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CANADA

House of Commons Debates

OFFICIAL REPORT

SPEECHES

OF

HON. SIR GEORGE FOSTER

MINISTER OF TRADE AND COMMERCE

ON

DEVELOPMENT OF INDUSTRY AND TRADE

AND

THE QUESTION OF OCEAN TRANSPORT

In the House of Commons, Ottawa, on April 18 and 26, 1916.

DEVELOPMENT OF INDUSTRY AND TRADE.

Tuesday, April 18, 1916.

On the motion for Committee of Supply:

Sir GEORGE FOSTER (Minister of Trade and Commerce): I am going to ask the House this afternoon, before taking up my Estimates, to listen to a short statement which I think may be of some interest in connection with the trade and commerce of the country. I am not making any apology for asking the House to listen to me for a few moments on this matter, as I think it is one of very great importance, and one to which, probably, neither side of the House has devoted that amount of time, energy, and attention which 224 representatives of Canada, comprising business men, men of capacity, men of influence, men of ripe and extended views, men of great experience in commercial and business matters, might have found it profitable to devote.

I do not believe that any of us in this House, or that any one in the country quite appreciates the tremendous transition which is to take place in this country some time

soon when war ceases and peace commences, a transition rendered necessary because of the diversion that has taken place along certain lines since the war began. At the risk of repeating something of the sentiments, if not the words which I have already expressed in this House, I am going to call the attention of the House to a few prominent features of the situation.

What has happened in this country since August, 1914? The happenings have been gradual and, therefore, they have not impressed themselves upon our minds with the same force as if, instead of being gradual, they had come suddenly. But they are none the less important and none the less grave because they have been gradual.

Up to the present time, 300,000 5 p.m. adults have been drawn from the fields of industry, from the factory, the business house, the farm, the mine, and the fisheries. These have been abstracted from productive work in these lines, and if this war continues for a year, or a year and a half more, 500,000 adults will have been been abstracted from productive work in this country. Now, if the Minister of the Interior had come to this House two years ago and stated

that he could promise that within a year there would be an immigration into this country of men like ourselves, representing an addition of 250,000 adults to the working forces of Canada, he would have made a statement such as had never been made in Canada, or in any other country in the world. And if he had followed that up with the statement that in the succeeding year there would be an immigration of men like ourselves, knowing our institutions, understanding our laws, familiar with our social, intellectual, and moral habits, adding in the course of two years 500,000 working adults to the productive power of this country, that would have been a statement surpassing in interest and gravity the one to which I have just alluded. But does it make any difference whether the statement shall be made in that form or shall be in the inverse form, that in two years during which this war shall have been carried on 500,000 adults shall have been abstracted from the productive forces of this country? That is the first point to consider and it is one which I would like the country to consider very carefully.

More than that, during those same two years something else has been taking place. There has been a diversion from productive, beneficent labour into lines of labour and work which are not beneficent and productive, but which are maleficent and hurtful. Tens upon tens of thousands of men have been diverted from normal and beneficent, productive work in this country and have been set to the work of making munitions of war for the purposes of the destruction of life and property. In this destruction of life and property, the only redeeming thing which can be said about it is that they are defending the life and liberties of the Empire and fighting for the cause of human freedom and liberty. But from the economic point of view, my argument stands that this diversion has taken place. Something more has taken place in that time. Not only has there been this diversion and abstraction of productive labour, but there has been no compensating inflowing current of immigration. To a young country like our own, a country situated as Canada is, that is one great source of growth and advancing strength and prosperity. Outside of the natural increase, and coming from suitable sources, the strength and prosperity of the country are enhanced by an inflowing population, adults and others, which mingles itself with, and becomes

co-operative in the production and development of the country. For these two years of war a very small amount of that current has flowed in and Canada is bereft of the invigorating and progressive force and enterprise which are derived from such sources. But, in addition, capital and equipment and capital for the purposes of equipment have been diverted to and employed in the work of making munitions of war and therefore is not employed in normal productive industries. This is a factor which has also to be reckoned with. In addition, financial conditions will have been so changed, that when peace comes we shall be met with a different situation as regards enterprise and industry from that which existed before the war. Money will be harder to get, interest will be higher, the cost of Government and of administration will be enhanced and all these are factors in the obtaining of capital and in the working out of enterprises for which capital is necessary.

Now, you say that this labour, or a great deal with it, will return. Let us consider some factors in regard to this. Of these 500,000 adults who will have gone from our country some, unfortunately, will never return. That will be human energy entirely lost to this country. Another considerable portion of those who return will be totally, or partially, disabled and will therefore be, in one way, a burden which we will all love to bear, but yet an economic burden upon the country; or they will be reduced in point of worth and efficiency in the productive work of the country. The men who come back after two years of the life in the trenches, with all the strain, the nervous and physical shock, the endurance and privation of war, will be different from the men they were before they went to the war. Will these men quickly settle down to normal operations? Will they be as effective as they were before? Any way there will be a period, more or less lengthened, during which there will be a process of adaptation and of change from the old—though it is only two years old—to the new and something like the normal conditions that preceded it.

Now, this is just a rough statement of the facts upon one side of the case. Are we thinking about this situation which faces us when the war stops? The moment the war stops the doors of every munition factory will be closed and the help that was gathered, and which worked therein, will

have to find some other employment. When the munition factories stop, the thousand and one subsidiary operations which spread themselves through the length and breadth of the country, connected by more or less subtle threads with the dominant work of forming munitions of war, will also come to a standstill, and these two working together will bring about a period during which reversion to normal, adaptation to circumstances as they then exist, will eat up time, will confuse and disturb energy and will have its effect upon the economic condition and development of the country. These are the things that face us. Whilst we are glad to see the munition works doing their part in supplying the Empire with that which is necessary, whilst we are glad to have the money which comes as a sequence to the employment, yet all this is not beneficial and productive work and when it stops—yes, before it stops—well before it stops—the people of this country should be putting on their thinking caps, sizing up the situation and getting ready for the inevitable and important change that is to come. The first duty of this House and of the people of the country is simply to face that situation, to get right down before it, face it, think it out and be prepared with plans and organization as to what shall be done when the time arrives. That is the first duty of us all. In the next place, will you allow me, Mr. Speaker, to call your attention to another phase of the question, and that is: what are the practical things that can be done and to what extent are we doing these practical things?

And now I make an acknowledgment to the House: that is, that I feel the duty and necessity of saying a few words about my own department, the Department of Trade and Commerce. I have not projected that department nor myself before this House nor before the country; I have been very modest with reference to the work that was going on. I have come to the conclusion that I have been a little too modest and that maybe my department has not taken that place in the minds of hon. gentlemen to which it is rightly entitled. I do not speak in this way from any personal vanity, or any personal regret; but I would like the people of this country and the members of this House to know something of what we really have been doing; and I speak in order that my department may not only have their sympathy but also their active

help and co-operation. So, I know, Mr. Speaker, you will pardon the allusion that I am about to make to my own department.

One of the things that I think we ought to do, and may well do, is to take stock of the situation in Canada as it will probably be when peace comes. What is it in the Dominion of Canada that we shall consume, that we shall find necessary for our daily wants? To what extent can that be produced in Canada, and to what extent must we depend upon outside countries for these supplies? First—and I am not going to labour the point, for I wish to finish my remarks by six o'clock—I think that the thing we ought to do is to sit down and take stock of the resources and of the wants of the country. And with this idea—that, knowing what we require, and knowing how much is produced by ourselves at the present time, and for how much of it we have to depend upon foreign countries, we may, in a business way, set ourselves as Canadians to the solution of the problem of our wants. And I think the most accurate statistics that it is possible to have on that subject should be within the departments in Ottawa, and more especially within my own department, and should be there for the use of the House and of the business men of the country—information, comprehensive, accurate and fresh, as the foundation for the active work of dealing with this problem.

The next thing I think it is necessary for us to do, and which my department is trying to do, and I think is pretty effectively doing, is to find out in what fields outside of Canada goods that are made in Canada, and the products raised in Canada, may find sale and consumption. There are business enterprises and aggregations of capital which may better busy themselves with the home market of Canada, and with that only. There are other aggregations of enterprise and capital which may better busy themselves entirely in providing for the foreign markets. And there are other aggregations of capital and enterprise that may most economically combine both, and, making a base of the home market, extend their trade to the supply of foreign countries and thus diminish the incidence of overhead and general expenses upon their total trade. So, my department, while I have had charge of it—and as it commenced before, and I hope will continue—is particularly occupied with that problem.

Through what media? In the first place,

we have the medium of the Trade Commissioners whom we now have in every important district of the United Kingdom, in the overseas dominions, and in such foreign countries as it has seemed best, up to the present time, to enter. These trade commissioners are, I believe I can say without exaggeration, doing their business on the whole excellently well, and some of them deserve all the praise that can possibly be given them for the energy, the capacity, and the success with which they are carrying on their work. These trade commissioners are diligently engaged, from the first of January to the thirty-first of December in every year, gathering information in the districts to which they are accredited and the areas to which their work applies. They are gathering that information judiciously, and not simply sending in anything which would make a paragraph or a report. They send in weekly and monthly reports, and these reports are carefully edited and published in our bulletin, and in that form sent out weekly to now some 6,000 or 8,000 of selected business men in the different parts of Canada. It has been a source of great gratification to me to receive the kind words and hearty endorsement of business men in every part of Canada, testifying to the interest with which these bulletins are regarded as welcome, helpful and profitable visitors to their offices and their homes. But the trade commissioners are assisted, and the scope of the whole system is widened by the privilege which we have, the right we have at the present time as Canadians, to call upon the commercial intelligence branches of the British consular service in every part of the world. These officials are not only instructed from the Foreign Office, but from the communications I have had, they are willingly and cheerfully throwing themselves into the work, and providing us with such information as they think will be of use, such information as is asked of them by Canadian merchants and by my own department. So, special reports asked for by my department are obtained from all these countries upon special subjects, from the intelligence department of the British consular service. That gives us a much wider scope than if we had simply our own trade commissioners. Then, there are special and traveling commissioners. As the House will probably remember, I appointed a special commissioner to the West India Islands, who spent nearly a year and a half in those islands, went through them thoroughly,

possessed himself of the information which was there to be obtained and which was particularly adapted for the purposes and the needs of Canada, and has lately published a report. I do not know whether all members of this House of Commons have seen it or not, but if any member would like to see it I would be glad to put it in his possession. It is a book upon the West Indies, and it embodies the result of his travels, his observations, and his advice with reference to trade.

Mr. PUGSLEY: What is the name of the commissioner?

Sir GEORGE FOSTER: Mr. Watson Griffin. Within the last few months I have also had prepared a resume of the distinctive energies of Canada in production, both natural and industrial, a sort of vade mecum for our outside commissioners, people in foreign countries, British consuls and others into whose hands we put it, destined to answer this question: Is there anything that you want to know about Canada? If there is, here is a book in which you will find something in reference to it. If you want more information, you will know where to apply for it, and get it in detail.

Mr. LEMIEUX: Can we get that book?

Sir GEORGE FOSTER: That book has just been put through the press, and members of Parliament will have a copy of it placed in their hands. It is not for general distribution in Canada; it is for the purpose of helping and aiding our correspondents and business men in foreign countries who want to know for instance, where asbestos is found, and obtaining similar information in reference to any of the natural or the industrial products of Canada.

During the last year one of our best trade commissioners has spent five or six months in Russia, going through the country from west to east, from Petrograd to Vladivostock, and he has made his observations and gleaned his information from every part of that country. He has embodied that information in reports which have been published in the Bulletin, and those reports have been collected in a small volume. Today Mr. Just is in Petrograd as our chief trade commissioner in Russia, and within a few weeks another trade commissioner from Canada will take up his headquarters at Omsk, in the farther east; and those two gentle-

men, with efficient sub-workers at several points, will cover the Russian area in the endeavour to get information with reference to Russian trade and send it to us for distribution.

I have adopted a system of training sub-commissioners. Young men who have gone through the universities, or through the colleges or the schools, who are well educated, and have shown excellence in certain lines of economic and business pursuits, have been taken into the department and have been trained in the departmental work so as to get the home view, as it were, of these matters—trained with reference to tariffs and customs regulations. They have then been given travelling commissions through different parts of Canada, under instructions to make for themselves a thorough examination into different lines of industries and businesses and report to the minister thereon. They have visited the exhibitions, the factories and the producing centres in order to get that information. After having passed through a drill of a year and a half or two years in that way, they are going to foreign or outside fields. One of them, a graduate of McGill, will be the commissioner at Omsk; another will take up a position in another district; and a third, a university graduate from Toronto and a clever young man, is now studying the Italian language in connection with his drill in Canada, and I design him to undertake in Italy the work of getting that same information and of acting as our trade commissioner there.

This year, in response to an appeal from British Columbia, whose lumber interests were somewhat disorganized and confused, I asked the British Columbia people to pick out for me the man who they thought would be best suited for the work of travelling over the world in the interest primarily of Canadian lumber, with reference particularly to the western coast. They gave me their man, a university graduate, a very clever young man who had had training in forestry work in British Columbia. He is now making a tour of the world, commencing with the United Kingdom, and visiting France, Belgium—such part of it as is left—Russia, South Africa, India, China, Australia, New Zealand, and the South American continent. He is on the latter part of his travels, and his reports, full of information and of suggestions, have been published in the Weekly Bulletin; and, when they have been finished, they will be

collected in a pamphlet or volume by themselves. Not only has he been looking into the matter of lumber conditions and possibilities, but he has also had an eye to general trade conditions, and his reports have embraced that side of the question as well as the lumber side. In Great Britain I appointed a general trade commissioner, with a special knowledge of fruit questions, who works in collaboration with the agricultural department, and who is engaged in gathering information and sending us reports in reference thereto.

At the present time I am contemplating the sending of a special trade commission to the United Kingdom, to France and to Italy. These will be different from our trade commissioners. I am trying to select four or five business men of Canada—men of capacity, of practical experience, to a certain extent of expert knowledge in the different lines of industry to which they are or have been attached—who will form an honorary commission. Their expenses will be paid, a secretary will be provided for them, experts in different large lines of industry will accompany them; and their duty will be to go to those three countries and look specially for new openings which are possible owing to the changed conditions brought about by the war, openings which would have been impossible two years ago, but which now, temporarily in certain cases, and permanently, I believe, in many cases, will be open to the industries and products of the Dominion of Canada. These men will make a thorough inquiry, they will have the best opportunity for doing so, and they will prepare an exhaustive report on those fresh points of view which have come into existence within the last few months, owing to the problems and the conditions imposed by the war. That, I think, will be very important for this country, and the result will be very beneficial to the future expansion of our trade.

Then I have been for the last two years looking thoroughly into another branch of work in connection with the Department of Trade and Commerce, which, I think, is no less important, and which in the future will be of very great interest and benefit to us. I think the time has come in Canada when we should establish a bureau of commercial information, which shall stand in Canada as the clearing house for commercial and business information with reference to foreign countries and to our own country as well. I have looked into these commer-

cial museums and bureaus of information in different countries. Perhaps the one I have in mind will be formed on a plan different somewhat from those that exist in Japan and in other countries, particularly in the United States, where the conditions are much on a parity with ours. I think I can better express my aim by reading the ideal placed before us in the establishment of a bureau of industrial information, and which when complete will:

1. Answer all enquiries for information respecting commerce and industry, home and foreign—a clearing house for commercial intelligence.

2. Exhibit samples of home manufactures in actual and photographic form, and statistics thereof.

3. Exhibit samples of goods in vogue for consumption in foreign countries of such kinds as might be made in Canada, and statistics related thereto.

4. Exhibit samples of imported goods of such kinds as might be made in Canada, with statistical information relating thereto.

5. Exhibit samples of natural resources, serving as material for manufactures, in Canada and in the Empire, with statistics relating thereto.

6. Exhibit the processes of manufactures and industries in Canada.

7. Exhibit, in diagram, the resources, production, and trade of Canada; our lines of transport, internal and external.

8. Co-ordinate the scientific and engineering forces and factors of Canada along the line of research and technical requirements intimately connected with production and distribution.

One of the revelations of the war has been that there lie within the British Empire raw materials the command of which, when the war broke out, would have had a profound effect upon the progress and prosecution of the war. The Empire woke up to find that in many most important particulars its own raw materials were within the hand and clutch of the enemy, and were being and had been exploited by them, forming an important base of supply and a means for offensive action in the way of the manufacture of munitions, and thus tending to aid the enemy and injure the Empire. One thing that will come out of this war, I think, is that the various parts of the Empire will be drawn so closely together in economic interest and their minds will be so devoted to the development of the great estate within the bounds

of the Empire itself that the best energy and enterprise and capital of the Empire will be mobilized for the exploitation of its own boundless resources of raw material, and these will be kept primarily for the use of the Empire, whatever may be left over for other countries afterwards. So a part of the work of this bureau of industrial information will be the collection and description and representation of the raw resources of Canada and of every other part of the Empire.

Such a bureau as I mention would exhibit also the processes of manufacture and industry in Canada itself. To-day the stranger who visits our shores must travel from British Columbia to Sydney before he can get a visualized idea of what we make and how we make those things which we do produce. It is possible, with no very great expense, to have in this central museum, distinctly visualized to the visitor, whether he be from a foreign country, or from our own country, the processes of manufacture and industry in this country. Pictorial representation is in these times taking on the efficacy of a fine art. It is a wonderful co-operator and helper in getting together in small space what otherwise could not be seen without extended travel, much time, and great expense. This bureau will not be simply for people outside the country. Our own people in Canada have, in some cases, almost as little idea of what we do produce in this country as people from outside, and it would be a wonderful eye-opener and stimulant to our people if they could pass in review occasionally something of the kind that I have tried to describe.

Then, there will be exhibited also in that establishment, in diagram, the resources and productions and trade development of Canada, and our lines of transport, both internal and external. An attempt will be made to co-ordinate the scientific and engineering factors of Canada along the lines of research and technical requirements intimately connected with production and with distribution. I think this is of prime importance to us in Canada. There is to-day in our universities, in our colleges, in scientific societies, and in individual laboratories, excellent resources and ability for chemical research, for all that kind of research which transfers from the laboratory to the factory what is absolutely necessary for the factory at this time, and what will be more necessary for the factory when the period of unexampled competition comes

within three or four or five years from now. Science, knowledge, and information are as essential to a well-ordered and successful business as they are to the profession of the doctor or the engineer or any scientific man. Germany's great point of vantage was that her technical and scientific instruction had advanced to such a pitch and had disseminated itself so widely that it worked itself into the very grain of Germany's production and made them the powerful competitors that they were. Britain, Canada, Australia and other countries must not merely take a leaf out of Germany's book; they must sit down before that question and solve it by bringing the aid of scientific research, of engineering capacity, of technical power and expertness into the region of the farm and the factory and the business establishment, and incorporating and bringing together those essentials which ought never afterwards to be disjoined. Such a commercial bureau of information as I have attempted roughly and briefly to describe can, without any very great expense, be brought into existence in Canada, and prove of great help and of great instructive and stimulating power to the business and industrial life of Canada in the future.

Then, I think something else should be done, and should be done soon. It may be that I have been criticised for not thinking that it should have been done sooner, for I have had many statements and suggestions made to me on that score. Men have written to me and men have said to me: What is your department doing all this time? Should you not get people together, and should you not have them thinking, making plans, mobilizing for the work of the future? Now, I looked upon that in a somewhat different light from some other people. My view was that there was a time at which such an attempt would have been premature. But things have developed by the very force of necessity. The work of Canada had first to be devoted to the furnishing of munitions and war supplies. That took all the energy, and, for the time being, all the thought, all the enterprise, and all the capital, that could be got. The demand was less in normal lines, and consequently less enterprise could successfully be devoted to ordinary production. The time has now pretty well arrived when we can see far enough through the mists to enable us to make up our minds fairly well as to what future conditions will be, and hope has so far come into the domin-

ant position as to lead us to think that we are getting somewhere near the end of this war. So I believe that now, outside of all these aids and all this work which we have been carrying on, outside of what the manufacturers' associations have been doing, outside of what boards of trade have been doing, and what individual business men in this country have been doing, the time has come when we ought to sit down together in council, and when the business men of this country ought to exchange ideas, formulate plans, and take measures to mobilize and systematize the industry, the business capital, and the business enterprise, which are to attack the problems of the future. So what I propose to do is this, within a reasonable time to call together a convention of the business men of Canada, from the Pacific to the Atlantic—men in every kind of business, the captains of industry, the experts in industry, the scientific men in industry, the engineering men in industry, the transport men, the banking and financial men representatives of all kinds of enterprises and industries; to have them sit down together in conference here in the city of Ottawa for three or four days in a heart-to-heart talk about these matters, and to come not unprepared to give definite views with reference to different phases of the great industrial and economic questions which are looming up before us, and which must be solved by us. At that convention I propose to have the report of this commission of which I spoke a while ago; and I propose to have here also the permanent Canadian trade commissioners in other countries, who are gathering information for this very purpose, and who will be on hand to give that information to the people who are assembled.

That, in brief, outlines a line of action which, I think, may well be undertaken, and which my department is undertaking. For all of that I must ask this House for money. For all of that it is requisite that we shall have added ability. But added ability and money for purposes of that kind constitute a demand with which no reasonable man in this country will find fault. There is nothing outside of the problem of its defence, with which it is more necessary that this country should busy itself than the problem of production and distribution of products. That is the problem of trade and commerce, which must be founded on production, with which it is twin sister, and most intimately connected. I have

been taunted sometimes with being too economical in my department. I believe in economy; I hate extravagance.

Mr. PUGSLEY: Hear, hear.

Sir GEORGE FOSTER: I hate the idea of taking money from the people's pockets, putting it into the people's treasury, and then spending it for that which is nought and worse than nought.

Mr. PUGSLEY: Hear, hear.

Sir GEORGE FOSTER: But I do believe that there is nothing which this House or this country, if reasonably asked, would deny to the departments and to the ministers who wish to engage in the kind of work where money goes to its proper objective, and is actually needed.

Mr. PUGSLEY: Hear, hear.

Sir GEORGE FOSTER: But there comes a time when economy must be given a little different translation. That time has come now in my department, and I am going to ask my colleague, and afterwards this House, to be a little more generous to my department for the next few years which are to come.

Mr. PUGSLEY: Will they be in the supplementaries?

Sir GEORGE FOSTER: Yes, they will be in the supplementaries; that is where these things come. I have wearied the House probably longer than I should have done—

Some hon. MEMBERS: No, no; go on.

Sir GEORGE FOSTER:—But I felt it my duty to lay these things before the House and to enlist the sympathy of men on both sides of the House in this matter; and if I can have the extreme pleasure of having hon. gentlemen on both sides of this House, after this brief sketch of what I propose to do, give me the benefit of their criticisms, I shall feel greatly indebted to them. If something that I have in view now can be better done, let me have it. On this side the House, or on the other side, let us at least take up this question, a mighty and tremendous one, and one which I have very inadequately brought to the attention of the House. Let us take it up, put aside our party prejudices and our party shibboleths for a moment, and come right down to a good hearty committee-of-the-whole conference upon what is best to be done, and how it can be done, under present con-

ditions, in reference to the development and the distribution of our country's products.

THE QUESTION OF OCEAN TRANSPORT.

Wednesday, April 26, 1916.

On the motion for Committee of Supply:

Hon. Sir GEORGE FOSTER (Minister of Trade and Commerce): Before the House resolves itself into Committee of Supply, as intimated previously, I am taking occasion to say a few words with reference to questions involving transportation rates, control of rates and such like, which were discussed while the Estimates of the department were under consideration. In the remarks that I propose making I shall try to look at all sides of these knotty and troublesome questions which have been thrust upon us largely by conditions arising from the war. I am going to make what little contribution I can make to a discussion of these points, with the idea of interesting the House and of provoking suggestions and opinions which will tend to explain if not to solve the conditions under which we are labouring.

In the discussion of these matters by gentlemen on the other side of the House, the Government has been held responsible for several things. Mainly it has been held responsible for the increase of freight rates across the Atlantic, for scarcity of tonnage for Atlantic transport, and for utter neglect or negligence in respect of both these matters. Although most of the members of this House may be thoroughly conversant with what I shall bring out this afternoon, and may, therefore, look upon it as being an iteration of what is already known, I am convinced that such is not the case amongst the people at large. These questions with reference to freight rates, control of freight rates, and transport across the Atlantic are not easily understood by the majority of the people, and consequently, in view of the statements that have been made as to what the Government has not done, there may easily be raised in their minds the presumption that things could have been very different from what they are if the Government had taken an active interest in these matters or had been possessed of capacity to deal with

them. A good deal of this will probably be old matter to many of you who sit in the Chamber this afternoon; but I am addressing my remarks not only to the members of the House, but to the public outside, in the hope that a little more light may be thrown upon the matter under consideration.

The scarcity of tonnage is the key to the whole situation. Rates have advanced because of the scarcity of tonnage, and they have advanced in proportion as this scarcity of tonnage has become more pronounced. The lack of transport and the control of rates is connected with the general transport of our products overseas. How has this scarcity of tonnage which, as I say, is the key to the whole position, been brought about? In the first place, the commercial marine of the world has been sadly confused and hardly dealt with. The mercantile marine which belonged to the Teutonic nations has been absolutely swept from the seas. A large proportion of it has been kept in home ports, mainly in Germany and in Austria; a large proportion of it has been interned in neutral ports where it happened to be when the war broke out or where it happened to find refuge shortly after the outbreak of war in order to avoid capture. When you put these two elements together you account for the disappearance of a very large proportion of the commercial tonnage of the world—tonnage which was absolutely and immediately abstracted from carrying capacity and power. Then, too, there has been the destruction of enemy tonnage through the activities of the war. Ships have been sent to the bottom; ships have been destroyed in different ways. When you take this into account you have one great factor accounting for the scarcity of tonnage which has been felt all over the world; because this commercial tonnage of the Teutonic nations went everywhere and was not confined to any one or two routes. These had been so developed by Germany during the last fifteen or twenty years that German lines of communication extended to every quarter of the world.

The next factor in producing scarcity of tonnage is the weight of work that has to be performed by the commercial marine of the allied powers and of the neutral nations, in supporting the active operations of the war. The transports and naval vessels of the allied powers have been engaged in the transport of troops and muni-

tions from the bases of supply to the fields of action, many of them in taking care of that ceaseless stream of war traffic between Great Britain and France, and a large portion of them in caring for those distant operation which are being carried on in every part of the world by the British and allied nations. These operations have been conducted on an extensive scale in the Mediterranean, in the far East and in South Africa, and they have made a very great demand on commercial tonnage. In proportion as the war has extended and has developed in intensity and in the numbers of men engaged, particularly on the part of the British Empire, the naval transports have proved unequal to the added work and the call upon the British commercial marine has been accentuated and made greater, month by month, and year by year. Supplies and troops have had to be transported to the scene of the war from far distant countries,—New Zealand, Australia, South Africa, and the dependencies of Great Britain all over the world. Owing to the great length of the voyages in such cases the demand upon the mercantile marine is very much greater than where the troops and supplies have to be transported only a short distance. No one, without actual investigation, can comprehend the amount of commercial tonnage that has been required to carry out this work. Not only have multiplied munitions of war had to be carried from far distant countries, very largely from the United States, but it has been necessary to provide transportation for immense quantities of supplies, food, provisions of all kinds and great numbers of horses and mules. It must also be remembered that Great Britain has had to look after not only her own wants but she has had to supply commercial tonnage for France, Italy, and other Allies. So, when we sometimes feel almost like finding fault because Great Britain requisitions ships which are engaged in mercantile operations, we must take into account not only the vast needs of Great Britain for her own purposes but also that she has to supply commercial tonnage to a very large extent for the war purposes of her Allies.

It must be remembered, also, that at all times during the war, and particularly of late, there has been a certain destruction of tonnage by the enemy. It would surprise any member of this House if he were to total up the quantity of commercial tonnage which has been destroyed by mines

within the two years of the war, and, of late, by enemy submarines. Outside of all accidents and casualties common to the sea there have been these influences which have taxed to the utmost the commercial tonnage, not only of Great Britain, but of the neutral countries as well. Coincident with the destruction and internment of tonnage there has been going on in Great Britain and in the allied countries a certain amount of shipbuilding. It would not be far from the truth to say that the tonnage built for commercial purposes since the war began has been sufficient to offset the destruction by mines and submarines, and by casualties, and even with, perhaps, a slight surplus up to within a very recent period. I think the truth is that just now the new shipbuilding from month to month will hardly replace the actual destruction of tonnage by warlike operations.

Added to that destruction of tonnage there has been a demand for the carrying of products unprecedented, possibly, in the history of the world. There has been a very abundant harvest in the world; there have been enormous productions of munitions of war; there have, therefore, been tremendous calls, not before equalled in the history of the world, for tonnage to carry these products of peace and necessities of war across the seas. That tremendous call, acting in conjunction with the scarcity of which I have spoken, could only have the one result, namely, that the rates of carriage have been greatly advanced. This increase in rates has been directly in proportion to the call for service, and the inability to secure transports.

We would not measure up the whole position unless we also took into account that not only has there been this scarcity of tonnage and this destruction of tonnage, but that there has been a diminution of the efficiency of tonnage, which it is very important to remember. For instance, the congestion and the confusion arising therefrom in the great ports of the world has reduced the efficiency of tonnage, in some cases by one-half. Havre, during the first months of the war, presented such a congested condition that ships which went there and which, in the ordinary course of traffic, would have entered and unloaded and come out of Havre within two weeks or four weeks at the utmost, have been delayed there month after month before they could even get berthing. That same congestion has taken place in

the British ports and in the Italian ports as well as in the French ports, and that congestion, and the consequent idleness of ships which have been prevented thereby from couring the ocean, have reduced the efficiency of the commercial marine by a factor which looms large in the proper understanding and solution of the question. To-day that inefficiency is not so pronounced as it was, but it is still a very important factor in the matter. A troop ship is loaded with troops, provisions, munitions of war, and is sent to a far-distant base. She is out of control not only of the Naval Department but of the Board of Trade. She is in a far-distant port, she is on army service, she is kept there, and she is used in proportion to the exigencies of the army requirements at that port and at that time. It is not possible for her to be unloaded and she is not unloaded. Or she may unload part of her cargo and may not unload the other part, because quick despatch does not chime in with military and army necessity at that time, which is the prevailing consideration at that port. I just mention these things to show what it is, over and above all the other prominent reasons for scarcity, that has accentuated that condition and does accentuate it to this day. In view of these considerations, to say that any Government, or any corporation, is responsible for the increase in freight rates, is to make an assertion which cannot be proved, and which is unreasonable. The history of the increase in rates, to repeat myself just to that extent, has been pari passu with the scarcity of tonnage, a scarcity brought about by the causes to which I have alluded. Up to the time that war broke out vessels were carrying wheat from Montreal to Liverpool, not as ballast or anything of that kind, but on a commercial basis, for 6, 7 and 8 cents per bushel. To-day the rate on wheat carried from our Atlantic ports to Liverpool runs up to between 40 and 45 cents per bushel. Deals that were carried at profit for 35 shillings per standard now pay three hundred. Looking at the great disparity in these rates, it is natural for a man to say that they are exorbitant rates which ought not to be allowed and ought not to continue. But what remedy do you find for it? There is a world-wide call for tonnage, there is cargo awaiting these ships at any port at which a call can be made, and it is impossible under these conditions to regulate the rates of freight. They are determined

only by the call for carriage measured by the capacity of the tonnage to meet that call. Canada has not suffered more than other countries in this respect; in fact, I do not think it has suffered as much. The same great increase in rates has taken place all over the world. If you take the rates and compare them, you find that Canada is in this respect in as favourable a position, if not more so, than any other country in the world.

To speak for a single moment in reference to the control of freight rates, you can control a land-carriage system, the railways, for instance, because that is a fixed system, and it is within your territory and your jurisdiction. But there is no fixed system on the ocean. A vessel finds ports and docks in every quarter of the world. There are no terminals to be arranged for by a tramp vessel or by any other vessel; she finds an open track for herself in any part of the sea she wishes to traverse, she is perfectly free to range the world over, and perfectly competent and able to find loading and dockage facilities in any quarter of the wide world that has goods for transport. Internationally, it is impossible, without an agreement between all nations, to have control over these rates, and no matter what efforts have been put forth—and they have been put forth by the United States, by Great Britain and other countries—up to the present day there have been no systems found by which these ocean rates can be effectively controlled.

But you say that Canada ought to control them—especially on the subsidized services. Canada can say that any vessel going out of her port shall not charge more than a certain amount per bushel to carry wheat to Liverpool or to any other port. Canada can say that if she chooses, but what will happen? The vessel which has it put up to her at Montreal, St. John, or Halifax, that she shall not charge more than a certain rate per bushel on wheat to be carried, simply says: "Very well; then I will not carry the wheat; I will simply go down to Portland, or Boston, or New York, or Baltimore, or to the Argentine, or to Australia, or to New Zealand and I will be subject to no such restrictions there." That is assuming that it is an unsubsidized vessel. It is absolutely impossible to say what the rates shall be for vessels of this kind sailing out of a port in Canada, for the reason that there is no absolute necessity for these vessels to trade with Canadian ports. If Canada were a country which had a commodity

calling for transport, which was noted, and which could not be obtained at any of the other ports in the world, then Canada could lay down a condition of that kind and enact laws to enforce it. But that is not the case, and an attempt to impose such a restriction would only have the effect of driving away tonnage which would otherwise come.

But you say that you ought to be able to control the rates of subsidized vessels. In the contract with every vessel that we subsidize in Canada there is a clause requiring the minister to approve of the rates, but with world conditions entirely changed, and when rates have gone up all over the world from, say, 8 cents a bushel for wheat to 45, in Canada, and to 70, to 75, to 80 cents a bushel in other countries, what would happen with even subsidized vessels if we were to undertake to keep them much under, the general world rate? It would be more profitable for them to leave the subsidized service of Canada and go to ports where they would be subject to no conditions, carry freight at current rates, and thereby make more money for themselves. To a certain extent we have even under these conditions kept rates on the subsidized steamers within bounds, and to-day I think on all the subsidized lines the freight rates are lower than on the unsubsidized lines. But the control that you can exercise over even these must be a moderate and sensible control, and must be measured in the main by the general world conditions of carriage, and particularly the conditions arising from scarcity of tonnage.

What I have said lays the matter before the House and the country in a reasonable way, I think, and men must ask themselves whether or not, upon those conditions, the Government in power has been lax or negligent or inefficient, because it has not reduced the rates or prevented them from rising. How could the Government act? The Government, we have been told, should provide vessels. Taking into account the fact that the British commercial marine amounts to about 4,000 steamers, and that the commercial marine of neutrals added would make that 4,000 a much greater tonnage—and it is this vast amount of commercial tonnage combined that is doing the carrying of the world—in view of these conditions, to what appreciable extent would the chartering of a half dozen or a dozen vessels of moderate capacity affect the general carrying conditions of the world, or to what appreciable extent would it relieve even the Canadian situ-

ation? Let us bear in mind that if the Government of Canada chartered or purchased vessels we should not thereby be adding one single ton to the carrying capacity of the world. It would be simply a transference from one route of carriage to another and different line of carriage, it would simply be a transference from one owner to another without adding in the slightest possible degree to the total carrying capacity of the world. Let us see what happens when the Government charters, we will say, two, three, or four vessels. The Government must then adopt some method by which the vessels will be operated. If the vessels are operated by those from whom they are chartered, and we pay the charter fee, the vessels come under the control of the Government. Suppose three vessels, with a carrying capacity of 5,000 tons each, we will say, or a total of 15,000 tons are in the hands of the Government. They can carry but an infinitesimal portion of what Canada wants carried. You say that the Government should charter these vessels and run them at a lower rate of freight, in order to give to Canadian shippers and producers the advantage of that lower rate. Now, when we have these three vessels with a combined carrying capacity of 15,000 tons, we have Canadian shippers and producers with hundreds of thousands of tons of produce to be shipped. To which one of those shippers will you allocate those vessels at a low rate of freight? You cannot discriminate. The wheat man wants the wheat carried; the lobster man wants the lobsters carried; the cheese man wants the cheese carried; the manufacturers want their products carried, and so on with the asbestos man and the paper man: all have equal rights to be considered. How are you going to discriminate between the lines of goods you will carry at a lower rate, and provide no tonnage for other lines at a like rate? How are you to discriminate between the parties who own the line of goods you decide to carry? Take wheat, for instance. You have a carrying capacity of 15,000 tons. To what wheat shippers will you go and say: here is a chance for you to get 5,000 tons of freight carried at a lower rate than you can get it carried by another ship. You would discriminate in favour of one and against others in that way. Your only refuge is to maintain the normal rate, and let your ships carry all that you can possibly pack into them at that rate, so that no one will be discriminated against. I do not see any

other way out of it. That faced me immediately I went into the market to attempt to charter vessels. I could not accede to the demand that in chartering a vessel I should bring the rate down, because then I should be faced with this problem who is it that you are going to favour and carry his goods at a lower rate, while hundreds of other men about him cannot get a chance on your ship at that lower rate? That was the difficulty and it was impossible to face it successfully on any other ground than this: that you charge the current normal rate, and let whoever might be able take advantage of that much space on your ship. That is the position that I think some of us fail to take into account when we ask the Government to charter vessels to bring down the rate, and engage, so far as we possibly can, in the carrying of what, after all, would be an infinitesimally small proportion of the freight offering. The very same difficulty is met in the purchase of vessels. There seems to be no escape from the position that, if you are to help out in this emergency by purchasing or chartering vessels, you can do it under present conditions only by charging the current rates; and if you are to submit to that condition, then somebody else might just as well charter those vessels and put them on the route as the Government. Nothing is gained in the matter of carriage capacity, nothing is gained in the matter of rates. The Government did face that difficulty, and did make very serious and general inquiries into the possibility of chartering vessels; but it was met with these conditions, which made it difficult for the Government to act beneficially. And, what was the necessity of incurring responsibility unless some good could accrue?

Leaving that branch of the subject for a moment, one very marked criticism has been made—I have seen it thousands of times, in the papers, in platform speeches, and I think it has been made in this House by members on either one or the other side—and it is this: A man in the West today sells his grain—taking grain as an illustration—in Winnipeg at a dollar, we will say; it can be sold for more than a dollar, but we will take that figure. The statement is made that he has to pay 45 cents for the grain to cross the ocean, plus whatever it takes to get the grain from Winnipeg to the ocean, which we will assume to be 20 cents. There is 20 and 45 cents that the man has to encounter be-

fore his bushel of grain can be delivered at Liverpool, and the statement is very commonly made that but for these iniquitous rates the western farmer would get very much more for his wheat at Winnipeg; that is, he would get the difference between the old transportation rate and the present rate, which would be in the neighbourhood of 45 cents per bushel.

The argument is made and the lesson is sought to be taught that on account of those high freight rates the western farmer gets that much less for his wheat, and that if the ocean rate were brought down from 45 cents to 10 cents, the western farmer would have the difference of 35 cents to put in his pocket. My hon. friend (Mr. Turriff), who is looking at me, may be guilty of having used that argument himself; he smiles as though he were; but if he is not guilty of it, many people are, and I could almost vouch, if he heard any one putting forward that argument in the West, he would not sweat very much in an endeavour to get him away from that argument. On the other side, in Liverpool you have the man who wants the bushel of grain. He says: Grain is so much at normal value in Winnipeg; but I have to pay 65 cents on that bushel to get it to Liverpool; if that rate were reduced 45 cents, I would have the difference to put in my pocket because I would pay that much less for the bushel of grain when it was delivered to me at Liverpool. Now, you cannot have the thing both ways. My own opinion expressed before the House to-day is that it is a case in which the consumer pays, if not every red cent of it, almost every red cent of it. The man who has to have the flour made from the grain and who consequently must have the grain at Liverpool, has to surmount that chasm between the place of production and the wharf at Liverpool where the grain is to be delivered to him, so that he has to pay the expense of having it delivered to him at that point. I do not know whether my remarks will go so far as that deadly criticism, that somewhat partisan criticism which is smiled at by my right hon. friend (Sir Wilfrid Laurier) and which is actively presented by many of those who sit behind him. If only it does go that far, I hope it will have the effect of getting people to look all around the situation.

Sir WILFRID LAURIER: The freight then is of no consequence?

Sir GEORGE FOSTER: The freight is of consequence in one respect, but the freight, to my mind, makes no difference as regards another and important part of the question which I have just been discussing. There is no doubt that the freight adds to the ultimate cost. If there is a piece of neutral territory with a man on one side with a bushel of wheat in his barrel, and if he says to me: you can have that wheat if you pay me \$1.09, and if some intervening factor on that neutral territory puts up a charge of 45 or 65 cents before that bushel of wheat can be delivered into my hands, then I say that if I want that wheat I have to satisfy the claims of the man on the neutral territory and pay the charge that is necessary to have the wheat transferred from the other side of the neutral territory to my side. That, however, is another form of the argument which I have been trying to advance.

My hon. friend from St. John (Mr. Pugsley) has been very profuse in his criticisms of the Government. He has said that the business of the Government was to provide transportation; that they have

4 p.m. not provided it; that they have been heartless; that they simply smile and laugh at the difficulty. That, of course, as my hon. friend knows, is persiflage. He says that the Government have done nothing and that therefore upon them you must vent your indignation. I think I have said sufficient to make it apparent, to reasonable people at least, that there are two sides to this question, and that there are to-day conditions and difficulties with which we are confronted which create the trouble, and that the trouble will be with us until the cause of it is mitigated by peace and the conditions which follow peace.

My hon. friend says: If the Government had been alive and awake to the situation they could have procured vessels. I have dealt briefly with the question of chartering and purchasing vessels. Let me come now to the other question. The only way in which real relief can be given in this whole matter of transportation is by bringing new tonnage into operation; that is, by building ships. To charter vessels or to purchase vessels that are already in service is simply a transference, and neither would add to the carrying capacity. The addition to the carrying capacity will and can only be made and relief can only be afforded, other conditions remaining, by building new vessels and putting them

into the transport service. In regard to that, says my hon. friend, you have been lax; the Government either has not seen its duty, or, having seen it, has not performed it. There are some difficulties in the way of building. It is all very well for us to be wise after the event; but in the whole course of this war, in the management of the war, in the preparation for the war, in everything in connection with it, all anticipations have gone by the board, and with every party to the war controversy—less with the German power than with any other because for fifty years it was preparing itself for all these things—anticipations have been trundled over time and time and time again. What was at one period of this war thought to be sufficient provision for anything that could come up, has, in the course of one or two or three or four months proved itself to be away below what the actualities of the case, as they have developed, demanded. Therefore it is quite a fair argument to use with the War Office, or the Admiralty, or with any other body, that this war has been of such a kind that it has upset all reasonable calculation of provision for occurrences that would be likely to take place. If on August 1, 1914, this Government could have put itself in the point of view that it has to-day, it could have bought vessels and chartered vessels at very low prices, and it could have made over and over again its money put into those vessels and done probably a real service to the carrying trade of the Dominion. But the Government had no more knowledge of what would be the condition of things as they developed in the progress of the war than had any human being. Consequently it is not a fair criticism to say: You should have foreseen this and provided for it years ahead. When the exigency and the conditions which make the exigency are upon us, how do we stand with reference to shipbuilding? My hon. friend says: If you have a mind to it, you can call for tenders and you can build steel ships and wooden ships now. There are certain conditions that we have to take into account. A Government is asked in the midst of this emergency to build vessels. Let us see what that means. In point of cost of material, you would be building those vessels at the peak price. You would be building vessels which, in the time that it took to finish them, might have found the period of peace to

have intervened and a great slump to have taken place in the cost of building. It is somewhat of a responsibility for the Government to take millions of the people's money and put it into either the purchase or the building of vessels at the peak prices of to-day, prices which, so far as competition is concerned, might put them entirely out of the market should prices be reduced by the coming of peace. The Government did not purchase the vessels; they did not build them. Further, my hon. friend seems to think that all you have to do is to give an order at night and the next morning you will find a vessel afloat and ready for a cargo. That is impossible. You cannot go into any shipyard in Canada to-day and make a contract for two steel vessels to be delivered earlier than late in the fall of 1917. This is 1916, and early in the summer. To go into the market and contract for a vessel costing from \$750,000 to \$1,000,000, which can be delivered to you only late in the fall of 1917, will not afford much relief in the present emergency.

We tried also to get wooden vessels built. To parties who might be able to build wooden vessels, we said: "Tell us what amount of tonnage subsidy you will take and construct wooden vessels of a capacity which will be economical, say 2,000 to 2,500 tons." That proposal was considered, and I will give the House the results. We received only one answer, which was to this effect: "We will undertake to build wooden vessels of the capacity you name, if you will pay us a subsidy for construction of \$6 a ton a year for fifteen years, or, in all, \$90 per ton." That is the offer we got; it is an offer we did not accept. Even had we accepted it we could not have brought these vessels into service before the early or middle part of next year.

Mr. PUGSLEY: The offer was \$6 a ton spread over fifteen years?

Sir GEORGE FOSTER: No, it was \$6 a ton a year for fifteen years.

Mr. SINCLAIR: Gross ton?

Sir GEORGE FOSTER: No, ton dead weight.

Mr. PUGSLEY: Does the hon. gentleman know that that sum would build a ship of that kind many times over?

Sir GEORGE FOSTER: Well, where does the hon. gentleman get to now?

Mr. PUGSLEY: I will get twenty men in St. John to make an offer.

Sir GEORGE FOSTER: Well, why does not the hon. gentleman do it?

Mr. PUGSLEY: The hon. minister has not come down with any proposition.

Sir GEORGE FOSTER: The hon. gentleman has been something of a promoter, and has large moneyed connections. He has seen the difficulties about tonnage; if he thinks there is money in it, why has he not in some way interested himself and his friends in making a proposition for this shipbuilding? But no proposition has come from him; he has satisfied himself with criticising and finding fault, and has not put within the reach of the Government a single proposition that would be reasonably acceptable. Let me tell the House how the man looks at it to whom you talk about a tonnage subsidy. In order to build wooden vessels I have to make certain preparations, and for that purpose put in certain money; and I cannot turn out a vessel until seven, eight, or ten months from today. I get my wooden vessels built. But you do not give me any assurance that the vessel-building business in this country will not by that time be absolutely different from what it is to-day—that peace will not have intervened with all that that involves. That contingency is ahead of me, and I cannot afford to go into the building of wooden vessels except with a very heavy tonnage subsidy to protect me from possible loss. That is the way this man reasons. Capital, under present conditions, is chary about going into the building of vessels with the uncertainties that face it within the next year or year and a half. The position has been so difficult that we have not received one single reasonable offer for the building of wooden vessels.

We have an offer for the building of steel vessels, and the general terms of that offer I will state to the House. Two steel vessels could have been built for this Dominion Government at a rate of \$125 to \$135 per ton, with delivery in the middle part of the year 1917. That is the best offer we got for steel tonnage. The amount asked for, of course, is very large; but the time of delivery is also a factor in the case which must be considered. What we must do in Canada is to divide this thing into two. There is a period of emergency, and there will be a period to succeed this emergency. Having canvassed to a certain extent, the emergency period, let me now say

a few words with reference to the work of shipbuilding in Canada on the basis of permanency, that is, with reference not to the present emergency but to the conditions and the needs of the future. It goes without saying, to my mind, that a country of such large productive capacity as Canada, and with production constantly increasing, occupies an undesirable position if it does not produce and have at command a very considerable commercial tonnage for its own use. That becomes apparent in times like this when, with no commercial marine, the country is at the mercy of the disturbing conditions of war. Altogether, it is a fair axiom that a country with the producing capacity of Canada ought to have a reasonable and growing mercantile marine; and I believe that Canada can have it. It ought to have it, for these potential reasons; it ought to have it because commercial tonnage taken year in and year out, is a profitable investment for a country. Great Britain's wealth is largely built up on the earnings of her commercial marine. Holland, and formerly Belgium, are notable examples of the wealth that comes to countries from large commercial marine, employed year in and year out, having their periods of prosperity and their corresponding periods of adversity, but bringing on the average a good return to the country in earning power. Canada as well ought to try in some way or other to build up a good commercial marine. How is it possible to do that? One may say: let capital run its own course; if capital sees that it would be profitable to invest in building commercial tonnage for Canada, it will do it; on the other hand, if it cannot see its way clear to do that; if it feels that it should depend upon the carrying capacity of outside vessels, it will take its chance in the open market of the world and charter or procure its tonnage as it has necessity for it. I believe that this argument should go along the line of a country having a good, strong, commercial marine of its own, and I do not think you can bring that about by leaving the matter entirely to corporate and private enterprise without some form of aid. Now, what are the forms of aid which can be given? There is a tonnage construction subsidy, whereby for every ton of capacity of vessels built in Canada under certain conditions the Government—the Treasury, the people generally might pay a certain amount in order to give an impetus,

at least in its early stages, to the building of a commercial marine. That is one method that can be employed, and it has its disadvantages. In the first place, a vessel that you subsidize by tonnage construction subsidy may be in your employ a year after the vessel is built or it may be sold and be in some one else's employ thereafter. This is liable to happen unless you hedge the subsidy around with conditions requiring that the vessel shall make itself available for Canadian trade, and that stipulation is difficult to append to a simple tonnage subsidy agreement.

There is a scheme which has been adopted and which has in it, I think, a good deal of merit; I am going to give the outlines of it this afternoon, but I shall first call attention to what the United States Government is now proposing. Last year a Bill was introduced in the United States Congress for the promotion of shipbuilding in the United States. This year the Bill has been modified, and the lines of the present Bill, which has the administration behind it, and is being pressed in the United States, are something of this kind: an appropriation of \$50,000,000 is to be made and secured upon Panama canal bonds; that \$50,000,000 so secured is placed in the hands of a committee, or commission, consisting of certain members of the United States Cabinet, a naval architect and other persons chosen by the President, with the assent of the Senate, and these men so selected are to be thoroughly conversant with shipping matters and shipbuilding. This governmental commission is in charge of shipbuilding under this scheme. It says what kind of vessels shall be built, how they shall be built and their tonnage, and it has general direction over such matters. The shipbuilding which is carried on under this scheme—and this includes purchases of vessels—is subject to these conditions. This commission shall have charge of shipping matters so far as they relate to that proposition, and they have also the right to license vessels trading to the United States and to control rates as far as possible. That \$50,000,000 being at their disposal, they may enter into contract with parties to build or purchase vessels in the United States, and to purchase vessels outside of the United States, these vessels to be placed upon the United States register of tonnage and to become United States vessels. Entering into contract with these parties for the pur-

chase or building of ships, the commission is empowered to subscribe stock to these ships, in building or in purchase, taking care always to have a majority of the stock so as to enable them to keep the control. On that basis the whole proposition, outside of the financial aid which is given, looks at the acquisition by the United States—by building in and out of the United States and by purchase out of the United States—of vessels on certain standard lines, which vessels shall be built or purchased and operated under the regulations of this commission. They have also in the United States a mail contract law, by which vessels of twenty knots and upwards get \$4 per mile on approved routes for carrying the mail, while vessels of sixteen to twenty knots get \$2 a mile. These are the propositions which are to-day before the United States congress looking to the upbuilding of a commercial marine in that country.

The Chamber of Commerce in New York, which is a very influential body, has criticized that scheme, and has put forward another scheme. I purpose giving that scheme in brief to the House this afternoon, and in order to bring it down directly to ourselves I will translate it into the form it would take if it were applied to the Dominion of Canada. Applying to Canada that scheme, which was debated and unanimously approved by the New York Chamber of Commerce, it would work out something like this: You would appoint in the Dominion of Canada a commission consisting, we will say, of three members of the Cabinet whose departments are interested—for instance, Commerce, Navy, and Finance. The Government side of that commission would be the ministers of these three departments. Add to these a naval instructor and three practical and experienced men in shipping matters, selected by the Government, and you have the commission which would operate in Canada. That commission would have general oversight and direction of the classes of vessels to be built under the scheme; how they should be standardized, how they should be manned, everything in connection with them, and, to the extent that it would be possible, the regulation of the rates as well. That committee would then be empowered to enter into contracts with shipbuilding companies, to build according to the plans and regulations laid down in Canadian shipyards, and the builders of the ships would be allowed the difference between the cost

of construction in Canada and in European ports, that difference having been carefully ascertained by the commission. The object would be to enable the Canadian shipowner to have his ships built in Canada with exactly the same cost to himself as if he had them built in a European port. If the tonnage could be built in a European port at a certain percentage per ton cheaper than in Canada, then the subsidy for construction would be that difference in cost, whatever it was, so as to put the Canadian shipowner on an equality, in the after competition, with his competitor who had ships built in European shipyards. The time during which this should be carried out would be limited to a period of say 10 years, so that during that 10 years this operation of building would go on. Then the commission would be empowered to enter into contracts with the ship owners, when the ships were built, and to guarantee to the owners the difference in cost of operating the ships under the Canadian flag and under a European flag, that subsidy to continue for the life of the ship. The commission would possess itself of accurate information on the difference both in cost of construction and in cost of operation, and would pay that difference, and that difference alone. In that connection we should place at the disposal of the Commission the sum of \$15,000,000 or \$20,000,000, and empower that commission to guarantee the bonds upon the ships built up to 50 per cent of the value of the ships. Such bonds would be 5 per cent bonds, and the Government Commission would get one-half of one per cent on those bonds returned to its treasury for its work and its supervision.

What would that mean? It would mean that for 10 years you would have ship-building tried out under the advantage of a bonus equal to the difference in construction cost in Canada and the difference of operation cost; the latter subvention to extend to the life of the ship. Capital would be attracted and induced to invest in steamships owing to the Government guarantee of bonds, which would, of course, be given under a proper amortization scheme by which those bonds would be provided for and paid off during a certain period.

On the Great Lakes you will find a very large and prosperous American mercantile marine, and I am told that almost every vessel in that fleet has been built under a guarantee of bonds, not a guarantee by the Government, either state or federal, but on that same system; and I am informed

that those bonds are considered so good a security that banks, including savings banks, are anxious to get them, and that, in the late history, at least, of those transactions, there has not been an instance of failure with reference to the amortization of the bonds or to the security in any way. But we must recollect that lake marine business is a very different thing from ocean tonnage business. However, that is simply an illustration of what has been done along that line.

Let us see what would be the advantage to be obtained if that system were carried out? In the first place, the Government would make its equitable, yearly contributions, not on a supposed or an imaginary or a favoured basis, but on the actual difference of cost of construction and operation. And, in the next place, it would guarantee bonds of the ship to one-half its value, getting back one-half of one per cent, with arrangements for proper amortization. If you take the history of lake shipping, there is fair ground for stating that system that would work out satisfactorily and successfully. It is impossible to say what the subsidy would amount to in actual figures; the only certainty we would have being that it would amount to the actual difference and to no more and no less. In that way, if it worked out successfully, at the end of 10 years you would have a very substantial commercial ocean marine and you would have the certainty of its operation for 20 years from the time that each steamship went into actual service. By such a plan capital would be attracted to that kind of investment, to which our people in Canada are not very much used; and if you could bring it about that capital would become interested, as construction went on capital would more and more come in, so that the private capital of the country, without Government aid, would afterwards be able to look after its commercial marine. You would have a valuable earning power, proportionate to the amount of tonnage, which would accrue to the people of this country. Our people would have the advantage of the expenditure of money for wages and materials in connection with these ships, and I am assured that if such a policy, based on permanent conditions, were inaugurated in this country, Canada would make the steel necessary for the building of those steel ships, and that we would thus have the benefit of a further development of the steel industry. We would derive many other advantages, which I shall not take

time to enumerate, but which would come from a more or less steady supply of ocean tonnage, somewhat commensurate with the needs of a great producing country, requiring large ocean transportation facilities.

I am sorry that the short tale I started to tell has developed into a longer tale than I had supposed it would. You turn to me and say: "That is all very good, but what does the Government propose to do?"

Mr. PUGSLEY: Hear, hear.

Sir GEORGE FOSTER: I am simply coming to this committee, as I have come without very much encouragement on two previous occasions—

Mr. PUGSLEY: From the Government.

Sir GEORGE FOSTER: I came once and put a proposition before the House in an absolutely businesslike and non-partisan way and I asked my hon. friends on the other side to give us, the Government and the House, the benefit of their suggestions and their criticisms? What did I get? The hon. member for St. John (Mr. Pugsley) went back to Genesis, the first chapter of it, and he detailed every book in the political bible until he came to the Apocalypse, interspersing his observations with numerous criticisms of the Government for its malfeasances and negligence. Then, I had to endure the excruciating agony of having the hon. member for Assiniboia (Mr. Turriff) get up after that—when I was chuck full of what I had got from the hon. member for St. John—and take up the free wheat problem. He dealt with the history and conditions of the free wheat problem, from the time he started until he sat down.

It was a fine speech from his point of view, and contained many fine things, but the House had gone over that half a dozen times before and my hon. friend from Assiniboia had debated it on every imaginable opportunity which had arisen. However, I had the single solace of hearing from the hon. member for South Renfrew (Mr. Graham) who did say that when I came down with my Estimates upon that question he might be able to give me some suggestions. I hope he will, because it will relieve the monotony of desert barrenness in helpful suggestion which I have heretofore found on the other side of the House. We are, more or less, business men on each side; we have our views; I have put this discussion of the question before you, and I ask you for your views about it. If you have some further plans, bring them out. Do not be so niggardly as to keep in your back pocket everything that is useful to the country in its time of need, because you feel that you might make something out of it for yourselves ten or twelve years from to-day when you get into power. It is the duty of patriots on both sides of the House to now bring forth their talents, not to keep them hidden in their napkins, and to give us their views as to what ought to be done at this time and under these conditions. May I take my seat with the hope that hon. gentlemen opposite will not again cite Genesis, Exodus, and the Apocalypse, and that we may be spared free wheat just for this solitary occasion, and get the benefit of their experience and opinions on the subject we have been discussing.