

Munroe Commission firm?—A. I am giving him the price that was quoted to me for the paper, the envelopes and the printing.

Q. You gave him the price that Mr. Davidson had quoted you?—A. Yes, and he told me that was a close price.

Q. You did not ask the Barber & Ellis Company what they would do it for?—A. No; I knew the Printing Bureau had paid them \$1.40 for a lighter envelope, and we paid the Printing Bureau \$1.70 per thousand.

Q. You did not ask the Barber & Ellis Co., Brown Bros., or any of the Toronto firms what they would do that work for? You did not take the trouble to ask the Barber & Ellis Co. what they would do it for?—A. I could not do that.

Q. Why?—A. Because I had already entered into an arrangement with the Munroe Commission Company.

Q. Precisely. You had made a binding arrangement with the Munroe Commission Company for larger prices?—A. Yes.

Q. You say now they have never asked for the money on those prices?—A. We did exactly what they asked us to do. We carried out their wishes and sent it to the Barber & Ellis people.

By Mr. Carvell:

Q. Did you know, prior to making this contract with the Munroe Commission Company, that the Barber & Ellis Company were willing to supply these goods at the lower prices at which they afterwards said they would do it for?—A. No, I did not think so. It would be very unreasonable for them to do so.

Q. Why?—A. Because the manufacturer must protect the middleman or the trade. If he sells direct to persons outside the trade at cheaper prices than he will sell to the trade the trade will discontinue dealing with him altogether.

Q. Is the Rolland Paper Company as large a producer of paper and envelopes as the Barber & Ellis Company?—A. The Barber & Ellis Company have to buy their paper from the Rolland Company.

Q. Then the Rolland Company would be much the larger of the two?—A. Much the larger.

Q. And would be in a position to furnish those envelopes cheaper than the Barber & Ellis Company could?—A. At a much closer price.

Q. And the prices you paid to the Munroe Commission Company were the prices of the Rolland Company?—A. Yes.

Q. Have you ever had experience in purchasing stationery prior to your present employment with the Transcontinental Railway Commission?—A. No, sir, the government had a stationery agent when I was in the Public Works Department; they were buying it through the Printing Bureau.

Q. After you became the purchasing agent of the Transcontinental Railway did you take any means to ascertain what would be a fair price to pay for envelopes or stationery of any kind?—A. Yes, I did. I got samples of the different kinds of paper made, with the prices, and I studied the weights and the prices, and also informed myself as to the number of envelopes that could be made out of the different sized sheets of paper, as to the cost of manufacturing the envelopes and other particulars of that kind, so that at any time when an order came in I could figure out the cost as well as the manufacturer.

Q. From what sources did you get this information?—A. From the Rolland Paper Company and the Printing Bureau.

Q. And from your investigation with the Rolland Paper Company and the Printing Bureau, what did you find would be a fair price for these goods that you purchased?—A. About \$1.95 would be a fair price, and we only allowed \$1.75.

By Mr. Fowler:

Q. And yet the Barber & Ellis Company would supply them at \$1.25?—A. Yes, and lost money.