

Mr. MACDONNELL: I know; and I only ask you to tell us the reason.

Mr. GORDON: I cannot give you a reason at all except that it has always been done that way. Have you any reason for it, Mr. Cooper?

Mr. MACDONNELL: We did not expect you to say that.

Mr. COOPER: The same might be said with respect to all the services of the railway, such as the express and communications departments. If all the interdepartmental activities of the railway were apportioned between departments, it would involve a very great deal of effort to arrive at the final result. If you want to know the results of any separate operation, we can give you the figure; but it is not usual in a system such as ours to have one department charge another with interest or depreciation.

Mr. MACDONNELL: You say it is not usual in a system such as yours to have one department charge another with interest or depreciation; but let us consider the railways in the United States. Do any of them run hotels?

Mr. COOPER: I do not think so, unless, they have separate companies for that purpose.

Mr. MACDONNELL: Would their express departments be treated in the same way, or would they have to carry the load of depreciation?

Mr. COOPER: They do not have express departments such as we have.

Mr. GORDON: This is a consolidated balance sheet; and when you have a company which is a consolidation of a lot of other companies, they usually wash out their interdepartmental entries as being meaningless. It is the net effect that gets into the balance sheet; and most accountants wash out their interdepartmental entries; and it is the totals which go into the consolidated balance sheet, which this is. It does not cover the Canadian National Railways. It covers the Canadian National System and it includes from 130 to 150 different units of departments of companies and so forth and it washes out any interdepartmental entries.

The CHAIRMAN: Would this answer your question? Mr. Cooper has said that he has the information available; and if he would give you the actual detailed information, let us say, with respect to the Chateau Laurier Hotel, would it answer your question, Mr. Macdonnell?

Mr. MACDONNELL: I do not want to labour the point and take up the time of the committee; but I would like to make this observation: first of all, this seems to me to be different from a good many other aspects of railway work because it seems to me it is not necessarily a railway activity; it is one which can be isolated. I do think—and I feel very confident about this—that in any private business they would want to have that before them constantly; they would want to have the exact results before them. I happen to live in a Canadian National Railways hotel and I do not want them to raise their rates; but it seems to me very desirable that the railway should not feel that it has an operating income of \$588,000 when it probably has a deficit. That is all. I asked Mr. Gordon why it was done that way, and he said that it has always been done that way. I wonder if when Mr. Gordon comes here next year he would tell us if he has considered it on its merits and feels that it is either a good thing or a bad thing; in other words, not tell us merely that it has always been done that way.

Mr. GORDON: I will justify it or I will tell you that I have changed it.

Mr. FULTON: What is the practice of the Canadian Pacific Railway with respect to their hotels? Is there any indication of their practice to be drawn from their annual report?

Mr. COOPER: The Canadian Pacific would not charge their hotel department with interest on their investment in hotels.