

measures of supervision are needed. In our opinion, the line which should be taken is as follows:

(1) The contractors for the new mail services which we have recommended earlier in this report, and for all other mail services subsidized in the future by Your Majesty's government and by the oversea governments, should be required to submit a schedule of freight rates on the chief articles both of import and export, supervision of which is of importance in the national interest, for the approval of the government or governments concerned; these rates when approved should not be altered without consent. Adequate penalties should be provided under the contracts for any breach of these provisions.

(2) Similar action should be taken in the case of all vessels to the construction or operation of which contributions of any kind are made by Your Majesty's government or the oversea governments.

(3) We are of opinion that the competent ministries of Your Majesty's government and the Dominion governments should be empowered each to set up a board for the purpose of making inquiry where a prima facie case is established, that the interests of shippers are adversely affected by the action of steamship owners, or steamship conferences.

Suitable division of functions of these boards would, of course, be necessary in order to avoid overlapping, i.e., to secure that two boards should not deal with the same cases as imports and exports respectively.

(4) With a view to securing for such boards the necessary information required for the proper performance of the proposed duties, all steamship owners trading with the parts of the empire concerned should be required to file with the competent departments:

(a) copies of all written agreements (or memoranda of oral understandings) with other shipping companies, British or foreign, and all modifications in these agreements or understandings;

(b) copies of all similar agreements, etc., with individual shippers (whether British or foreign) and with railway and other transportation companies. These boards should also be given full powers for taking evidence and for ordering the production of documents.

(5) The boards should be empowered to investigate fully complaints regarding the unreasonableness or unfairness of rates. They should also be able to initiate inquiry where they may deem it necessary.

(6) In particular, the investigations of the boards should extend to freight classifications and to complaints relating to the adjustment of rates between classes of commodities. They should also extend to complaints regarding (a) failure to give reasonable notice of changes in classification or rates; (b) unfair treatment of shippers in the matter of cargo space, etc.; (c) the existence of discriminating or unfair contracts with certain shippers; (d) unfairness in the settlement of claims and indifference to the landing of freight in proper condition.

(7) The investigations of the boards should be held in public, and their action should be especially exercised along the lines of conference and conciliation, with a view to dissipating misunderstandings, and the bringing about of amicable agreement between shippers and shipowners. We believe that action in this direction, combined with press publicity and an immediate report to the ministerial and parliamentary authority concerned, ought to suffice to rectify and correct abuses, and, therefore, we do not recommend that the boards should be empowered to fix freight rates. We recognize, however, that some of the governments may think it advisable to give judicial powers to their boards, in addition to those suggested above, in order to enable them to enforce their decisions if and when conciliation fails.

(8) The case of differential freight rates should, in our judgment, be treated exceptionally. The boards, in cases of this kind, should be entrusted with wider

functions, including not only powers of conciliation and arbitration but authority, at their discretion, to order the abolition of differential rates which are found inimical to Imperial trade.

Now, it is strange that the recommendations of this government, with this report as well as the Drayton report before them, should be so diametrically opposed to all the recommendations therein contained, especially in view of the fact that the minister seems to attach so much importance to the Drayton report, which, I may say, agrees with the report of the Dominions Royal Commission. These commissions have studied the question for years, taking exhaustive evidence upon it and going fully into the matter. Yet, without any investigation at all, except for one made by a single individual, whose report, which is before us, is so replete with inaccuracies as to merit no credence whatever, this government undertakes to reject the findings both of the minister's star witness and of the royal commission that reported on the subject.

I now propose, Mr. Speaker, by an examination of the agreement to discuss the wisdom of the government's policy in asking this House to adopt the agreement.

Paragraph 1 reads:

That the contractor shall and will either personally or by a company which he may form—

—do certain things. The Minister of Trade and Commerce (Mr. Low), in presenting this resolution to the House the other day, stated that he considered that Sir William Petersen's covenant is vital. There is no covenant by Sir William Petersen. He will escape every liability that could attach to him under this agreement. I venture to say that Sir William Petersen has already assigned his interest under this contract and that the government now has no hold over him personally.

Mr. PARENT: Would the hon. gentleman repeat the same statement outside of the House of Commons?

Mr. CLARK: At any time and any place.

Mr. PARENT: We shall see that later on.

Mr. CLARK: It is quite obvious that Sir William Petersen need not even submit to the government an assignment of the subsidy. Whenever he sees fit to assign this contract, he can do so and then the government will have no hold upon him. He need not even advise the government that he has assigned the contract. Moreover, he may assign this contract to a stock-jobbing company anywhere in the world, to any promoters, if he so desires, despite the fact that that company which he forms now may