

Mr. DUFF: If the committee decides to lay up these boats, I wonder if Mr. Teakle or Sir Henry will inform us how it will affect freight rates.

Mr. TEAKLE: In so far as freight rates are concerned, and going back to the time I came into the service in 1919, I have always claimed, and I think rightly, that we have been a balancing influence. I think the private lines will agree that none of us has tried to injure them deliberately. We have agreed that we have had a very influential effect on freight rates. At times we have had many discussions and conferences. I am a private line man and I believe in conferences. We can discuss our problems at conferences. I do not get the credit, but our traffic men get the credit of holding the freight rates. We have agreed that the Canadian manufacturer should not be penalized and that the small man should get the same chance as the big man.

Mr. DUFF: That is partly an answer to my question. If these boats were disposed of or laid up and a private line took over the business, would the private line raise the freight rates?

Sir HENRY THORNTON: That is a good deal of a gamble. That is pretty hard to say. Undoubtedly the presence of the Canadian Government Merchant Marine on certain rates has had the effect of stabilizing freight rates, and had there been any disposition on the part of private lines to combine for the purpose of raising the freight rates to the disadvantage of the Canadian manufacturer, the fact that we were there and would not agree to that prevented that raise.

Mr. HACKETT: To what extent would operating expenses on the West Indian service be increased if the Canadian Government Merchant Marine ceased operation?

Mr. TEAKLE: There would be no effect. If it were closed we would have to discharge the staff we now have handling our other business and close up certain offices and simply carry on as a smaller company.

Sir HENRY THORNTON: I think the direct answer would be that the effect would be negligible.

Mr. POWER: How many of the staff would be laid off, firstly of the office staff, and secondly in the crews?

Hon. Mr. MANION: When you say there would not be any change in the expenses, let us get it clearly. I take it that Mr. Teakle is the head of the Canadian Government Merchant Marine and also of the West Indies service—that is correct?

Mr. TEAKLE: Yes, sir.

Hon. Mr. MANION: Then I take it that Mr. Teakle's salary is divided between the two services. If you cut off the one, how could you say it would not make any difference in the costs?

Mr. TEAKLE: I think the president's remark was that it would not make any great difference. We would no doubt have to get rid of a lot of men, but what it would mean one would have to think out.

Mr. HANSON: How much of the expense of the Canadian National West Indies service is loaded into the Canadian Government Merchant Marine?

Mr. TEAKLE: They are divided in the accounts.

Mr. HACKETT: What proportion of your own salary is borne by the Canadian Government Merchant Marine and how much by the West Indies service?

Mr. TEAKLE: My own salary is 50-50.

Hon. Mr. MANION: You mentioned a while ago that you used to be with the Allan Line. I have heard comparisons made about the expenses of the steamship lines, that the Allan Line when it ran, in proportion to the business which it did, that its overhead and management expenses were proportion-