

cise of much judgment as to how the very great depreciation in value as compared with the original cost of the merchant marine vessels should be taken care of, and we have not yet got out of the woods completely in that regard. In view of the fact that this particular West India service is in a sense a partnership arrangement with the West India colony, in view of the fact that they themselves each contribute, under the terms of the West India trade agreement, a subsidy towards the maintenance of the service, it is considered wiser to have the holding company completely standing on its own feet, separate entirely, so that we can in an accounting sense and in a corporate sense show to the West India colony from time to time what it is costing Canada, and what effect their contributions with respect to the cost of the service would have. The method provided in this act, as will be indicated when we come to section 3, is to finance the building of the ships by way of government guaranteed bonds, and it is expected, as I indicated in discussing the financial resolution, to amortize the ships during the course of twenty years out of the revenues received from freight and passengers, and also from subsidies from the various islands. It is also desirable, for comparative purposes that this House should know from time to time what the actual deficit on this separate service is, because it is comparative with what we have been paying for many years by way of subsidy to private corporations for operating a service to the West Indies. Taking it by and large, it is just a matter of business judgment as to which was the better way to handle it, and the judgment of all those connected with the Canadian National railway in an executive way and the judgment of those who have had to do with its business, is that it would be much better to organize a separate company for this purpose, retaining of course entirely the merchant marine organization and staff for the operation of the boats. I do not want to speak positively as to the future, but I would not be surprised if in future years it was found desirable to gradually absorb the Canadian Government Merchant Marine into this company, rather than to absorb this company into the merchant marine. I do not speak positively with regard to it. It is a possibility. As we go through the bill it will be found that provision is made for calling the two companies the Canadian National Steamship Company, and providing for the use of a common name regardless of whether they be Canadian government marine vessels or Canadian national steamship, if they are incorporated under this act.

Mr. CANTLEY: What thought lies behind the suggestion that they would transfer the Canadian Government Merchant Marine into this company?

Mr. DUNNING: The thought that lies behind it is this; when the Canadian Government Merchant Marine was organized it was organized as a governmental institution. Its name indicates that. Subsequently, after the organization of the Canadian National railway, the management of the Canadian Government Merchant Marine was entrusted to the railway management. In the case of other institutions of a similar character—that is the steamship lines connected with the railway line—it has been found desirable for reasons that apparently were good to those who were interested, to incorporate the steamship company with the name of the railway company, and now that the term "Canadian National" stands for something in the way of efficiency and service, there is some value in it as attached to a steamship concern under exactly the same management as the railways themselves. That is one thought. However, I am not to-night, in connection with these proposals, proposing that that should be done, but I indicate that in the future it is possible such a development may take place. My hon. friend from Centre Vancouver says that the terms of the charter do not differ widely from the terms of the original charter of the Canadian Government Merchant Marine, but the method of financing it is entirely different to the method followed on that occasion, and we are starting this company free entirely from the old awkward obligations of the Canadian Government Merchant Marine in the matter of capital expenditure, in the matter of values of ships. The cost of the ships was far, far out of proportion to the present value.

Mr. STEVENS: My hon. friend has not answered the other question as to who would be the incorporators of this company.

Mr. DUNNING: I think there is a section of the bill with regard to that point.

Mr. STEVENS: The company has been organized under the Companies Act, and certain individuals would be incorporated under that act as a company. Who are these individuals?

Mr. DUNNING: They will be the directors of the Canadian National.

Mr. STEVENS: That is decided?