

would have a bad effect. It is not to my mind a matter of doubt at all. I am quite certain that if the Government took any such action the Chinese would at once refuse to ship on any vessel of Canadian registry, and very likely would boycott (partially at least) Canadian products. They are a very sensitive race, very proud and very honourable, and any insult real or fancied is immediately resented. Just when Canada is endeavouring to set up better relations with China and is thinking of establishing her own Minister there, and of making commercial tariff agreements, any such action would be most deplorable."

A service such as this must be regarded as international and not national in character. Chinese patronize it as well as Canadians both as passengers and as shippers.

Canada is endeavouring to build up trade with the important and growing Chinese market, which holds for the Pacific Coast great future promise. Any ill-considered action predicated on the employment of a few more Canadians might easily result in losses of trade far outweighing any advantage so secured, if indeed it could be secured by such means, which is doubtful.

PART II

RE REQUIREMENT THAT VESSELS RECEIVING SUBSIDY SHALL EMPLOY CANADIAN CITIZENS AS PART OF THEIR CREW

Having dealt at some length with the question of employment of Orientals on the Canadian subsidized passenger and mail service on the Pacific, there remains the further question of the proposed requirement of employment of an unnamed proportion of Canadian citizens on the crews of all vessels receiving a subsidy from the Canadian Government.

In the first category, the passenger and mail service, are the Empress liners operated by Canadian Pacific Steamships, Ltd. In the category now to be dealt with are the following Freight services:—

1. *British Columbia and China*: Subsidy of \$118,800 per annum for regular service of freight steamers providing two sailings monthly from B.C. ports to China.

This subsidy is now held by the British Canadian Steamships Ltd., and operated by Ocean Shipping Company Ltd., of Vancouver. The contract requires that vessels of British registry only shall be employed.

That should be further extended to read "except after discussion with the minister."

2. *Vancouver-British West Indies*: Subsidy is \$33,000 and is for a freight service of twelve sailings per annum. No restriction as to flag of vessel. Now held by Canadian Transport Company, Ltd., of Vancouver.

3. *British Columbia-South Africa*: Subsidy is \$84,000 and is for a freight, passenger and refrigeration service; monthly sailings.

Now held by Silver-Java Line.

In the case of none of these subsidies is there any stipulation for the employment of Canadian citizens in the crew, nor restriction of employment of Orientals or other races. The matter of nationality or race of officers or crews is not mentioned.

The objective of these subsidies is to secure for Canada the benefits of regular freight services specifically serving British Columbia ports, so that ready access may be had by Canadian exporters, particularly of lumber, to the markets concerned.