

Mr. COOPER: 1933 was the year in which the gross revenues were the lowest; they were down to \$148,000,000. In 1941 they were more than twice the gross revenue of 1933.

Mr. HANSON: What was the deficit that year?

Mr. COOPER: The operating net revenue was \$5,000,000. After interest the deficit was \$58,955,000. That compares with the figure of \$4,000,000 surplus in 1941. As regards final deficit, however, 1931 was the worst. In 1931 the deficit was \$60,900,000. That was the worst year from the point of view of total deficit. We are about \$65,000,000 better in the final result in 1941 as compared with 1931.

Mr. SANDERSON: Much better.

Mr. HAZEN: In how many years have you had a cash surplus?

Mr. COOPER: After paying interest?

Mr. HANSON: Yes.

Mr. COOPER: In 1926 we had a surplus of \$1,500,000. In 1928 we had a surplus of \$3,500,000.

The CHAIRMAN: After paying all charges?

Mr. LOCKHART: I should like to refer to the operating expenses in relation to the operating revenues. It costs \$35,000,000 more to obtain an increase of \$56,000,000. Does that seem to be satisfactory to the railway?

Mr. VAUGHAN: We think it is. That is mentioned, I think, at the top of page 5. We go into that in a little more detail.

The CHAIRMAN: I think perhaps you ought to mark these places and come back to them a little later on.

Mr. VAUGHAN: It shows that out of every additional dollar earned, we saved 49 cents.

Mr. JACKMAN: In regard to that operating ratio of 78·12 per cent, I notice the C.P.R. operating ratio for last year, before taxes, was 71·65 per cent. Are there any taxes that they include in figuring their ratio that you have to pay or are these simply corporation taxes?

Mr. VAUGHAN: I could not answer that. We come back to the old question of standardized accounting and we do not know just how they keep their accounts. I do not mean to say for one minute they do not keep them correctly; I am sure they do, but they are not entirely on the same basis as ours.

Mr. JACKMAN: How are members of the committee going to make a comparison with that which should be readily comparable?

Mr. VAUGHAN: Put the C.P.R. under your jurisdiction and bring them here.

Mr. JACKMAN: I think business men generally feel the operating ratio of the Canadian Pacific Railway is, according to their figures, which I believe are generally acceptable, somewhat better than that of the C.N.R.

Mr. VAUGHAN: They did not save as much of the additional earnings as we did.

Mr. JACKMAN: No; I realize that may be so, but theoretically to start with they could not be expected to save as much.

Mr. VAUGHAN: It is very difficult for us to answer in connection with the C.P.R.; we do not know. They have a lot of advantages that we have not. We operate much more unprofitable mileage in unsettled districts than they do and our traffic density is not as great as theirs, and in the final analysis our fixed charges are nearly double theirs.

Mr. JACKMAN: You do not include fixed charges in the final analysis—in the operating revenue, of course.

Mr. VAUGHAN: No.