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the same advantage as if the money were paid earmarked as dividends?—A. I think so. You cannot fancy the domestic relationship between the Dominion Express Company and the Canadian Pacific Railway to be any less intimate than it really is. It is an absolute family affair. There was no money consideration for the stock of \$2,000,000. The explanation made by the company to me is that this money, in so far as there was any money, was used in the financing of the company, the financial operations of the company. It was not used for buying anything; it did not pay for any express property. All the express property and the equipment of the Dominion Express Company and the other express companies too, were bought out of earnings.

Q. The same thing applies to the other companies?—A. Absolutely, except in the case of the Canadian Express Co. The Canadian is a little bit different. The Canadian Express Co. existed in a sort of separate state for some years, and then it was bought by the Grand Trunk for a certain bookkeeping consideration at all events. That does not apply to the others. There is no pretence whatever that they ever needed any capital for their business.

*By Mr. Loggie:*

Q. What is the nominal capital of the Canadian Express Co.?—A. \$1,742,200.

Q. If I recall correctly, there was quite an agitation a few years ago that the express companies were making exceptionally large profits for the capital invested. I think the capital was afterwards increased?—A. No, sir. There has not been any increase of capital. The net earnings were decreased.

*By Mr. McKenzie:*

Q. Are the charges of the express companies uniform in the last few years?—A. No, the charges were slightly reduced by the Railway Commission two years ago. They came into effect in part in 1914, and fully into effect in 1915. Their statement to me as to the effect of these reductions is that they amounted to about five per cent of their gross earnings.

*By Mr. Loggie:*

Q. That would be \$500,000 or \$600,000 every year?—A. If these reductions had not been applied the earnings would have been so much larger.

*By Mr. McKenzie:*

Q. Was there any reason why the C.P.R. and the Canadian Northern Railway could not have taken this business as railways without using these subsidiary companies?—A. Oh, I think it could have been done. I think that they adopted a much more convenient plan by working as a separate organization. If there is a distinction between their general railway business and the express business I see nothing whatever wrong or suggesting criticism in that.

Q. Because the charge for carrying anything by express is so very much greater than it is for carrying the same article in the ordinary way by railway, subject to the ordinary railway rate?—A. Of course, that is the toll which you are supposed to pay for expedition; you get your express matter carried by passenger train as against the slower moving freight train.

Q. But is there any reason why the railway company could not carry on that business, have they not the outfit necessary to do so, and could they not move it with equal expedition, at less expense, by saving the cost of the separate machinery of the express company connected with it?—A. As to that I could not say; I do not know what it would cost; nobody has ever tried the experiment, but I should think it would cost more, that is my impression, to move express matter rapidly, as apart from freight matter, and to do it in connection with the ordinary freight business would, I think, cost more than under the present system of having an express car

Mr. J. L. PAYNE.