

Mr. CLARK: Oh, I am glad to hear the Prime Minister assert that the ships of the Canadian Government Merchant Marine are no good. I have been assured by shipping men on the Pacific coast and on the Atlantic coast that these ships are suited for the trade. On the Pacific I see these ships going out and coming in with full cargoes, I see them performing a great service to us in British Columbia. And I raise this objection right now, that the Prime Minister under this contract has made no provision for the Pacific coast. That is another discrimination against the western route and the Pacific coast for which he is personally responsible.

Mr. MACKENZIE KING: If my hon. friend will study this contract he will see it contains a provision whereby the government is free to make the same arrangements with any other shipping companies—the Canadian Government Merchant Marine, the Canadian Pacific or any other shipping company. The government reserves that right and may exercise it at any time from any port.

Mr. CLARK: I am objecting that the Prime Minister has not made that arrangement now with the Canadian Government Merchant Marine. If it is such a good proposition, why pass over our own ships?

Mr. MACKENZIE KING: Wait and see how this works out. We are not taking chances of any loss on the contract.

Mr. CLARK: The Prime Minister stated the other day that the Canadian Government Merchant Marine was not withdrawn earlier from the combine because he was afraid the combine would immediately attempt to put the Canadian Government Merchant Marine out of business. In other words, he was afraid to have the Dominion of Canada go to war with this combine. But he selects Sir William Petersen—

Mr. MACKENZIE KING: No, he did not select him.

Mr. CLARK: Sir William Petersen—a man without a fleet—the Prime Minister selects him to go to war with this combine. Some one remarks that you might as well go to war against the combine or conference with a hay rake or with a bow and arrow, and it is only too true. If this is a good scheme, and even assuming—which I flatly contradict—that, as the Prime Minister says, the Canadian Government Merchant Marine ships are no good,—

Mr. MACKENZIE KING: Those that are not in use, yes.

Mr. CLARK: That is qualifying his first assertion. There are only nine not in use on the ocean.

Mr. MACKENZIE KING: Oh no.

Mr. CLARK: I beg my right hon. friend's pardon. I see the 1924 report states there are fifteen ships out of commission, leaving forty-five ships in commission—over four times the number that Petersen will have when he is fully equipped. And ours are bigger ships. We have twenty-five ships of over 8,000 tons and two of over 10,000 tons. I suggest that if this scheme is a good one, and if the Prime Minister has confidence in the management of Sir Henry Thornton and the officials of the Canadian Government Merchant Marine, then, even assuming for the sake of argument that these ships are no good, as the Prime Minister asserts—the Canadian Government Merchant Marine might be made a great paying proposition. At present they are losing in operating expenses approximately \$2,000,000 a year. Now, this is a good proposal, and if we gave Sir Henry Thornton these ten ships which the Prime Minister is having Petersen build, what would be the result? I would refer the House to the remarks of the Minister of Trade and Commerce, which will be found on page 722 of Hansard, that one of these Petersen ships operating from Montreal to Liverpool with a certain cargo and back again in ballast could make a net profit on the round trip of £3,000. Now then, taking the Minister of Trade and Commerce at his word—and I assume the Prime Minister endorses his colleague's statement—that would mean that each of these Petersen ships in five trips from Montreal to Liverpool would make £15,000 apiece, or for the ten ships a total net profit of £150,000. That is for only a portion of the year. It is fair to expect that they might double that profit, but let us say that they make a further £125,000 profit, that would give Petersen a total net profit for the season of £275,000, or \$1,350,000. Now, Petersen's net investment is going to be approximately \$6,000,000, so this return gives him 20 per cent net profit on the investment of which he does not put up a cent. The taxpayers of this country put up the capital and he makes 20 per cent on the investment according to the minister's own figures. If we could add that net profit to the net revenue of the Canadian Government Merchant Marine, we would pretty nearly wipe out the deficit, and with a few more ships we would turn it into a profit; that is, if the minister's argument is well founded.