

locomotive, the cost of doing that is charged to our operating expenses, but the yield that they get from it, though we sell the metal and sell the salvage of various kinds, is credited to the depreciation revenue and our current year's expenses do not get any benefit at all. I discovered some years ago that our operating people—and we are after them all the time, asking why they are not making some money—have an awful lot of equipment around the rail-ways which was being allowed to lie and rust and deteriorate, because the various divisional superintendents would say: "Why should I tear down a water tower and do this and that when the demolition is charged to me and I get nothing for the scrap?" However, that was shortsighted, because we were giving up an opportunity of producing saleable scrap which, if we let it alone for several years, may be worth nothing. Therefore, I went along with Mr. Toole and said: "Now, if you must be so pure, we will all be pure and do it in the right way, and we will sell the scrap and get the money." The end result of it—and here is the irony of it—was that because we are doing it in this legitimate way, it will be successor managements of the C.N.R. who will get the benefit; I am getting it right in the neck so far as my operating expenses are concerned.

Mr. HORNER (*Acadia*): I have a supplementary question. I wonder if we could have some of the amounts charged off for depreciation for the years previous to 1956?

Mr. GORDON: Yes it appears in our annual report for each year, if they are available.

Mr. TOOLE: They are in the office.

Mr. GORDON: It is shown in the annual report of each year.

Mr. HORNER (*Acadia*): I would have to go back and look at each year.

Mr. GORDON: If you look at page 20 you will find a similar statement to this in each annual report. If you would like it, I will have a statement prepared for you.

Mr. HORNER (*Acadia*): I can look it up without any trouble, but I wonder if you had it here so that we could compare it, and it would give the committee some idea as to what this accelerated rate of depreciation has meant over the years.

Mr. GORDON: We will get one of our people working on it tonight.

Mr. GRILLS: This sounds like an old-fashioned question—

Mr. GORDON: I would be glad to hear one.

Mr. GRILLS: Mr. Gordon may accuse me of being of the old-fashioned school. We are here to examine the report of the C.N.R. and we make a comparison with the C.P.R. That is our privilege. I would like to inform Mr. Gordon—I had a little difference with him last year about being a politician, and he is president of the C.N.R.—

Mr. GORDON: And I am not a politician.

Mr. GRILLS: —and he attacked me and asked me what I knew about running a railroad, and I told him that about running a railroad I knew nothing, but I represented people who did.

Mr. GORDON: Let me take you up on that. I said I did not know anything about the milk business—and you knew what I had in mind.

Mr. GRILLS: At least I may say this—

Mr. GORDON: That is what I said. I remember.

Mr. GRILLS: I tried to indicate that our milk business may not always be a profit—it may be due to organization—it is intended to be that way so I think you should consider that also. But, I would like to ask how many