

the French contractors who are willing to contract for these ships find that they must be officered by British officers and engineers they will refuse to take delivery of them. Supposing, for the sake of argument, that the French Government, or French ship owners, are willing to take delivery of ships captained by British officers, what happens then? A ship leaves this country, goes to France and then proceeds to South Africa. She is sent all over the world. How can the Government follow that ship? It is absolutely impossible for this Government to follow a ship to any part of

11 p.m. the world and it is foolish for them to try to do so. Let us suppose that this vessel goes to Natal, South Africa, and in coming out of the harbour of Natal runs into a ship worth \$5,000,000 and sinks her. Our Government has a mortgage on this ship which is supposed to be owned by people in France and the ship is worth, say \$1,000,000. She sinks a ship worth \$5,000,000. What is the good of our mortgage in that case? The owners of the \$5,000,000 ship will immediately libel the ship on which we have a mortgage, with the result that if the ship on which we have the mortgage is at fault, she will be taken and sold to pay part of the damages done to the \$5,000,000 ship. Is that the kind of a guarantee that we are going to have for the repayment of our notes? It is a suicidal scheme and no business man would embark upon it. It is in accordance with ordinary business principles that when the Government introduces a measure the party which it leads is supposed to follow it but here is a case where it is quite evident that the Government is embarking upon something about which it knows absolutely nothing and my own opinion—and I think the opinion of the majority of the people of this country—is that this Bill should not pass.

Mr. H. M. MOWAT (Parkdale): This is such an important question that I feel that anybody who has any definite ideas upon it will be excused at this late hour for briefly referring to it. This is a venture that Canada could not safely embark upon under ordinary circumstances but only under very exceptional circumstances, namely, that the shipyards of this country must go out of business unless something of this sort is done. Let us look at the history of this case in so far as we can gather it from the statements made by the ministers who have had charge of the negotiations.

[Mr. Duff.]

The building of ships to the order of Canadians has practically come to an end and shipbuilders have now received an offer from foreign countries to build ships. They ask: "Where is your money"? The negotiations result in showing that owing to the low rate of exchange the foreigners cannot make a bargain with our shipbuilding industries that is satisfactory to them. Here we have offers made to buy ships and the shipyards cannot build the ships on account of the unsatisfactory terms offered. It is perfectly natural that this position of affairs should be presented to the Government both by the shipbuilding industries and by the proposed purchasers. Unless the Government can contemplate the shipyards going out of business it seems to me the only thing they can do is to come before the House with a proposal of this sort. It is a courageous enterprise, a good business project, it has sound business reasons behind it, and therefore the Bill should be supported. It is a proposition that will commend itself to large business men and lawyers as being one in the public interest. One argument in opposition to it is that it is proposed to advance this credit on a promissory note. That may be a good argument from the debating standpoint but it does not touch the real point of this arrangement. While notes are given to secure the advance for a year and nine months and up to fifty-seven months yet the real basis of the bargain is the mortgage being placed upon a ship under Dominion of Canada. The hon. member for Lunenburg (Mr. Duff) spoke about this mortgage being placed upon a ship under the register of a foreign country. That is not so, it must be registered in Canada. During the war the rates were so high that a ship could pay for its entire cost in two voyages, and in many cases I am told the whole cost could be paid for by one voyage. Freight rates are still high and I am told that ships can pay for themselves in a very short time. If the notes are not paid as they become due the Dominion is entitled to sue upon them, foreclose the mortgage and take over the ship. The owners cannot look upon that possibility from a business standpoint for one moment and if they cannot finance these notes from the profits of the ship they must provide other means in order to keep to the tenor of the note.

For another reason I am very much impressed with the importance of this measure. For many years I have held consistently that Canada to be a successful country must