

Mr. CHURCHILL: Well, some ministers of transport in the past have indicated to us in the house that they do not have that responsibility, that the Canadian National Railways was operating quite independently.

Mr. GORDON: The Canadian National Railway takes full responsibility for those orders; make no mistake about that. Its board of directors decides to place orders. We are now dealing with the technicalities that the board of directors, having exercised its wisdom in furtherance of the management of the property, comes to you for approval and we are prepared to demonstrate that this order was necessary. If you do not agree, and if the committee cannot get the government to agree or the House of Commons, then there will be a very efficient board of directors of the Canadian National Railways looking for a job, I suppose.

Mr. HAMILTON (*York West*): I understand your procedure all right. Is your planning not sufficiently far in advance that you can say to us today or request approval for your requirements in this list of items for even next year?

Mr. GORDON: That is what we are doing right now. I am giving you our forecast in respect of the coming year. I want to say this, because I think it is becoming more and more the case that under current conditions and certainly under conditions that have been applicable ever since I have been president of the railway, it will have to be understood that there might be cases where we would have to place orders in advance of approval or else we do not run the railway, and that will have to be a condition of management that will have to be recognized. If we had not placed these orders as we did, we would not have got into the production line at all and would have been delayed perhaps for two years.

Right now we are in the midst of a current steel shortage that is very serious indeed; and that gives another example of the kind of thing that must be done in the interests of the property. We placed advance orders on rail last year, again, in anticipation of your approval of the rail laying program that is included in these figures. If we had not placed those orders we would not have got any rail this year at all. So management has to take a calculated risk in accepting responsibility for placing orders. I am saying what I said about the board somewhat facetiously, and I hope it will be taken facetiously because I do not want to see the board of directors fired. They are in exactly the same position as the management of any corporation. The management must exercise its judgment in the interests of the property it is managing, in the form of almost trustees, and they must place the record of their management in front of the shareholders. The shareholders can confirm or do something else; but it is just an ordinary matter of business. We must have rails. We must have ties or we cannot run a railway. Timing is important in these matters; and our timing is based on an appreciation of the market. Shortages are increasing and if we do not get into the production line we do not get anything.

Mr. FULTON: In this respect do you feel you have any greater or lesser freedom of action to exercise judgment than would the board of directors of an ordinary commercial company?

Mr. GORDON: Very much less discretion, I think, for the reason that we always have very much in mind that when we accept the responsibility we are obliged to account for everything that we do right here, and we are dealing with the sort of thing that can come up in the House of Commons at any time. Therefore we tend to hold our discretion just to those things which can be proved beyond peradventure. We do not take a chance on anything going wrong. We could sometimes do a better job if we had more flexibility, but we only take that responsibility, to repeat, when it is a must, when it is so much