

page 4, "subsequently and concurrently with the decline." Now, at the beginning of the paragraph, "operating revenues": "The decline in general business activity in the latter part of 1937 . . . continued throughout the latter part of 1938", and yet we did not get this 25 per cent reduction in the maintenance and equipment forces put into effect until well on in 1938—"subsequently and concurrently."

Mr. HUNGERFORD: That is quite true, Mr. Walsh. That was in pursuance of the policy that was decided upon to place a larger number of locomotives and cars in serviceable condition. That program was carried through the year 1937 and it was continued for the first three or four months of 1938.

Mr. WALSH: Then you have put into effect a 25 per cent decrease in 1938, but not soon enough to help out the situation as far as operating losses were concerned?

Mr. HUNGERFORD: As I said before, we were pursuing a program designed and intended to place more locomotives and cars in serviceable condition. That program was begun at the beginning of 1937, and during that period of time, on account of the restoration of the wage rate, the average wage was working up; that was one factor in getting the work done before the full restoration was in effect, and that would mean that we should get the work done at a slightly less cost. But over and above that it was that we did not have nearly as many cars and locomotives in serviceable condition as we should have had to take care of future requirements.

Mr. WALSH: You have now, is that right?

Mr. HUNGERFORD: Yes.

Mr. WALSH: And the paragraph at the top of page 5: "While maintenance and extensions have been kept to a minimum, the property and equipment is in good condition having regard to the volume of business to be handled". That is the volume of business at present, and what you might anticipate in the near future?

Mr. HUNGERFORD: As far as one can anticipate, that is the condition.

Mr. WALSH: Then, in connection with the hotels, there is an increase of \$25,927 in the operating income. If I remember rightly I filed a question that might have answered these things that I wanted to get; what was the average rate of return on hotel investments for this past year? Have you got that?

Mr. HUNGERFORD: I will see, Mr. Walsh.

Mr. FAIRWEATHER: We have here a tabulation, I think, Mr. Walsh, that answers your question.

Mr. WALSH: It is all there?

Mr. FAIRWEATHER: Yes.

Mr. WALSH: I can figure it out from that.

The CHAIRMAN: Just a moment, Mr. Walsh, do you want this read into the record? I think it would be advisable.

Mr. WALSH: I asked the question at the first meeting.

The CHAIRMAN: It might be as well to have it read into the record.

Mr. FAIRWEATHER: It is quite a long statement.

The CHAIRMAN: We will have it taken as read and it will be published in the record.