

The railway is not subject to variations in carrying capacity due to fluctuations in the available draft of water. In one year recently the gross earning capacity of one fleet was lowered at least 20 per cent by low water.

A variety of other differences might be named and the above are merely hasty suggestions.

(7) It is not right to suggest that vessel owners are not frank in stating that the proposed legislation may give rise ultimately to higher rates. What was said was that the small lines of vessels, unable to stand the proposed restrictions, may be crowded out in the race, that the larger fleets will survive even by a process of merging the smaller ones, and that competition being destroyed rates will naturally tend to go up. The larger companies, and those working with the railways, may enjoy some benefit, but at present all naturally prefer free competition without restrictions, and this should be best also for the individual citizen.

(8) It is merely necessary or advisable to attempt to deal with newspaper reports, but one should call attention to the fact that Mr. Armstrong does not mention the capitalization upon which the alleged net earnings of Canada Steamship Lines Limited are made.

(9) Mr. Armstrong appears to have misunderstood the contention of vessel owners that United States competition must be regarded. He suggests that the Customs regulations and coasting laws protect Canadian shipping enough. The contention was however that the proposed restrictions on Canadian trade would simply play into the hands of American competitors, and this contention is one which must be recognized.

(10) As to governing the speed of vessels in river channels the oversight of the railway board is not necessary. The Departments have sufficient jurisdiction, and already exercise it, notably on the Detroit River, in conjunction with the United States War Office. Certainly the Governor in Council has or can be given ample jurisdiction.

(11) As to the specific instances regarding east and west bound package freight referred to by Mr. Armstrong, it would be folly for me to attempt to answer on a single day's notice and without consultation with the management of the line of steamers mentioned. Our contention is clear that as to local freight by water, conditions of carriage are such that freedom of action on the part of the carrier is absolutely necessary, and that the natural and ordinary rules of open competition should govern. But I submit that the lines particularly interested are entitled to full opportunity to answer the statements now made against them by the Chairman of the Committee, and I would respectfully urge that no *ex parte* action should be taken.

(12) I refer again to what was said at a previous session of the Committee by Messrs. Richardson and Henderson on behalf of the Dominion Marine Association against the proposals in question, and I refer to the understanding then had with the Committee that vessel owners should rest their case until those demanding the legislation had come forward to give evidence, and that then at a later date full opportunity should be given for a careful reply.

The present is but a hasty and entirely inadequate comment on the Chairman's statement, presented because the Committee's last session is announced for the 28th, and so that the record may not be published without any answer whatever to what was said by the Chairman yesterday. It should be made clear that I have no opportunity to consult the interests I represent.

Respectfully submitted,

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Counsel for the Dominion  
Marine Association.