

Mr. FAIRWEATHER: A traffic unit in this analysis consists of a revenue ton mile, and a passenger mile; that is, the combination of the two.

Sir HENRY THORNTON: A passenger mile and a revenue ton mile.

Mr. FAIRWEATHER: That is the traffic the railway handles. Now, I find that in the year 1929 the expenditures of the Canadian National per thousand traffic units was 35 cents on traffic account; the expenditures of the Canadian Pacific Railway was 55 cents; the Atchison, Topeka and Santa Fe was 31 cents; the Northern Pacific was 36 cents, and all class 1 roads of the United States 24 cents.

Hon. Mr. EULER: Is it not a fair statement to make that it is due to the fact that you are in a competitive business?

Sir HENRY THORNTON: Yes, that is true. It has to be remembered that the success of every railway enterprise as well as any other enterprise which has for its object the sale of a commodity to the public, depends upon how much of that commodity one can sell. If you happen to be a doctor or lawyer or manufacturing soap, or if you are running a railway, the success of the individual and the success of the enterprise depends upon how much business can be obtained. The officers of a railway company, for instance, are entitled to no particular credit for skill in moving a ton of freight from A to B; that is what they are supposed to do; but the real skill, the real genius of the whole operation, and the profit to the enterprise depends upon how much of your product you can sell, and the success and profit to the industry will follow that degree of successful salesmanship that the enterprise is able to exercise.

Mr. HACKETT: How much was spent in this connection in 1922, or in 1923, if you cannot get 1922?

Sir HENRY THORNTON: It will unquestionably be less than we are spending now.

Mr. HACKETT: I want to know how much.

Mr. McLAREN: May I make this statement, which I think possibly will assist the situation. Our 1929 expenses include a credit of \$188,000 that we have received for services performed by our traffic department for the Detroit & Toledo Shore Line Railway.

Mr. HANBURY: In connection with the eastern lines only?

Mr. McLAREN: A portion of it, and that \$188,000, of course, naturally, does not reflect itself again in 1930. The increase in the account is \$215,000, and a return of \$188,000 would practically leave an increase of \$27,000, this is made up of an increase in cost of tariffs of \$34,000.

Mr. HACKETT: My recollection is the expenditures for this item since 1923—I am now speaking of the Canadian National system—has increased each succeeding year.

Sir HENRY THORNTON: There is no question about it.

Mr. HACKETT: Have you more advertising, or what makes the increase?

Sir HENRY THORNTON: I would not say what it would be, without examining the figures. It is undoubtedly somewhat higher, and it was done deliberately. It was done for the purpose of—

Hon. Mr. EULER: You wanted to get more business?

Sir HENRY THORNTON: It was done for the purpose of establishing the railway in the minds of the people of the North American Continent who would use that railway and for the purpose of pursuing a much more aggressive policy than existed in years gone by. It all comes down to one thing; that the success of the railway depends upon its salesmanship and salesmanship involves not only good service, but involves all of the operations of the railway.