

of construction in Canada and in European ports, that difference having been carefully ascertained by the commission. The object would be to enable the Canadian shipowner to have his ships built in Canada with exactly the same cost to himself as if he had them built in a European port. If the tonnage could be built in a European port at a certain percentage per ton cheaper than in Canada, then the subsidy for construction would be that difference in cost, whatever it was, so as to put the Canadian shipowner on an equality, in the after competition, with his competitor who had ships built in European shipyards. The time during which this should be carried out would be limited to a period of say 10 years, so that during that 10 years this operation of building would go on. Then the commission would be empowered to enter into contracts with the ship owners, when the ships were built, and to guarantee to the owners the difference in cost of operating the ships under the Canadian flag and under a European flag, that subsidy to continue for the life of the ship. The commission would possess itself of accurate information on the difference both in cost of construction and in cost of operation, and would pay that difference, and that difference alone. In that connection we should place at the disposal of the Commission the sum of \$15,000,000 or \$20,000,000, and empower that commission to guarantee the bonds upon the ships built up to 50 per cent of the value of the ships. Such bonds would be 5 per cent bonds, and the Government Commission would get one-half of one per cent on those bonds returned to its treasury for its work and its supervision.

What would that mean? It would mean that for 10 years you would have ship-building tried out under the advantage of a bonus equal to the difference in construction cost in Canada and the difference of operation cost; the latter subvention to extend to the life of the ship. Capital would be attracted and induced to invest in steamships owing to the Government guarantee of bonds, which would, of course, be given under a proper amortization scheme by which those bonds would be provided for and paid off during a certain period.

On the Great Lakes you will find a very large and prosperous American mercantile marine, and I am told that almost every vessel in that fleet has been built under a guarantee of bonds, not a guarantee by the Government, either state or federal, but on that same system; and I am informed

that those bonds are considered so good a security that banks, including savings banks, are anxious to get them, and that, in the late history, at least, of those transactions, there has not been an instance of failure with reference to the amortization of the bonds or to the security in any way. But we must recollect that lake marine business is a very different thing from ocean tonnage business. However, that is simply an illustration of what has been done along that line.

Let us see what would be the advantage to be obtained if that system were carried out? In the first place, the Government would make its equitable, yearly contributions, not on a supposed or an imaginary or a favoured basis, but on the actual difference of cost of construction and operation. And, in the next place, it would guarantee bonds of the ship to one-half its value, getting back one-half of one per cent, with arrangements for proper amortization. If you take the history of lake shipping, there is fair ground for stating that system that would work out satisfactorily and successfully. It is impossible to say what the subsidy would amount to in actual figures; the only certainty we would have being that it would amount to the actual difference and to no more and no less. In that way, if it worked out successfully, at the end of 10 years you would have a very substantial commercial ocean marine and you would have the certainty of its operation for 20 years from the time that each steamship went into actual service. By such a plan capital would be attracted to that kind of investment, to which our people in Canada are not very much used; and if you could bring it about that capital would become interested, as construction went on capital would more and more come in, so that the private capital of the country, without Government aid, would afterwards be able to look after its commercial marine. You would have a valuable earning power, proportionate to the amount of tonnage, which would accrue to the people of this country. Our people would have the advantage of the expenditure of money for wages and materials in connection with these ships, and I am assured that if such a policy, based on permanent conditions, were inaugurated in this country, Canada would make the steel necessary for the building of those steel ships, and that we would thus have the benefit of a further development of the steel industry. We would derive many other advantages, which I shall not take