

HON. MR. BENNETT: Quite so; some of your cars are very good cars.

The CHAIRMAN: Item 106—"Mail"—\$3,688,356.86, as compared with \$3,693,646.75.

SIR HENRY THORNTON: I have just explained that.

The CHAIRMAN: Item 107 "Express"—\$13,954,167.88, as compared with \$13,504,380.15.

SIR HENRY THORNTON: That is an increase of \$450,000, roughly, and represents increased traffic.

HON. MR. BENNETT: Where do you charge your equipment for express?

MR. COOPER: The upkeep of the cars?

HON. MR. BENNETT: No, you have your express cars; they are built, and whatever ordinary appropriations you have for equipment—do you segregate the business of the express with respect to the items of the cost of cars and all that sort of thing from the other accounts?

MR. COOPER: No, I do not think so; it would go into passenger train cars.

HON. MR. BENNETT: That is what I want to make clear, because the item of what you get out of express shows you got more money out of it, and it formerly was a very profitable business. I do not know whether it is now or not, or has been in recent years.

MR. MILNE: The express business is profitable?

SIR HENRY THORNTON: Oh, yes.

HON. MR. BENNETT: One of the most profitable businesses in the world.

MR. HENRY: Is it the cost of operation to which you are referring, Mr. Bennett?

HON. MR. BENNETT: No. I do not want to take up too much of the committee's time, but you have your express cars and express revenue. What I had in mind was whether or not you charged the construction of each car separately or in the general equipment.

MR. HENRY: It is in the general equipment.

The CHAIRMAN: Item 108—"Other Passenger Trains", \$29,592.66 as compared with \$125,183.91.

SIR HENRY THORNTON: That is a decrease of about \$100,000. The contract with the Pullman company calls for a division with the railway of Pullman car earnings in excess of \$7,500 per car per annum. In the 1925 account, it included \$28,901 for the year to June 30, 1925; the 1926 account included a charge of \$130,000 due to the new arrangement with the Pullman company under which the \$7,500 per car was raised to \$9,000, and the arrangement was made retroactive for the three years to June, 1923, 1924 and 1925. In 1916 the contract between the Grand Trunk Railway and the Pullman Company set out and provided for an arrangement whereby the railroad would receive fifty per cent of all gross earnings in excess of \$7,500 per Pullman car per annum; in 1920 the Pullman Company represented that owing to post-war conditions the \$7,500 per car year earnings was not sufficient to meet their expenses and asked that the car earnings per annum, before participation by the railways, be increased from \$7,500 to \$9,000. This was agreed to by the company on June 18, 1926. I may say that that also was the general policy adopted by all the railways represented in the American Railway Association using Pullman cars.

The CHAIRMAN: Item 109 "Milk"—\$781,320.90 as compared with \$753,552.10.

SIR HENRY THORNTON: That represents an increase of about \$27,700 due to increased business, but we shall have trouble with that this year on account of the embargo on milk going into the United States.