

reducing the amount payable, first from \$40,000 to \$30,000, and now, by another \$10,000. Is there a contract or what is the situation?

Mr. STEVENS: I am pleased to be able to answer my hon. friend. I listened with great interest to all his remarks, and I intend to give careful thought and consideration to what he has said. In regard to the contracts to which he refers, I may say that with very few exceptions these subvention contracts are yearly contracts. That is, parliament will vote a certain sum of money; in some instances tenders are called for and contracts let as a result of the tenders, but where a service has been carried on from year to year by the same person or company or boat, the practice usually is that the contract is renewed by entering into another contract. In the case of the one particularly mentioned by my hon. friend, the service between Charlottetown and Pictou, there was a contract entered into originally in 1924 for five years, and at the expiration of that term another contract was entered into for a further period of five years at \$40,000 per year. In all these contracts there is a clause making it subject to the amount being voted by parliament. It is also covenanted that the contractor will accept the amount so voted by parliament. Now the hon. gentleman a little while ago argued quite earnestly this point: is the government discharging its obligation as a party to the contract by submitting to parliament a figure other than the figure stated in the contract? The advice I have received on that point—it is one to which I gave careful consideration—is that it is quite competent for the government in submitting its estimates to submit whatever sum it may see fit in regard to these matters. The government having submitted an estimate to parliament, and parliament accepting it, that constitutes a fulfilment of the contract as far as the government is concerned. Or putting it another way, there is no recourse against the government for taking that procedure. I have given some thought to the point raised by my hon. friend, and I think perhaps it could be argued the other way, but I am definitely assured that there would be no chance of recovery by contractors who might take the action he has suggested in that regard.

But there is something more to this. I do not wish to criticize or reflect upon any services, but some of the services which were entered into in buoyant periods are not justified to-day. There has been in many instances a contraction in the use of the services. In some cases highways which have

been developed have taken much of the traffic.

My duty in studying these matters is to try to bring the amounts to be paid within reasonable bounds. I well know that there is always local feeling, always a demand for further amounts. But one must exercise his best judgment in such matters. I do not blame my hon. friend or one or two hon. members on this side who have pressed their claims very vigorously; I appreciate their viewpoint and their difficulties. I assure my hon. friend from Antigonish-Guysborough that it would be pleasant indeed if I were able to respond to all these demands, but I have felt it my duty in some measure to restrict the expenditure on this account. I have tried to do so keeping in mind the merits and the value of the services.

One of the commonest arguments advanced for the continuance of these subsidies is that we have had them in the past. I think hon. gentlemen will recognize that while such an argument may be acceptable in buoyant times when revenues are coming in freely, in difficult times when every dollar of expenditure must be examined with care the argument is not a very sound one. The result is that we have lessened in some respects the subventions for these services.

Then my hon. friend appeared to be a little disturbed because there was an increase in the British Columbia-Australia and China service. The reason for that increase is this: we pay so much a trip on that service, and additional trips were made. The increase in the cargoes carried was very substantial, and the value to the Dominion of Canada—it is not a question of British Columbia only—was such that we felt warranted in the payment of the additional amount for the additional number of trips. It is not an increase in the value of the subsidy but rather the value of the trans-Pacific trips that will be made.

Mr. REID: Would the minister mind giving the amount per trip?

Mr. STEVENS: It is \$4,950. If the trips are not made this subvention will not be paid. Therefore it does not follow that the whole amount will be paid, but we must provide for it in anticipation of the trips that will be made.

Mr. DUFF: I have listened with a great deal of interest to the minister's special pleading, and I can understand that if the freight and passenger traffic went over the highways instead of by these steamers that might be a reason for the reduction of these