

There is a lot more export business going down to the West Indies. We are hoping, of course, that these boats will carry full cargoes. I think we are going to do a very good business between now and the end of the year. But there is the feature that our passenger business has pretty nearly disappeared.

Mr. HARRIS: That 10 per cent addition does not apply in the case of this route; I mean, that 10 per cent advantage which we have against competitive goods from American ports.

The CHAIRMAN: Is there any further debate on this item?

Mr. JACKMAN: It is another example, I should say, of where considerations outside of those of straight transportation have a very direct influence on the earnings of this company, or as part of our Canadian National system. If it were not for the fact that we have a trade treaty which has nothing at all to do with the Canadian National Railway system—they are rather properties belonging to the Dominion of Canada—if it were not for that these boats might be used in more profitable channels than they are being used in at the present time. In other words, it is not a straight business enterprise when you have not got the freedom of operation in connection with your boats that an ordinary commercial company would have; and, therefore, any losses which might accrue from this operation are more due to larger political considerations than they are to straight business considerations. I should think from the evidence that we have had that that must be reasonably clear.

Mr. SMART: You should understand, Mr. Jackman, that this steamship line is not part of the Canadian National Railways.

Mr. HUNGERFORD: It is an entirely separate organization, the stock being held by the crown.

Mr. JACKMAN: It is something like the Trans-Canada Air Lines?

Mr. SMART: It is parallel to the Trans-Canada Air Lines.

Mr. HUNGERFORD: Except that in the case of the Trans-Canada Air Lines the Canadian National does own the stock.

Mr. SMART: It is not quite the same, of course; Trans-Canada stock is owned by the Canadian National Railways and in this case the stock is owned by the crown itself. This is a separate corporation.

Mr. JACKMAN: But the point is you cannot look at it as a straight business concern because it is tied in so definitely with the trade treaty.

Mr. SMART: It is tied in with the Canada-West Indies Trade Agreement.

Mr. HUNGERFORD: It merely exists because of that treaty.

Mr. HANSON: I would like to have an explanation of this question of the long-term high interest rate bonds. Would it not be possible to refinance them at a lower rate of interest?

Mr. COOPER: They are a straight issue for twenty-five years and they are not callable.

Mr. HANSON: That amount would be lost by the government for twenty-five years?

Mr. COOPER: Yes.

Mr. HANSON: Are they government bonds?

Mr. COOPER: They are West Indies Company bonds guaranteed by the Dominion.

Mr. HANSON: And you cannot retire them until the twenty-five years are up?

Mr. COOPER: They cannot be touched unless you want to go into the market and buy them up at the market price.

Mr. HARRIS: What are they worth now?