

It would be entirely impracticable to require that Canadian vessels shall be employed in these services, there being no suitable Canadian vessels available. This being so the Government called for tenders for the respective services and the successful tenderers undertook to provide the necessary tonnage. In the case of the China and the West Indies services the contractors chartered vessels on the open market and in the case of the South Africa service the contractors were themselves owners and operators of vessels of British and Dutch registry.

In the case of the China and West Indies services some of the vessels employed have crews which include a number of Chinese, Lascars or other Oriental races.

The native crews of the South Africa service vessels consists principally of Malays, Lascars and Goanese (East Indians).

The point is that if it were to become necessary, when chartering vessels for employment in these subsidized services, to stipulate (a) that Orientals shall not be employed or (b) that a certain percentage of Canadians shall be employed, it would be impracticable to go on the open market and secure tonnage. Tramp vessel owners are not accustomed to any such restriction or requirement and would in consequence prefer to engage their vessels in regular trades where no such extraordinary conditions prevail. The effect would be that there would be little, if any, competition and the rate demanded would be much higher, if indeed tonnage were available at all with such restrictions.

This would result in either (a) higher freight rates, which would be to the detriment of Canadian exports, or (b) the necessity of increased subsidies, or (c) abandonment of the services.

If the Canadian Government policy is to be one of assistance to exporters in building up substantial trade with markets which were not readily and regularly reached, the imposition of any such restrictions or requirements would in great part defeat that policy and the employment of a few Canadian seamen would be more than offset by the loss of employment of men in the manufacture of the products which now move to the markets served by the subsidized services.

The disadvantages of placing restrictions on shipping are inescapable. Restrictions of any nature imply higher cost of operation which necessarily implies higher freight rates, which tend to defeat the object for which the subsidies are granted, viz., the development of trade and increase in industrial activity.

Respectfully submitted,

VANCOUVER MERCHANTS' EXCHANGE,

J. T. HAMILTON,
Secretary.

Unanimously Approved by
Board of Trustees,
March 2, 1936.

The CHAIRMAN: Mr. Clendenning will be open, or ready, for any legitimate questions that members of the committee may desire to put to him.

By Mr. Reid:

Q. There are one or two, I think, errors, in the submission made by the witness, which I think perhaps should be corrected; but these can be corrected as we go along. For instance, on page two he says, B.C. steamships \$600,000