

Mr. HAMILTON (*Notre-Dame-de-Grâce*): But in the T.C.A. system it is an even worse situation where aeroplanes are at a terrific premium, and they have to order four or five years hence.

Mr. GORDON: There have been different commitments, I assume, in respect of long term deliveries.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Would it be correct to say that you are retiring box-cars at the rate of 3 per cent per year?

Mr. GORDON: It runs roughly about that figure.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): You are, however, asking for authorization here to order at the rate of about 10 per cent or more; in other words, 8,290 freight cars. They are not all box-cars, I realize.

Mr. GORDON: But there is also this: you must not assume this is to be a matter of timing that is in a single year. I am getting commitment authority here and I certainly will not get all this equipment this year. There will be a carry-over into next year, and perhaps beyond. You will notice that in this total there is \$41 million that was authorized in previous years for equipment which has not yet been delivered. The same will be applicable to these 9,190 units. They will not all be delivered this year.

Mr. POWER (*Quebec South*): The reason that I asked that was that that indicated such a sharp increase in your requests. Now, last year you requested authority, I think, for 1,950 freight cars?

Mr. GORDON: That is right.

Mr. POWER (*Quebec South*): And this year it is five times as great or more.

Mr. GORDON: Because in 1954, you will recall, our traffic was falling disastrously. Starting from the latter part of 1953, through 1954, our revenue declined at the rate of \$50 million a year. In the light of that experience we did not place orders nor did we ask for authority in 1953-54 year for what might be called normal replacement. In the light of events, perhaps that was a mistake. We could be criticized that perhaps we should have ordered more, but nevertheless as a matter of judgment at the time, and in the light of conditions at that time we short-ordered rather than normal-ordered, and so we had to pick up the backlog that accrued from that situation.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): You would be prepared to assure the committee that there is no—I think perhaps a good term that we will both understand is “air” in this budget for new equipment—that is, that you actually do expect to order and have every intention of ordering the equipment you are asking authorization here for?

Mr. GORDON: There is no over-ordering in these figures, and we intend to order every car that is there, subject to a re-examination as to types. You see, 8,290 freight cars and we have that broken down into different classifications for our own purposes. As we examine traffic we may switch between types, but we will, in my judgment, be placing orders for all this equipment this year.

Mr. HAMILTON (*Notre Dame de Grace*): To what extent on this budget—

Mr. GORDON: May I make this further comment. I do not want to commit myself about timing of any orders because that puts me in a bad position in the market. I am not prepared to say when we will place these orders. We may place them this month or six months from now, but if the car manufacturers knew I was committed to place orders in the next 30 days, up would go their prices.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): As I understand it we are giving you authorization for the entire order, but I wanted to point up the fact that