

can cut into purely American trade. All that it needs to do is to change its name and attend to certain formalities prescribed by the Company law of the States invaded. Customs regulations also are much less onerous in the case of a railway. A Canadian ship cannot change her register, and cannot carry an ounce of American trade. Customs regulations hamper her more than is the case with railways. None the less, the Canadian privately-owned railways have received at least \$300,000,000 in subsidies.

Naval Shipbuilding

So far nothing has been said about the proposal that Canada should embark upon naval shipbuilding. This, however, cannot be overlooked, the government having expressly undertaken to try to develop this. It is submitted that *the true way to procure plants equal to the construction of naval vessels is to develop a healthy mercantile shipbuilding industry*. This is clearly shown by the experience of Great Britain and other countries. The volume of mercantile construction turned out by the yards of the United Kingdom during the four years 1907 to 1910 inclusive, averaged 750,000 tons a year; it fluctuated from 600,000 to 1,000,000. In 1911 and 1912 the total output was 1,700,000 tons a year. The average output of warships in 1907 to 1910 was 120,000 tons, and the fluctuations were from 67,000 to 138,000 tons. The fluctuations thus were greater in naval than in mercantile construction. Nevertheless, *the enormous volume of mercantile work steadied the situation as regards naval vessels*, and the effect has been, first, that Great Britain gets her warships built more cheaply than other countries do; secondly, that British yards build most of the warships for the smaller powers. British Dreadnoughts cost from £80 to £90 per ton of displacement; German Dreadnoughts nearly £100 per ton. If, then, the Canadian government were to encourage the setting up of yards devoted wholly or chiefly to naval construction, and were to allow the mercantile construction to languish, the effect would be that *as soon as the warships originally ordered were completed the yard would be in difficulties*, and would be obliged either to close down or to beseech the government for more orders for warships, irrespective of the fact whether the country needed more war vessels or not.