

Mr. GORDON: Things change, circumstances change and make it possible to do things this year that might not have been possible seven years ago. As I said before, we cannot do everything at the one time and it has taken time to get around to the question of reorganization. It has taken a great deal of time.

There were two elements in it which had a very definite bearing, the first being the dieselization program itself. I felt myself, and all my officers agreed, it would not be advisable to start on a reorganization before we got the dieselization program finished, and the dieselization program only finished last year. It has taken us close to ten years to complete the dieselization program and the dieselization of the railway was a great change in the technology of railroading.

It made a great many things possible that were not possible with steam locomotives. A steam locomotive needed servicing about every 300 miles. We had to set up servicing points every 300 miles, and in some cases less than that because of heavy traffic; but with a diesel loco you can run it from Montreal to Vancouver and back, only giving it the kind of service you give an automobile with oil and gas.

We also got into other technological developments in communications. Some ten years ago we did not have anything like the centralized traffic control which we have now. We did not have anything like the developments in the communications field where, as I say, within five seconds we can be in touch with Vancouver, Winnipeg and other points. I have referred to how this has made possible the pooling of motor power which is available to the whole of Canada. At one time engines were tied to a particular division and they never left it. There was no fast way of keeping in touch with their movement; but now these changes in railroading have brought us to the question of being able to consider what kind of organization we should have. I am sure you all know the amazing developments that have taken place in telecommunications in recent years; these have brought us to a realization that we could afford to centralize. Through rapid communication we could put more responsibility upon local areas and that is one of the benefits we got through capital expenditure.

Mr. FISHER: What is the benefit going to mean in terms of your financial position?

Mr. GORDON: I am afraid we shall have to wait for time to show us that. The benefits should be quite definite, in my view, but it will take a few years before the benefit of what we are doing becomes fully apparent.

The CHAIRMAN: Gentlemen, it is 5.30 and I think it would be better if we adjourned to 8 o'clock, especially since you are all in such good humour.

EVENING SITTING

THURSDAY, JUNE 15, 1961

The CHAIRMAN: Gentlemen, I am sorry I am late.

Mr. BROOME: Mr. Chairman, I would like to read out an excerpt from the *Financial Post* editorial of June 17th, and ask Mr. Gordon if he might be able to comment on this editorial, which seems to try and set out what is wrong with the C.N.R.

The editorial states as follows—and it is quoting the *Toronto Globe & Mail*, to start off with:

"In fact," as the *Toronto Globe & Mail* points out, "far from being a dictator over the CNR, Gordon does not have the authority that normally belongs to any corporation president. He and his executive team do not run the railway. The most that they are allowed to do is to attempt,