

Mr. KINLEY: It is like the fellow who comes to me on the corner and says, "You have a nice business here, I tell you what I will do, 'I will give you a good price for your business, do you want to sell? If you don't I will put up a store across the way and drive you out of business.'"

Hon. Mr. HOWE: Yes.

Mr. VIEN: Do I understand, Mr. Minister, that the ships that have been sold will be replaced by other ships?

Hon. Mr. HOWE: No.

Mr. VIEN: They will not be replaced.

Hon. Mr. HOWE: We are out of business.

Mr. YOUNG: The minister made a statement which I think is rather significant, and I should like to ask one question about it. He said he doubted that the Canadian National Railways would suffer by reason of this change. He thought we would get just as much freight. Are they under obligation to deliver freight to the Canadian National? I should like you to elaborate that a little, please.

Hon. Mr. HOWE: I do not know that it is a question I want to elaborate because it might involve sectional difficulties and one thing and another. I think we had better let it go.

Mr. YOUNG: You feel quite satisfied the Canadian National will not suffer?

Hon. Mr. HOWE: I have expressed that opinion, yes.

Mr. COOPER: Balance Sheet, C.N. West Indies Steamships Co. December 31, 1935, investment in vessels, \$10,940,008.94; special deposits for interest matured unpaid, \$8,525; equity in Canadian National Railways joint insurance fund, represented by securities held, \$1,224,937.82; discount on funded debt, \$59,311.07; discount on capital stock, \$40,000. We now come to liabilities: capital stock, \$40,000; funded debt, \$9,400,000; due to the Dominion of Canada, \$7,756,069.98; due to the Canadian Government Merchant Marine, \$117,986.47; unmatured interest accrued, \$156,666.67; interest matured unpaid, \$8,525; insurance reserve, \$1,224,937.83; accrued depreciation—vessels, \$2,255,835.56; profit and loss—deficit, \$8,687,238.67.

Mr. VIEN: I should like to ask a question, but I suppose it is better for you to carry on and we can come back to it later, if necessary.

Mr. COOPER: Profit and loss account at December 31, 1935. Deficit as at 31st December, 1934, \$7,760,848.56; loss as per income account for the year 1935, \$917,390.11; deficit as per balance sheet, \$8,687,238.67. Income account: Operating revenue, \$3,816,245.75; operating expenses, \$3,616,214.92; operating profit, \$200,030.83 as against a deficit of \$96,678.61 in 1934; interest on bonds due to the public, \$470,000, leaving a cash deficit in 1935 of \$269,969.17 as against \$566,678.61 in 1934. We then come to other charges: Amortization of discount, \$3,094.44; interest due government, \$318,813.61; depreciation on vessels, \$325,512.89; net income deficit, \$917,390.11 as against \$1,178,679.61 in 1934.

Mr. VIEN: I note your consolidated balance sheet does not carry the same items as the consolidated balance sheet of the Merchant Marine. For instance, you have accounts receivable in one, but there is nothing in respect of accounts receivable in the other, nor "Due by agents." What explanation have you for the fact that your consolidated balance sheet does not carry those items?

Mr. COOPER: If you would be good enough to read the certificate of the auditors you would see that that feature is explained.

Mr. VIEN: Would you read it please?

Mr. COOPER: I am reading from the West Indies steamships report of the auditors. It says:—