

Mr. FRASER: May I ask just one general question? Take the item of traffic. It shows an increase of \$54,917. Why is it that that item consistently shows an increase?

Sir HENRY THORNTON: You mean, generally speaking?

Mr. FRASER: Yes, an increase, as I understand it, in expenditure.

Sir HENRY THORNTON: Yes.

Mr. FRASER: Increased expenditure. Why is it that that one item has an increase in expenditures throughout the year in comparison with other items which are decreased? What does it mean? Generally speaking, I would like to know this—it may seem a silly question to you—what does the item mean?

Sir HENRY THORNTON: I will ask Mr. Fairweather. The question is asked what character of expenses is included in traffic expenditures. Can you answer that question?

Mr. McLAREN: The classification of expenditures quoted under the caption of traffic is superintendence, outside agencies, advertising, radio, traffic associations, industrial bureaus, agriculture and natural resources, insurance, stationery and printing, and other expenses.

Sir HENRY THORNTON: That is the kind of thing that is included under what is generally known as traffic expenses.

Mr. FRASER: Let me ask you this, if I can clarify my question for you. Is the reason for the increase in that item because when a period of depression comes along you are unable to reduce your expenses in that connection?

Sir HENRY THORNTON: Partly that, and partly due to the fact that in a period of depression your solicitation—in other words, the effort to secure traffic becomes accentuated.

Mr. FRASER: You are working harder to try to get traffic?

Sir HENRY THORNTON: Trying to get more business, spending more money to try to get business.

Hon. Mr. Euler: By more advertising, that is what you mean?

Sir HENRY THORNTON: I have known, in years gone by, on American railways where traffic solicitation was very largely reduced, because the railways were unable to handle the business that was presented to them and there was therefore no incentive to go after it. They were suffering from car shortages and congestion of traffic; but the usual expression of depression in times of depression in so far as traffic expenses are concerned, is to increase expenses to try to get more traffic in order to make up for the loss.

Mr. HACKETT: Is it not a fact, Sir Henry, in each succeeding year from 1923 on this amount has grown?

Sir HENRY THORNTON: Yes, I think probably that is true, but I would just ask—

Mr. HACKETT: So, this increase is not entirely due to depression because they grew in the years of abundant prosperity.

Sir HENRY THORNTON: Well, now, Mr. Fairweather has some figures that will interest you in comparing our figures with other railways.

Hon. Mr. Euler: Is it not right here?

Sir HENRY THORNTON: Some of it is in there.

Mr. Fairweather: I have made an analysis of these items, traffic expenditures, in relation to what those traffic expenditures are supposed to be incurred for; that is, the obtaining of traffic, and I have expressed them in traffic units, the expenditures per thousand traffic units which would represent the measure of the freight and passenger business quoted.

Sir HENRY THORNTON: What do you mean by a "traffic unit"?