

Sir HENRY DRAYTON: Yes.

Mr. STEWART: In that connection, the other day I was reading a report by an engineer of high repute, in which he made a criticism of the Canadian National, right along that line. He said it was too highly organized and that the handling of these smaller branch lines in the traffic did not justify the full complement of train crew and so on. What have you to say to that?

Sir HENRY THORNTON: It depends what he means by organization. If he means the organization of the train or of the train crew, undoubtedly he is right. If we run a passenger train over an unproductive branch, with a combination car a day coach or something like that, under the working arrangement we have with the labour organization, we have to have a driver, a fireman, a conductor and a couple of brakemen, and it is not justified, but we have not succeeded, and that applies to every railway on the North American Continent. Nobody has found any way to get around it. When we put on a gasoline car, that is not within the scope of the trades union or the organization. You might equip it with perhaps a driver, a conductor or you might have just a driver alone. He is quite correct. If that was the character of the criticism I think he is right.

Mr. STEWART: I think the text of the criticism also led me to believe that his criticism was that the organization had too much on its hands, in a big way, to pay the necessary attention to details, to handle the smaller proposition.

Sir HENRY THORNTON: I might say his criticism was incorrect in that respect. In fact, if there was any criticism, it has been that we had too many officers rather than too few but our answer to that would be that the general superintendents and superintendents have quite enough time to give any aspect of the company's business that attention that it deserves, and we are leaving nothing undone to develop business on the branch lines, because obviously the more business we can get the more money we can make. If we can build up our gross earnings, take for instance one of the months last autumn our gross earnings were \$25,000,000 and we earned \$5,000,000 net. Now, any month that we can get \$25,000,000 gross we can earn \$5,000,000 net. That is all there is to it. It is simple; so that our problem is building up our business on our bigger lines to support the large mileage which we have got, and the moment that our gross reaches a certain point we can make money.

The CHAIRMAN: If you cut down expenses that would have the same net result?

Sir HENRY THORNTON: You cannot cut down expenses beyond a certain point. Of course, expenses do fluctuate more or less with the bulk of business but there eventually comes a point below which you cannot go. For instance you have to have a section foreman and one man along the track. You cannot take all of your men off. If you have a station you have to have a station agent there or a clerk to look after the company's business, whether you do \$100 worth of business or \$5,000 worth, but there comes a point below which you cannot get rid of expenses. Our chief and only problem is the business of gross earnings. That is practically all there is to it.

Mr. MILNE: In the development of the gasoline car I am somewhat interested. As I understand it you have an engineering and research department.

Sir HENRY THORNTON: Yes.

Mr. MILNE: Do you attempt to design cars in those departments?

Sir HENRY THORNTON: No.

Mr. MILNE: It seems to me in an organization like this you must have a bunch of engineers and very many of them would be capable of designing something like that. A practical man would have a better opportunity of working something out rather than waiting for the engine company to develop something.