

Mr. GORDON: That is right, but the economic analysis showed two things: that the economy we get from the operation of a diesel locomotive, plus the economy that we get for buying them in large quantities was considerably more than the overall loss we were suffering through keeping in use what life there was in the steam locomotive. Do you follow me?

Mr. GRILLS: You are sure it was not an empire building scheme?

Mr. GORDON: I am absolutely positive of that. Do not think for one minute that this decision was taken by one man, namely, Donald Gordon. No, no. These decisions were taken after very careful analysis by all the responsible officers and I can produce report after report on the economics of it, which I have studied carefully myself, and which have been studied by other officers whose job it was to do it; and the result was that the policy we followed showed the best results from the standpoint of economics. Mr. Grayston had a great deal to do with the program. I wonder if he would care to add something to what I have said.

Mr. H. C. GRAYSTON (*Vice-President, Transportation and Maintenance*): I think you have covered it very well. You do get to the point in the tail-end of a program like dieselization where there is a residual advantage which makes it very plain that you must complete that program in the shortest possible space of time.

Mr. GRILLS: I can understand that fact, but you had the maintenance service for all these types of locomotives across the country, and I have wondered; I have been asked whether it would not have been practical in one region to use these steam locomotives that were in perfect condition and which had years of service in them, but which apparently were absolutely wasted, in order that you could say that the Canadian National Railway was a completely dieselized railroad.

Mr. GRAYSTON: Well, there is the question of economics as Mr. Gordon has said, and economics showed us what we should do.

Mr. GORDON: Let me give you an example of that.

Mr. CREAGHAN: I was wondering whether there might not be some question of resentment in various regions. I can see that if you dieselized western Canada and left central and eastern Canada behind, there might be some feeling of resentment.

Mr. GORDON: No, that was not a factor. But let me give you two examples. In the first place, you must realize that this was not a sudden program. After all, we have been ten years at it, so that the matter of a year or two, while arguable, is not so important, because after all it has taken us ten years to do it; so it has been a gradual program by any standards.

Mr. GRILLS: The Canadian Pacific Railway did not do it in the same manner.

Mr. GORDON: That is right.

Mr. PASCOE: I would like to come back to this report at page three.

Mr. GORDON: Let me give you an important example on the matter of economics. In the course of this program, as Mr. Grayston will remember, we had a program to buy diesels for the western region by a certain date. But we discovered it as we watched the market that the price of diesel oil and the price of bunker C oil suddenly went very much lower than we had estimated in our economics. Because of that, when we found it out, we learned that the oil burning locomotives in western Canada could match the economics of the diesel. Therefore we stopped that program. I think we held it up for three years.

Mr. GRAYSTON: Yes, for nearly three years.