

Ocean Shipping Rates

have no other capital in this world than the subsidy which is referred to in this agreement.

Mr. MACKENZIE KING: Is it not the practice of shipping companies, after a ship has been built, immediately to transfer that ship to a separate company, the idea being, in case of damage or loss at sea, to limit the liability of the company? Was that not the practice that was adopted by the preceding government with respect to the Canadian Government Merchant Marine?

Mr. CLARK: I do not dispute anything the Prime Minister has said, but he should have safeguarded the interest of the taxpayers of this country by having in this agreement some provision whereby the government could scrutinize the company to which this subsidy is to be assigned.

Mr. MACKENZIE KING: Scrutinize the ships?

Mr. CLARK: Scrutinize the company, see that the company is a reputable company. That is my point.

Mr. MACKENZIE KING: The contract is so drawn that not a single cent is contributed by the government to the company unless the service is actually performed.

Mr. CLARK: That may be; but my point is this, that Sir William Petersen may assign this contract to a wildcat company, and we all know that some wildcat companies have succeeded. I venture, however, to prophesy now that the company to which this subsidy is assigned will not succeed.

The next point in this contract to which I wish to direct attention is in paragraph 1 (a) and (c), which must be read together. This provides that the company must build ten ships. Why should any company be required to build ten ships when, according to Lloyd's register, six million tons of shipping are laid up and available for this purpose? When the government in this contract admits and recognizes, as does Sir William Petersen, that a sufficient quantity of that tonnage is of modern construction and properly equipped, when you can go into the open market to-day and purchase tonnage at rates for which it cannot be built, why insist upon the building of new ships? Furthermore, under this contract, why permit the money of the taxpayers of this country to be used in building ships not only outside of this country, but for that matter in Germany or in any other foreign country, if the company so desires? Under this contract these ships may be built anywhere. For instance I noticed in this morning's paper that

[Mr. Clark.]

a German company had outbid British companies and had obtained a great contract for shipbuilding. May not the same thing happen in this instance? The thought is preposterous, that, with unemployment existing as it does in Canada with industry in its present deplorable condition, the money of Canadian taxpayers may be permitted to be used in constructing ships in foreign countries. Moreover, the hon. member for Centre Toronto (Mr. Bristol) the other evening asserted that these ships could be built for \$600,000 apiece. I thought surely that could not be the case; that the government would not give Sir William Petersen a million dollars a ship when he could get these ships for \$600,000 apiece. I have investigated that and I am assured that these ships can be built in England for £150,000 apiece.

Mr. MACKENZIE KING: I think my hon. friend ought to be more careful in the statements he is making. The government is not giving Sir William Petersen any money for building ships. The contract with him is a contract to allow the government to control ocean rates, and in consideration of the government being given control of ocean rates, of fixing whatever rates it wishes on whatever commodities are transported, the government proposes to give Sir William Petersen a certain amount after the service is performed. Nothing is said as to where the ships are to be built.

Mr. CLARK: That is what I object to. I object most emphatically that nothing is said as to where the ships are to be built. What I wish to point out is this, that though the money is not being advanced merely for the purpose of building the ships,

4 p.m. the subsidy actually exceeds the cost of the ships. If we are going to advance nearly twice as much as is necessary to build these ships, why not own them ourselves? Then, we might have an opportunity of fixing the rates. At this point, it might be fitting to refer to the Canadian Government Merchant Marine. If this is such a good scheme, why not turn these ships over to the Canadian Government Merchant Marine which has available to-day sixty ships with a total tonnage of 360,000 odd tons as compared with the Petersen tonnage of 90,000 tons? The Canadian Government Merchant Marine has available to-day over 400 per cent more tonnage than Petersen will have when he gets all his ships built.

Mr. MACKENZIE KING: They are no good.