

Mr. BROWN: They get quite a few.

Mr. STORK: A dozen?

Mr. BROWN: It will vary in different sections of the country, depending on the timber limits.

Mr. STORK: Would it be nearer to say half a dozen?

Mr. BROWN: In some sections of the country you would get six or eight bids.

Mr. STORK: Is there reasonable competition in all of these contracts?

Mr. BROWN: I think there is.

The WITNESS: And furthermore, in all of these bids, if there is evidence of collusion or evidence of some combination to force up the price of ties or anything else, we have rejected all bids and have gone direct and negotiated with the contractors. For instance, just as a little illustration of that, a year ago when we bought a lot of freight car equipment, we felt that the price which was asked by the various car manufacturing companies was excessive, and we did not feel that we could stand it.

*By Mr. Stork:*

Q. You bought them in the United States?—A. No, we did not. So we said to these various contractors—there were three—“Here, we do not like your price, it is too high. We have divided up this order amongst you in a manner satisfactory to the three of you, and we will buy on the basis of cost plus 10 per cent” and they accepted that proposition. In the final analysis the price we paid per car was materially less than the original bids of these car companies.

Q. Did they let your auditors go right into their plants?—A. Yes, we examined their books, and when it was done they were well satisfied and so were we. I merely mention that to illustrate that when we feel that the price demanded for any particular thing we are buying is excessive, we have to negotiate or try to take some steps to get it at a reasonable price.

Q. You say there is an old contract with the G.T.R. which has not expired. I am just curious to see whether there are any other old contracts of the old constituent companies that have not expired.—A. No. With the expiration of this contract this year, all the old tie contracts will have disappeared.

*By Mr. Stewart:*

Q. Would these contractors be supplying new ties at the price prevailing five years ago?—A. This Grand Trunk contract was a peculiar contract. It may have been to the advantage of the company, I will not say, but the price for the ties was fixed, as I remember it, by an understanding between the contractor and the company. I do not think there was any definite price put down, and it varied from year to year. (To Mr. Brown) Is that right?

Mr. BROWN: That is my impression, yes. I think I have last year's figures on that contract.

The WITNESS: (To Mr. Brown) Have you anything that shows the price per tie paid under that contract last year?

Mr. BROWN: Yes, I have the one in the State of Illinois, about half a million ties, at \$1.15. They were oak ties.

The WITNESS: That is a different position again. These were white oak ties bought in the United States, and just roughly I should say that \$1.15 was not excessive for a white oak tie in the United States, although it would be an excessive price to pay for a tie in Canada.