

Mr. RYAN: I do not think it is fair to ask you to do anything that is unreasonable. It is not altogether a question of economy. I think you ought to enlarge it a little bit and put your purchases on a little fairer basis so far as your purchases in the province of New Brunswick are concerned.

Mr. VAUGHAN: We are buying about 130,000 tons in the province of New Brunswick. A few years ago we did not buy more than 20,000 or 30,000 tons. We have been greatly increasing that tonnage. We think we have been treating the mines of New Brunswick remarkably well. We cannot use a larger tonnage in New Brunswick without costing us money.

Mr. HEAPS: Do you want them to buy coal in competition rather than New Brunswick?

Mr. RYAN: That is a matter of policy for the railways to decide. That is not a matter for me to decide.

Mr. HEAPS: We do not buy on a competitive basis now. I think in other years this matter has been threshed out thoroughly in this committee, and we at one time thought if coal was bought on a competitive basis in the open market that there would be an enormous saving to the railways.

Mr. KINLEY: By buying American coal.

Mr. HEAPS: On a competitive basis.

Mr. KINLEY: By buying American coal.

Mr. RYAN: I hope you accept my views in the spirit in which they are given.

Mr. VAUGHAN: Yes, I would appreciate your position.

Mr. RYAN: The matter is brought to my attention time and time again, and I have been urged to bring it to your attention.

Mr. VAUGHAN: Quite so.

The ACTING CHAIRMAN: Are there any other questions?

Mr. VIEN: You have spoken, Mr. Vaughan, about mines owned by the railway system? Where are they located?

Mr. VAUGHAN: They are located in the state of Ohio, just across the river from West Virginia.

Mr. VIEN: These are the only mines you own?

Mr. VAUGHAN: These are the only mines we own.

Mr. VIEN: Are they being operated as a separate corporate entity?

Mr. VAUGHAN: They are operated by the Rail and River Coal Company, the stock of which is entirely owned by us.

Mr. McLAREN: Mr. Hanson asked a question yesterday in reference to the increase in public improvements, maintenance of way account. This increase was brought about by the fact that on January 1, 1936, we changed our method of distribution. Prior to that date some of these expenses were distributed to other primary accounts; but effective January 1, 1936, all the public improvement maintenance expense was changed to this account. The only breakdown I am able to give you at the moment is that these expenses for 1936 are divided as follows: Atlantic region, \$23,000; Central region, \$84,000; Western region, \$45,000; United States lines, \$83,000. This amount involves possibly two to three thousand accounts. Another question was asked in regard to the method of placing insurance. The company maintains a list of insurance brokers who desire to bid for outside insurance. When insurance is required the brokers handling this particular kind of risk are invited to submit their offers, and we invariably accept the lowest tender.

Mr. HEAPS: Have you much outside insurance?

Mr. McLAREN: Not very much.