

Hon. Mr. HOWE: I do not think you understood the question. He said if the 45-cent rate had gone for the year what would have been the profits of the Post Office Department?

Mr. SYMINGTON: I do not think there would have been any profit to the post office, but if the 45-cent rate applied for the whole year—oh, I see—well, there would have been a larger profit, considerably. I cannot give you the increase, but depending upon T.C.A. results under the contract it automatically is reduced or increased.

Mr. HARRIS: The word "profit" comes in there after you have taken full cognizance of all overhead in regard to the aggregate conduct of the post office facilities.

Hon. Mr. HOWE: What the Post Office Department did was to take all of the 6-cent rate, all of the \$3 rate—

Mr. HARRIS: Don't you think the words "credit balance" would be better.

Mr. SYMINGTON: I have no objection because we are not a profit making concern, but the facts are that on the post office's own method of calculating, whether it be good or bad, they did take 2 cents for their overhead.

Mr. HARRIS: As a matter of fact, it is not profit only, but credit balance?

Mr. SYMINGTON: Well, whatever you care to call it, but from the standpoint of our position under the contract there it is.

Mr. HARRIS: The Post Office Department does not pay any rent for the buildings they are occupying and on the service leading up to the time you took the matter over.

Mr. SYMINGTON: Except this, while it is quite true they do not charge themselves any rent, we contribute \$1,515,000 to whatever ground costs they have; whether that is a right proportion or not I do not know.

Mr. HARRIS: As long as the statement is fair I am satisfied.

Mr. GRAY: Is there any provision in the contract for readjustment of the contract between the Post Office Department and the T.C.A., or must we go on this basis, because eventually you will be working for the post office?

Mr. SYMINGTON: There is a yearly adjustment up or down. If we make a profit as we did last year then the rate for this year will be reduced automatically, taking the costs, the profit, according to the miles we are budgeted to fly. If we had a deficit the rate from the post office is raised.

Mr. GRAY: For the ensuing year?

Mr. SYMINGTON: For the ensuing year. May I point out to the committee at this stage that the reduction from 60 cents to 45 cents from last April was not in accordance with the contract. I may say quite frankly that I protested vigorously against it; I did not see why—we being a company that were trying to run on a business basis—why the contract should be broken in our case rather than in the case of a private concern. But the government felt that under all the circumstances it should be reduced, as we were earning a great deal of money because of the expansion that was taking place. My hope had been that we would be permitted, and it was the scheme of the original contract, to make this line financially safe; that we would be permitted to build up a reserve so that we need never come back to the government for more money.

Mr. GRAY: Hear, hear.

Mr. SYMINGTON: Planes change. This is a rapidly moving industry. The planes we have to-day may be of no use to us at all after the war. I am satisfied they won't be. I had anticipated that by that time the company would have gotten into a position by reason of the contract that we made with the government that we would not have to come back to the government for money. However, the government thought that was the wise thing to do; and we, of