the British American Bank Note Company to the chief monetary institutions in Canada ; and in one case the department was allowed access to the bills rendered for printing notes for the institution in question by the British American Company. The result of the inquiries proved that the rates charged to the Government for this class of work were in no sense larger than for the institution in question, and were not then higher than the rates quoted by the American Bank Note Company. The account rendered to the institution in question is now in the possession of this department. It can hardly be possible that since the present contract was entered into prices for the work have fallen to such an extent as the rates offered by the American Bank Note Company would lead one to believe. Indeed, from the tender of the present contractors, it would appear that it was found necessary to raise the rates in some lines in the offer now submitted. Accordingly, it would appear that other reasons exist than those pointed out inducing the American Bank Note Company to tender at rates so much lower than now paid.

Before entering into a contract with this company, if it be intended to do so, the undersigned respectfully suggests that care should be taken, and a distinct understanding arrived at, that no safeguard observed by the present contractors in conducting the business should be omitted in executing the work under the new contract. In this regard the undersigned may state that very great care is taken by the British American Bank Note Company for the custody and safe-keeping of our notes when in course of preparation.

He goes on to state what preparations are taken, and then adds :

Should the Government decide to enter into an agreement with the American Bank Note Company, it would appear to be desirable to bear in mind also that the institution is an alien corporation, and the officers who would in all probability conduct the business with the Government and carry out the orders, would probably come here from New York. In this connection the undersigned has to call attention to the condition appended to their tender that they are not to be required to manufacture bank note and other papers, steel rolls, steel plates, the dies and other tools of their trade, inks, colours, &c., at Ottawa, but may obtain elsewhere such supplies necessary to a faithful fulfilment of their contract. This would appear to allow them to do a large portion of their work in New York, and is a fea-

ture of the offer which seems to require very careful consideration, and while nothing is stated definitely on the point, the undersigned presumes the company took into consideration that they would have to pay customs duties on all dutiable articles brought into Canada.

And lastly, and most important for the House to bear in mind, he says :

The undersigned would further add that a contract with a new company would necessarily entail an immediate outlay for designs, rolls and dies—

Not tools—the Deputy Minister did not think they were tools

—necessary in the preparation of the new plates required. It would, in fact, entail all the expense attaching to the preparation of new notes and stamps. This of course would be unnecessary if the work remained in the hands of the present contractors, and this extra expense has not been taken into consideration in comparing the tenders. Undoubtedly, it would seem that even with this taken into consideration the tender of the American Bank Note Company is much lower than that of the British American Bank Note Company.

That I consider to be a very fair, a very judicious and a very pregnant report. Well, the hon. Finance Minister read that report, and what did he do ? Here was a company—and I believe my statement will be acceded to by every unprejudiced gentleman who reads it or who hears it—here was a company, one of the tenderers, which wished to have its tender accepted, although it had specifically ignored the basic consideration of the tender, namely, that the work of engraving and the preparation of these plates should be done in the city of Ottawa. The hon. Minister could not accept the Barber & Ellis tender because the \$50,000 were not deposited, although personal security, undoubtedly satisfactory, would be given. On that ground he ruled it out. He could not allow the London men the tender because the work must be done in Ottawa ; but when he has got the tenders before him, and he finds that this American Bank Note Company had put in a tender ignoring the specific and most important clause in the specification, what does he do ? Does he call for new tenders ? Not at all. Does he call the three tenderers together and enter into communication with them and give them all an equal chance ? No, he studiously ignores the British American Bank Note Company, one of the tenderers, whose tender was perfect in every respect, whose tender complied in every respect with the specifications, who had deposited the \$5,000 and had agreed to put up the \$50,000 with the Receiver General. He passes over that, he ignores the other two tenderers entirely, and he enters into communication with the American Bank Note Company. The British American Bank Note Company were within the sound of his whistle ; the American Bank Note Company were in New York and an alien corporation. He will not have

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., 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, lustration 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

an invitation that if done in a plausible way, it would be admitted. Mr. Freeland is ready for the occasion, and he does not allow many hours to pass until he indites a letter and sends it back saying :

First. That we confirm your understanding that the company would be as well pleased if the stamped envelopes were withdrawn from the proposed contract.

Why shouldn't they? There is nothing in it for them. New machinery would have to be brought and kept, and the best they could get out of it would be the interest on the cost of it—nothing to be made. Yes, they say, we would be pleased if you would just withdraw that from the contract.

Second. In compliance with your request that we furnish a statement of the terms on which we will supply certain inland revenue stamps in larger quantities, if required, we would say that, over and above the quantities of same in the printed specifications, and multiplied by 5, on which, on November 23rd, 1896, is based, we will supply from the same plates at the following rates per 1,000 stamps for the term of the contract.

And they give a schedule of prices. I will not go into that.

Third.—

This is the important point.

Third. We are pleased to know that our understanding of the printed specifications is correct, as to obtaining elsewhere papers, inks, colours, or the ordinary tools of the engraving trade, steel rolls and steel plates; as the language of the specifications is such that a different construction might have been intended; and stating also that the only point in which our conditions seem to conflict with the terms of the specifications is in respect to the dies, and asking, if we attach any importance to the making of these outside of Canada, to give fuller information on the subject.

Then follows the information.

But, Sir, one of the aims of this present Government from 1878 up, and of the old Government preceding it, was to cultivate and establish here in the Dominion of Canada a force of men of sufficient skill and sufficient working power to make for us our currency in the engraving and in the mechanical execution as well. The mechanical execution, when you have the machine and the machine-like men, is nothing compared with that skilful and ingenious and unfrequent talent of doing the nice work of the engraver, of being able to design for yourself, transfer that design to the steel and make the dies. What follows after that is all mechanical. If the Minister of Finance does not know that, five minutes spent in the establishment will tell him that the work after the design is on the steel, is mechanical. The die is, if hon. gentlemen know it, and most of them do, I suppose—I am sorry that I have not one here—the die is the first product of the engraver's skill. He makes his design, be it a beautiful maiden, or a ship

at sea, or some pregnant ideal. The engraver goes to work with his plates, his steel, and the tools of his trade, and he transfers that image or design, by patient work, taking from two to eight weeks to perform it properly, and at a cost which will run from \$150 to \$1,000 for the skilled work alone of transferring that to the steel, which is the die. After that all you have to do is to harden the die, transfer it to the soft steel roll, and transfer that again, by the same mechanical process to the plate, and then print off your stamps, bills or whatever they are. The essential work is done by the engraver, but this product of the engraver is simply a tool of the trade, according to the argument of Mr. Freeland, which has been admitted by my hon. friend the Minister of Finance. But, Sir, from the moment that the New York concern got the Minister's consent to have that work done in New York, from that very moment there is no heart or soul in that business in Canada, there is simply the work of a machine which turns off from the die, which is the product of the engraver's skill, simply the mechanical product. Well, they go on to argue that out. I could follow their argument, but I will not. It is apparent to every member of this House that a die is not a tool of the trade, and does not belong to that category. What do they say? Enough to make the Finance Minister's blood boil, or ought to have made it boil, at least:

It being this company's intention to prepare the work in the highest style of the art, the limitation of the use of such talent as is procurable within the Dominion, would be detrimental to our intention. Such talent is not resident in Canada, nor obtainable in the market, while the portrait, vignette and lathe work engravers of the parent establishment could be employed here with much greater efficiency, each in their several branches, in executing the original and preparatory work, immediately under the personal supervision of the officers of the company; nor would it be wise to dismount and move to Ottawa the extremely delicate machinery which we propose to use, for the short term of five or six months required to produce all the original dies and matrices for the entire contract term of five years.

I ask the members of this House to examine the work of their Dominion bills, to examine the work of the bank bills of this country, to go down to that establishment and examine the dies and the prints from them, and to say whether there is talent in Canada, and resident to-day in Ottawa, which is able to do fine work. I say that the Finance Department had found no fault, I say that the style of the art is good, equally as good in quality, it is well executed, and there are native Canadians to-day doing that work in that establishment, and who can successfully compete with the men in the parent establishment in the city of New York. But, Sir, it is not for the Finance Minister of this country, when he is engaged in the important work of seeing

how the money currency of this country should be made and where, to be swift to depreciate the talent of his own country, and to make a contract which eats out all the ambition, all the heart, and the whole kernel of the work, so far as skill and artistic ability are concerned, and leave the mechanical shell for Canada and for Ottawa. Then he says:

It might be well to state the company's intention more in detail, with the paragraph in question made a part of the proposed contract.

I want you to note that, because when you come to the contract, you will find it is not in it.

It is our intention to submit a model, or models, of each instrument, note, stamp or card, exhibiting the same just as it will appear when printed from the engraved plate, for the approval of the Government, and, upon approval of the same, to engrave in the parent establishment—

That is in New York.

—the original dies of portraits, vignettes, lathework, borders, &c., with which the matrix die of each note or stamp will be partially prepared, carrying same to Ottawa for finishing.

What finishing? Simply assembling or putting together, and then lettering in the name of the bank, or the name of the note, that is all. The whole of the important work has been done before they are assembled together.

All the transferring—

Simply the mechanical operation. Here is your round roll of soft steel, here is your die, and you put it in place, apply the pressure, roll it two or three times, and you have a transfer from the die to the roll. There is the work, but it is simply mechanical.

We might add, that no Canadian labour would be displaced by our so doing, as the labour employed heretofore in making such original engravings, in our opinion, has been largely that of non-residents.

Now, that is an imputation which is not true. In the early history of engraving, outside labour had to be obtained; but in the course of the work our own Canadian people have come to learn it, and to become adepts in it; and it is an imputation which I, for one, am not going to take from Mr. Freeland or any other alien who wants to get a contract. But he puts in another memorandum, and he goes into it still more closely, and he says now:

But, desirous of meeting your wishes, we modify the seemingly objectionable paragraph so that it may read, "partially engraved dies." And to prevent misunderstanding as to the meaning of the word "partially," we will prepare here the different pieces composing the details of the different dies, transfer them to what we may term the matrix dies—those from which the rolls are taken that make the plates—put in such work as may interlace with the several pieces, but always leave some portion of these matrix dies unen-

graved, and transporting them to Ottawa, finish and harden them there, and do all the balance of the work in Ottawa.

Which means, when translated into English, that nine hundred and ninety-nine thousandths of the work is done in New York, and that simply the assembling of the parts and some little lettering have to be done after they are put into the plate in Canada. He says here:

At our interview on Monday it was stated that the present contractor intended to purchase \$20,000 worth of machinery.

That sentence just opens the light upon —what? Upon the fact that not only was the Finance Minister willing to interview, and to talk, and converse with the American Bank Note Company, and be willing to use the correspondence of the British American Bank Note Company in his conversation, but he was not willing to ask Mr. Burland, who is president of the American Bank Note Company, if that Bank Note Company had any other proposition to make. Now, they say:

But, desirous to meet your wishes, we modify the seemingly objectionable paragraph so that it may read, "partially engraved dies."

Let us go to the contract; the contract reads this way:

That the original dies of portraits, vignettes, lathework, borders and other patterns or designs, and the matrix dies used in connection with any work under this agreement, may be engraved at the establishment of the contractors in the city of New York, in the State of New York, one of the United States of America.

No partially engraved dies in the contract. Willing to meet their wishes in a letter, but when it comes to the contract, the contract is absolute and gives them the whole power, the word "partially" being left entirely out. Now, I think I have made it pretty plain as regards the conditions and specifications. What happened after that? Well, Sir, on the 5th of January, directly after this correspondence, the Minister is convinced by that letter and memorandum, and he telegraphs to the American Bank Note Company that he is willing to recommend the acceptance of their tender, provided the details can be arranged to his satisfaction. The hon. gentleman then goes to Council and reports, and on the 7th of the month he gets an Order in Council passed, on his report authorizing him to do that, if the details can be arranged to the satisfaction of the Finance Minister. Until he obtained that authority, he never opened his lips, nor had the department any communication with the British American Bank Note Company. After he had committed himself thoroughly to the American company, after this correspondence and after the hon. gentleman had received the power, then he wrote a letter to the British American Bank Company returning the \$5,000 deposit and stating, we have had a better offer and we

return your deposit. I say what should have been done by the hon. gentleman, as hon. gentlemen opposite are anxious that Canadian labour, enterprise and skill shall be assisted in this country, was when the essential conditions of the specifications were ignored by the American Company, to have asked the British American Bank Note Company and the Barber-Ellis Company whether they had any propositions to make. The hon. gentleman did not do it. He simply cavalierly ignored the establishment which has done work since 1868 to the satisfaction of the Dominion, and he never opened communication with that company until he had received and accepted an irregular tender and had committed himself to the American Company. When that occurred Mr. Burland, as president of the British Bank Note Company, wrote to the Minister and asked for an interview, at the same time asking whether a plan he was prepared to submit could not be admitted; and stating that rather than the work should go out of Canada, he would be prepared to do it in his own establishment at the same rates as those offered by the American Bank Note Company. This was on 15th January, and at that time there was no Order in Council passed, and there was no contract entered into, there was no purchase by the new company, there was nothing to prevent the Finance Minister at that period of the negotiations accepting the offer of the British American Bank Note Company at the reduced rates, thus allowing the work to be done here in Canada. My hon. friend the Finance Minister will argue: I could not honourably do that. Why not? If the Barber-Ellis tender was ruled out for informality, much more should he have ruled out the American Bank Note Company's tender for informality. The only formal tender was that of the British American Bank Note Company. The hon. gentleman ignored that, and entered into communications with the other company. The contract was not authorized to be executed by Council until April 5th, and the contract was not indentured until March 9th, whilst on January 15th Mr. Burland's offer on behalf of the British American Bank Note Company, was before the Minister, offering to do the work at the same rate as those offered by the American Bank Note Company. There is another phase of the question. What is that? What was mentioned by the Deputy Minister of Finance. It is true that on the fact of it the tender for the work was \$128,000 by the British American Bank Note Company, and \$99,900 odd by the American Bank Note Company, but that does not take into account the charge for engraving. What is meant by that? Simply this. If the British American Bank Note Company's tender had been accepted, every die which was necessary for

the printing of the bank notes of the revenue stamps and postage stamps, having been made and stored, and being to-day in store in that establishment, would not have cost the Government a single cent. When the old company is thrown aside and the new company comes in, the latter has to recoup itself for the engraving of every bank note and revenue and postage stamp, and so they have to be paid at high rates for engraving the dies and making plates. What does that amount to? It reaches a large sum. Let me point out this fact. The American Bank Note Company has obtained this contract on the ground of paying a less amount for workmanship. Let us see how the figures stand. Here is a statement showing the difference in cost of engraving between the American Company and British American Bank Note Company:

	American Prices.	Brit. Am. Prices.
<p>\$1 Notes—</p>		
Face plate.....	\$ 250 00	\$ 300 00
Back	125 00	100 00
Retouching, one-half price	187 50	200 00
Tint plates for patent green	687 50	412 50
	\$1,250 00	\$1,012 50

Difference in cost of engraving 9 sets of plates, per annum, \$2,137.50.

Difference in cost of engraving five and one-quarter years' supply, \$11,221.38.

The MINISTER OF FINANCE. Take the engraving and printing together.

Mr. FOSTER. I am dealing with the matter in my own way, and I leave it to the House to say whether I am treating it fairly or not. What does the hon. Minister of Finance consider unfair?

The MINISTER OF FINANCE. I do not complain; but the hon. gentleman is taking one part of the work, which happens to be at low prices and makes a comparison with higher prices for that particular class of work. He should take all branches of the work together, and give the House the total sum. That is what we have to deal with.

Mr. FOSTER. Does the hon. gentleman object to my taking a different course?

The MINISTER OF FINANCE. The hon. gentleman does not take the total.

Mr. FOSTER. I ask my hon. friend if he will allow his hon. friend to finish his statement. I propose to do this in my own way, for the sake of conciseness. I am only afraid I will not be able to bring out everything.

The MINISTER OF FINANCE. I am afraid you will not.

Mr. FOSTER. Then as regards \$2 and \$4 notes, the following are the figures—

	American Prices.	Brit. Am. Prices.
\$2 and \$4 Notes—		
Face plate.....	\$ 250 00	\$ 300 00
Back plate.....	125 00	75 00
B. Back, or seal.....	125 00	75 00
Retouching, half price.....	250 00	225 00
Tint plates for patent green	687 50	412 50
	\$1,437 50	\$1,087 50

Difference in cost of engraving 3 sets plates, per annum, \$1,050.
 Difference in cost of engraving five and one-quarter years' supply, \$5,512.50.

	American Prices.	Brit. Am. Prices.
Large Notes (2 notes to plate)—		
Face plate.....	\$ 250 00	\$150 00
Back plate.....	125 00	55 00
Retouching, half price.....	187 50	102 50
Tint plates for patent green	687 50	220 00
	\$1,250 00	\$527 50

Difference in cost of engraving 1 set plates, \$722.50.

	American Prices.	Brit. Am. Prices.
Single Notes (1 note to plate)—		
Face plate.....	\$ 250 00	\$ 80 00
Back plate.....	125 00	40 00
Retouching, half price.....	187 50	60 00
Tint plates for patent green	687 50	110 00
	\$1,250 00	\$290 00

Difference in cost of engraving 1 set plates, \$960.
 Total difference of engraving for five and one-quarter years, \$18,416.88.

Now, if you come to the Inland Revenue stamps, you will find that the same difference exists, only accentuated, because the prices of the American company for engraving are still higher in comparison. Let me give the difference in favour of the Canadian company for the five and one-quarter years' supplies of Inland Revenue stamps, in the matter of engraving alone. The saying is, as compared with the American company, \$5,397.97, so that there is altogether about \$24,000, in which, on the matter of the engraving alone, the tender of the British American Company is lower than the tender of the American company. Now, the point I wish to make, and the reason I take these separately, is this: I make a distinction between the skilled work and the mechanical work. I say that the skilled work is the heart and soul of this business, and on the skilled work or engraving, the British American company is \$24,000 less for the five and one-quarter years' term of the contract, than the American company. What did the Deputy Minister say in his report? He intimated that they got this contract by making a cut rate on the mechanical work. Now, you take the printing, and there is where the American company got in their work. They are lower on the printing, on the simple mechanical work, and lower by a great deal; but there are some things to be considered in that as well. There are the

qualities, and the costs of paper to be considered, and whether the American company will give and can be got to give the same quality and price of paper, that the Canadian company has given, upon which it tendered. There is this other consideration: The bank note printing of this country has always been done by hand. The bank note printing in Washington was done by hand, but machine work was afterwards substituted, and the machine work was all sent out, and it is now again done by hand work. Every man knows that hand work is much more costly than machine work. Are they going to do their bank note printing by machine or by hand? The British American Company tendered on the ground of doing it by hand work, as they had always done it, and the least that could have been done in the course of these negotiations, when the formal tenders were before the Minister would be, to take both into his confidence and find out in reference to those matters, and whether the cost would be reduced by the British American Company, in the line of printing, and of cost of paper and the like of that. What does my hon. friend (Mr. Fielding) find fault with? I read the totals for engraving and printing, and showed that the American company was cheaper by 20 per cent. But, I have made this point, and it is a point which should have been made: That on the life and soul and essence of the work, the engraving, the Canadian company, made up of Canadian citizens, Canadian stockholders and Canadian workmen, tendered \$24,000 lower for the five and one-quarter years than did the American company.

Now, Sir, I do not intend to go very much further with reference to this. My view has been to make a statement, what I think is a fair and adequate statement—maybe not adequate—but a fair and honest statement of the facts as they are here. Let them be faced. If this Parliament is willing to hand over this work to an alien corporation which has no entity in this country, and which has to get an entity by forcing a Bill through this Parliament in order to give it the same rights as it has in the city of New York, a company in which there is not a single Canadian, in which the capital is alien and the labour alien, if this Parliament is willing to face that condition of things and to close up one of our Canadian industries, which has done the work to the satisfaction of the department, and the country, let them face the whole facts of the case, and let them vote upon it with the facts before them. To my mind, Sir, certain things are patent in this whole matter. The Minister of Finance, from the very beginning ignored the Canadian company. He treated them with scant courtesy. He did not deign to visit the establishment and make himself acquainted with the technique of the work, which would have been of great advantage

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age to him. He handed down his specifications, and proclaimed in London and in Toronto and in Ottawa that the conditions could not be departed from, and that the work had to be done in Ottawa. He received only one formal and complete tender; that of the British American Company. He received two informal tenders, one without the deposit of \$50,000, the other with a rider that all engraving that should have been done in Ottawa be cut out and sent to New York. He ignored the formal and perfect tender and he did not even communicate with that tenderer, but undertook to communicate with the American and alien company to the end, that he gives way to every one of their contentions and is to-day, or will be, the possessor of an establishment in this city where the simple mechanical work, and that only, is done; and the heart and soul and essence of the business is to be done in the city of New York and by an alien corporation. Well, Sir, why should we ignore a Canadian industry? Will any man take the history of that work in Canada, where art was small in the beginning, where skill gave place to bravu and naked strength, and where all this nicety and beauty of detail and of conception had to be a gradual process, a fruition worked out through the hard struggles and stages of successive years. Will the hon. gentleman remember that the Canadian Government has, to a certain extent, fostered that talent and brought it out until it has made an accretion of it which has done honour to Canada. Our present Finance Minister has the doubtful honour of entirely passing by, ignoring, setting back all of that, leaving it houseless and homeless, so far as the patronage of the Government is concerned, and of transferring it all to a large and alien corporation. It is a distinction which I do not covet; it is a distinction which I think my hon. friend (Mr. Fielding) should not covet. And for what reason? There is no reason that he dare to give this House but one; that is, that he declares he has got it done a little cheaper. But how much cheaper? When he takes into consideration the matter of engraving, he has got to meet the whole bill for the engraving of every die that is necessary for the making of all the notes and stamps and which he would not have to meet if the old company had been given the contract. And if it comes to that, what is the saving, anyway? There is an actual loss, for the company which has, up to the present, been doing the work, offered, on the 15th day of January, to do it at the same price as the American company, and the Minister of Finance would have escaped all the extra cost of engraving, because these dies are in the possession of the present contractor. Dies never wear out when they are made. When your efficient skillful man put in his two months of labour, and the portrait or vignette is fin-

ished, that is hardened and remains there for ever. All that you have to do is to transfer it at any time to a new roll, and make from that a new plate, and you have everything. These are two simple mechanical processes. All of that accretion of skill is contained there in that building which we forced them to come to Ottawa to build, and to put their brains and money in, and he has only the petty excuse that his honour would not allow him, after he had committed himself to the other company, to accept the Burland Company's offer, and give the work at the same rate to the Canadian company. I think that is worthy of note; and if the hon. gentleman attempts to argue that the engraving was not the essential feature of the whole work, he will have a hard row to hoe. That is undoubtedly the essence of the whole thing, and it was that which the present contractors had to cope with, and for which they had to incur heavy expense in a small field, bring their men to a high condition of skill, and keep them employed, though for months of the year they were paid when there was not work to be done. They were kept there, and were a source of expense to the establishment, and added to the cost of the work in the establishment; yet even with all that, the company would have done the work in the end just as cheaply as the American company, and this would have saved money to the country. My hon. friend took the stamped envelopes out, and actually increased the expense of the Government in so doing. Did he do that for the sake of economy? Was he in for saving? If so, I could have given him a suggestion as to how he could have saved probably \$100,000, and saved it easily. He could have had the Queen's Printer print all the postal cards for the use of this Dominion. That is a simple process mechanically. All you have to do is to have one or two little dies engraved, which are very simple and very easy to be made. Once the engraving is done at a cost of probably not more than \$100, and the plate is fixed, the work resolves itself into the purchase of paper, and the mechanical work of passing it through the press, cutting and trimming it, and sending the cards to the Post Office Department.

The POSTMASTER GENERAL. Did you do it?

Mr. FOSTER. These gentlemen seem not to have one positive quality. When you point out one single thing to them, their only defence is, "Why didn't you do it?" The Minister of Finance was going on this, his only plea, that he wanted to save. You have a printing establishment and a staff of men; you have the capital and maintenance already provided for; and in order to print the postal cards, all you would have to do would be to pay a hundred dollars or two for the engraving and get one or two inexpensive machines.

The POSTMASTER GENERAL. Why did you not do it ?

Mr. FOSTER. If my hon. friend has not any positive quality in himself, if he will always shirk behind what he thinks to be somebody else's failing, he will never go to heaven.

The POSTMASTER GENERAL. Then why did you not do it ?

Mr. FOSTER. It is not with that negative sort of virtue that people ever do any thing or ever come to anything in this country.

The POSTMASTER GENERAL. If it was such a good thing for us to do, why did you not do it ?

Mr. FOSTER. Why do you not follow us in everything else ? Why make any changes ? Just as the hon. gentleman will take one part of the census which shows that the population has decreased, and will hold that to be as true as the New Testament and will take another part which shows that the industries of the country have increased and will hold that that is as false as any thing his Satanic majesty can invent ; so when he does one little thing that is positive, he boasts that he is doing better than we did, while when he is brought up with something he did not do, his only answer is : " You did not do that either." Now, what my hon. friend has done has been to destroy a native industry and introduce an alien company into this country. On the simple ground of saving, I ask him why he did not print the postal cards also ?

The POSTMASTER GENERAL (Mr. Mullock). Will the hon. gentleman allow me to put a question to him ? He has stated that at a trifling expense of about \$100, the necessary plates could be obtained for printing these postal cards, and that as we have all the machinery and appliances and staff of the Queen's Printer, the whole of that work could be very well done in our own printing department. The hon. gentleman was Finance Minister and had the giving out of this very work for a great many years ; and to test his sincerity, if that is the proper place in which to do that work, I would like him to say why he did not have the postal cards printed in the way he says it should be done.

Mr. FOSTER. If my hon. friend will give me time, I will answer all that. It is the privilege of some people to answer a question by asking another, and I will put a question to my hon. friend. Mine was a negative fault ; I did not do a certain thing. My hon. friend, when in Opposition, was very positive on one thing ; he was positive that the Governor General's salary ought to be reduced. Why, may I ask my hon. friend, now that he has possession of the power and is autocratic, does

he not carry out his positive assertion of a few years ago ? Now, I will proceed to number two. In the first place, my hon. friend does not seem to be able to state fairly a position which I took two moments before. I did not state that the Queen's Printer's department had all the machinery that was necessary ; I did not state that at an expense of \$100 the printing could be gone on with. I said that the die which was necessary for the postal cards could be made for probably \$100. I am not positive whether it would cost that or not. I said that you had the whole establishment, its capital and maintenance, and all that would be necessary would be to put in a few inexpensive machines, and you could carry on the work for yourself. Why I did not do that, and why the Finance Minister did not do it, are very different questions, and I will tell you why I did not propose at any time to destroy the heart of the engraving business, and give it to an alien New York firm. So far as I was concerned, I was solicitous to see the establishment in its entirety, soul and body, engraving and mechanical work, put together and patronized as an institution worthy of this country, and both were continued. My hon. friend is not in that position. He is destroying the soul of the thing on the ground of economy, and yet he is not distributing the parts of the body in a way for the best interest of the country. Now, the Finance Minister showed all the way through a very accommodating spirit to the New York firm. In interviews, in correspondence, in every possible way, his whole communication with them seemed a sort of invitation for them to do what I suppose they wanted to do, and what they succeeded in the end in doing. Now, my hon. friend has destroyed a Canadian industry, which was built up here through twenty-five or thirty years of constant effort. He has introduced in its place an alien corporation, which not only takes from the Canadian corporation the work previously given to it, but on the basis of Government patronage, had established an enginery of rivalry to destroy what remains of the private work of that establishment which the Government had caused to be established at Ottawa at great expense. At a time when even the most common Canadian labourer cannot cross the Niagara River and do a day's work and get a dollar for it on the American side, without running the risk of deportation, at a time when a Canadian cannot hold a mining license in the United States or a contract from an American authority unless he abjures his allegiance, the hon. gentleman is so far imbued with that very Christian spirit that he turns both cheeks to be smited and brings an alien corporation to this country to take the employment from our own people and take the bread out of our children's mouths. I think that this year, more than all others, it

would have been well if the hon. Finance Minister had at least pursued an even course of absolute fairness to the Canadian company. Had he done that, he would have been on the right side of economy and of the common sense by giving to our own people the employment we have to give.

Sir CHARLES TUPPER. I am glad to know that I shall be obliged to detain the House for a very short time, because anybody who has listened to the clear, succinct and able indictment of the hon. Finance Minister by his predecessor (Mr. Foster) will admit that but very little need be said in reply to the extremely lame and impotent defence which the Finance Minister undertook to make. The hon. gentleman commenced by charging Mr. Burland, who represents the British American Bank Note Company with being a monopolist, and the late Government with having regarded Mr. Burland as entitled to a continued monopoly. But in his very next sentence the hon. gentleman refuted his own charge. In the very next sentence he said that Mr. Burland had applied for an extension of his contract, and that my hon. friend (Mr. Foster) had refused. My hon. friend would not permit Mr. Burland's contract to be extended, but insisted on the contract being submitted, when the proper time came, to tender in the usual way. The hon. gentleman thus himself conclusively proved that the late Government entertained no such idea as that a monopoly existed in favour of Mr. Burland, but that, on the contrary, they determined, when the proper time came, to have the contract submitted to open competition. So much for the charge, again and again reiterated by the hon. gentleman, that the late Government treated this contract as a monopoly to which the Burland Bank Note Company was entitled. The hon. gentleman says this Government gave wide and extended notices. He asks why did they go to England as well as to the United States. I think that I can furnish the reason. If the hon. gentleman had made up his mind to give the work to an American company in the city of New York, the best means he could possibly devise of covering such a design was to make the pretense—for it can be regarded as nothing else, considering the character of these specifications—of having tenders called for in England. But he knows that the moment he was asked the question whether these specifications were to be adhered to, the moment that Mr. Colmer, whom he had instructed to give notices of the specifications and call for tenders in England, asked whether these specifications were to be adhered to, the only answer he could give—unless the system of inviting tenders is to become a farce—was that there could be no variation, and that everyone who tendered would be held to the exact terms of the specifications. That was a proper position to take, but did

the hon. gentleman adhere to it? I maintain that he had no tender from the American Bank Note Company at all. No one who knows anything of the character of the tenders can pretend for a moment that the hon. gentleman had an honest and legitimate tender from the American Bank Note Company. Why? Because their tender was not according to specifications; and if he had given them the answer he gave the English contractors who wished to tender, namely, that no change could be made in the specification, that it was a dishonest pretense to put forward specifications and then allow anyone to send in a tender entirely at variance with them and accept that tender, we would have heard no more about this contract with the American Bank Note Company. The only legitimate tender which the hon. gentleman had in his possession was that of Mr. Burland, representing the British American Bank Note Company. In every particular, as the hon. gentleman himself admits, the terms of the specifications were complied with exactly to the letter by Mr. Burland. Whereas, on the contrary, the tender sent in by the American Bank Note Company was one he was bound to reject entirely, because it contained a most material and substantial change by stipulating that the work, instead of being done in Ottawa, as the specifications required, should be done in New York. They would not undertake to do the work in Ottawa, but insisted on doing it in New York. Therefore, I say that the hon. gentleman stands here to-night without the shadow of foundation for the claim that he accepted the lowest tender. As a matter of fact, he had no lowest tender to accept. The hon. gentleman was unable to make any variation to suit the English tenderers, but to the American Bank Note Company he could give latitude to vary the specifications and conditions, according to their own pleasure. Yet he calls their offer a tender. Why was not the tender of the Barber-Ellis Company considered as a tender by the hon. gentleman? I agree that it was not a tender because it did not comply with the terms of his specifications, which required that \$50,000 should be put up with the Government as security for the carrying out of the work. They did not put up the money, but they offered to give to the hon. gentleman personal security, to his own complete satisfaction, for the \$50,000, in addition to the \$50,000 which they would have to invest in the city of Ottawa in order to carry out the contract. The hon. gentleman knows that that approached much more nearly to a legitimate tender—although I admit it was not one—than the tender he had in his hands from the American Bank Note Company, who told him, on the face of that tender, that they were not prepared to accept his specifications. I deny that he gave this contract to the lowest tenderer, simply be-

cause he had no lowest tenderer. But that is not all. The hon. gentleman wants to know why the Government should have sent for Mr. Burland. I will tell him why. Instead of such a course being a scandal, as he has described it, let me tell him that the records of his own department, the records of every department in the public service, under all governments, will prove that again and again the various departments of the Government have done precisely what the hon. gentleman would have done if he had sent for Mr. Burland and discussed this matter with him. Why did he not do so? The hon. gentleman had no other tender. Burland's was the only legitimate one, the only one in conformity with the specifications. Why, then, did he not send for Mr. Burland and say, we cannot accept your tender unless you make a large reduction. That has been done scores of times by the Government of the day, by the Liberal Government when it was in power just as well as by Conservative Governments. Again and again, when tenders were higher and there were objections to lower tenderers, the highest tenderer has been sent for, and the question put to him: Will you undertake to do this work for such a sum? And again and again it has been complied with, and the contracts have been entered into on conditions of that kind. Where, Sir, would be the scandal? He asks why he should send for Mr. Burland. I will tell him—not only because Mr. Burland was the lowest tenderer (for he was the only tenderer) but because he was a man of the highest character and standing and because he had for thirty-five years performed this service for the Government, first of old Canada and then of the Dominion in a manner which the hon. gentleman himself admits here to-night was in every way admirable, and gave the utmost satisfaction to the department. Was that not a reason, particularly when Mr. Burland was a representative of the British American Bank Note Company which had invested about half a million dollars in this enterprise, which capital would be swept away by the action of the hon. gentleman. These are reasons why he should have given Mr. Burland an opportunity of saving the capital which the hon. gentleman, by a stroke of the pen, was willing to sweep away. Such an act strikes at the very foundation of the system of tender and contract. He says it was too late when Mr. Burland made the offer which he did make, that he would perform this work on the terms that the Government was prepared to give to the American Bank Note Company. Does the hon. gentleman deny what Mr. Burland alleges—that again and again Mr. Burland sought an interview with the hon. gentleman and was refused?

The MINISTER OF FINANCE. The hon. gentleman asks me a question, and I

desire to answer it. I have no recollection of Mr. Burland having been refused an interview with me.

Sir CHARLES TUPPER. I can only say that my information is that he again and again begged an interview, and that he begged the hon. gentleman to go and see his establishment. But not only that, but I think he went from colleague to colleague of the hon. gentleman and met with a great deal of sympathy and many expressions of regret for the position in which he was.

The MINISTER OF FINANCE. Will the hon. gentleman allow me? Mr. Burland came to me; I had an interview with him. He saw nearly all my colleagues. What I deny is that Mr. Burland was refused an interview with me.

Sir CHARLES TUPPER. What I have stated is on the authority of Mr. Burland, and everything goes to prove the accuracy of his statement. And, having a capital of half a million dollars which was going to be sunk and destroyed by the injustice the hon. gentleman was attempting to perpetrate, why did he not give Mr. Burland an opportunity—

The MINISTER OF FINANCE. I am sure the hon. gentleman must have misunderstood Mr. Burland. I did see Mr. Burland and discussed the matter with him. I did not refuse to have interviews with him.

Sir CHARLES TUPPER. I can only say—

Mr. SPEAKER. Of course the hon. gentleman (Sir Charles Tupper) will accept—

Sir CHARLES TUPPER. Of course I accept the hon. gentleman's statement at once, and have no doubt that that is the impression that rests upon his mind. But I think he will find that Mr. Burland was not afforded the opportunities he desired. We have his own declaration of his inability to obtain the consideration of this question at the hands of the hon. Minister of Finance. Now, why was that? Why is it that a Canadian, a man of such high standing and a man who for so long had been a public contractor, and had given complete satisfaction, was not deemed worthy of the consideration of the hon. Minister of Finance? When that hon. gentleman found himself in a position where he might not only correctly and properly but where it was made his duty to give consideration to this man, why should he turn his back upon him and refuse consideration, while he could lie himself away to New York and put himself in personal communication with these American capitalists for whom he appears to have entertained such affection. Sir, nobody denies that people from the United States, coming into our country are allowed to compete for public work. But, if ever there was a time in the history of Canada when we should not treat that country with undue favour

It is at the present moment when the humblest workman in Canada is prevented from crossing the boundary to do a day's work in the United States. Is this a time when a prominent man in our country, a contractor who has done his work faithfully, should be treated with injustice and a member of our Government should cross our border and seek in the United States, parties, not to receive the tender by open, fair, public competition, but to be treated with a consideration that has invariably been denied to any Canadian contractor. Whenever any Canadian contractor, I care not in what part of Canada he is, sends in a tender that does not comply with the specifications, it is the invariable practice to treat that tender as waste paper. You may use it to say to another contractor, will you do the work on the same terms as this tenderer offers to do it on? That is the only legitimate way in which such an offer could be used. Why, Sir, the Order in Council that was passed is of a most extraordinary character. Here are tenders invited by the Minister of Finance for a most important and delicate public work. And what happened? Why, instead of the hon. gentleman being able to go down to his colleagues, the members of the Government of Canada and say: Here is the lowest tender, am I authorized to accept it? He could not say that, because it was not true. What he did get was contained in this sentence:

The Minister, therefore, recommends, in view of such saying, that he be authorized to accept the tender of the American Bank Note Company, provided that the details of the contract can be arranged with the company to his satisfaction.

Not, provided that the specifications that were offered alike for the consideration of the Burland Company and the English tenderers and everybody else were complied with, but that he might have permission to go and negotiate a new contract that was not provided for in the specifications. The hon. gentleman talks of the employment that has been given to the citizens of Ottawa in the erection of this new building. Does he plume himself upon that when he sees the capital destroyed in the building that has been erected by the citizens of Ottawa, standing alongside of it, half a million of money sunk by a Canadian contractor in faithfully discharging his duty to the Government? Why, Sir, on these very dies, the hon. gentleman knows that Mr. Burland was in a position, if he had treated Mr. Burland with that justice to which every man in his position is entitled, to have saved to the Government of Canada a very large sum of money. Mr. Burland found that he was in a position where his property was likely to be destroyed, and he concluded to perform those services not only upon the same terms that are contained in the American Bank Note Company's tender, but to comply to the letter with, the specifications,

and to save to the Government of Canada all this money that is to be paid for the manufacture of those dies and plates and other things that are now permitted to be manufactured in the city of New York. I do not believe that such a thing would be entertained by any Government anywhere, as to go to a foreign country to get work of that kind executed, when one of the citizens of their own country was able, and had shown himself qualified, to perform that work in a most efficient manner. I do not believe you can find any other Government that would go into a foreign country and entrust to foreigners their dies and plates. I do not mean to say that the work could not be so guarded as to protect the country from loss, but I say it opens a field for fraud upon Canada that will be appreciated by any person who knows the character of such work, and the means and the opportunities that will be opened for the contractor to be imposed upon by his own employees, with the result of setting on foot a fraudulent currency in Canada. Now, the hon. gentleman talks about stamped envelopes. Why, Sir, it strikes one as a most extraordinary thing after reading those papers. Where did the hon. gentleman get this hint about stamped envelopes? Why was it that the suggestion came from him? It is a curious thing that the hon. gentleman should go out of his way to suggest an alteration in the contract which was going to take \$5,000 or \$6,000 of public money out of the treasury of Canada, which would be required to obtain plant for the Queen's Printer to do that very work. The hon. gentleman has given us no explanation of that. Why is it that the suggestion coming from the hon. gentleman to his American friend, to this foreign contractor, was so quickly seized upon if that work was to be a profit to him? Why, Sir, it was known at once, and the eagerness with which this American contractor closed upon the Finance Minister's proposition to eliminate that part of the work, shows that importance was attached by the contractor to having that feature of his contract eliminated. Now, Sir, I am astounded when the hon. gentleman tells this House that the Deputy Minister approved of this transaction. Why, there is no man who can read English but will say that the Deputy Minister, a man of great ability, a man of great experience, as every member of this House knows, a man understanding this subject infinitely better than it was possible for the Finance Minister to understand it—I say it is impossible to read Mr. Courtney's letter without finding in it the most emphatic condemnation of the course pursued by the Minister of Finance that it is possible to put into the English language, especially when we look at the relative position of the Deputy Minister of Finance and his chief, of the letter that Mr. Courtney addressed to the

head of the department. Why, in every line of that he points out the danger, he points out the suspicious character of this tender, he does everything that a man can do to show that he disapproved profoundly of the change that was about to be made. I say that a graver act of injustice, not only to the British American Bank Note Company, but to the Canadian people, in my judgment, the hon. gentleman could not have perpetrated in connection with the mode, the illegal mode, in which he has dealt with this subject of tender and of contract, than is disclosed by the statements which have been placed before the House and by those papers which he himself has laid on the Table. I say that if the hon. gentleman had wished to destroy the whole system of tender and of contract, to destroy its sacredness, to prevent its being regarded as a safety to the people; if the hon. gentleman had wished to sweep away all the safeguards that surround that most important question of tender and of contract, he could not have adopted any means more thorough than those he has adopted in the treatment of this question. The hon. gentleman, instead of having accepted the lowest tender, had no lowest tender. If Mr. Burland could have obtained access to him, I say an offer would have been made long before in order to save his property from destruction and confiscation at the hands of the hon. gentleman, and to protect himself from the injustice which was about to be done him, and by this offer he would not only have saved a large amount of public money, but he would have preserved inviolate that system of tender and of contract which, for a country like Canada, with its enormous public works and its enormous transactions, is of the most vital importance to the people of Canada.

Mr. CRAIG. I do not flatter myself that I can say anything new on this question, as the ground has been covered so fully by the previous speakers, especially by the ex-Minister of Finance. But there are one or two points to which I wish to direct the attention of the House, and which seem to me of some little importance. I shall not go over the facts stated by the ex-Minister of Finance about the contract held so long by the British American Bank Note Company, and executed by them to the satisfaction of the Government, and I think to the satisfaction of the country. I find that previous to 1886 the work was done in the city of Montreal, but in that year a new contract was entered into, the provisions of which compelled the contractor to have the work done in Ottawa. Of necessity he had to erect here a building and bring machinery here, necessitating a large expenditure on his part. That is a point which I think we should bear in mind. The British American Bank Note Company had to go to a considerable expense in

1886, not so very long ago, in erecting this fine building in the city of Ottawa. We are told that there is a capital of \$400,000 invested in that business. I want to say that provision was made that all the work pertaining to that contract had to be done in the city of Ottawa; there was no exception, none of the work was allowed to be done in the city of Montreal at all. Previous to that the work had been done there, but now the contractor has to do all the work in the city of Ottawa. Now, this contractor, in order to do all this work in the city of Ottawa, had not only to erect a substantial building costing a large amount of money, had not only to purchase and put into that building fine machinery, but he had to get skilled workmen, he had to bring them to the city of Ottawa, and no doubt at great expense. He had not only to bring them here, but he had to train other men in this city to take their places and to do part of this work. Well, this contract lasted for five years, and in 1892 another contract was entered into. We find that this second contract was taken at a considerable reduction in price compared with the previous contract, that additional security was given for safety, and for taking care of and guarding the work that was done, for the safety of the plates, &c., and this contract was in force until April 23rd, 1897.

We are told that in April, 1896, the British American Bank Note Company applied to the late Government, and said they wished to add some more machinery and make improvements in their building, and before doing so they wanted to ascertain whether they would obtain a renewal of the contract for a further term of five years after the contract had expired. I was a little surprised at the Finance Minister speaking of this company as he did, and talking about them as if they thought they had a monopoly of this contract, and as if under the old Government they had such a monopoly. What do we find? Instead of the old Government entertaining that proposition for a renewal of the contract, they declared, after considering the matter, that they were not prepared to consider any renewal of the contract until its expiration in April, 1897. So the late Government is not open to the charge of favouring the British American Company. If they were open to such a charge and desired to favour that company, that was the time to have done it; but they absolutely refused to do so and allowed the contract to run to its expiration, and at that time the Government had changed. The Finance Minister gave six months' notice to the British American Company, which was necessary under the contract, and called for tenders. Particular attention should be given to the terms of the new tenders. It is all very well to argue that words do not mean what they apparently express; but in looking over the conditions of the tenders

It is distinctly stated that all the work must be done in Ottawa, and no exception whatever is made. I think even a lawyer, and members of that profession can twist the meaning of words pretty well, would hold the opinion that word "all" means all, that it means every particle of the work shall be done in Ottawa. There was good reason for inserting such a condition. It was that the Government wished to retain constant supervision over the work, that the Government should at any time send an officer to inspect the work, and they should safeguard the country from any possible loss through carelessness. This point should be fully considered in this discussion, and I repeat this as being the most important point in the contract, that the work was to be done in the city of Ottawa. Circulars were sent to the Canadian agent in London enclosing forms of tender, and these were sent to a great many English firms. Those firms refused to consider the matter at all. Why? Doubtless because all the work had to be done in Ottawa. That stipulation ruled them out, and they said, we cannot compete with that condition in the contract. But if those firms had known that a great part of the work could have been done in England, the making of the dies and the engraving work could be executed there by skilled workmen, they might have put in tenders for the work. They said, we do not tender because there is the stipulation that all the work has to be done at Ottawa. When they ask if that was considered an important condition, the reply they received was that no deviation could be made in that respect, and that all the work must be done in Ottawa. It appears that only two tenders were received. The hon. member for York (Mr. Foster) said that only one was received; but I will admit, for the purpose of my argument, that the tender of the American Note Company was a proper one. I ask, and I wish the careful attention of the House to this point, why were only two tenders received? Why was only one tender received from the United States? It was because there is only one company there possessing the necessary facilities for doing the work. How did they acquire those facilities? Because the company gradually acquired capital from doing government and other work, purchased plant and built up a large establishment and secured skilled workmen, and now they have facilities which enable them to tender for work of this class. But there is only one company in the whole of the United States willing to tender for this work. We find also that only one company in Canada tendered for the work. It is said that the British American Bank Note Company thought they had a monopoly. It seems that they had practically a monopoly in Canada, because no other company was willing to tender. When other companies were asked to tender, they declined to do so. I will read

an extract from a letter from a Canadian company, in which they gave as a reason for not tendering not only that they were unwilling to put \$50,000 as a cash deposit, but they gave other reasons as well. Mr. John R. Barber, writing on November 4, 1896 (at page 25 of the blue-book) says:

A new contractor would have to provide a suitable fire-proof building, a plant costing at least \$50,000 and put up a deposit of \$50,000, all for a business of about \$100,000 per annum. This would be all right if we could be assured of a few years' business at current prices, but if the Government is to get fair business rates for their work, no contractor can afford to comply with the above conditions.

That is a very strong statement, and it bears out the fact, which I shall show more clearly later on, that the British American Bank Note Company had not been paid more than fair prices for their work. The Barber & Ellis Company knew what the British American Company had been receiving, and yet they were afraid to tender. They stated that unless they were guaranteed the contract for a few years—evidently more than the five years for which the contract would run—there would not be money in it to induce them to make the investment. The British Bank Note Company had incurred this expense; they had erected a building here, put in machinery, trained workmen, and because they had this building, expensive plant and large capital invested they were able to make a tender at fair prices. So, as I have said, there were only two tenders received, and of those the tender of the British American Company was the only tender in strict accordance with the stipulated conditions. I mention this because the tender of the American Bank Note Company was not in strict accordance with the conditions set out; they made a special stipulation that they should not be required to manufacture the dies in Ottawa. I now wish to call attention to the memorandum of the Deputy Finance Minister respecting these tenders. It is a most important document. Mr. Courtney, in his memorandum, shows the difference in prices. No doubt those differences are large, amounting to \$30,000 a year; and Mr. Courtney points out some reasons which may account for this great difference in prices. What does he say? He says:

In the first place, the new tenderers—the American Bank Note Company—may possibly think that they would be able to make up the difference by the increased rates at which they tender for supplies that are not generally in demand.

To my mind that shows, and I shall prove it very soon, that Mr. Courtney did not think that the prices given by the British American Company were excessive. But he pointed out some reason why the prices in the tender of the American Bank Note Company were so small, and his idea is, that they thought they would be able to make

some of it up on account of other supplies that are not generally in demand. He suggests another reason in these words :

Whether the tender of the American Bank Note Company is one that could be carried out successfully, seeing that they may have tendered at unremunerative prices in order to secure a foothold in the country.

I have no doubt that they did tender at low prices in order to secure a foothold in the country, and that was a very natural thing for them to do. They have a large establishment in New York, they are doing a very large business there, and they have specified in their tender that they shall make all their dies and their tools in their factory at New York, and that they shall bring to Ottawa a great many of the supplies which they are using in their ordinary business. I repeat, that I have no doubt they tendered at a very low rate in order to get a foothold in this country, and I am very sorry to say they have succeeded. Now, it is a serious matter for us to notice, that the important part of this work is to be done at New York. I was very much impressed with the remark of the Finance Minister when he said, that only 1 per cent of this work was to be done in New York and 99 per cent was to be done in Ottawa with Canadian labour. If that is the case it is a very strong point, but I cannot reconcile that with the statement in the memorandum of the Deputy Finance Minister. Listen to what he says :

In this connection the undersigned has to call attention to the condition appended to their tender, that they are not to be required to manufacture bank note and other papers, steel rolls, steel plates, the dies and other tools of their trade, ink, colours, &c., at Ottawa, but may obtain elsewhere such supplies necessary to a faithful fulfilment of their contract.

Nothing could be more plain and emphatic than that, and if it is a fact as stated by the Minister of Finance that only 1 per cent of the work is to be done at New York, and that 99 per cent is to be done at Ottawa by Canadian labour, then I cannot understand the following statement by the Deputy Finance Minister :-

This would appear to allow them to do a large portion of their work at New York, and is a feature of the offer which seems to require very careful consideration.

Well, it ought to have our careful consideration, and I have no doubt in my mind that the Deputy Finance Minister is correct and that they will be allowed to do a large portion of their work in New York. That, Sir, is the objectionable part of this contract. Not only is a large portion of the work to be done in New York, but it is that very portion which we would like to have done in this country, namely, the skilled labour. An establishment like the British American Bank Note Company; a Canadian institution, was a school for

young men who might learn to engrave and perfect themselves in this business. What are our young men going to say when they find that the skilled labour is carried from our country to the United States; and that the fine work is to be done in New York and the ordinary work is to be done in Canada. That would seem to imply that we have not the skilled workmen here, and that we have not the young men who will learn this, even in the course of years. It is now proposed that we should go to the States to get men to do this work, instead of teaching our young Canadians to do it.

Another question that arises is this: Were the British American Bank Note Company charging too much? That is a point also for our consideration. I shall read from page 39 of the blue-book, a statement which will answer that question completely. Mr. Courtney was unable to account for the low prices at which the American Bank Note Company tendered, and so he suggested reasons for it. It seemed to be a point which impressed him very much, because he tried to find out reasons why they tendered so low, and on that subject, he says :

In connection with the foregoing the undersigned begs to point out that at the time the present contract was entered into, full and explicit inquiries were made as to rates of the American Bank Note Company, and also as to the charges made by the British American Bank Note Company to the chief monetary institutions in Canada; and in one case the department was allowed access to the bills rendered for printing notes for the institution in question by the British American Company. The result of the inquiry proved that the rates charged to the Government for this class of work were in no sense larger than for the institution in question, and were not then higher than the rates quoted by the American Bank Note Company. The account rendered to the institution in question is now in the possession of this department. It can hardly be possible that since the present contract was entered into prices for the work have fallen to such an extent as the rates offered by the American Bank Note Company would lead one to believe.

It would seem from this that in 1892, before the Government entered into the contract with the British American Bank Note Company, they wanted to find out whether the prices were fair, and they discovered on inquiry and from seeing actual invoices, that the prices of the British American Company were not higher than the prices at that time charged by the American Bank Note Company. That bears out the assertion I made, that the American Company has tendered low in this contract in order to get a foothold in this country. They knew the prices charged previously, and they were determined to come in, and as is done very often by business men, they made a very low offer. I venture to say for myself, that I regret very much that the Government has seen fit to go out of the country to get this work done. The

speech of the Minister of Finance was in great part, not an argument, but a mere statement of facts which nobody denies, and as his great reason for giving this contract to the American Company he said, there were 153 thousand reasons. If it is a fact that the prices tendered for and charged previously by the British American Company were fair prices, were not higher in 1892 than the prices charged to our banks by the American Bank Note Company; is it not a fair inference that the American Company's tender was a cut-rate tender, put in, in order to be sure of getting the contract and with a hope that on some extra work they might be able to make up for these low prices. I have very little doubt, Sir, that they will do it before their five years term is up.

Mr. MCGREGOR. Would you be in favour of giving the British American Company \$153,000 more than the other company?

Mr. CRAIG. I was going on to say, that I had no doubt that in the course of five years the American Bank Note Company will have an opportunity of making a good deal on extra work.

Mr. TALBOT. That is a supposition.

Mr. CRAIG. Certainly it is a supposition, and it is a supposition not of mine but of the Deputy Minister of Finance himself. He gave that as one of the reasons why the American tender was so low, and I think he is perfectly right.

The MINISTER OF FINANCE. The Deputy Minister of Finance has expressed no such opinion, and does not hold such an opinion, but fully recognizes the fact that there is a saving of \$153,000 on the transaction.

Mr. CRAIG. Perhaps I might read for the benefit of the Finance Minister, what I read a little while ago. The Deputy Finance Minister is writing about the difference in the two prices, and in trying to account for it, says this:

In the first place, the new tenderers, the American Bank Note Company, may possibly think that they would be able to make up the difference at the increased rates at which they tender for supplies that are not generally in demand.

I think that bears out entirely what I say. I did not wish to misrepresent the Deputy Minister.

The MINISTER OF FINANCE. My hon. friend said it was not clear that there was any saving, and that the Deputy Minister of Finance was the party who had suggested that. I said that was not fair to the Deputy Minister of Finance, who had not suggested anything of the sort. He made a report suggesting that certain figures required explanation, but he did not say that there would be no saving in the transaction,

and he will not say so if called before the committee.

Mr. CRAIG. I did not say that the Deputy Minister suggested there would be no saving. I merely said that no doubt the American Company might be able to make up the difference, which is just what the Deputy Finance Minister said. I do not know whether they will or not, but it is very likely they will in the course of five years. They have taken this work at a low rate, and the Deputy Finance Minister thinks they may make up the difference. He says further:

Seeing there is such a manifest difference between the two tenderers on this item, the undersigned thinks some inquiries should be made through some expert, and he would suggest that the matter be submitted to the Queen's Printer in order to ascertain whether the tender of the American Bank Note Company is one that could be carried out successfully, seeing they may have tendered at unremunerative prices in order to secure a foothold in the country.

I mention this to show and I think it shows conclusively that the Deputy Minister, who has had a large experience, thought these prices were extremely low. He knew the prices of the British American Bank Note Company were fair prices, and he thought the matter should be referred to an expert like the Queen's Printer to see whether the work could be done at those rates. Now, I regret that the Government have gone out of the country to get this work done. In doing so I think they have made a mistake. I thought so at the time, before I had examined the matter at all, and I think so still. I think this business should be confined to Canadians. Canada is well able to print its own bank notes, postage stamps and inland revenue stamps. It seems to me it is rather humiliating to say that we have to go to the United States and get an American company to come here and do this work for us, because we are not able to do it for ourselves; and that is especially the case when we read the remark made in one of the letters of the American Bank Note Company. What do they say? They say that we have not skilled workmen in this country capable of doing this work. The ex-Finance Minister was perfectly right when he said that any Finance Minister should resent such an imputation on the people of this country. The work has been done well in the past. We have skilled workmen in Canada able to do this work as well as it can be done in New York, and therefore there was no reason on that account for going out of the country at all. But I repeat, a business of this kind should be confined to Canadians. The Finance Minister said that the previous Government had allowed foreigners to tender for public works. I suppose they have; but this is a special kind of work, a work which must be done in the city of Ottawa, according to the specifications of the Government. You

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could not imagine the Government of the United States giving a contract for the printing of their bank notes, postage stamps and inland revenue stamps to a Canadian firm. They would scout and laugh at such an idea. They would say, "Do you mean to say that we have to go to Canada to find a firm to do work of this kind for the Government of the United States?" Any Congressman who proposed to do that would never be elected again. There is no question that would touch the pride of the American people so quickly. If any Congress voted to do such a thing as we are voting to do to-day the men composing it would not have a chance to sit in Congress again. The American people would think it an outrage on their sense of propriety and on their national pride to suggest that they should go to Canada and get Canadian corporations to go into the States to print their bank notes and postage stamps with pictures of George Washington and Abraham Lincoln on them; and I think they are right. I think sometimes that the American people have a little too much braggadocio; their children are taught in their histories and geographies that the United States is the only country in the world. But I think Canadians have too little of that sort of thing, and the present Government have even less than the people of Canada. I think the people of Canada would rather pay a little more for work of this kind in order to have it done by a Canadian company, which has done it well and at fair prices in the past, than to have it said that we have to go to the United States to get it done. We must always remember that this work has always been well done; no complaint had been heard about it, and it had been done by Canadian workmen. I must confess, notwithstanding the statement of the Finance Minister, that in reading over the blue-book it did appear to me that he had favoured the American Bank Note Company a little, because I find that after the tender of the British American Bank Note Company had been sent in, that was the end of it so far as they were concerned; but when the American Company wanted to make certain changes in their tender if they accepted the work, the Finance Minister was willing to talk to them about it. He discussed these changes. He did not say this condition throws you out and we must give the contract to your rivals. He did not tell the British American Bank Note Company anything about this, but discussed the matter with the American Bank Note Company just as if it was an ordinary matter of bargain and not of tender at all. The British American Company had complied with every condition of the specification. They made no stipulations, they did not ask to be exempted from any conditions, but these other parties did. The hon. Finance Minister, however, discussed the matter with

the American Company, wrote them letters, saw them personally, and after a while agreed to accept their conditions, and in this I think he favoured the American Company. I do not say that he did so intentionally, but none the less he did so. I am satisfied in my own mind that the Canadian people would rather pay a little more for work of this kind to a Canadian company and have the work done entirely in Canada, than give it to a foreign corporation and go to the United States to have it done. I am very much mistaken in my estimate of the temper of the Canadian people if that be not their opinion. While the price of the Canadian Company was rather higher, yet we have, at the same time, the evidence of the Deputy Minister of Finance that in 1892 these were fair prices. Does the Government want to have things done for less than their worth? The hon. Finance Minister boasted a great deal of having saved the people \$153,000. Well, apparently he has effected a saving, but we are not through with the contract yet. If the hon. gentleman should ask my opinion, I could have told him how he might have saved the Canadian people a great deal of money in other ways. He could, for instance, admit coal oil free. If he wished to save the Canadian people money, there are many other ways in which he could do it without giving important contracts to a foreign corporation. There is a principle at stake in this connection, and in my opinion Parliament should lay down the rule that, in matters of this kind, only Canadians should be allowed to tender. That would be an encouragement for Canadians to equip themselves to do work of this kind. What will be the result of this contract? It will throw us back for years. Our young men will have no encouragement to learn engraving, because the hon. Finance Minister has closed the principal field open to them in this country. The hon. gentleman has admitted the statement of the American Bank Note Company that we have no skilled workmen in Canada who could do this work as well as it can be done in New York. For my part, I dissent from that statement. It is not a true statement, but the hon. Finance Minister accepts it as if it were gospel. Under this contract there will be no encouragement for our young men to practice engraving, because only the ordinary mechanical work will be done in Ottawa, and the skilled work, the engraving, will be done in New York. I think it would have been better if this Government, before closing the contract with anybody, had asked the British American Company to make a reduction in their prices; and if they had done so, we might now have had the satisfaction of knowing that the work of printing our bank notes and postage stamps and inland revenue stamps and work of that kind was not being done by an American corporation.

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House of Commons Debates

SECOND SESSION—EIGHTH PARLIAMENT

SPEECHES

A^b.

OF

HON. SIR CHARLES HIBBERT TUPPER M.P.

ON

THE BANK NOTE CONTRACT

OTTAWA, FRIDAY, 28TH MAY, 1897

Sir CHARLES HIBBERT TUPPER. Before that Bill is read the third time, I desire to discuss the nature of it and the proposition it represents. It seems to me that this company, which it is proposed to bring into Canada, is the creature of the Government, and that the circumstances attending its proposed introduction into this country are such as to merit considerable attention. The proposition practically to subsidize this foreign company in connection with a business which has already assumed very great importance in Canada, is interesting at this particular time, because, unless I am altogether wrong in my information, it would be absolutely impossible for such a state of things to happen across the border. None of the citizens of this country, even were the Government of the United States favourably inclined, could hope to enjoy such favours and such aid in the carrying on of a business by Canadian capital in that country as by this Bill it is proposed to concede to this United States corporation. The intention of this company is not merely to execute in the city of Ottawa the contract which it has the good fortune to have been given by the special favour of the Government of this country, but to seek general powers to carry on its business of general engraving, printing and lithographing in all its departments, &c., in Ottawa and elsewhere in Canada. No one objects, of course, to the introduction of foreign capital into this country; no one objects to treating in the most generous way capitalists from any part of the world

who are ready to embark in enterprises here; but the objection to the proposal before this House—and it seems to me a forcible and serious objection—is that it is proposed to encourage the introduction of this business and this capital into this country at the cost and to the detriment of Canadian capital, Canadian interests and Canadian labour.

The POSTMASTER GENERAL (Mr. Mulock). Does the Bill say that?

Sir CHARLES HIBBERT TUPPER. The Bill does not say that, but the Government says that. The Bill represents here the policy of the Government. Without this Bill being adopted, the unfortunate and mistaken policy of the Government could not very well be carried out; and this is an opportunity afforded to the House to consider whether we should act under the circumstances in such a spirit towards this foreign corporation. The circumstances have been already mentioned to the House, but they are to some extent so involved, they cover such an amount of correspondence and so many transactions and incidents, that it is impossible for me, without referring at some length to the correspondence and to the facts that have led up to the introduction of this Bill, to put properly before the House my idea of the mistaken and very detrimental policy the Government have adopted in this matter. We know that the British American Bank Note Company, which we may distinguish as the Burland Company, had heretofore enjoyed

the business of this character required by the Government. It is not necessary for me to go into all the facts and figures to show the expenditures that became necessary on the part of that company to put themselves into a position to carry out a contract which had been entered into with them by the Canadian Government. Suffice it for me to say that in addition to their carrying out, and from all the Government say, satisfactorily carrying out a very heavy contract, involving the employment of skilled labour of the highest class, this company, not long ago, by order of the Government, under the terms of the existing contract, had to go to the further expense of erecting a magnificent structure in the city of Ottawa. That in a sense gave them no claims, under the terms of the contract, to special consideration. So far as my recollection of the contract goes, it was one of the original conditions of the bargain that if they were required to go to this extraordinary expense, and to transfer their business from the city of Montreal to the capital of Canada, they were bound to do so. But, knowing as we do the difference between the city of Ottawa and the city of Montreal, so far as a business of this kind is concerned, in relation to private business, there is no comparison between the advantages to be enjoyed in Montreal as opposed to those in Ottawa; and I say that without any disparagement of this wonderfully growing and thriving community. But while under the contract the Burland Company had no right to special consideration, no one acquainted with that phase of the transaction will deny that they were entitled at least to fair-play, and were warranted in relying upon this, that when fresh competition became necessary between them and another firm, whether foreign or domestic, no concessions or favours would be shown by the Government to their competitors which would be denied to them. But I complain that extraordinary concessions were granted to a foreign competitor as against the Canadian company, who had done their work not only satisfactorily but at a constantly diminishing cost to the Government and without any complaint being recorded against them in any particular; and, under the circumstances, it seems to me that we should have even more detailed and exact explanations how it came about that they were not treated, I do not say generously, but in that fair manner which they had every reason to expect. I may be wrong, but I am told that so extensive is this business, in the first place, that the dies, rollers, plates, machinery and plant cost no less than \$400,000, and that it cost the Burland Company some \$50,000 to provide special equipment for the carrying out of this work. Now, the history of the transaction—

The POSTMASTER GENERAL. Does the hon. gentleman propose to discuss the his-

tory of the contract with the American Bank Note Company?

Sir CHARLES HIBBERT TUPPER. Yes.

The POSTMASTER GENERAL. I do not like to interfere with the line of the hon. gentleman's argument, but this is an application to grant letters of incorporation to a company. I fail to see what the contract in question has to do with the question whether or not Parliament will incorporate this company.

Sir CHARLES HIBBERT TUPPER. I am not disputing the fact; nor is it ever necessary, in order to obtain the ear of this House, to claim that a Bill proposed to be read a third time, to give corporate rights and privileges to a body of people in this country or to a corporation outside of it, is without the power of Parliament. In this case I admit that the Bill, so far as I have examined it, is within the powers of this Parliament, and that if no reason can be shown why these privileges should not be conferred, wholly outside of the legal difficulties, then, of course, the Bill would be read the third time. But I state, at the outset of my observations, that this Bill is before us simply because this foreign corporation which is now knocking at our doors, has been given by the executive, and not by Parliament, special privileges and favours, and because further favours are contemplated to be given it as against our own Canadian interests and industries. The hon. gentleman knows that this Bill is simply here in connection with the contract for which the Government is responsible. He will be the last man to deny that the subject should receive the fullest possible discussion and consideration, and it is the consideration which I have given it which I desire to put before this House before the Bill is read a third time.

The POSTMASTER GENERAL. The hon. gentleman has before him the blue-book dealing with the contract. That contract has been the subject of debate, and if the hon. gentleman proposes now to go into the merits or demerits of that contract, I submit that such discussion is quite outside the proposition that this Bill be now read the third time.

Sir CHARLES HIBBERT TUPPER. I quite appreciate the force of the hon. gentleman's objection. I could imagine, for instance, a member of this House saying, I disapprove altogether of the act of the Government as being contrary to the interests of the country and as granting to a foreign corporation favours of a most suspicious and extraordinary character, but, nevertheless, this is simply a Bill to enable that corporation to do business in Canada, and that has nothing to do with the special privileges granted it. That argument might prevail, but it is only an argument and one opposed to the position I take. I would be, for in-

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stance, inclined to vote against granting this additional privilege to this company, in order to mark in the strongest way open to me my disapproval of bringing this subsidized competitor into our own country. And in order to strengthen that position, I cannot do better than refer to the very documents which the Government have placed before us, to show how this thing came about, and I think that a reference to these documents will prove to any impartial mind that the point I have submitted is well founded.

Mr. SPEAKER. I suppose a question of order has been raised, and I am inclined to think that the hon. gentleman who has the floor has the right to adduce before the House any circumstances which he thinks sufficient to influence its judgment and prevent the passage of this Bill; but in doing so, he must be careful not to refer to a previous debate. He can, of course, refer to documents laid on the Table.

Sir CHARLES HIBBERT TUPPER. I have been in Parliament sufficiently long to know that is one of the elementary rules of debate, and I have no desire to refer to a previous debate. Nor would it be very becoming in me to do so, since I had not the good fortune to be present. But I desire to refer to the documents submitted to the House bearing on this very question, and which are the only information we have regarding this American Bank Note Company, what it was, how it comes before us, and why it is knocking at these doors and asking for these privileges. All that information is in this blue-book, and I can quite understand why the hon. Postmaster General does not desire that the facts contained therein should be continually dwelt upon. I quite understand why he should desire that that part of the consideration should be suppressed—I am not, however, imputing any motives—and I propose to show that the facts which I intend bringing before the House—and which, perhaps, have been laid before it before, in my own way are very good reasons why we should mark with the strongest condemnation this whole transaction, from beginning to end. The irregularities in connection with the handling of these tenders, the irregularities and unfairness in the treatment of the old company, the extraordinary favours shown this American corporation, certainly deserve the gravest attention and consideration; and I think the country cannot be reminded too often of the facts as they appear in the official blue-books, before the last stage of the chapter is reached.

In this report of the Deputy Finance Minister (Mr. Courtney) there is evidence which at once puts the old company on the very best footing and furnishes a complete reply to the charge that it was a selfish, greedy combination and monopoly, and deserved the introduction of another competitor. On

the 31st August, 1896, Mr. Courtney, the Deputy Finance Minister, reviewed the history of the bank note contract from 1868, giving the various figures and terms under the different contracts, and he concludes by saying:

It will be seen from the above that substantial reductions in the rates charged were effected; on the other hand, the power given by former contracts to the Minister of Finance, the Postmaster General and the Mr. ... Inland Revenue to make yearly revision of the rates for the supplies to their respective departments, was taken away. The post office and inland revenue rates were made schedules to the contract.

On page 55 of this blue-book, I find from the president of the company the statement—and I do not know that it is denied—in a communication which he addressed to the Minister of Finance:

The British American Bank Note Company was established to retain this work in Canada, large capital was invested by its citizens, and the best of protection was afforded, and for years past, I make bold to say, that the Finance Department and the banks of the Dominion have had the note circulation of the country supplied them at least 30 per cent less than the current rate for such work from New York.

That is an important feature which appears through a great deal of this correspondence—that this foreign company have given, on the face of the contract, and in their correspondence, figures which seem to be in many senses most deceptive, at first glance, and without the calculation of an actuary, and which give rise to extraordinary suspicion as to the reasons that enabled them, in this connection, to make such an extraordinary departure from the prices which they usually charge.

In order—

Says Mr. Burland—

—In order to prevent such a calamity to the commercial interests of the country and to protect the large capital already invested, we, the British American Bank Note Company, are prepared to accept the terms of the tender submitted by the American Bank Note Company, and thereby preserve, if possible, the bank note business of the Dominion, which has been performed by us for the last thirty-five years in a satisfactory manner.

I refer to that in connection with a statement, which I think is one of importance, and that is that, so far, I am not aware that the Government has announced at any time that there was dissatisfaction in connection with the work done by this company.

Now, an important phase of the subject hinges upon the clause that was in the old (Burland) company's contract. At page 4 of this blue-book, is clause 6 of this contract which provides:

That all possible measures of precaution shall be taken by the company for the protection of the work and the security of the Government in the premises and to ensure the safety of the plates, dies and rolls, and all impressions taken there-

from, and all paper and other material used in connection therewith, whether in a complete or incomplete state, and the Minister of Finance of Canada for the time being may at any time during the continuance of this contract appoint any one or more officers of the Government, or properly qualified persons not in the service of the Government, to examine or supervise the premises occupied by the company, or the work done or being done by them under or by virtue of this agreement, and every facility shall be afforded by the company for any and every such examination or supervision.

The wisdom of that provision must be obvious to those who have looked into this question. The opportunities for counterfeiting, and the extraordinary feats of counterfeiting, a practice it has been found utterly impossible to stamp out, make it most necessary that the Government, in order to protect the currency, to protect the notes of the country, shall have under their immediate supervision the performance of the work from its beginning to its very end. And the old company, in that connection, had to go to very great expense in introducing that expert labour, which, by the way, I find that their competitors, their successful competitors under this Government were wholly ignorant of and which they ventured to deny in an official communication to the Minister of Finance. It is in connection with that clause in the contract, the necessity for which is evidenced by all the contracts with the Government from the beginning down to the present, that the extraordinary phase of this question becomes apparent. Take, for instance, a few other references in that connection, as given to us in explaining this matter. I turn to page 14 of the blue-book, and, in connection with the "terms and conditions of tenders for engraving, &c., Dominion notes, postal and inland revenue supplies," it seems clear that when the Minister of Finance started the work for new tenders, he recognized what I venture to say the business men of the country recognize, the gravity of that clause and the importance of that condition to the Government. Condition 7 of the specification reads:

All work under the contract—

"All work," Mr. Speaker.

—shall be done at the city of Ottawa, in such building or buildings as are approved of by the Government of Canada, such building or buildings to be fire-proof and to contain all necessary fire-proof vaults to ensure the safety of the work, and the contractor shall not do or permit to be done in such building or buildings any work other than the work under the contract, except the work of engraving and preparing bank notes for the several chartered banks of Canada. No contract shall be entered into with any tenderer until he has satisfied the said Government of Canada that he has, or will have by the time he begins work under the contract, a proper building or buildings in Ottawa in which to carry on the work under the contract.

Clause 15 of the specifications taken in this connection reads:

No plates,—

I have already called attention to the words "All work" in the section I have just read, and this is as if to make it impossible that there shall be any uncertainty. This clause says:

No plates, rolls or dies shall be used in connection with the work to be done under the contract, or any part thereof, unless approved of on behalf of Her Majesty by the Minister at the head of the department by which such work is ordered, and all plates, dies and rolls not so approved of shall be destroyed or dealt with by the contractor in such manner as such Minister shall direct.

Let me just interject here that it is quite clear that such a supervision as is contemplated by the two clauses I have read, cannot be exercised when the dies are in the city of New York, cannot be exercised when the important part of the work is being managed or handled not only outside of the city of Ottawa, but in a foreign country, and beyond the jurisdiction of the Government of Canada.

The POSTMASTER GENERAL. Do not many of the leading banks of Canada get their bank bills printed there?

Sir CHARLES HIBBERT TUPPER. I am not dealing with that. The hon. gentleman may use as an argument against me, the contract of some bank, some leading bank. I am saying that the policy of this country, which has obtained from 1867 to 1897, has been to regard it as of the most vital importance to the conditions connected with the making of the bank notes of the Dominion must be such as to allow of additional precautions being taken, precautions not taken elsewhere. But, advertng for a moment to the interruption of the Postmaster General, let me remind him that, whether this was a wise precaution or not, whether it was a precaution taken by the banks of Canada or not, that in no way concerns the point of my argument, because, as I shall develop it, it will be made clear that this, whether an important point or not, was a clause in the specifications, was a clause in all the old contracts, and that every tenderer was led to believe, that as the British American Bank Note Company was bound to believe, that it would be insisted upon to the letter; and there can be no doubt that that belief affected their calculation as to the figures they should offer for doing the work on these terms. And, Mr. Speaker, there is another clause bearing upon this, clause 16, which reads as follows:—

All plates, dies and rolls specially used in connection with the said work, or any part thereof, and which are paid for by the Government of Canada, shall be reserved for the exclusive use of the said Government of Canada, as well as all plates from which the said work or any part thereof shall be printed, and shall be the property of the said Government, and the contractor shall, on demand, deliver to the Minister of Finance of Canada for the time being, or as he may direct,

all said plates, dies and rolls, the contractor holding them after they have been prepared and paid for as aforesaid merely as the bailee of the Government of Canada, and the contractor shall agree that all designs or patterns made for the use of the Government in respect of the Government work shall not be used or duplicated by him for any one but the Government.

In this, also, it is apparent that the Government deem it necessary to take every possible precaution for the purpose I have mentioned; and I have yet to learn that the Government of any country of importance in the world allows or would for a moment tolerate that a part of the machinery in connection with the manufacture of its notes and bills should be out of the jurisdiction, and, of course, beyond the supervision of the Government. For this clause, as you will see, contemplates that the Government, at a moment's notice—even without a moment's notice—can go into the building of the bank note company and lay its hands upon all the dies, acting in this matter promptly and immediately. That, under conceivable circumstances, is a most important and valuable privilege to be enjoyed by the Government. It is wholly denied them here, it is wholly lost sight of as the sequence will show. Then there is clause 19:

The contractor shall take all possible measures of precaution, to the satisfaction of the Minister of Finance, for the protection of the work and the security of the Government in the premises, and to ensure the safety of the plates, dies and rolls, and all impressions taken therefrom, and all paper and other material used in connection therewith, whether in a complete or incomplete state.

To that clause the observations that I have made in connection with clause 16, equally apply. Now, I have referred to some of the documents in their sequence, not in the order of the paging in this book, but I think that the order in which I am taking these references will make the matter as clear as it possibly can be made from the references before me. That was on page 15. I turn now to page 22 to show the manner in which the possible competitors in the United Kingdom were advised in connection with this contract. They had read these specifications, they understood how the tender contemplated a complete and absolute transference of the whole business, from beginning to end, to the city of Ottawa. They had no reason to expect that any of these clauses would be departed from, and as business men in putting in their tenders, they expected to be fairly and justly dealt with, and they of course would have to be prepared for that clause and the different clauses to which I have referred. On page 22 we find from the High Commissioner's office a letter from Mr. Colmer explaining to the Minister of Finance how this matter was affecting firms in England capable of tendering. He called:

Tenders for engraving. Firms point restrictions clause 7 manufacture Canada. Also state tenders impossible without specimens mentioned clause 14.

I now beg to acknowledge your reply of the 7th instant, for which I was much obliged:

"Tenders for engraving. Canada cannot abandon condition requiring manufacture at Ottawa. If responsible parties wish to tender, we will send specimens."

There was a proper tender, and it was maintained consistently with all the tenderers on the part of the Finance Department on the 11th of November, 1896. There was a reference to these conclusions that is easily understood, and there is an answer: You will be held to every clause, every line of the clause, and every letter in the clause; the manufacture at Ottawa, that is all the work, would be insisted upon by the Government. Consequently the English tenderers, or those in a position to tender, were out of the way. Now, there is another reference to this that I wish to advert to. I find, for instance, that Mr. Freeland, representing the United States company, was specially favoured in many things. There is evidence of courtesy, to say the least, on the part of the Minister of Finance with Mr. Freeland that is wanting between Mr. Burland and the Minister of Finance. That may have been explained, the reason for it is not apparent on the face of these papers. Mr. Freeland and the Minister of Finance apparently were in verbal communication as well as in immediate correspondence, letters were addressed to him and not to the deputy, although the deputy appears on the scene after Mr. Freeland has secured his concessions. There is in that matter a departure from the rules of departmental correspondence not explained so far as I know. But during all this critical time, all this time when Mr. Freeland was free, and when the Finance Minister was free, there are communications, both verbal and in writing, going on between those two parties. After Mr. Freeland's rights are secured, formal correspondence is carried on by direction with the Deputy Minister of Finance, and as I say all that cordial relation explainable in itself, becomes remarkable when we find it was entirely denied to the fellow-citizens of the Minister of Finance, to the old and faithful contractor. On page 45, the Minister of Finance writes to the representative of Mr. Freeland on the 14th of December, 1896, referring in the first place to a conversation which he had. From another telegram it appears that the Minister of Finance was in New York on the 6th of November, and on the 14th of December, while these matters were still under consideration, the Minister of Finance refers to the conversation and what he understood him to say. Then he goes on, and this is the beginning of the extraordinary actions of the Government in relation to this foreign tender. The Minister of Finance, recognizing, I have no doubt at

the time, the importance of the provisions to which I have referred, and that are found in all the contracts on this subject and are contained in the specification, he calls Mr. Freeland's attention in the following manner to the paragraph. First of all, he takes from the tender of the American Bank Note Company a clause that vitiated that tender as a regular tender, destroyed its character as a tender, and in that clause there was a complete and radical departure from the terms of the specifications. So that it cannot be fairly argued that Mr. Burland was brushed aside, or that no correspondence or friendly relations were had with him by way of discussion because his tender was not satisfactory, when we find, as the history will show, that correspondence went on and cordial relations went on with one of the parties who had put in an incomplete and a irregular tender. This is the first friendly advice to this gentleman at a time when the only regular tender in the possession of the Government was from the British North America Bank Note Company :

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

"The American Bank Note Company understands, and makes it 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 fulfillment of the contract may be obtained elsewhere.

There can be no doubt about the correctness of my position that this destroyed that document as a tender. The Minister of Finance was of that opinion, so far as this correspondence goes he is of that opinion still, because, as references will show, the future transactions simply ended in a variation of the specimens, a variation and a change of the conditions, and a variation acceptable to the successful tendered ; while all that time the Burland Company was denied any of the information that was being given, was not allowed to be privy to any of these negotiations, and never had the slightest reason to assume for a moment that they might have put in a tender such as this. The American Company assume to be entitled to special favours and to receive the special attention of the responsible Minister after sending in such tender. The Minister of Finance, after quoting this paragraph, from the tender, said :

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 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 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.

Mark that. If you, the representatives of a foreign corporation endeavouring to get a foothold in this country and shut out those engaged in this industry, by securing the advantage of a subsidy from Canada, attach importance to the making of these dies elsewhere, then fuller information will be furnished. Again, the Finance Minister said :

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.

I took advantage of an invitation from Mr. Burland to make a complete inspection of his establishment at Ottawa, and the inspection was of a most instructive and interesting character. Nothing could be made more clear than the opportunities offered for fraud in connection with dies. They are small pieces of material, they can be put in the pocket, and any one connected with the trade is aware of the great opportunity for fraud that will prevail in New York as compared with their manufacture in a building under the shadow of the Parliament buildings here, fraud to which the company might be a party or fraud by any of its servants and against the company. On page 51 there is a further utterance of importance. In the recommendation that the Finance Minister made to the Governor in Council I do not think there was as full and complete information placed before his colleagues as should have been submitted. Any one reading the report of the Minister to the Governor in Council would come to this conclusion, if he read the records of the transaction to which I called particular attention. For instance, it would appear from the memorandum of the Finance Minister that a great concession had been obtained from the American Company. He said :

Correspondence being had with the American Bank Note Company, the company consented to the withdrawal of the stamped envelopes from the contract.

If my information be correct, the company would have been great fools if they had not consented to withdraw that part of the contract. The special plant required would have cost \$6,000, and all the profits would have been \$1,750 for the five years. That estimate may be right or wrong ; but this I think is an admitted fact by the trade, that the demand for those stamped envelopes was so small that there was nothing but loss to be contemplated on the part of

the company in carrying out that particular part of the bargain. Nevertheless it appears that the Minister of Finance thought he was obtaining a concession from the company. So I hold that the Governor in Council was not fully advised in that particular. The Minister goes on to say :

The company also submitted rates for the stamps in question if required in large quantities, and explanations were made with reference to the condition above quoted which are satisfactory to the undersigned in view of the large saving effected if the offer of the company is accepted.

The undersigned has the honour to recommend, in view of such saving, that he be authorized to accept the tender of the American Bank Note Company, provided that the details of the contract can be arranged with the company to his satisfaction.

It is true the Minister of Finance called attention in this cursory way to the departure from the specification and the irregularity of the tender. He says :

The prices given by the American Bank Note Company for certain of the inland revenue stamps, while small, taking into consideration the quantity required as stated in the schedule to the terms and conditions, would be very great if any large quantity of such stamps should be required, and the tender of the company also contained the following condition :—

He recites the condition, which I have quoted more than once this evening. He goes on then to say, not that this is a departure at all from the tender, but that correspondence having been had with the American Bank Note Company, they consented to the withdrawal of the stamped envelopes from the contract. No attention was called to the fact that in every contract made by the Government the greatest possible care had been taken and the greatest wisdom shown in having the whole work and business performed under the supervision of the department and in the Dominion of Canada. We find that after correspondence, an indenture was entered into on March 9, 1897. Clause 2 reads :

That the original dies of portraits, vignettes, lathe-work, borders and other patterns or designs, and the matrix dies used in connection with any work under this agreement may be engraved at the establishment of the contractors in the city of New York, in the state of New York, one of the United States of America, which dies, on being so engraved, shall be forthwith taken to the city of Ottawa, in the province of Ontario, in the Dominion of Canada.

WEDNESDAY, 2nd June, 1897.

Sir CHARLES HIBBERT TUPPER.
When the hour for the consideration of Private Bills expired some nights ago, I was endeavouring to place before the House as succinctly as possible, and in the briefest space of time, such portions of the correspondence relating to the facts surrounding this company, which to my mind made it necessary for this Parliament to

pause before it gave its approval to the third reading of this Bill. In continuation of the reference to the facts, I very much regret that it will be necessary for me to take up the time of the committee at any further length; but I cannot leave the argument which I deemed it proper to present to the House at the point where I left off the other night. In this blue-book to which I have already made reference, there is, at pages 38-39, a report of the Deputy Minister of Finance made before the contract was entered into with this United States company; and I call particular attention to this portion of the report where Mr. Courtney, the Deputy Minister of Finance, discusses the facts as presented by the tender. Referring to the difference in prices between the American Bank Note Company and the other tenderer, he says :

This difference is so great that the undersigned deems it desirable to make some remarks thereon, and while he is unable fully to understand the reasons for it, he considers it might arise from various causes. In the first place, the new tenderers—the American Bank Note Company—may possibly think that they would be able to make up the difference by the increased rates at which they tender for supplies that are not generally in demand. If the contract is awarded to them, this feature should be kept in mind and carefully guarded against. Further, a very great difference between theirs and the tender of the British American Bank Note Company arises in the price given for printing notes. Seeing there is such a manifest difference between the two tenderers on this item, the undersigned thinks some inquiries should be made through some expert, and he would suggest that the matter be submitted to the Queen's Printer, in order to ascertain whether the tender of the American Bank Note Company is one that could be carried out successfully, seeing they may have tendered at unremunerative prices in order to secure a foothold in the country.

I am not aware that the Queen's Printer was called upon in connection with that suggestion, and I am not aware, further, that that very serious point was investigated or inquired into, as the Deputy Minister of Finance seemed to think was advisable and necessary. But evidently the Deputy Minister of Finance had those suspicions which I have expressed in regard to the United States company, that the prices for the work to be done for the Government here, were altogether at variance with the prices ruling in the market where these tenderers had to confine their business. The Deputy Minister goes on to say :

In connection with the foregoing, the undersigned begs to point out, that at the time the present contract was entered into, full and explicit inquiries were made as to the rates of the American Bank Note Company, and also as to the charges made by the British American Bank Note Company to the chief monetary institutions in Canada; and in one case the department was allowed access to the bills rendered for printing notes for the institution in question by the British American Company. The result of the inquiries proved that the rates charged to the Gov-

ernment for this class of work were in no sense larger than for the institution in question, and were not then higher than the rates quoted by the American Bank Note Company. The account rendered to the institution in question is now in the possession of this department. It can hardly be possible that since the present contract was entered into prices for the work have fallen to such an extent as the rates offered by the American Bank Note Company would lead one to believe. Indeed, from the tender of the present contractors it would appear that it was found necessary to raise the rates in some lines in the offer now submitted. Accordingly, it would appear that other reasons exist than those pointed out, inducing the American Bank Note Company to tender at rates so much lower than now paid. Before entering into a contract with this company, if it be intended to do so, the undersigned respectfully suggests that care should be taken, and a distinct understanding arrived at, that no safeguard observed by the present contractors in conducting the business, should be omitted in executing the work under the new contract.

I have shown by other references to this transaction, Mr. Speaker, that that very wise suggestion and recommendation of the Deputy Minister, even was not adhered to, but was departed from in a singular and important instance indeed, with respect to the very foundation of the work:

In this regard, the undersigned may state, that very great care is taken by the British American Bank Note Company for the custody and safekeeping of our notes when in course of preparation.

Again the Deputy Minister of Finance says:

Should the Government decide to enter into an agreement with the American Bank Note Company, it would appear to be desirable to bear in mind also, that the institution is an alien corporation, all the officers who would, in all probability, conduct the business with the Government and carry out the orders, would probably come here from New York. In this connection,—

And I call particular attention to these lines of the report:

—In this connection, the undersigned has to call attention to the condition appended to their tender, that they are not to be required to manufacture bank-note and other papers, steel rolls, steel plates, the dies and other tools of their trade, inks, colours, &c., at Ottawa, but may obtain elsewhere such supply necessary to a faithful fulfilment of their contract. This would appear to allow them to do a large portion of their work at New York, and is a feature of their offer which seems to require very careful consideration.

Again the Deputy Minister of Finance points out:

A contract with a new company would necessarily entail an immediate outlay for designs, rolls and dies necessary in the preparation of the new plates required. It would, in fact, entail all the expense attaching to the preparation of the new notes and stamps. This, of course, would be unnecessary, if the work remained in the hands of the present contractors, and this extra expense has not been taken into consideration in comparing the tenders.

Then leaving that report of the Deputy

Minister of Finance, which does not seem to have been considered or treated with the care that I think it deserved, I find on page 40 that calculations were made by the officers suggested by the Deputy Minister of Finance, but made in another shape, I think, by Mr. Fitzgerald and Mr. Treadwell. These gentlemen say:

The calculations are based on figures given in Schedule "D" to the terms and conditions of tender of 19th October, 1896. In the calculation as to Dominion notes, the cost of designs, rolls or dies required in case of a new issue of notes, is not taken into account.

On page 47 there is a letter from Mr. Free-land in which he makes, I think, a wholly unsupported statement:

It being this company's intention to prepare the work in the highest style of the art, the limitation to the use of such talent as is procurable within the Dominion, would be detrimental to our intention. Such talent is not resident in Canada, nor obtainable in the market, while the portrait, vignette and lathe-work engravers of the parent establishment could be employed here with much greater efficiency, each in their several branches.

Ignoring the whole fact that there was in existence a British institution in this country, in this very city, under the shadow of Parliament itself, where such talent had been obtained and such experience gained as resulted in work that had elicited the statement from the Finance Minister himself, I believe, that there was no dissatisfaction with the work of the old contractors. I have already referred to the statement of the Deputy Minister of Finance detailing the steady reduction that had been made in prices during the time that the old contractors had been charged with carrying on that work. At page 54 there is a communication from Mr. Burland that I think should have the fullest publicity. In a letter dated January 13th, 1897, addressed to the Minister of Finance, Mr. Burland says:

1st. That ample capital has been invested at the request of the Government, to satisfactorily prepare all the work required by the Government.

2nd. That the contract has been awarded in violation of the terms and conditions of the specification.

3rd. That no notice was given that foreign tenders would have privileges not embodied in the specification.

4th. That the terms of the specification would be violated by giving the privilege to foreign competitors for a double period without equal rights to the local company.

5th. That the greatest injustice would be done local capital by allowing free duty to such foreign competitors without any allowance, in lieu thereof, to the local company.

6th. That all persons tendering against invested capital should show their ability by having suitable premises and machinery with which to do the work, the tenders of all parties would then be on equal terms.

I call attention to a letter from the Finance Minister to Mr. Burland, dated 15th Janu-

ary, 1897, where the hon. gentleman deals with Mr. Burland in this spirit :

You had an ample opportunity of tendering, and you did tender. If your tender had been the lowest, you would have received the contract, but unfortunately your tender was an excessively high one, the acceptance of which would have been a grave injustice to the public interests. The Government deemed it to be their duty to accept the lowest tender coming from capable and responsible parties. Acting upon this view, they have awarded the contract to parties whose tender was very much lower than yours.

I call attention to the fact that the Minister of Finance in that letter seems to have ignored altogether special considerations and special facts brought to his attention by the Deputy Minister of Finance, and to have utterly ignored and overlooked the fact that in the case of what he calls the excessively high tender, there was a strict and accurate compliance with the specification, and in connection with the foreign tender, to which he has been so indulgent, and in connection with which he has gone so far out of the way to meet the views of the foreign tenderer, that that was an irregular tender and was not in compliance with the specification but departed from the specification in most important particulars. In the petition to His Excellency the Governor General, the representative of the old company, the Canadian institution, makes the following, among other representations, and as some of the points that have struck me as important are perhaps more concisely than I have expressed them, I will read some paragraphs from that specification :—

4. That the notice for such tenders was a printed one, and comprised the specifications and the essential terms and conditions of the proposed contract which any tenderer would have to execute if his tender was accepted by the said Government.

8. That all your petitioners' work is done here at the said city of Ottawa, by Canadian artists and artisans employed here, in a special building erected here for that specific purpose and constructed to the satisfaction of the Government of Canada.

11. That your petitioners are also informed that it is contemplated to allow the dies, rolls and plates used in connection with this work to be brought into Canada free of duty. The value of the dies, rolls and plates belonging to your petitioners and used by them in carrying out the present contract, exceeds the sum of \$50,000.

12. That, if the American Bank Note Company is awarded the new contract, and if it uses the inks for printing bank notes and the post card paper which it usually uses for like work in the United States, the difference in the price of material now supplied by your petitioners and what would be supplied by the American Bank Note Company, would be as follows :—

The figures are given, making a total amount of \$15,495, or amounting in the five years to \$77,475. The petitioner goes on and gives further analyses in the same direction. I will not trouble the House with reading further from the blue-book, for I have referred to those portions which fully bear

out the points I have proved from the departmental reports and departmental statements.

Leaving the blue-book, I think the references I have given establish beyond question that in connection with this whole business of letting a contract in regard to this important national work, the British American Bank Note Company, the Canadian company, complied with all the conditions required ; that the American Bank Note Company, a foreign company, did not ; that other Canadian companies did not, and that the English companies were ruled out at the very outset by having put before them the fact that the condition as to manufacture of the dies, and so forth, in Ottawa, would be insisted upon ; and that, afterwards and subsequently, they having been ruled out, that condition was not insisted on, but a private arrangement was made with a foreign corporation, and to their satisfaction, that operated to the detriment of the home company. It follows from what I have said and what I know that we have given to aliens, to an alien corporation, privileges which were not extended either to English people or to Canadians or to the subjects of the Queen ; and now we are face to face with this Bill and we are asked to consent to its being read the third time. What do we see in that Bill, and what does the Bill represent? It asks this House to endorse in blank all the privileges enjoyed by this foreign corporation and to exercise them in the Dominion of Canada, and this House is not made aware in any shape or form as to what those privileges are. This House is not made aware of what the New York legislature thought, in the exercise of its discretion, proper to confer in the way of authority, power and privilege upon this corporation ; nevertheless, though their policy may possibly have no connection with these matters as regards the practice of our committees, we are asked, blindly and in the absence of the information needed, none of which appears on the face of the Bill itself, to say that the whole of the privileges and rights which this corporation was granted by the legislature of New York, shall extend to the boundaries of the Dominion and that this company shall enjoy those rights. That is a practice wholly at variance with the practice of this Parliament in regard to other corporation charters either in the mother country or in any of the provinces of this Dominion. When a company comes from any of the provinces to this Parliament it has always been the practice of our committees to investigate the powers conferred on it, and the practice of late has been to compel provincial companies, or companies holding charters obtained outside of this Parliament to ask practically for the re-enactment of all privileges they desire, and set them out on the face of the charter this Parliament is asked to grant. There is wisdom and common sense in that course, because the House is thus able to

see exactly what is being done and what rights the company is seeking to acquire. But in this case, all these sound principles have been departed from, and Parliament is simply asked to confirm clauses of an Act that has met with the approval of the legislature of New York. We could not obtain any such legislation in any state of the union, we could not get any such legislation in any colony of the Empire, and it goes without saying that we could not get such legislation in the Parliament of the mother country. What kind of organization has this company? Are we to depend on the preamble of the Bill for the statement?

The Bill is an absolute blank regarding its organization; regarding the condition of its finances, and regarding the security that creditors in this country may have who in the future deal with that company. We are left in absolute ignorance as to its organization, as to its corporate powers, and I may say that it is not right that this Parliament should sanction such a thing as that. I have in my mind a few charters that were granted after some discussion, and after objections to them by a very leading authority at that time in this House. For instance, English corporations knocked at the doors of this Parliament and asked for recognition by Parliament of their corporate privileges, but in those cases very good care was taken that a copy of the articles of association of those English companies should be filed with the Secretary of State for Canada. No such provision is in this Bill and no such care has been taken in regard to it.

Now, to strengthen the objections I have been making, I would call attention to a Bill that came before this House, and which unfortunately was not very fully considered, except by the leader of the Opposition at that time, Mr. Edward Blake. I find that among other objection he made to the gift of these corporate powers to a foreign corporation—irrespective wholly of the provision that such powers as they enjoyed in the foreign country should be known to this Parliament before action was taken—I find the following observations of Mr. Blake in 1882, in regard to the New York and Ontario Furnace Company:—

There is no information as to the character of this company, the nature of its organization, what its corporate powers are, or who the incorporators are.

And again he says:

Now, it seems to me, first of all, that unless there is some overruling clause to the contrary, our legislation ought to be in the direction of creating ourselves the corporation to which we give the power.

Hon. gentlemen will see that I have been endeavouring to argue from that point of view, and I venture to say without fear of successful contradiction, that as a rule that

has been the policy of our committees, and that they generally insist upon putting in an Act of incorporation, the powers of companies, whether foreign or from a provincial legislature, when they come to the federal authorities. Again, Mr. Blake said:

That is a good reason, from my point of view, for our incorporating the entity which we have just recognized, with the power of landing its cable on the shores, with certain other powers which it was necessary for them to have, and which they could only get by the joint legislative authority of two legislatures of independent jurisdiction.

He was dealing with that class of cases, in which as he points out, you must have reciprocal action by two legislative bodies in order that a common object should be effected. Mr. Blake said further:

That reasoning does not apply to this case at all. All that is wanting to be done by the New York and Ontario Furnace Company could be done by a corporation composed, if you will, of the same proprietors as the company in this country. They could buy, as they could acquire, personal property; they could mine and carry on business, and there is no difficulty in their completing the whole of their operations by virtue of a provincial or Canadian incorporation, as the case may be. That is the first difficulty I had in acceding to the third reading of this Bill, that, without a clause which would justify a course obviously inconvenient, we are simply recognizing a foreign entity and giving it powers.

Mr. Blake goes on to argue somewhat on the line which I have argued, but I find unfortunately, that that discussion was not prolonged, and that the Bill was read a third time without the objections which Mr. Blake urged having been answered by the leader of the other side of the House. Nevertheless, it seems to be an important consideration. Now, this foreign corporation, this American Bank Note Company, of whose directors this Parliament knows nothing; if they are not prepared to come before Parliament, as other foreign corporations do, and ask for full consideration and re-enactment of all the powers they require outside of our general Act; they of course, under the comity of nations would have, if we did not pass this Bill, certain rights and be permitted to carry on certain transactions in this country. If they wish to go further than the principle of the comity of nations permits them, it seems to me that they should comply with the practice that has prevailed in regard to corporations composed of British subjects, whether in Canada or in the mother country. I have in my hand (I don't propose to read from them very fully) two cases on somewhat similar lines, relating to Acts passed in 1891-92. In the case of British corporations when they came asking for recognition here, Parliament insisted on having the articles of their association, and the fullest information put within reach of the people of this country.

There has been no reason urged so far in the discussion of this Bill for extending

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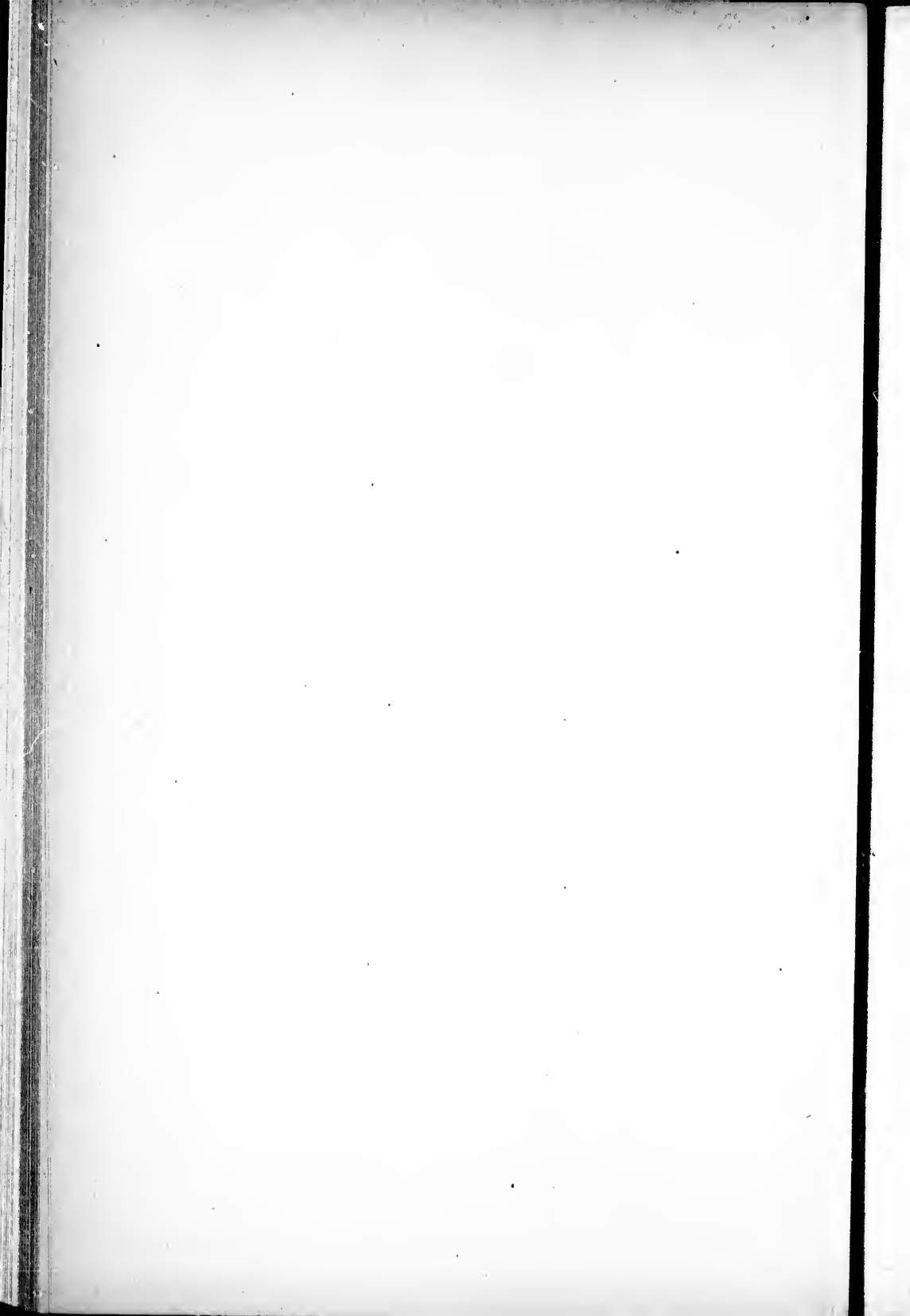
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these special favours and adopting this ex-
 ceptional legislation in favour of this com-
 pany. In order to show the peculiar favour
 extended to this company, I may point out
 that all the books of this foreign corpora-
 tion—not such books as they keep in Can-
 ada and are in this building to be erected, in
 Ottawa—but that in connection with any
 litigation that may arise in our courts, all
 their books are to be made a prima facie
 evidence on the part of that company. It
 seems to me there has not been that care
 given, or that it was intended, not to too
 closely observe these provisions which the
 company was asking from this Parliament.

I am convinced, Mr. Speaker, from all the
 reasons that I have put before the House,
 that the third reading of this Bill should
 not be approved by Parliament under ex-
 isting circumstances. The reason for the
 Bill is one distasteful for me as a Canadian.
 The favours granted to this foreign corpora-
 tion at the expense of our own Canadian
 industries, calls, I think, for our disapproval,
 and the exceptional legislation that is pro-
 posed—even if the company had merit out-
 side of that—is contrary to the practice of
 this Parliament, and is establishing a dan-
 gerous precedent in connection with private
 Bill legislation.



British American Bank Note Co.

ENGRAVERS AND PRINTERS,

OTTAWA AND MONTREAL.

INCORPORATED 1866.

CAPITAL, \$200,000.

The Company have much pleasure in thanking their friends and customers for the patronage extended to them during the past **35 YEARS**, and beg to state that their business will be carried on with renewed vigour and energy for the future.

BANK NOTES,
CERTIFICATES OF STOCK,
DEBENTURES, BONDS,
BILLS OF EXCHANGE,
AND HIGH-CLASS COMMERCIAL WORK
AT GREATLY REDUCED PRICES,
IN BEST QUALITY OF STEEL PLATE WORK.

Please send for SAMPLES and TERMS before ordering elsewhere.

ALL ORDERS PROMPTLY ATTENDED TO.

No. 68.

2nd Session, 8th Parliament, 60 Victoria, 1897

BILL.

An Act respecting the American Bank
Note Company.

*(Reprinted as amended and reported by the
Miscellaneous Private Bills Committee.)*

(PRIVATE BILL.)

MR. BELCOURT.

OTTAWA

Printed by S. E. DAWSON
Printer to the Queen's most Excellent Majesty
1897

An Act respecting the American Bank Note Company.

(Reprinted as amended and reported by the *Miscellaneous Private Bills Committee.*)

WHEREAS the American Bank Note Company has, by its petition, represented that it is incorporated under the general laws of the State of New York, one of the United States, and that it is desirous of establishing offices and works at the city of Ottawa, Ontario, for the purposes hereinafter mentioned; and whereas, the said company desires to have its organization and corporate powers recognized and confirmed by the Parliament of Canada, so far as is necessary to carry out this Act, and also to have the powers hereinafter mentioned, and has prayed for the passing of an Act for the purposes aforesaid, and it is expedient to grant the prayer of the said petition: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Preamble.

15 **1.** The American Bank Note Company, hereinafter called
 “the Company,” is hereby invested with, and shall be entitled
 to all the powers, privileges and rights, as a corporation,
 necessary for the purpose of carrying on, in the city of Ottawa,
 Ontario, and elsewhere in Canada, a general engraving, print-
 20 ing and lithographic business in all its departments, and of
 manufacturing such machinery as is required for its own use,
 and also of acquiring and holding such real and personal prop-
 erty as is from time to time required for the convenient and
 proper carrying on of its business: Provided that when any
 25 such property is no longer required for the said purposes,
 the Company shall forthwith sell and dispose thereof.

Incorporation.

Power to hold real estate,

Proviso.

2. The service of any process or notice upon the chief officer or manager of the Company in Canada, at any office where it carries on business in Canada, or upon the person then in
 30 charge of such office, shall be good service upon the Company.

Service of process on Company.

3. All books of the Company kept by the officer specially charged with that duty shall be *prima facie* evidence of all facts purporting to be therein stated, in any suit or proceeding against the Company or against any shareholder thereof.

Company's books to be evidence.

