

ships is not so high as on British or Canadian ships. The Norwegians' scale of wages is lower. Their regulations for the security of life and property are less exacting than those governing British and Canadian ships. Their marine insurance systems usually produce somewhat more favorable rates than those of British underwriters. The Norwegians are thus able to compete keenly even with the British shipowner in the fight for the carrying trade.

Japan also must be reckoned with in this connection. The Japanese are becoming shipbuilders and shipowners, and as everything they do is aided by cheap labor, they are likely to become serious rivals of all who engage in the carrying trade of the world. The British ship, built under the favorable conditions already mentioned, will, in the coming years, have a sharp fight with both Norwegians and Japanese, and perhaps with others, in the competition for business as an ocean carrier. The Canadian ship, built under much less favorable conditions, would have a harder fight still.

Now the question arises, is it desirable that Canada should give such aid to shipbuilding as will enable the Canadian builder to overcome all these obstacles; and if so, in what form and to what extent should the aid be given?

We have already pointed out that unless in one way or another the British built ship can be shut out there is nothing that can be done to help shipbuilding as respects vessels for our Canadian coasting trade. Some writers, in a casual view of the subject, have assumed that the problem can be solved by admitting free of customs duty everything required for the construction of a ship. Much of this material is already admitted free. If further action in this direction be proposed it will not find favor with Canadian manufacturers.

We are here brought into contact with a fact too often overlooked in the discussion of tariff questions, viz., that what is called "raw material" by one manufacturer is the finished product of another. Steel plates, for example, are the raw material of the shipbuilder, but they are the finished product of the steel-maker. Unless aid be given in a form which will induce the shipbuilder to buy his material in Canada the steel plates for shipbuilding will not be made here. The same will be true of most of the other articles used in the production of a ship. Under a policy of free admission of materials, our shipyards could only be assembling places at which things produced abroad would be put together in the form of a ship. Shipbuilding of that kind might be all right from the viewpoint of the merchant, who is chiefly concerned in the carrying of his goods at the cheapest possible rate. It might even be all right from the viewpoint of the shipbuilder, who is chiefly concerned in turning out a ship at the lowest possible cost. But nothing would be done to promote the development of the subsidiary industries, and these, no doubt, are in the minds of many who feel interested in the subject.

The question, we believe, must in the end become, as Mr. Cantley seems to anticipate, one of Government bounty. Mr. Cantley suggested that the amount of the bounty to be granted was a question for the Government. That is true. But the case is one in which the Government may reasonably expect the advocates of shipbuilding to give some indication of what

is the measure of aid that is considered necessary.

Apart from whatever advantage the tariff gave to the iron and steel makers, aid was for some time given to their industries in the form of bounties, not, however, without considerable criticism. The events of recent years have given Canadians cause to rejoice that our country has large industries of that class. There are, no doubt, many people who will look with much doubt, if not with pronounced hostility, at any proposal to grant bounties to shipbuilding. Others there are who feel that if special encouragement is to be given to a new industry, it will be less objectionable in the form of bounty than in that of high tariff protection. In most cases in which Government assistance for new industries is sought, the argument employed is that the desired industry requires aid in its early stages, until it grows strong enough to stand alone. This view was acted on by the late Government in the case of the iron and steel industries when they arranged the bounties on a gradually decreasing scale, and ultimately abolished them.

Can the same method be applied to create a shipbuilding industry? If the same policy can be adopted in this case—not for the mere assembling of imported materials, but for the construction of ships largely from materials produced in Canada—there will probably be many who will be ready to support such a course. What the extent of the bounty should be, and the period for which it should be granted, are important questions to which those particularly interested in the movement should apply themselves. Along these lines there will, we believe, be a large measure of public sympathy with the shipbuilding project. If the industry can only be created by taxing British ships to exclude them from our waters, or by the granting of bounties as a permanent policy—well, that will be another story, and a harder problem to face.

What are Provincial Purposes?

THE Ontario Government, soon after the outbreak of the war, procured the passing of a Provincial Act to levy a small tax on all the municipalities of the Provinces to pay for services undertaken in connection with the war. The tax was generally accepted as a reasonable one, and was paid last year without complaint. This year the Mayor of Toronto, with the approval of his Council, has thrown a bombshell into the field of public discussion by announcing that Toronto will refuse to pay its tax of between \$500,000 and \$600,000. The ground taken is that, under the British North America Act, the Provincial Legislature has the power to levy direct taxation for "Provincial purposes" only, and that the Ontario appropriations for services arising out of the war are not Provincial but Dominion purposes. There is widespread surprise at the Mayor's attitude, and much regret that he should have taken such a position to prevent the Province contributing to the good causes connected with the war. But if the Mayor and Council hold to their position it may not be found easy to overcome their protest. The Attorney General of the Province reminds the Toronto Council that if the Provincial tax is ille-

gal, all taxes imposed by Toronto and other municipalities for contributions to the Patriotic Fund are also illegal. That is probably correct. But it does not meet the Mayor's point. He can use the familiar argument that two wrongs will not make a right. There is room for a big legal fight over the question of what are and what are not "Provincial purposes." It may be argued with much force that the people of Ontario, through their constituted representatives, are the best judges of what they shall do with their own money, and that if they desire to contribute through their Provincial Government, or through their municipal organizations, to any good cause, that is distinctly a Provincial purpose. It may be further contended, with much ground, that the limitations placed upon their taxing powers were designed mainly to prevent their invading the field of taxation reserved for the Dominion Parliament. But it is more than probable that eminent legal authority can be found for the view that taxation for Provincial purposes means taxation for the support of specific services assigned to the Provincial authorities, and not for any others. Fine distinctions too may perhaps be drawn between the use that the Provincial Government may make of money coming to them through other channels, such as the Provincial subsidies from Ottawa, and moneys for which they have to impose a direct tax. The settling of less difficult questions has taken long years of time and long purses for legal expenses.

Since the foregoing was put in type the Toronto City Council has reversed its decision and ordered that the tax be paid. This disposes of the matter so far as the city authorities are concerned. But now that so much attention has been called to the case if some cantankerous tax-payer should be tempted to question the Council's final action, the constitutional point may still have to be fought out.

Hasty Legislation

AT a time when the arrangements for the close of the Ottawa Session were beginning to take shape, the Government asked Parliament to deal with some of the most important measures of the Session—the loan of \$15,000,000 to the Canadian Northern Railway Company, and \$8,000,000 to the Grand Trunk Pacific Railway Company, and the acquisition of several railway lines in the Province of Quebec. The Commons had very little time to consider the measures, the Senate practically no time at all. If the Senate were doing the work for which it was created it would have refused to consider these measures within the few hours allowed. Such action on the part of the Upper House would have a most wholesome effect, teaching all Governments that Parliament must be allowed reasonable opportunity to fully inquire into the measures which it is asked to pass. Such action, too, would leave less ground for those who are so ready to claim that the existence of the Senate serves no good purpose. The Senate does not often exhibit a surplus of energy. After the session has advanced a few weeks the Upper House seems to become more languid than the busier Commons, and measures dumped on its table while the members are clearing out their desks for departure are readily passed. The Senate does not do itself justice. It contains many able and experienced men. But if it encourages the hasty legislation which it was created to prevent, it must not be surprised to find its usefulness questioned more and more.