

Tuesday, April 24, 1923

The House met at three o'clock.

SPECIAL COMMITTEE ON AGRICULTURAL CONDITIONS

FOURTH REPORT PRESENTED

Mr. McMASTER presented the fourth report of the special committee appointed to inquire into agricultural conditions, as follows:

Your committee beg to submit the following resolution which they have unanimously adopted, viz:—

Among the various subjects which have been investigated by your committee, they desire to make a report on the question of ocean freights. It is not easy to over-emphasize the importance of cheap ocean transportation to the Canadian farmer.

Whatever advantage may have accrued to the Canadian people by the millions of money spent on the development of our internal transportation system—the building of railways, the digging of canals, the deepening of rivers—such advantage may be in a large measure nullified if freight rates from our ocean ports to foreign countries are fixed at such figures as to absorb the savings which these expenditures have obtained.

Your committee are of the opinion that upon the regular steamship lines trading from Canadian ports the price of transportation service is determined neither by the law of supply and demand, nor on the basis of cost plus a reasonable profit, but that a combine exists among the various shipping companies, which combine is known as the North Atlantic and U.K. Conference Eastward-bound.

The headquarters of this organization are at 8-10 Bridge street, New York, and it includes in its membership a very great number, if not all, of the principal steamship companies operating regular lines out of North Atlantic ports.

According to the witness, Mr. W. H. Chase, Atlantic freight rates are made in New York the first Thursday in every month. (See evidence of Mr. Chase, page 350.) To this North Atlantic Conference belong nearly all, if not all, of the regular steamship lines running from Montreal, including the Canadian Government Merchant Marine. (See evidence of Mr. W. A. Cunningham, Traffic Manager, Page 211). It will be remembered that the Canadian Government Merchant marine, as well as the Canadian National Railways, is operated under the control of a board, and not by a minister of the Crown.

Subsidiary to this conference there exists a smaller association of steamship men connected with steamship lines trading out of Montreal. This association is called sometimes the Canadian Liner Committee, and sometimes the Weekly Liner Committee. They hold meetings as a rule every Tuesday afternoon at the offices of the companies whose representatives act for the association.

The minutes of various meetings of this association, produced before your committee show that the lines or transportation companies constituting the association are as follows:

Cunard, Anchor Donaldson and Thomson Lines; Canadian Pacific Ocean Services, Ltd.; White Star Dominion Line; Intercontinental Transports, Ltd., (with which certain vessels of the Canadian Steamship Lines, Ltd., are associated); Furness Withy Company, McLean, Kennedy & Company; and the Canadian Government Merchant Marine, Limited. The object of these meetings was very neatly characterized by Mr. L. A. W. Doherty, the representative of one of these lines, as being "to stabilize or keep uniform the situation of ocean transport."

It was contended by the gentleman who represented the Canadian Government Merchant Marine before the committee that the line merely "sat in" with the rest of the steamship lines at the weekly conferences, and that it was not bound in the same manner as the others were bound to maintain rates.

A careful consideration of the evidence hardly supports this contention. It would appear that during the several years the Canadian Government Merchant Marine has been in existence, it has departed from rates so established on four different occasions—one departure, however, covering more than one shipment.

The manner in which the Liner committee operated was as follows:

The general rates were set at the North Atlantic and U. K. Conference in New York, but for the purpose of united action in regard to these and other matters, a weekly meeting was held, at which representatives of all steamship lines attended. At this meeting, rates were agreed upon, and no member of the line had the right to depart from the rates so established without conferring with and warning his competitors of his intention so to do. An earnestly-worded expostulation would be directed by one member to another if this line of conduct was not followed.

This state of affairs brought about the following extraordinary result. The government of the United States forced the Shipping Board of that country which manages the United States governmentally-owned steamers, to make a very low rate for the transportation of flour to Europe—a rate stated by the shipping companies to be below a commercial rate. This rate applied only to flour ground in the United States. To meet this rate, the North Atlantic Conference Lines established, at a given moment, a rate of 15c. per 100 lbs. on flour ground in the United States, while they maintained a rate of 19c. per 100 lbs. on Canadian flour—a very substantial differential against our Canadian millers. To this agreement, as a member of the North Atlantic Conference, the Canadian Government Merchant Marine was a party.

The committee feel in this regard that the vast sums spent by the Canadian people on the development of a merchant marine were never intended to bring about this result.

The committee desire to bring the facts in this regard to the earnest attention of the House, and would respectfully suggest that the Minister of Railways and Canals should take the matter up with the Canadian National Railway Board for consideration and appropriate action.

It would appear that the shipping combine referred to does not include tramp steamers, which can be chartered from time to time, and among which there exists keen competition. These, however, are only available to those shippers who can load a whole steamer; neither do they take the place of regular lines which are able to effect transportation almost with the regularity of express trains, and which, therefore, offer much greater advantages to those who have to ship perishable articles to a market which wishes to have a regular supply.

The boats of the Canadian Government Merchant Marine are not of such construction as permits of their being used as cattle boats, and to convert them for this purpose would be both costly and impracticable.

Evidence was produced showing that since the commencement of the war, ocean rates on cattle had increased by 300 per cent while the price of beef in the British market had only increased 66 per cent during the same period.

Your committee is of the opinion that the continuance of the rates now charged inevitably must have a detrimental effect upon the export cattle trade.

Your committee were also struck with the fact that many of the witnesses connected with trans-Atlantic steamship lines testified that, as a rule, small cargoes