

C. N. R. Official Salaries And Expenses Proved Storm Centre At Ottawa

Liberal Members Of House Committee Urg Suppression Of Details Of Expenditures Of Railway Officials.

(By F. C. Mears in Montreal Gazette)

OTTAWA, April 12—Salaries and personal expenses of officials of the Canadian National Railways were the storm centre of Thursday's meeting of the House committee on national railways and shipping which is considering the annual report and estimates of the railway. When Dr. P. M. McGibbon (Conservative, Muskoka), told the committee he had heard it said that all of the total expense bill of nearly \$2,000,000 for officials in the year 1930 may not have been disbursed by these officials, Sir Henry Thornton, President, entered a strong protest.

Most of today's sitting was occupied with disclosure of information obtained by the House committee last year about these salaries and expenses and also gathered by a special committee of the directorate of the road headed by W. A. Boys, K.C., who was present and presented details of information on the past five months operations. Several members became involved in a dispute as to whether or not this detailed information should be made public, the chairman, R. B. Hanson (York-Sunbury) ruling there could be no objection to their disclosure. Three Liberal members of the committee—Hon. W. D. Euler (North Waterloo), Ross W. Gray (West Lambton), and Arthur W. L. Beaubien (Provencher)—strongly opposed it.

At another stage Dr. McGibbon brought up the question of Sir Henry Thornton's salary and emoluments and told the committee that in 1930 it amounted altogether to \$148,000, made in part of \$75,000 salary as president of the Canadian National Railways and its subsidiaries. He also provoked discussion on three extra allowances paid to Sir Henry on account of his heading subsidiary companies. Mr. Boys said this had been investigated and it was decided, and Sir Henry had agreed, that the \$5,000 per annum each for chairmanship of the Central Vermont and the Grand Trunk Western Railways should no longer be paid, but that owing to the fact that the Ontario car ferry, operating between Cobourg and Charlotte, was only partly controlled by the Canadian National the \$5,000 accruing to Sir Henry from that post could not be interfered with.

RESIDENCE PURCHASED

Fur flew, too, when Dr. McGibbon told the committee about information discussed at the private meetings of the committee last session in regard to the action of the railway company purchasing a residence for the president of the road. The figure was mentioned and there was criticism of the company for its action. Then followed another little storm when the chairman, Mr. Hanson brought up the question of the pension system and said that one official had received a pension of \$10,000 per annum after he had been discharged for "incompetence."

Early in the proceedings the chairman (R. B. Hanson, Conservative, York-Sunbury), informed the committee of the completion of a report, dated February 16, 1932, to the Minister of Railways, signed by a committee of the directorate with W. A. Boys, K.C., of Barrie, as chairman, in which they make a return to the House committee on railways and shipping. The chairman asked Mr. Boys to explain this report to the committee. Mr. Boys stated at the outset that two members of the executive, the president, Sir Henry Thornton, and the vice-president, Gerard Ruel, being personally concerned in certain matters, asked to be relieved and did not act. The committee of the directorate dealt with six questions of which disbursements proved the most contentious at today's sitting.

Dr. Peter M. McGibbon (Conservative, Muskoka), stated: "We got from the committee last year for the period of 1930, for meals, hotels, sleeping cars and other outlays a total expenditure of \$1,952,189." Mr. Boys, commenting on this item, read from the report of this sub-committee as follows: "With regard to payments heretofore made for travelling, hotel and other expenses, we are of opinion that there has been some misconception in this connection, but it is in order to mention that we have recently inaugurated a meth-

od of dealing with the same whereby the officers of the company are required to pay their expenses in the first instance and render an account therefor, and reimbursement is not made until the vice-president in charge of finance examines and recommends payment of that account."

Asked by Dr. McGibbon to give the committee an idea of the savings by this method, Mr. Boys said this raised the question so often discussed in Parliament as to the extent that information dealing with matters of the kind should be given to the public. "I have been given to understand that the information which Dr. McGibbon has referred to was given in confidence last year," said Mr. Boys.

Dr. McGibbon: "It was not. I dispute that. It was not given in confidence."

The chairman saw no reason why publicity should not be given to matters concerning the C.N.R. and Dr. McGibbon then moved that the railway officials of Mr. Boys furnish the committee with photostatic copies of the expense accounts of C.N.R. officials for the 12 months just ended. The Muskoka member added that the accounts could only be fudged properly after they were presented to the parliamentary committee and said "it looks to me an enormous bill, almost \$2,000,000 for meals, berths, etc., especially when you consider that the officials travel on passes and have a frank for telegrams."

Sir Henry Thornton: "No officers hold sleeping car passes, they pay their fares on the pullman and sleeping cars and pay for their meals in the dining cars and at all hotels of the company."

Sir Henry at the request of the chairman, explained what had been the previous practice of the company before the Boys sub-committee studied the accounting methods and then said: "A railway is different from a manufacturing plant, in that most of its officers are required to cover considerable distances. The very nature of a railroad necessitates considerable travelling on the part of train masters, superintendents and other officials."

On the suggestion of the Minister of Railways, Hon. Dr. Manion, Dr. McGibbon gave to the commit-

tee the details of the total of nearly \$2,000,000 in expenses of officials as follows: For meals, \$844,000; hotels and lodgings, \$395,396; sleeping cars, \$138,130; railway fares \$10,724; telegrams, \$12,585; other expenses, not detailed, \$566,166, total \$1,952,189. "Almost \$2,000,000 expense accounts," commented Dr. McGibbon, "from a railway that is in red ink from an operating standpoint. That is for the year 1930."

Replying to a question by Frank MacMillan, Conservative, Saskatoon, C. W. Fairweather, a C.N.R. official, stated that the average number of officials involved in this total was about 3,500.

Dr. McGibbon—"We are not disputing the correctness of the account. What I want to know is if this should properly be charged to the C.N.R. or if private individuals should have paid their own?"

Sir Henry Thornton—"You cannot expect, nor is it the practice in the railway world anywhere to expect officers who are travelling on company business to pay their own expenses. As far as I am able to judge the practice followed by the Canadian National is precisely that followed by every railway on the North American continent."

Dr. McGibbon—"It was the practice of charging \$100,000 club dues, wasn't it?"

Sir Henry—"No, the amount was materially less than that."

Mr. Fairweather added that "this figure should not be treated in the light of recurring expense, that the recurring items never amounted to anything like \$100,000."

Asked by the chairman if this practice had been discontinued, Mr. Boys stated: "We have dealt with that ourselves. There was presented to the committee for consideration club dues for this year amounting to \$10,000. We decided that no club dues whatever were going to be paid in the future, except in special cases which were to be brought before the executive committee and passed on by them."

At this stage three Liberal members of the committee, Hon. W. D. Euler (North Waterloo), Ross W. Gray (West Lambton), and Arthur L. Beaubien (Provencher) protested against the proposal to divulge and broadcast details of expenditures by officials of the Canadian National and when Mr. Euler asked Mr. Boys what his personal view of this was, the latter declared: "It is not in the interests of the railway company that these

details should be broadcast throughout Canada."

Sir Henry Thornton then took strong exception to a suggestion previously made by Dr. McGibbon that some of the expense money may not have been disbursed by officials at all. To this Dr. McGibbon retorted: "Quite true, I have heard that disputed."

Sir Henry—"The inference being that the officers were knocking down part of their expense accounts and putting it in their pockets?"

Dr. McGibbon: "Not necessarily. There might have been other accounts charged up. For instance, their family accounts might have been charged up."

DEFENDS OFFICERS

Sir Henry—"I simply want to make this statement, and I am now speaking on behalf of the officers of the company. I have had more than 30 years' experience on various railroads in three different countries, and I can say without hesitation that I know of no railway company which is officered by men who are more honest, more capable, more loyal, more enthusiastic and more moved by patriotic feelings than those employed by the Canadian National Railways."

In his protest against baring details of expenditure by officials of the C.N.R. Mr. Euler said "I submit that we are going farther than we should when we inquire into small, intimate details of the conduct of this railway. It can hardly be in the interests of the railway itself or this committee to delve into little items of expenditure which may be published far and wide and tend to destroy confidence in the National Railways. Everyone of us, whether we are opposed to or in favor of public ownership, certainly does not desire to do anything that would injure the railway, yet that result will assuredly follow if we destroy confidence in it."

Similar views were expressed by Messrs. Gray and Beaubien (Liberals) and when the latter said "Surely these expenses are legitimate, and surely railway officials are entitled to travel in a proper way," Dr. McGibbon interjected "Who is disputing that?"

Mr. Beaubien: "You have had your say, let me have mine."

Dr. McGibbon: "You are misrepresenting the thing."

Sir Henry Thornton concluded his defence of the railway officials by declaring that he must challenge any statement which reflected on their honor and loyalty, and this challenge brought a warm reply from Dr. McGibbon. "I object strongly to your putting words in my mouth," exclaimed Dr. McGibbon. "I did not say that officers

of the company were pursuing any course other than that which was entirely honorable. I said I heard it. I did not say it was true. If I do not see why you are trying to hide behind it."

Sir Henry: "I am not trying to hide behind anything."

Mr. Fairweather, one of the company's officials, told the committee that in 1931 there was a decrease of \$336,000 as compared with 1930, in the gross expenses incurred on travel on the company's business. At this stage Sir Henry Thornton told the committee that "pro-


gressively since the depression appeared in the autumn of 1929 there has been increased pressure on all departments and all officers to economize as much as possible. That system of policy has been progressively pursued, and the spirit of the whole organization is to economize wherever possible."

Dr. McGibbon—"You realize that the people of Canada have to put their hands in their pockets pretty heavily for this road."

When Sir Henry replied that economy was the rule on both the Canadian Pacific and the Canadian National Railways and that many expenditures on which they had embarked would not have been considered had they known this depression was coming, Dr. McGibbon replied: "There is no comparison between the two roads. The Canadian Pacific is paying its way and the Canadian National is in the red in operating."

Sir Henry said that a large percentage of the mileage of the Canadian National was authorized and built partly by private ownership, partly by Government support for the purpose of developing the country. "The settlement and the

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