

vessels, that these ships are of a type built for war purposes; can you say if that is so, are they more heavily constructed?—A. Well, I would not want to answer that statement, Mr. MacNicol. They are a combination high-class freight and passenger vessel. The Nippon Yusen Kaisha operate this line and for the purpose of competing with the American lines in and out of Vancouver, and their vessels make the same time, eleven days, between Vancouver and Yokohama, and serve the same ports between our west coast and Asia.

Mr. MACNICOL: There ought to be some explanation of the point Mr. Reid brought out as to the low wages paid in respect to the high subsidies of the Japanese lines as compared to the higher wages on the British lines.

Mr. REID: If you want an answer to that I can tell you that because I have been on them. They are heavily reinforced with steel under the decking and otherwise so that in the event of war the guns can be mounted on them. That is one of the reasons why the modern vessels on the Japanese lines are heavily subsidized, that is the point I am trying to make.

*By Mr. Martin:*

Q. The other day in the house the Minister of Trade and Commerce in answer to a question by me said that the subsidy operated only in the case of travel from Canada to another point; what do you say about that?—A. That is generally the basis on which the subsidy has been given, in my experience. It is only given for a service to take care of our exports.

Q. Then, how can that be; the money goes to the company, to the exchequer of the company, and to the extent of the subsidy it is enriched; how can you say that it applies to travel only one way?—A. Of course, their subsidy is only given for the one way service—or, for the round service; and it may be that it does go into the general fund. In figuring the operating cost on a Canadian vessel, you are operating a service outward and of course you have to get her back home again.

Q. Isn't it true that the company will benefit to the extent of the subsidy; while it may be the intention that it shall operate only one way, the real point is that the subsidy is paid to the company and travel has nothing to do with it?—A. Oh, yes. The situation would be this, if you were asking for a subsidy for a service you know what it is going to cost you from one port over to another port and back home again. You know all that before you start. You have a fair idea as to what your freight and passenger revenue will be; then you can get what your loss is going to be.

Q. Perhaps you can help, I put the question already to the Minister, and my point was this: I objected to the subsidy on the ground that the subsidy, in the case of travel from British Columbia to South Africa, enabled the corn grower in South Africa to compete with the corn growers of western Ontario, the corn growers of South Africa being subsidized to the extent of 10 cents per bushel by the South African government in the case of export, and it seemed to me that this subsidy to these ships was similarly additional encouragement to a source of competition that was proving very disastrous to a number of Canadian farmers. Now, having in mind that picture, allowing or assuming that a ship leaves Vancouver and goes to South Africa, that same ship comes back bearing South African corn?—A. I don't think so.

Q. What is that?—A. I do not think any of those ships have brought back corn.

Q. They certainly do, it has to come across some way and it is quite certain it does not fly, it comes in these subsidized ships. Having in mind that problem how can you, in fairness, say that the subsidy operates only one way. The Minister agrees with you, but I cannot see it. I thought you might simply explain?—A. Well, we will leave out the grain feature, because I think you have

[Mr. F. H. Clendinning.]