

in the United States, in a Presidential year, business marks time until they can foresee with some degree of clarity what the policy of the government, as it affects industrial activities, may be. In addition to that there seems to have been some over-production in the automobile business, and of course that affects us particularly, because our most profitable American mileage is that mileage which serves Michigan and northern Indiana and Chicago. The towns of Detroit, Pontiac, Lansing, and South Bend, Indiana—at which point are located the Studebaker works—are points where a large number of automobiles are produced annually. The Ford plants at Detroit, when running full, have a capacity of about 7,000 cars a day. Now, I think it is about perhaps half that, but there has been a distinct slackening in the automobile trade throughout Michigan. Just how much of that is due to the Presidential year, and political conditions, and how much of it may be due to over-production, it is difficult to say, but it is showing signs of recovery, and the advice which we now have is that most of the automobile factories from whom we derive a large proportion of our business will be running full time about the first of the month, and the car loadings are showing considerable improvement. Any slackening of business or business depreciation in the United States, of course, affects our gross earnings materially, because we have a large amount of mileage in the United States which is ordinarily very productive.

*By the Chairman:*

Q. Would you say it is more productive, generally speaking, than the part in Canada?—A. It is very profitable, there is no question about that. It is a more lucrative mileage.

*By Hon. Mr. Graham:*

Q. Of course they have a greater density of population, over there.—A. Yes, of course. There has also been a hesitation, perhaps I can put it no higher than that, on the part of the manufacturing institutions in Canada, particularly in the province of Ontario. Just what that is due to I am not prepared to say, but there has been a distinct reduction in our loadings for manufactured products in the province of Ontario, and practically, of all our reductions in gross earnings, by far the larger proportion of it has occurred in what is called the central region, the region which serves the province of Quebec, the province of Ontario, and Michigan. On the other hand, business in the western region has shown a material improvement, and there was about three times as much grain in the West to be moved out before the new harvest comes in than was the position a year ago. So, as far as the transportation business is concerned, we have been in better shape in the West than in previous years, and proportionately in better shape than in Ontario and Quebec and other parts of the country.

Q. May I ask if you care to give an opinion as to whether the maintenance and operation of those parts of the National system in the United States are of vital importance to the success of the whole system?—A. There may be some questions which you would like to ask and upon which you would like a frank opinion. I think those questions could be better answered if you went into executive session.

Q. I thought you would not have much difficulty in answering that, because my own opinion is that they are of vital importance.—A. I do not want to say publicly that they are of vital importance, but I should say they are a very material factor in our earning capacity. It would be with the greatest reluctance that I would say anything which might result in our losing that traffic, because you have to remember that not only do these lines in themselves produce considerable traffic, but the Grand Trunk Western reaches the very