

Controlled, as it has been, by old-established New York houses with large financial resources, it can only be diverted with difficulty. But, even with the inadequate transportation system we have had, that trade is being diverted and it is a matter of interest to know that large New York houses have found it necessary in order to retain their trade, to establish branch houses in Halifax or St. John, and ship Canadian exports of flour to the West Indies via Halifax, using the steamship service that is subsidized by this government. When the matter of steamship subsidies was before the House recently, I took occasion to suggest to the Minister of Trade and Commerce the possibility and advisability of the Canadian government railway system taking up this portion of the steamship service, and either acquiring existing lines or putting on a new service. I have been glad to note here to-day, that the hon. minister was prepared to go to the extent of recommending a larger subsidy if necessary, in order to provide an adequate service. The Intercolonial railway carries a large part of the produce destined for the West Indies via Halifax and then hands it over to the steamship company. It might be possible; it should be possible;—it would under business control, though the government operations of this kind may be carried on at some disadvantage compared with private business—to have the railway see that freight through to its destination. I am convinced that if the Intercolonial railway does not take up that service, some other railway will, and will take it up because of a prospective profit. If the Intercolonial railway is to continue in business and is to continue to accomplish the purposes for which it should exist, it should avail itself of every opportunity for profitable expansion of its business. The West India steamship service, in my opinion, is such an opportunity. But if this is not possible, then such a subsidy should be available as will provide a service to place our exporters in a position to compete without a handicap with foreign firms. The present steamship service, we know, is not satisfactory. The present operators of the steamship line have built up a large business and, considering the subsidy, has given perhaps as good a service as could be expected. But the trade can be facilitated and much enlarged, and I am satisfied that if better steamship service is provided—preferably as I have stated by an Intercolonial railway-steamship service—the results will be totally satisfactory, both to the railway, the export merchants, and consequently to the producer and manufacturer in Canada.

Conditions, I take it, have been imposed upon the steamship company which have been objectionable. Calls were required at ports where insufficient cargo was available to make these calls profitable. So, as the junior member for Halifax (Mr. Maclean) pointed out, it would pay the steamship company better to absorb the railway rate on outgoing shipments than to make calls where small quantities of freight only were to be had.

Mr. PUGSLEY. My hon. friend must be misinformed as to St. John. They had a trade going from St. John to support one line of steamers.

Mr. McCURDY. The subsidy is conditional upon a call at St. John once in every twenty-two days, but I am informed that the total amount of freight collected for each trip in St. John does not average much more than \$1,000. And any person with experience in shipping can figure out for himself whether or not a quantity of goods that pays \$1,000 of freight would justify the service.

Mr. PUGSLEY. But while a call is made once in twenty-two days in St. John, a call is made once in eleven days at Halifax. Is it not true that large quantities of freight are sent from St. John by rail to Halifax for shipment, because the goods cannot be kept waiting? Such goods went through St. John when we had the same service as Halifax has now.

Mr. McCURDY. How long is it since the change was made?

Mr. PUGSLEY. About eight months. At the termination of the contract, Messrs. Pickford & Black insisted upon giving a reduced service stating that they would not continue to give the same service for the subsidy they were receiving. A temporary arrangement was made which still exists, under which they give a service every eleven days at Halifax, and every twenty-two days at St. John. I am informed that it is by reason of this inferior service that goods are sent forward by rail to Halifax rather than await the call of the steamer at St. John. The arrangement is unfair to the port of St. John.

Mr. McCURDY. The point I wish to make is with regard to facilities and extending the trade generally between Canada and the West Indies. I do not wish to set the advantage or disadvantage of any one port up as against the other. Let the generally enlarged trade find its natural port. It is a matter of common knowledge that before the days of steamship subsidies, the West Indian trade centred in certain localities for perfectly natural reasons. That is the answer I would give to the hon. member for St.