

Mr. JACKMAN: Being a public company the C.N. is not subject to taxation of its surplus. Do you know whether or not this \$35,200,000 the C.P.R. set up was taxed, was tax paid on that or were they allowed to set it up as a deferred maintenance fund without tax?

Mr. COOPER: That is a question, gentlemen, that I would not wish to answer. I do not think I should attempt to answer anything pertaining to the make-up of the accounts of the Canadian Pacific Railway.

Mr. JACKMAN: We are, of course, trying to make comparisons, and it is only fair that we should keep matters of that kind in mind in making our comparisons, particularly where one of these railways is government owned and pays no taxes and where the other one has to pay taxes.

Mr. COOPER: I can only say this, that had the Canadian Pacific been in the United States they would not have been permitted to take as a deduction for tax purposes charges to operating expense to create a maintenance reserve.

The ACTING CHAIRMAN: And similarly the C.N.?

Mr. COOPER: Yes.

The ACTING CHAIRMAN: Are there any other questions on page 6, gentlemen?

Mr. MOORE: Yes. In the last paragraph it says that the wages paid by the C.N.R. increased in 1945 over 1939 by some \$43,000,000. I want to know if there was any difference in the number of employees in 1939 as compared to 1945, and if that accounts for the increase.

Mr. VAUGHAN: We had a great many more employees in 1945 than we had in 1939. Mr. Cooper might explain that for you.

Mr. COOPER: Yes. The amount has nothing to do with additional employees. It is an increase due only to the higher wage rates.

In 1939 we had 78,000 employees. In 1945 we had 105,000 employees, 27,000 more. Now, no portion of the \$43,000,000 is due to the additional number. What we did was to take the 1945 number of hours worked and figure what it would have been had we been paying the 1939 hourly rate, and that deducted from the actual wages paid amounted to \$43,000,000.

The ACTING CHAIRMAN: Shall we take page 7?

Mr. MOORE: I would like to ask one more question, please. I have made several trips across Canada and it seems to me that on both the C.P.R. and C.N.R. that the porters had an extremely difficult job to perform. Have any complaints been made about the working conditions of these men, specially with respect to hours of work? They work very long hours.

Mr. VAUGHAN: Their hours of labour are all covered in the schedule. If they work overtime they get paid for it. We have not had any complaints recently from the men as to conditions.

Mr. WALTON: I think that is the only answer we can make, sir; the hours and the wages and the working conditions are all subject to the wage agreement between the porters and their duly accredited representatives and the railway, just as in the case of other departments of the railways.

Mr. MOORE: They have a union of their own?

Mr. WALTON: Oh, yes.

The ACTING CHAIRMAN: Page 7, gentlemen.

Mr. JACKMAN: In connection with that very arresting charge showing the increase of the various commodities used in one of the railways. I suppose that if we had not taken the 1939 price level, say we had taken the price level for October 1941, the day on which the price fixture came into effect, the line if anything would be steeper, which would seem to indicate the price ceiling,—of course