

Don't forget, they are an operating board only. They are not the representatives of the owners of the property in that sense. They are the directors of an independent company, with whom a contract for operation of both systems is made, signed by the Canadian Pacific on the one hand and the Government of Canada on the other. I do not believe you are going to have that split in interest or in objective; but if the Government of Canada in a serious situation said, "We, in the national interest, propose that certain things should be done by you as the operating entity," I imagine then the Government of Canada would also say, "We will make adequate compensation if our proposal is against your judgment so far as your earnings are concerned."

*By Hon. Mr. Calder:*

Q. From that I understand the C.P.R. representatives appointed to that board, once they are appointed, would in a sense, and I think in a proper sense, cease to be C.P.R. officials; they would be operators of the joint mileage?—  
A. Absolutely.

Q. They are not there to represent particularly the C.P.R.?—A. No; they are there to protect the earnings of the united company.

Q. Yes.—A. And presumably they would get their share in these earnings, and the Government would get their share. So their interest would be absolutely identical.

*By Hon. Mr. Murdock:*

Q. Would they not be there to protect the interests of the preference shareholders of the Canadian Pacific?—A. We have to take our chance of what those earnings will give us.

Q. I understand you are not prepared to divulge the details of what you are going to do in that connection?—A. No, because I have not any idea what the final agreement between the Government and ourselves would be.

Q. I am looking at your report for 1937, and I find that 26,051 of your present shareholders live in the United Kingdom or other British countries, and they hold 95.9 per cent of the preference stock. If the very worst happened under unification, and there was not sufficient revenue to meet the agreed claims under unification of those preference shareholders, would we find on Canada's shoulders 26,051 additional pensioners?—A. No. You have not get them to-day.

Q. I understood you to imply that the agreement would contemplate a certain amount of definite revenue to the preference shareholders?—A. Senator, I have implied no agreement of any kind in favour of any set of shareholders.

Q. Then the preference shareholders of the C.P.R. would take pot luck with the rest of the taxpayers of Canada?—A. They would. They would take their chances whether earnings would be enough to cover their interest.

Q. They would have to agree to that?—A. Yes.

*By Hon. Mr. Dandurand:*

Q. They would have to agree upon a division of profits to start with before the second division of profits takes place on economies effected?—A. Certainly.

Q. I suggest that it would be quite a difficult matter to bring about a division of profits on the first operations of the railways as they were.

Hon. Mr. GORDON: They will be long negotiations.

*By Hon. Mr. Dandurand:*

Q. We were told two weeks ago that the average profits would be based on a ten-year period.—A. On prior earnings, I said. You asked me how many years, and I said I did not know, that that would be a matter between the Government and the company.

[Sir Edward Beatty, G.B.E.]