

showing. The government ships enabled the exportation of Canadian products in 1919 to the value of \$21,362,000, much of which would not have been shipped if the shipping facilities had not been provided by the government.

Since Jan. 1 shipyards on the Pacific Coast have delivered three ships, Canadian Raider, Canadian Importer, and Canadian Exporter, all of which will be employed in the Canadian-Australian trade. The Canadian Raider and Canadian Importer have sailed with a full cargo of lumber in the one case, and a full cargo of confectionery, newsprint, lumber, rubber tires, etc., in the other. The Canadian Exporter is loading at present. It is expected that with the service which the Canadian Government Merchant Marine will be able to provide between Canada, Australia and New Zealand very important business will be established.

By order in council these ships were transferred to Canadian Government Merchant Marine at contract price. In lieu of that Canadian Government Merchant Marine issued notes payable to the Finance Minister bearing interest at 5½%. It is incumbent upon Canadian Government Merchant Marine not only to meet the interest on the cost of construction on these ships at 5½%, but also to pay the principal from time to time out of earnings. I am very happy to announce that, notwithstanding only 19 ships were in service for a portion of the year, yet, out of earnings Canadian Government Merchant Marine has issued a cheque to the consolidated revenue fund of Canada for \$500,000 which meets the interest at 5½% to Dec. 31, 1919. Members will see that the Canadian Government Merchant Marine is paying its way although it has hardly got started.

Australian Shipbuilding.

It may interest members to know what our sister Dominion of Australia is doing. Australia has half our population but is still a nation of great vision, energy and capability. In the early days of the war, Australia acquired by purchase 15 second hand British ships with a tonnage of approximately 100,000 tons. In addition the Commonwealth Government undertook a local building programme. The original programme provided for building 24 steel ships of about 5,500 tons deadweight each and 24 wooden ships of about 2,600 tons d.w. each. A second programme was subsequently undertaken which provided for building 14 steel ships of about 6,000 tons d.w. each. In addition contracts were placed by the Australian Government for building 6 vessels in United Kingdom yards of about 12,000 tons d.w. When Australia completes her programme she will possess a total of 348,400 tons net, a very good merchant marine for our overseas dominions to have.

Steel Plates for Shipbuilding.

I now come to an important adjunct of shipping, viz., the establishment of a steel plate mill and the contract entered into by the Dominion Steel Corporation with the government which calls for 250,000 tons of ship plates, the government obligating itself to take 50,000 tons a year for five years with the option of increasing that quantity up to 75,000 tons if it should think fit to do so. The contract was made when the war was on. The government had entered upon a shipbuilding programme and the only country that Canada could get ships plates from was the U.S. We placed a large order in that country for 80,000

tons, but notwithstanding all our efforts to get delivery of steel we were only able, after 12 months, to get 6,000 tons. At that time no one knew how long the war was going to last, and the necessities of shipping were very pressing upon the government. Therefore we decided that Canada should be self contained, as far as shipbuilding was concerned, and entered into the contract referred to. The government made this contract at a price of \$4.15 per 100 lb. That was during the war, but after the armistice had been signed I summoned the Dominion Steel Corporation's officials to Ottawa and told them that while the contract was binding upon both parties and I could not force them to reduce their price, at the same time the government would appreciate it if they could see their way clear to make a reduction. The officials received the proposal in a very broad and generous spirit, and after several weeks of negotiation, I was able to prevail upon them to reduce the price from \$4.15 per 100 lb. to \$3.65, equal to \$11.20 a gross ton, a saving on the entire contract of \$2,800,000. The mill commenced operations on Feb. 17 last, and from the first, ship plates measuring up to the high standard required by Lloyds were being successfully turned out. Within a month after the actual commencement of operations at the mill, the total commitments for the first year were practically disposed of. Thirty-four thousand tons will be required for shipbuilding purposes; 9,300.59 tons have been sold to outside powers; at the present moment 6,000 additional tons are under option. In addition the government is in negotiation with the New South Wales Government for the sale of some 15,000 tons, which it is hoped to conclude successfully within the next 30 days. Further enquiries are being received almost daily for steel, but until such time as the department ascertains the quantity of plates that the mill will be able to produce in the first year it will not be possible to take any further commitments.

There will be no difficulty on the government's part in fulfilling its part of the contract by taking its part of the contract by taking 50,000 tons, and I am almost certain that we will have to ask the Steel Corporation, under the terms of our contract, for a maximum quantity of 75,000 tons. I do not want to make any statement that will not prove to be accurate later on, but as far as I can tell from the contracts that we have taken, and the contracts that we expect to take, I think I am safe in saying that the government will not make any loss after accepting the maximum quantity that it has to take under the terms of the contract, and there is a fair possibility that a year hence, if I am spared, I may be able to inform members that there has been a profit in the matter of ships' plates as well as ships.

Our competitor in ships' plates in the world is not the United Kingdom, but in Australia, and elsewhere our competitors are our neighbors to the south, the United States. The price of ships' plates in England is, if my memory serves me right, £27.10 a ton, which is very much higher than is our price from the Steel Corporation, so much so that we could ship Canadian plate, turned out at the Sydney mill, to any part of the United Kingdom and meet the competition there and still have a good profit. It is not to be wondered at that the price of plates

has advanced in the old country. There has been a rise in wages over there and the price of materials of all kinds that enter into shipbuilding has gone up. No one expects that the United Kingdom will ever return to pre-war prices for steel freight ships or passenger ships either. The price of building steel ships in the United Kingdom, of similar size and design, is just as high as in this country. But there will come a time when the yards in the United Kingdom will not be as fully occupied as they are now. Every yard in England, Ireland and Scotland has more contracts than it is able to turn out for some time to come; but when the pressure on those yards eases off, competition is bound to become keener; and if nothing is done for the shipbuilding industry in this country, when that time arrives it is difficult for one to forecast what may happen to our magnificent shipbuilding industry, which as it is established at present has bright prospects of becoming very much bigger and greater.

Subsidies for Shipbuilding.

That brings me to the question of subsidies. I am not going to say anything in that regard, further than that the government has the matter under its careful consideration. The Finance Minister, when he brings down his budget, will state, in the government's behalf, whether or not it can see its way clear to do anything to aid the shipbuilding industry in Canada. However, it will be gratifying to members to know that notwithstanding the fact that Canadian shipbuilders have absolutely no protection of any kind they have been able under existing conditions to secure foreign orders in competition with shipbuilders in the old land. The National Shipbuilding Co. of Three Rivers, Que., is building six ships of 5,000 tons d.w. each, three of 3,200 tons each and two of 6,500 tons each for foreign registry. These orders were secured from France by the National Shipbuilding Co. in competition with the world. Canadian Vickers, Ltd., of Montreal, also in competition with the world, secured a contract from Norway for the construction of two steel vessels of 8,000 tons d.w. each. The Collingwood Shipbuilding Co. has secured the contract for a canal size ship for the Standard Oil Company of New Jersey, to be employed in foreign waters. That may seem to indicate that our shipbuilders can now compete with the world, on account of the conditions that I have referred to. But I am not so optimistic as to say that one or two years from now they would be able to do so without any assistance whatever.

I desire to pay a tribute to those of our Canadians who have had to do with the building of these ships. They were not skilled in the building of ships when steel shipbuilding was commenced on a large scale some two or three years ago. But although the designs of the ships which are being turned out in the yards from Halifax to Prince Rupert are British, the materials and workmanship are Canadian, and Canadians have demonstrated their skill in shipbuilding as they have in other walks of life, just as when the call of their country came they displayed their adaptation to military life, and their bravery in the field of battle. Our ships are equal in design, workmanship and efficiency to any ships of the same kind that are built in the old land. I have covered the programme as fully as I have been able to; if members desire to ask any questions I shall be only