

*By Mr. McLean:*

Q. That is only to the warehouse?—A. It does not include the freight from the branch, say at Winnipeg, to the farmer.

*By Mr. Senn:*

Q. I notice that all through this galley 3, Mr. Macdonald, that when the American company sells their goods to a subsidiary company it is called a distributing company?—A. Yes.

Q. Can you tell me whether they sell them all in that way or not?—A. As I understand it, I have not gone into the thing very thoroughly,—this evidence was given last June, you remember that?

Q. I remember that?—A. —and the company they distributed through in the period about which we are talking of here is called the International Harvester Company of America. As I understand it that company performs the selling function all across the United States.

Q. They sell all the goods you say?—A. So I believe, yes. They act as a jobbing company.

Q. As I recall the evidence given before the Price Spreads Commission I thought that as well as selling this way they also sold to jobbers in the United States?—A. Only in one place, Mr. Senn, and that is down in Texas where they sell through jobbers.

Q. Can you tell us if their price to the jobber there is the same as the invoice price to their selling company?—A. I could not tell you that definitely.

Mr. GRAHAM: You will remember that Mr. Morrison when he was here gave us the 17·5 per cent basis; the 5 per cent was based on the position in Texas or in the unorganized territory. The 17·5 per cent would be the dealers, what that Texas distributor was getting would not be as much as 25 per cent—

*By Mr. Senn:*

Q. What I wanted to get at was that this price to the dealer and his invoice to the Canadian company—we find that it is somewhat higher than the invoice even to their small distributor?—A. That is correct.

Q. Is it not a fact that the price to the dealer and the invoice to the Canadian company is both somewhat above the invoice price to the jobbing company in Texas?

Mr. GRAHAM: If I might answer that; that 5 per cent is added to what the Canadian company pays in order to cover that territorial rate clause that used to be in there.

Mr. SENN: It is added to what the Canadian company pays.

Mr. GRAHAM: Yes. The Canadian company pays 5 per cent added to the 17·5 per cent; it is added to what the Texas jobber pays.

Mr. SENN: Do I get you right, that they charge the Canadian company 5 per cent more than the Texas outfit?

Mr. GRAHAM: The Texas distributor gets 17·5 per cent off dealers' lists. When it comes to the Canadian company its position is that they get that 17·5 per cent but the Department of National Revenue figured that that territorial rate of 5 per cent came off that and that makes it 13·375 per cent. According to that the Texas jobber would get 17·5 per cent and the Canadian distributor 13·375 per cent, and the differential would be the difference.

*By Mr. Thorson:*

Q. Did the selling subsidiary of the Harvester Company invoice all its goods to the Canadian company at this higher figure, including trucks as well as farm implements?—A. I have made no inquiry into the method of handling trucks because I did not think it came within the purview of this inquiry, but that could be done when the Harvester Company are here.

[Mr. Walter Macdonald.]