

*Ocean Shipping Rates*

Furthermore, assuming its soundness, if Sir William Petersen, without putting up a cent of capital, with his ships built at the country's expense, can make 20 per cent net profit per annum on their cost, why give him a subsidy? Why not allow him to build his own ships and make the 20 per cent? What necessity is there for any subsidy?

Mr. McMURRAY: If it is a fact that under the contract the government controls the rates, will they not necessarily control the man's profits and his rate of profit?

Mr. CLARK: I suggest that if the government does not allow Sir William Petersen to charge exactly the rates which are being charged by the conference lines to-day, he will say, "The subsidy is of no use to me; I withdraw." Then the government can do nothing, for there is no penalty provided. He gets the subsidy, that is all.

Mr. McTAGGART: What did the hon. member say it would cost to build those ships?

Mr. CLARK: It will cost \$600,000 apiece; \$6,000,000 for the ten.

Mr. DUFF: Does the hon. member say that the government is going to put up \$6,000,000 to build the ships?

Mr. CLARK: No. If the hon. member had been here a few moments ago and heard the discussion between the Prime Minister and myself on that point he would not have asked the question.

Mr. DUFF: Yes, I was here.

Sir HENRY DRAYTON: The government only pays a little more than twice that.

Mr. PARENT: That does not make it any clearer.

Mr. DUFF: Will the hon. member answer my question: Does he say that the government intends to put up the \$6,000,000 to build those ships?

Mr. CLARK: Most assuredly I will answer the question. What I say is this: The government is giving a subsidy to Sir William Petersen of \$1,300,000 odd when he provides the ten ships.

Mr. DUFF: That does not answer my question.

Mr. CLARK: I will answer the question if my hon. friend gives me the chance. I have already answered it, but I will try to oblige my hon. friend. Sir William Petersen or his company will get \$1,300,000 odd an-

[Mr. Clark.]

nually. All he must do is supply a fleet of ten ships, which will cost him \$6,000,000. If Sir William Petersen is any sort of financier he can have the ships built on credit and he will not have to put up a cent himself. At the end of ten years he will have received from this country about \$13,330,000 and his capital investment will have been only \$6,000,000.

Mr. DUFF: Will my hon. friend allow me another question? Suppose three weeks after these ten ships are built and put in operation they are all lost, will Sir William Petersen get the \$13,000,000 that the hon. gentleman is talking about?

Mr. CLARK: No, but I presume he will get the insurance.

Mr. DUFF: Yes, out of which he would have to meet the cost of his ships; he would not get it from this government. My hon. friend said he would get it from the government.

Mr. CLARK: Oh, the subsidy might end in many ways. Sir William Petersen may say at any time: "This government is not dealing fairly with me," and he may quit when he pleases without penalty.

An hon. MEMBER: In that event he would not get the subsidy.

Mr. CLARK: It might be interesting at this point to consider the capacity of these ships and what effect this contract will have upon the rates fixed by the conference lines. The total capacity of one of these ships for one season, if engaged exclusively in the carrying of grain out of the port of Montreal, would be a little over 1,300,000 bushels. This is on the basis of four and a half trips a season, on the average, so that the total fleet would carry about 13,000,000 bushels. Now, in 1924 there were shipped out of the port of Montreal about 152,000,000 bushels of grain, and of that amount over 80,000,000 bushels consisted of grain that came from the United States and was shipped out by the harbour commission. So that if we extended this subsidy five-fold, if we gave Sir William Petersen a fleet of fifty ships, the best he could do would be to carry out of the port of Montreal about 65,000,000 bushels of grain in one season. He could not even carry the American grain that goes through that port; with a subsidy amounting to considerably over \$6,600,000 a year. Thus if an attempt is made to make the service worth while, a subsidy five times what is now proposed would not begin to meet the case. We might involve this country in the payment of nearly \$70,000,000 by way of subsidy, but even at that we could not