

"RANK IMITATION AND THE SINCEREST FLATTERY:" THE DOMINION MARINE ASSOCIATION AND THE REVISION OF THE CANADIAN COASTING REGULATIONS, 1922-1936

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So far from discriminating against American vessels, the proposed law is an almost literal transcription of the American act, containing whole clauses of the American, letter by letter and phrase by phrase...It is charged that this Canadian move is retaliation. So far from being mere retaliation, it might be described as rank imitation and the sincerest flattery. (*Minneapolis Times*, 15 May 1933)

The 1920s were years of unparalleled growth and frustration for the Canadian Great Lakes' shipping industry. Between 1920 and 1930 the Canadian fleet on the Lakes more than doubled in size. At the same time Canadian Great Lakes' steamship companies, as represented by the Dominion Marine Association (DMA), felt themselves victimized by the western Canadian farm lobby. The DMA also perceived its members to be vulnerable to unfair competition from the much larger and better protected United States Great Lakes' shipping industry. This apparent weakness *vis-a-vis* their American competitors was caused, so the members of the DMA believed, by the inadequate coasting regulations embodied in the Canada Shipping Act of 1906.¹ Yet the DMA's complaints to the Dominion government were bound to fall on deaf ears while the industry was enjoying prosperity and when the western farmers' votes were so important to Mackenzie King. The Prime Minister's "liberal" ideology and his dislike of "protection" sealed the fate of the DMA's lobbying efforts in the 1920s. In this decade King's beliefs and his much touted political pragmatism went hand in hand when Canadian Great Lakes' shipowners came asking for more rigorous coasting regulations.² It was only with the coming of the Great Depression and the collapse of the grain trade that the DMA was able to get any action on its demands, yet even at this stage the movement of the Conservative government under R.B. Bennett was slow and halting. In the end the shipowners' wishes were only granted by the returning Liberal administration in 1936.

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Canadian shipping on the Great Lakes had always been constrained by the size of the various canals and connecting channels in the system. The major limiting factor was the dimensions of the locks on both the Welland and St. Lawrence River Canals, which could only accommodate vessels up to 259 by forty-four by fourteen feet. The familiar "lakers" with much larger dimensions operated only on Lake Erie and above.³ Any cargo destined for Montréal had to be trans-shipped to the much smaller "canallers" able to transit the Welland and St. Lawrence Canals. Thus, traffic in the system was divided into distinct spheres. The limitations of the canal system had profound effects on investment in Canadian Lakes' shipping during the 1920s.

The Great Lakes' fleets of Canada and the United States were employed in parallel yet complementary trades. For Canadian ships the principal cargo was grain. It was shipped from the Lake Superior ports of Fort William and Port Arthur ("the Lakehead") to either Canadian ports on Georgian Bay (for rail trans-shipment to Montréal); Buffalo (for rail trans-shipment to U.S. east coast ports or via canaller to Montreal); Port Colborne (and after 1932 to Kingston and Prescott for trans-shipment by canaller to Montréal); or directly by canaller to Montréal. Canadian vessels also carried much smaller amounts of iron ore and coal from U.S. to Canadian ports. The much larger American fleet's primary trade was iron ore from Lake Superior to ports on Lake Erie. Secondarily, but still of great importance as back haulage, was coal from Lake Erie ports to Lake Superior. Grain was a third consideration for American tonnage. This movement consisted of U.S. cereals from Duluth or Chicago either to Buffalo or Canadian ports on Georgian Bay (Canadian vessels could participate in this international trade as well). From October to December each year American ships also moved large quantities of Canadian grain from the Lakehead to Buffalo. It was this "foreign" participation in the "Empire of the St. Lawrence" that caused Canadian steamship companies to demand changes in domestic coasting regulations. But for American shipping on the Great Lakes the iron ore movement was of much greater importance than its annual end-of-season diversion into the Canadian grain trade."

The great demand for ocean shipping during the First World War had denuded the Canadian Great Lakes' fleet of virtually all its steel canallers sturdy enough for deep-sea work; many never returned to the lakes.⁵ By 1922 the Canadian fleet was beginning to recover this lost tonnage. A start had been made at replacing the aging wooden canallers that had been forced by the wartime demand for modern steel ships to remain in the Montréal grain trade. In 1920 and 1921 twenty-three steel canallers of 41,812 gross tons were added to this commerce.⁶ Grain traffic had also begun to revive after the late wartime slump, but Canadian steamship companies were faced with a new political reality. In the election of 1921 farmers had vented their pent-up frustrations and grievances on the two old line political parties, electing sixty-five Progressives to the House of Commons. This new agrarian interest held the balance of power in Parliament and was thus able to exert an important influence on Canadian agricultural and transportation policy, a leverage that was soon felt on the Great Lakes.⁷

The year 1922 was difficult though profitable for Canadian Great Lakes' steamship companies. Canadian vessels carried over 136 million bushels of grain from the Lakehead, up marginally from 1921 (see Table 1). This was slightly less than fifty percent of total Canadian grain shipments for the season. Early in the year a loose conference agreement had been arranged among the operators, specifying a rate of nine cents a bushel to Montréal, three cents to Port Colborne and two and one-half cents to the Georgian Bay ports. No rate was set to

Buffalo because of the international nature of the trade. Although this "combine" was meant to be short-lived, it soon came under attack from a prominent Ontario flour miller. James Stewart, president of Maple Leaf Mills at Port Colborne, charged that Canadian steamship companies were trying to put him out of business by demanding higher rates from the Lakehead to Port Colborne than to Buffalo.⁸ An important Liberal, Stewart was soon joined in his attack by the *Manitoba Free Press* and the Saskatchewan Grain Growers Association. This strong political pressure combined with exorbitantly high lake freight rates (themselves caused by a large crop and congestion at eastern elevators) finally forced the government to act.⁹

Table 1
Grain Shipments From the Lakehead, 1920-1939

Year	Can. Vessels (000 bu.)	U.S. Vessels (000 bu.)	Total (000 bu.)
1920	86,784	51,568	138,352
1921	126,593	91,272	217,865
1922	136,271	137,922	274,193
1923	170,023	125,460	296,866
1924	156,000	116,452	272,452
1925	157,062	148,084	305,421
1926	175,112	113,100	288,458
1927	136,255	148,118	284,373
1928	187,441	196,510	385,060
1929	122,269	73,837	196,798
1930	112,914	96,823	210,492
1931	117,284	72,644	190,306
1932	148,858	47,621	196,585
1933	146,019	28,386	174,576
1934	133,431	48,354	181,758
1935	144,479	42,180	186,659
1936	187,991	14,347	203,662
1937	110,499	2,592	113,369
1938	146,411	12,118	158,751
1939	211,285	39,940	251,562

Note: "Total" includes small amounts of grain carried by British vessels not registered to engage in the Canadian coasting trade and foreign (non-U.S.) vessels.

Source: *The Grain Trade of Canada*, various years.

Table 2
Shares of Grain Shipments From the Lakehead, 1920-1939
(Five-Year Averages)

Years	Can. Vessels %	U.S. Vessels %
1920-24	56.3%	43.5%
1925-29	53.2	46.5
1930-34	69.0	30.8
1935-39	87.5	12.1

Source: See Table 1.

Ignoring Section 958 of the Canada Shipping Act, the coasting regulations were suspended. Canadian Great Lakes' steamship owners thus lost what protection they had under Section 955 of the Act, which stated that "no goods or passengers shall be carried by water, from one point of Canada to another except in British ships."¹⁰ This revision was accomplished merely by instructing the customs officers at Great Lakes' ports to allow American vessels clearance to sail to Canadian ports on their last trip of the year.¹¹ Only five American vessels were able to take advantage of the government's new policy, and together they brought less than one million bushels of grain from the Lakehead,¹² a very small amount compared to the 136 million bushels that American vessels had shipped to U.S. ports (see Table 3). But for the D M A the breach had been made: U.S. vessels now not only controlled the trans-border trade to Buffalo but also had access to the all-Canadian route.¹³ And to further damage the DMA's position, a Royal Commission was appointed in January 1923 to examine Great Lakes' grain rates and insurance.¹⁴

The Royal Commission went quickly to work and submitted its report on 14 May 1923. Acting on its recommendations, the government introduced the Inland Water Freight Rates Act and amendments to the Canada Shipping Act. Supervision of the Great Lakes' grain trade was by the former placed in the hands of the Board of Grain Commissioners, who were allowed to set maximum rates. Steamship companies were forced to file their rates with the Board before the grain was shipped and these tariffs were required to be posted on the floor of the Winnipeg Grain Exchange. The amendments to the Canada Shipping Act gave the Governor-in-Council the power to suspend the coasting regulations where and when it deemed necessary.¹⁵

The D M A was loud and long in its denunciation of these measures.¹⁶ But Canadian protests had little to do with subsequent modifications to the Inland Water Freight Rates Act. As will be noted from Tables 1 and 2, Canadian steamship companies did not have control of the grain trade from the Lakehead. This was because throughout the 1920s U.S. vessels moved the vast majority of grain to Buffalo (see Tables 3 and 4). American vessel owners objected particularly to the regulation which required them to file tariffs with the Board of Grain Commissioners. For years they had resisted the efforts of the Interstate Commerce Commission in their own country to get them to file rates and they would certainly not register them with

a foreign government. They thus stayed out of the Canadian grain business, with near disastrous results for the western farmer.¹⁷ A grain blockade was only averted when the Americans re-entered the trade on their own terms after the Board had amended the regulations of the Inland Water Freight Rates Act.¹⁸ These amendments resulted in a torrent of Canadian grain being shipped to American ports in October and November 1923.¹⁹

Table 3
Grain Shipments From the Lakehead to U.S. Ports, 1920-1939

Year	Can. Vessels (000 bu.)	U.S. Vessels (000 bu.)	Total (000 bu.)
1920	13,314	51,568	64,882
1921	6,629	91,272	97,901
1922	13,263	6,962	150,226
1923	15,357	124,240	140,385
1924	9,505	110,799	120,304
1925	14,192	148,084	162,357
1926	39,351	106,561	145,912
1927	20,484	133,235	153,719
1928	27,313	176,909	204,676
1929	21,084	73,837	95,612
1930	4,248	96,823	101,825
1931	3,950	72,644	76,971
1932	1,593	47,621	49,214
1933	14,593	28,386	42,979
1934	22,512	48,354	70,866
1935	35,357	42,180	77,537
1936	77,780	14,346	92,126
1937	14,314	2,592	16,906
1938	8,912	12,117	21,029
1939	48,186	39,938	88,124

Note: Total" includes small amounts of grain carried by British vessels not registered to engage in the Canadian coasting trade and foreign (non-U.S.) vessels.

Source: See Table 1.

At the end of the 1923 season U.S. vessels were again allowed to make one trip to Canadian ports with a winter storage cargo.²⁰ American vessel owners finished the year happy but Canadian owners felt they had been left high and dry. Their own trade had changed from a "free market" into a regulated industry. And the new rules allowed their only competitor to come in just when profits were at their best, at the end of the season.

Table 4
Shares of Grain Shipments From the Lakehead to U.S. Ports, 1920-1939
(Five-Year Averages)

Years	Can. Vessels %	U.S. Vessels %
1920-1924	10.1%	89.9%
1925-1929	16.0	83.7
1930-1934	13.7	85.9
1935-1939	62.4	37.5

Source: See Table 1.

Table 5
Investment in Canadian Great Lakes Vessels,
1920-1930

Year	Lakers		Canallers		Total	
	No.	Tonnage	No.	Tonnage	No.	Tonnage
1920			2	3,871	2	3,871
1921	1	4,176	11	18,394	12	22,570
1922	3	17,012	12	24,361	15	41,373
1923	4	12,088	38	63,692	42	75,780
1924	2	14,890	10	20,513	12	35,403
1925	3	14,623	13	24,083	16	38,706
1926	14	66,159	10	19,321	24	85,480
1927	3	10,012	15	28,805	18	38,817
1928			20	38,256	20	38,256
1929	2	13,718	32	61,529	34	75,247
1930	2	6,597	7	12,120	9	18,717
Total	34	159,275	170	314,945	203	474,220

Note: Figures for lakers in 1925 and the total for canallers make allowance for one new canaller (built 1925) converted to a laker in 1926. Only vessels capable of operating in the grain trade are included.

Source: Lake Carriers' Association, *Annual Reports*; and "Report to Associated Lake Freighters Ltd."

Table 6
Investment in Canadian Steel Canallers, 1920-1930

Year	New		Ex-U.S.		Total	
	No.	Tonnage	No.	Tonnage	No.	Tonnage
1920			2	3,871	2	3,871
1921	3	5,405	8	12,989	11	18,394
1922	8	18,220	4	6,141	12	24,361
1923	38	63,692			38	63,692
1924	10	20,513			10	20,513
1925	13	24,083			13	24,083
1926	9	16,953	1	2,368	10	19,321
1927	15	28,805			15	28,805
1928	20	38,256			20	38,256
1929	30	58,099	2	3,430	32	61,529
1930	2	12,120	—		2	12,120
Total	153	286,146	17	28,799	170	314,945

Note: Only vessels capable of operating in the grain trade are included.

Source: See Table 5.

Indeed, from the DMA's viewpoint the game was hardly fair. Canadian vessels were quite explicitly excluded from participating in the U.S. coasting trade.²¹ Yet until 1928 the Canadian government persisted in allowing American vessels to enter directly into domestic coasting enterprise. Although they were only allowed in for the last trip or for winter storage, in some years Americans carried significant amounts of grain from the Lakehead to Canadian ports.²²

The effects on investment in Canadian Great Lakes' shipping of the weakened coasting regulations are difficult to estimate. The 1920s was a boom period for Canadian grain shipments: the ten-year average (1920-1929) was 265 million bushels.²³ In response to this demand the Canadian fleet grew quickly, with tonnage more than doubling from 236,000 to 591,000 tons.²⁴ The number of lakers in the grain trade increased from twenty-seven in 1920 to fifty-two in 1930. The estimated capacity of the Canadian laker fleet grew from 125 million bushels in 1921 to 204 million bushels in 1930. In 1921 the Canadian fleet could have moved only fifty-seven percent of that year's shipments from the Lakehead, while the capacity of the 1930 fleet equalled at least one hundred percent of the average yearly shipment in the 1930s.²⁵ There was an even greater increase in the number of canallers. In 1920 there were sixty-four in the grain trade, but by 1930 this number had increased to 181. Table 5 gives the number of vessels added to the Canadian fleet between 1920 and 1930. These vessels were acquired from widely divergent sources. Most of the lakers added to the fleet were former U.S. vessels, a number of which were quite old when acquired. On the other hand, as shown in Table 6, most of the canallers were new. In fact the canaller fleet was rejuvenated during this period. The old

wooden vessels that comprised the majority of the fleet in 1920 were entirely gone by 1930. Furthermore the new canallers had a much greater carrying capacity than the vessels they replaced.²⁶ As the Canadian Great Lakes' fleet had been physically transformed during the 1920s, so too had its ownership been diversified. In 1920 there were twelve fleet owners, but by 1930 the number had increased by thirty-eight. As Tables 7 and 8 demonstrate, most of the newcomers purchased only canallers. Of the new entrants many were small, with twenty-eight having fewer than five ships each. Three new owners were of medium size (five to fifteen ships) and two were large (twenty and thirty-one ships each). These two new large firms are worthy of note. The largest, Paterson Steamships, was the only new company to acquire both lakers and canallers and thus to be an integrated line capable of carrying large amounts of grain on its own from the Lakehead to Montrdal.²⁷ The other large newcomer was Eastern Steamships. Although a Canadian corporation, it was wholly-owned and managed in the United States. The company had been formed by a group of Buffalo businessmen headed by Nisbet Grammer, president of the Eastern Grain Mill and Elevator Company. It had approached the Canadian government with an offer to set up a steamship company. The proposal was welcomed by the Liberal administration of Mackenzie King because it would "materially assist in the transportation of grain to Montreal and...be quite an important factor in relieving the complaints of the western farmer."²⁸ The fortunes of two of the older established firms are also important. Canada Steamship Lines (CSL) consolidated its position as the largest Canadian owner on the Lakes in 1926 by acquiring the Great Lakes Transportation Company and the Geo. Hall Coal and Shipping Corporation.²⁹ During the decade CSL made a profit but the company was still burdened with heavy debts that would cause it much difficulty in the 1930s. The Mathews Steamship Company also expanded quickly in the early twenties. Its finances were even more precarious than those of CSL and it did not survive beyond the opening days of the Great Depression.³⁰

In spite of the prosperity in the grain trade, the DMA remained hostile toward Mackenzie King's administration. In 1924 it was able to obtain a legal opinion from the Department of Justice which bolstered its case for stricter coasting regulations. In June the DMA protested to the Department of Customs that Canadian grain was being shipped from the Lakehead to Buffalo in American vessels and from there being trans-shipped in either U.S. or Canadian vessels to Montreal.³¹ The DMA maintained that shipping from one Canadian port to another by foreign vessels for all or part of the distance was a violation of Section 955 of the Canada Shipping Act. Customs queried the Department of Justice on the matter. Its reply provided little comfort to the DMA :

...you are advised that...[the] carrying from [the Lakehead] to Buffalo, N.Y., in United States vessels, of grain destined for Montreal, which is unloaded into elevators at Buffalo and reshipped in other vessels of Canadian or United States registry...is a clear evasion of Section 955 of the Canada Shipping Act...The Deputy Minister is however of [the] opinion that the language of the statute is not adequate to render the master of a vessel discharging at Buffalo liable to a penalty or the goods being discharged there for trans-shipment subject to forfeiture.³²

There thus was a rather large hole in the way that Canadian coasting regulations were applied. A request by the D M A to bring Canadian regulations in line with similar American rules got nowhere.³³

Table 7
Canadian Laker Ownership Distribution, 1920 and 1930

No. of Ships	1920		1930	
	No. of Companies	No. of Ships	No. of Companies	No. of Ships
1-4	3	9	5	7
5-9	1	8	2	12
10-15	1	10	1	11
20 +	—	—	1	22
Total	5	21	9	52

Note: Only vessels capable of operating in the grain trade are included.

Source: RG 20, CLI, file 26550, and "Report to Associated Lake Freighters' Ltd."

Table 8
Canadian Canaller Ownership Distribution, 1920 and 1930

No. of Ships	1920		1930	
	No. of Companies	No. of Ships	No. of Companies	No. of Ships
1-4	6	13	24	42
5-9	3	16	4	28
10-14			2	21
15-19	2	35		
20-24			2	40
25+	—	—	1	50
Total	11	64	33	181

Note: Only vessels capable of operating in the grain trade are included.

Source: RG 20, CLI, file 26550, "Report to Associated Lake Freighters' Ltd.," and "The Development of Paterson Steamships."

This practice of forwarding grain from the Lakehead to Montréal via Buffalo in American vessels continued in 1925. One Canadian shipowner attempted to use his political influence with Mackenzie King to rectify the situation. During the 1925 election campaign Norman Paterson complained to the Prime Minister that

We...had the disappointment of seeing grain carried to Montreal by American boats to Buffalo, and from Buffalo to Montreal, which is a direct contravention of the coastwise agreement, which is winked at by our Canadian Customs through instructions from higher up. The attitude of [your government] has been more or less antagonistic to the Canadian shipping [industry] and if this attitude is to continue for the [next] four years to the detriment of our Canadian shipping, this is the time for us to know it.³⁴

Paterson further demanded that King put "in writing" the government's policy "towards the building up of the Canadian shipping business."³⁵ After some delay King replied that it "was...the policy of the Government to further in every possible way [the] provision of facilities and equipment...[to] enable Canadian trade on the Great Lakes to be completely taken care of by Canadian interests."³⁶ Significantly, King made no mention of the coasting regulations. But while the D M A complained about the government's lack of response to its demands for changes in these rules, large sums of money were being spent on the completion of the fourth Welland Canal by the Department of Railways and Canals. When the Welland Ship Canal, as the new waterway was known, was officially opened in 1932 lakers would be able to travel as far east as Prescott on the St. Lawrence River, thus bypassing Buffalo entirely as a trans-shipment point.³⁷ Completion of the new canal was still in the future, however, and in November 1925 United States' vessels were again allowed to carry grain for winter storage from the Lakehead to other Canadian ports.³⁸

The unstable political situation early in 1926 gave the D M A another opportunity to present its case to the now-tottering Liberal government. The Association advanced its arguments to Cabinet on 21 May, reiterating all the points made earlier. Particular emphasis was laid on the differences between the Canadian and American coasting regulations and on the trans-shipment of grain for Montréal at Buffalo. The D M A was able to prove that grain was in fact being shipped from the Lakehead in U.S. bottoms to Buffalo for further transport to Montréal.³⁹ The government did nothing, hiding behind what the D M A claimed was a subterfuge by maintaining that the trans-shipped grain was "treated...as a produce of the United States."⁴⁰ Mackenzie King for his part dismissed the D M A's arguments as another protectionist plot: "A demand for more & more in the way of monopoly and protection by the shipping interests on the Great Lakes. This protection business once it gets its roots into a country is a frightful thing."⁴¹ In this case the Prime Minister's anti-protectionist ideology dovetailed with practical politics, as the steamship operators received little support from shippers in the grain trade.⁴² With such a response it is little wonder that the practice of using American vessels for at least part of the trip between the Lakehead and Montréal continued.

The D M A's position was also being undermined by one of its own members. A director of Eastern Steamships, J.J. Boland, was a member of the D M A's executive and served in the dual capacities as manager of Eastern Steamships and as a partner in the large American vessel management firm of Boland & Cornelius. The latter had on at least one occasion requested the

Canadian government to suspend the coasting regulations.⁴³ Even before the wheat boom blew away in the dust of the Great Depression, Eastern Steamships, with its American connections, became the target of the DMA's frustrations.⁴⁴

Table 9
Canadian Grain Shipments From Buffalo, 1928-1931

Companies	1928 (000 bu.)	1929 (000 bu.)	1930 (000 bu.)	1931 (000 bu.)
Canadian-Owned				
CSL	2,365		625	
Carter Wood		1,010	1,406	273
Paterson	4,632	946	2,437	835
Others	7,058	1,290	2,318	1,403
Canadian Total	14,055	3,246	6,786	2,511
ILS.-Owned				
Eastern	23,382	4,882	4,322	4,796
Jenkins		2,736	4,203	2,414
Halco	1,335	435	709	484
Inland		2,982	1,870	
Q. & O.	409	83		81
St. Lawrence		1,509	2,227	482
Others	4,037	85	370	264
ILS. Total	29,355	12,712	13,704	8,442
Other Foreign	13,355	645		
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Total	56,576	16,604	20,491	10,953

Note: C O. Jenkins was manager for Fairport Steamship Co. and Welland Steamship Co.

Source: RG 20, CLI, file 26550.

Detailed figures for the shipment of grain from Buffalo to Montréal are only available for 1928 to 1931 (see Tables 9 and 10). In 1928 Eastern Steamships, with a single-trip capacity equal to eighteen percent of the entire Canadian canaller fleet, carried forty-one percent of Canadian grain shipped from Buffalo to Montréal. Canadian-owned corporations carried only twenty-seven percent of Canadian grain shipped from Buffalo in 1928.⁴⁵

Table 10
Shares of Canadian Grain Shipments From Buffalo, 1928-1931

Companies	1928	1929	1930	1931
	%	%	%	%
Canadian-Owned				
CSL	41%		30%	
Carter Wood		60%	68	24%
Paterson	8.1	5.7	11.8	7.6
Others	12.1	1.1	11.3	12.8
Canadian Total	24.8	19.5	33.1	22.8
U.S.-Owned				
Eastern	41.3	29.4	21.1	43.7
Jenkins		16.4	20.8	22.0
Halco	2.3	2.6	3.4	4.4
Inland		17.9	9.1	
Q. & O.	.7	.5		.7
St. Lawrence		9.0	10.8	4.4
Others	6.9	.5	AM	2.4
U.S. Total	51.5	76.5	66.8	77.0
Other Foreign	23.6	3.8		

Note: See Table 9.

Source: See Table 9.

What had to the D M A been merely deplorable in 1928 became a matter of life and death in 1929 with the collapse of the grain trade. Grain shipments from the Lakehead dropped sixty-four percent from the previous five-year average. Freight rates were also forced down. And as the amount of grain shipped fell, the percentage of Canadian grain shipped in American-owned vessels from Buffalo to Montreal increased.⁴⁶ Matters were made worse by the introduction of thirty new canallers ordered the year before. These vessels added three million bushels to what was already an excess of capacity.⁴⁷ CSL had a bad year; profits were off by more than one million dollars from 1928. More ominously, Mathews Steamships, the third largest Canadian fleet on the Great Lakes, could not meet all its bills.⁴⁸ With the arrival of hard times the violation of the "spirit" of Section 955 of the Canada Shipping Act now became the focus of D M A 's lobbying. The demands to abolish the right to suspend the coasting regula-

tions by order-in-council were forgotten. So too were the earlier complaints about the arbitrary powers given the Board of Grain Commissioners under the Inland Water Freight Rates Act.⁴⁹

Business went from bad to worse in 1930. Marginally more grain was shipped than in 1929, but more of it went in American ships. Shipments in Canadian vessels to Buffalo fell from the previous quinquennial average of 24.4 million bushels to only 4.2 million bushels, a decline of over eighty percent. In comparison, shipments in U.S. vessels to Buffalo fell from an average of 127.7 million bushels in the years 1924-1929 to 96.8 million bushels in 1930, a drop of only twenty-four percent. Freight rates continued to fall and a large part of the Canadian fleet was tied-up for lack of work.⁵⁰ CSL reported a loss of \$650,000 for the year.⁵¹ Norman Paterson now found himself complaining to H. H. Stevens, the new Conservative Minister of Trade and Commerce, that "we think that the vessel men require government aid far more than the [Wheat] Pool or the Western farmer."⁵²

By 1931 the Canadian ship operators on the Great Lakes were desperate. The cracks that had developed in their finances in 1929 and 1930 could no longer be papered-over. On 8 January Mathews Steamship Co. was placed in receivership. Its mortgage holders, Montreal Trust and National Trust, pulled the plug after one of Mathews' ships was arrested in the U.S. for an unpaid coal bill. It further transpired that the company had failed to insure its ships for part of 1929 and all of 1930. The severity of Mathews' financial plight was all the greater because the mortgage held by National Trust was a second mortgage.⁵³

Significantly, on the same day that the receiver was appointed to take over Mathews, H. H. Stevens wrote to Paterson advising him that the government was undertaking an inquiry as to why so much grain moved via American ports and the "possible manner in which it can be remedied."⁵⁴ The principal parties contacted in the investigation, opposing sides so to speak, were E. B. Ramsay, Chairman of the Board of Grain Commissioners, and T. R. Enderby, General Manager of Canada Steamship Lines. The inquiry was to be confidential; the Deputy Minister of Trade and Commerce wrote Enderby that "I do not want it known, however, that I am making an inquiry, for the reason that it might stir up unnecessarily both the grain trade and the shipping industry."⁵⁵ But such an investigation could not remain quiet for long.

For Ramsay and the grain trade as a whole, Canadian grain was shipped to Buffalo because that port was the strategic centre of the business. From Buffalo grain could be forwarded to either New York or Montrdal, depending on demand. New York had two distinct advantages. First, it was open year-round, so that late season shipments could be made, whereas Montrdal closed for the winter, with the last shipments being received in late November. Second, New York had more tonnage available to ship to more destinations. For Ramsay it was, "just a matter of dollars and cents in which sentiment...[did not] enter."⁵⁶ He saw no need to change a system that worked for the farmers and the grain shippers. Enderby, on the other hand, presented the case of an aggrieved party. After describing in detail the various routes western Canadian grain took to reach the eastern seaboard, and also noting that Buffalo would always remain an important trans-shipment point, CSL's general manager made the steamship operators' argument. First he maintained that more elevator space was needed at Montrdal. Then he claimed that four and one-half cents was lost to Canada for every bushel of wheat shipped through the U.S. Enderby estimated that in a normal year this amounted to between eight and ten million dollars. Such revenue could be retained in Canada by making the Canadian coasting regulations comparable to the American. So that Canadian steamship owners would not be tempted to raise their rates, he suggested that the government should establish

a maximum tariff. He made three further recommendations: that it be made illegal for American citizens to own Canadian-registered ships; that the Canadian Wheat Pool be requested to route its traffic whenever possible through Canadian channels; and that in the time-honoured Canadian fashion, a committee be appointed to study the transportation of Canadian grain from the farm to the Atlantic seaports.⁵⁷

What Canadian shipowners wanted was to detach the Canadian grain trade from the larger arena of Great Lakes' shipping. R. H. Coats, the Dominion Statistician, pointed out that the American fleet on the Lakes had a capacity ten times that of the Canadian merchant marine.⁵⁸ While the principal U.S. trades were iron ore and coal, American vessels could and did enter the grain trade to Buffalo when iron ore shipments were light. This addition to the tonnage available for the carriage of grain depressed freight rates. Canadian grain shippers were the beneficiaries of the lower rates but of course Canadian steamship operators claimed that these "distress rates" deprived them of legitimate business. What Enderby and his colleagues wanted was to remove this constant threat of American competition, not so much to drive up rates as to secure traffic.⁵⁹

In contrast to the hostility of earlier Liberal administrations, the Conservative government of R. B. Bennett was ready to listen to the DMA. Indeed, the government was prepared to revise the entire Canada Shipping Act. The pending passage of the Statute of Westminster, however, allowed it to postpone any proposed changes to the Canada Shipping Act until 1932. Bennett argued that by making Canada a sovereign power in foreign affairs, the Statute of Westminster would also give the country complete control over its own merchant marine. Such was not the case before 1931.⁶⁰

The total amount of grain moved in 1931 was down from previous years and Canadian vessels carried only 5.1% (or 3.9 million bushels) of the total carried to Buffalo. Freight rates were also down and the usual fall rush of grain never materialized (see Table 11).⁶¹ Canadian steamship companies continued to pile up losses. Naturally they continued their assault on the government for more stringent coasting regulations. This time they were led by the small firm of Carter Wood Lines. Carter Wood, which operated only two canallers, had probably done rather better than its domestically-owned competitors in moving Canadian grain from Buffalo.⁶² In letters to H. H. Stevens and Alfred Duranleau, the Minister of Marine, R. A. Carter, president of Carter Wood Lines, requested support for his proposal "that all grain which is moved from [the Lakehead] to Montreal and is trans-shipped at Buffalo or other American lake ports must be carried both on [the] upper lakes and River St. Lawrence only on steamers registered under the Canadian Flag."⁶³ Carter also wanted Americans excluded from owning vessels participating in the Canadian coasting trade. To regulate freight rates, he was willing to let the government set maximums.⁶⁴ Reaction to his plea was mixed. The Minister of Marine and his department agreed with Carter's position; Edward Hawken, the Assistant Deputy Minister, assured him that "I am heartily in favour of the proposal and will lend it any support I can."⁶⁵ But in the Department of Trade and Commerce, opinion was divided. The minister, H. H. Stevens, was in favour, but both his Deputy Minister and the Board of Grain Commissioners were not.⁶⁶ E. B. Ramsay, the Chief Commissioner, was adamantly opposed to any revision of the coasting regulations. Picturing himself as the government representative responsible for both the western farmer and the grain trade in general, he protested against the self-serving interests of the DMA: "I must confess I am a little surprised at the manner in which these people present their case, and while I am personally quite in sympathy with helping them

as much a possible, [I] gather the impression from their various memoranda that they are entirely wrapped up in their own point of view and are giving no consideration to the very important interests which the amendment they suggest might affect."⁶⁷ He did not believe the amendments proposed by the DMA and Carter would have the effect intended. Any such changes would raise the freight rate to Montreal, even if those rates were controlled by the Inland Water Freight Rates Act, and would hence drive grain to the New York route. He further suggested in a misreading of U.S. law that American regulations were as weak as the Canadian. Finally, he had prepared a statistical report to show that this forced diversion of Canadian grain to Montréal would make the Americans re-route that portion of their grain that went through Canadian channels back to U.S. routes.⁶⁸

Table 11
Average Freight Rates on Wheat From the Lakehead, 1930-1939

Year	To Buffalo (cents/bu.)	To Montreal (cents/bu.)
1930	1.91	7.95
1931	1.71	6.46
1932	1.43	5.09
1933	1.60	3.71
1934	1.74	5.81
1935	1.87	4.49
1936	1.99	4.40
1937	2.18	3.96
1938	2.23	5.57
1939	3.80	4.57

Source: *The Grain Trade of Canada 1939*.

Nevertheless the government decided to go ahead with a revision of the coasting regulations. This was to be done for the direct relief of Great Lakes' steamship owners and not as part of a general revision of the Canada Shipping Act.⁶⁹ The amendments put forward by the government in Bill 74, "An Act to Amend the Canada Shipping Act (Coasting Trade)," were in fact drafted by Francis King, the DMA's official counsel. And the DMA got just what it wanted: coasting regulations similar to the American provisions and a seventy-five percent Canadian (or British) ownership clause for vessels in the coasting trade.⁷⁰

Opposition was swift and ferocious. Representatives of the western grain trade and some of the western media, notably the *Winnipeg Free Press*, were loud in their denunciations of the amendments.⁷¹ The American-controlled companies operating British-registered tonnage also fought back. Ernest S. Crosby, president of St. Lawrence Steamships, complained to the Prime Minister that the new regulations did not provide any exemption for companies whose charters were granted under the old law and who had "invested large sums of money in ships registered in Canada and heretofore operated lawfully in Canada."⁷² His firm operated to the

benefit of Canada, all its employees were Canadian except himself, and it bought all its supplies (except coal) and provisions domestically. Crosby was even willing to become a Canadian citizen if that would help matters.⁷³ The Canadian lawyer acting for Eastern Steamships termed the amendments "vicious in principle" because they were primarily directed against his client.⁷⁴ Some British Columbia shipping interests were also upset with the amendments, maintaining that conditions were so different on the west coast that the government should exclude B.C. shipping from the proposed changes.⁷⁵ Both Imperial Oil and Canadian Pacific Railway objected to the ownership clauses in the legislation. Although the CPR was not an American-controlled corporation, in the spring of 1932 it was only seventy-six percent British-owned. Since it was traded on the stock exchange it could fall beneath the seventy-five percent limit at any time.⁷⁶ The government was willing to change the amendments by exempting all companies not involved in the handling of bulk grain, which would have met the objections of those firms not in the Great Lakes' grain trade.⁷⁷ Yet, prompted by the arguments of Eastern Steamships that such an ownership policy "would be a severe jolt to the confidence that the foreign investor has shown in Canada," the government withdrew the measure.⁷⁸ In fact it knew before the legislation was introduced that the seventy-five percent British ownership cause would "result in difficult questions of law and fact."⁷⁹

With the failure of this latest effort to secure government assistance, Canadian Great Lakes steamship companies took matters into their own hands. By June 1932 freight rates on grain from the Lakehead to Montreal had fallen to less than 46 cents a bushel, a figure which failed to cover operating costs.⁸⁰ After a series of meetings they formed Associated Lake Freighters Limited on 20 June 1932. This new firm was to act as the sole charterer for the incorporators, which included most of the tonnage in the Canadian grain trade. Significantly, Eastern Steamships was not a member of the new conference but the other U.S.-controlled companies were.⁸¹ Ironically, James Stewart, that implacable foe of the previous decade, was appointed manager. To stabilize rates, half the enrolled tonnage was withdrawn. By September rates to Montreal had increased to the seven-cent level. This "price fixing" elicited bitter complaints from western interests. This, in turn, forced the government via the Board of Grain Commissioners to persuade the steamship companies to lower the rate to 62 cents a bushel.⁸² In spite of the self-help practised by the steamship companies and the official opening on 6 August of the Welland Ship Canal, 1932 had been a bad year.⁸³

On 8 March 1933 the long awaited revised Canada Shipping Act (Bill J) was introduced in the Senate by Arthur Meighen, the government house leader. Bill J was immediately given second reading and sent to the Standing Committee on Banking and Commerce. The bill had been first introduced in the Senate with the dual intention of diffusing the politically-sensitive changes to the coasting regulations and of giving the entire act a sober initial examination. The Committee's hearings were held between 4 and 10 April. Representatives from the steamship companies, the Winnipeg Grain Exchange, and the Wheat Pools were examined. Meighen himself took the lead in questioning the witnesses, reserving his toughest cross-examinations for Sidney Smith, President of the Winnipeg Grain Exchange, and P.F. Bredt, representing the prairie Wheat Pools. Both Bredt and Smith upheld the western party line that to exclude American vessels from the Lakehead to Buffalo portion of the route to Montreal would drive up freight rates to the detriment of the prairie farmer. Neither believed that the powers of the Board of Grain Commissioners to set maximum rates would have a beneficial effect.⁸⁴ This, of course, was contrary to the testimony of the representatives of the steamship companies.

Their major advocates were T.R. Enderby, F.H. Keefer for Paterson Steamships, and George R. Donovan, representing the smaller firms. The fact that Enderby's memory was suitably vague with regard to the Royal Commission on Great Lakes Grain Rates and the shipping crisis of 1922-23 did not seem to hinder his case in the eyes of Senator Meighen.⁸⁵ Because of the earlier uproar over ownership qualifications, however, the government was unwilling to include the seventy-five percent British content rule in the new act.⁸⁶ Still, the steamship companies were happy with only changes to the coasting regulations. Then on 26 April Meighen announced that the entire revision of the Canada Shipping Act had been deferred again for technical reasons.⁸⁷

The steamship companies were not to be set adrift this time. A new set of amendments were introduced to amend the old Canada Shipping Act, principally with regard to the coasting regulations (Bill CI). The new revisions pushed through parliament contained just what the D M A had lobbied for during the past decade: "[Section] 935...No goods shall be transported by water or by land and water from one place in Canada to another place in Canada, either directly or by way of a foreign port, or for any part of the transportation, in any ship other than a British ship."⁸⁸ Then, as if to prove to western farmers that their interests had not been neglected, the government through the Board of Grain Commissioners used its powers under the Inland Water Freight Rates Act to role back the rate for wheat from the Lakehead to Monrtdal from six and one-half to six cents a bushel.⁸⁹ The Liberals, the Progressives, and the United Farmers in the House of Commons were unimpressed and the amendments passed second reading on a division along straight party lines.⁹⁰

The D M A had finally won its point - or had it? On 19 May, just before third reading, an additional subsection was added. The new changes provided that the revised coasting regulations would only "come into force on a date to be fixed by proclamation of the governor in council published in the *Canada Gazette*."⁹¹ This time the hopes of the steamship companies had been dashed not by the prairie grain growers nor by the grain exporters nor even by the Liberal party but by the political power of their American competitors. The pending passage of the amendments had caused American steamship operators and elevator owners to complain directly to the U.S. State Department, where their protestations were favourably received.⁹² In turn, the State Department made its displeasure known in Ottawa. Much to the chagrin of Canadian shipowners, this pressure was sufficient to delay further the changes to the coasting regulations.⁹³

In spite of the pleading of the steamship companies the amendments were not proclaimed in 1933 or even in 1934, although they were included in the revised Canada Shipping Act that was finally passed in May. Realizing that it would have to present a *quid pro quo* for the delay in proclaiming the new coasting regulations, the American government proposed a treaty on the carriage of goods for export. It was prepared to allow "vessels [of Canada and the United States] operating on the Great Lakes or the St. Lawrence River...to carry cargo destined for export, between ports of the other country."⁹⁴ The proposed treaty can be seen as an early American attempt to liberalize trade with Canada.⁹⁵ The only cargo which mattered in this context was grain, as the other major commodity flows on the Great Lakes were goods for domestic consumption. Thus the United States would allow Canadian vessels to participate in shipments of American grain from U.S. ports to U.S. ports if the grain were for export. In return American-registered ships would get a similar privilege in the Canadian export grain trade. American steamship companies would have had more to gain from this arrangement than

their Canadian counterparts because much more grain was exported from Canadian Great Lakes' ports than from United States' harbours.⁹⁶ The offer was repeated again in 1935, but with the decline of the Conservative government nothing came of the offer.⁹⁷ Government paralysis, coupled with the need to placate western farmers in an election year, again allowed the Conservatives to postpone the proclamation of the new coasting regulations.

It was not until 1 August 1936 that the revised coasting regulations were finally proclaimed. The new Liberal cabinet minister responsible was C D. Howe. There can be little doubt that his close connections with both the western wheat pools and the Great Lakes' grain trade helped get the regulations proclaimed.⁹⁸ Politically the Canadian Great Lakes' shipowners only got their way because their investments of the 1920s finally matched the size of the crop they had to carry.⁹⁹ With an irony which must not have been lost on the operators, they had finally received from the Liberals what they long fought for, namely protection for their not-so-infant industry.

What impact, if any, did these new rules have on the Canadian Great Lakes' grain trade? When asked in the House of Commons what the effect of the new coasting regulations was on freight rates, Howe said there had been none.¹⁰⁰ An examination of Table 11 suggests that shutting U.S. vessels out of the St. Lawrence route did not significantly affect rates to Montréal, although the rate to Buffalo did increase. Freight rates to Buffalo steadily rose from a low of 1.43 cents a bushel in 1932 to 2.23 cents a bushel in 1938, an increase of forty-one percent in seven years. On the other hand the rate to Montréal fluctuated from 3.71 cents a bushel in 1932 to 5.81 cents in 1933, only to fall for each succeeding year until 1937 when the rate again bottomed out at 3.96 cents. A year later the Montréal rate rose to 5.57 cents. Thus there would appear to be little direct relationship between the freight rate to Montréal and the revised coasting regulations.¹⁰¹

Where changes to the coasting regulations did have an effect was in the routing of Canadian grain and in the nationality of the vessels carrying it. Table 1 gave the total grain shipments from the Lakehead by nationality of vessel and Tables 3 and 4 listed the grain shipments to U.S. ports by nationality of vessel, while Tables 12 and 13 show the destination of Canadian grain from the Lakehead. The latter four tables illustrate the massive shift away from American Lake Erie ports and U.S.-registered tonnage after 1930. Only in 1939 did these shipments return to anywhere close to the figures of the earlier years. This development can be attributed not just to the new coasting regulations but also to the completion of the new Welland Ship Canal in 1932 and the new elevators provided at Prescott and Kingston to facilitate the trans-shipment of grain to Montreal.¹⁰² These improvements allowed lakers to bypass the traditional Lake Erie trans-shipment ports of Buffalo and Port Colborne. It is difficult to disentangle these influences on the routing of grain to Montréal. However, in the four years between the opening of the new Welland Canal and the proclamation of the new coasting regulations, thirty-one percent of Canadian grain from the Lakehead went to Buffalo and forty-seven percent went to Montréal. In the three years after the proclamation (excluding 1939 as a war year), the average was twenty-two percent to Buffalo and fifty-four percent to Montréal. The revised coasting regulations did have a more pronounced impact on the nationality of the vessels carrying the grain. In the four years 1932-35, U.S.-registered ships averaged twenty-two percent of Canadian grain from the Lakehead as opposed to seventy-seven percent carried by Canadian ships. For the years 1936-38 the average was six percent in U.S. vessels and ninety-three percent in Canadian ships.¹⁰³

Table 12
Destination of Canadian Grain From the Lakehead, 1920-1939
(Five-Year Average)

Years	Buffalo (mil. bu.)	Bay Ports (mil. bu.)	Montreal (mil. bu.)
1920-24	98.4	60.7	50.0
1925-29	151.6	59.3	79.8
1930-34	64.1	34.2	83.1
1935-39	48.2	38.9	76.6

Note: Buffalo includes all U.S. Lake Erie ports; Montréal includes Port Colborne, Quebec, Sorel, Trois-Rivières, Kingston and Prescott.

Source: *The Grain Trade of Canada*, various years.

Table 13
Destination of Canadian Grain From the Lakehead, 1920-1939
(Five-Year Average; Percentages)

Years	Buffalo	Bay Ports	Montreal
1920-24	47.0%	29.0%	23.9%
1925-29	52.1	20.3	27.4
1930-34	35.3	18.8	45.8
1935-39	29.4	23.7	46.7

Note: See Table 12.

Source: See Table 12.

The new coasting regulations did more than merely reinforce the changed patterns in the Canadian Great Lakes' grain trade caused by the Great Depression and the completion of the Welland Ship Canal. Initially American participation in the Canadian grain trade fell because of the decline in shipments during the early 1930s. U.S. vessels, being the marginal carriers, were more affected by the collapse in shipments than Canadian ships. This marginal position was further undermined by the opening of the Welland Ship Canal and was finally sealed by the proclamation of the revised coasting regulations in 1936. For Canadian steamship owners the new coasting regulations were the most important of these three factors because they reserved the Montréal route for Canadian vessels. This reservation eliminated the possibility that the U.S. ports of Oswego or Ogdensburg would rise to challenge Kingston or

Prescott as trans-shipment points on the St. Lawrence export route. Thus the benefits of the Welland Ship Canal accrued to Canadian vessel owners and Canadian ports.

In the 1920s western political and economic power dictated much of Canada's transportation policy. However, by the early 1930s the prairie economy was in such a state of disarray that Canadian Great Lakes' steamship owners were able to convince a sympathetic Conservative government to support their cause. Nevertheless, Bennett's Conservatives lacked the political will to proclaim the offending amendments. The revised coasting regulations were finally decreed by a strong Liberal cabinet minister who had the confidence of both western farm groups and Great Lakes' shipowners. Thus the D M A at last obtained coasting regulations that were a "rank imitation" of American law.

NOTES

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1. The coasting regulations have a long and complex history even before confederation. The first post-confederation coasting regulations date from 1868. Originally part of customs legislation, they were finally codified in the Canada Shipping Act of 1906.

2. King's biographer described him as "a fairly typical liberal of his time;" see R. MacGregor Dawson, *William Lyon Mackenzie King: A Political Biography* (Toronto, 1958), I, 85. For a useful discussion of Mackenzie King's political thought, see Reginald Whitaker, "Political Thought and Political Action in Mackenzie King," *Journal of Canadian Studies*, XIII, No. 4 (Winter 1978-79), 40-60.

3. The classic description of the canaller is given in James Gilmore, "The St. Lawrence River Canals Vessel," *Transactions of the Society of Naval Architects and Marine Engineers*, LXVI (1956), 111-161. Lakers were not yet limited by the size of the locks on the St. Mary's River between Lake Superior and Lake Huron; see Brian S. Osborne and Donald Swainson, *The Sauk Ste. Marie Canal: A Chapter in the History of Great Lakes Transport* (Ottawa, 1986), 98-101. The largest laker in this period was the 620 by seventy foot, 10,480-ton *Lemoine* belonging to Canada Steamship Lines.

4. See Lake Carriers' Association, *Annual Report 1929* (Cleveland, 1930), 48, for Great Lakes' commodity flows in the 1920s.

5. See Lake Carrier's Association, *Annual Report 1920* (Cleveland, 1921); and compare the membership

lists in Dominion Marine Association [hereafter DMA], *Annual Reports*, 1914 and 1919 (Kingston, 1914 and 1919).

6. This figure includes both new vessels and ships returning to the Great Lakes after service on the Atlantic during World War I; see *Ibid.*, 1920 and 1921 and Canada, Dominion Bureau of Statistics, *Report on the Grain Trade of Canada 1921* (hereafter *The Grain Trade of Canada*, which was published annually from 1918 to 1948), (Ottawa, 1922), 77. Gross tonnages have been taken from Canada, *List of Shipping 1922* (Ottawa, 1923). In addition, seven new Canadian Government Merchant Marine vessels, totalling 15,559 tons, were also available to participate in the grain trade.

7. Vernon C. Fowke, *Canadian Agricultural Policy: The Historical Pattern* (Toronto, 1978), 247-248; W.L. Morton, *The Progressive Party in Canada* (Toronto, 1971), 156-157 and 289-290; and Alec W. Lane, "Freight Rate Issues in Canada, 1922-1925: Their Economic and Political Implications" (Unpublished Ph.D. thesis, McGill University, 1983).

8. See my "Fool Propositions: Mackenzie King, the Dominion Marine Association and the Inland Water Freight Rates Act of 1923," *FreshWater*, II, No. 1 (Summer 1987), 10; and Lane, "Freight Rate Issues in Canada," 317-394.

9. Salmon, "Fool Propositions," 10-11.

10. *Revised Statutes of Canada*, 1906, cap. 113, sec. 955. In the *Revised Statutes* of 1927 this section became cap. 186, sec. 932(b). Under Section 958 (*Revised Statutes*, 1906), the Governor-in-Council only had power to suspend the coasting regulations if the suspension were part of a reciprocal arrangement

with a foreign power, as had happened with the United States in 1917-18.

11. National Archives of Canada (hereafter NAC), Records of Department of Trade and Commerce, Record Group 20 (hereafter RG 20), XXI, file 15156, part 1, RR Farrow, Commissioner of Customs and Excise to Collectors of Customs at Great Lakes Ports, 23 and 24 November 1922.

12. See Salmon, "Fool Propositions," Table 3 ("Winter Storage Cargoes U.S. Vessels 1922-28"), 17. The ships were: *John McCartney Kennedy* to Port McNicoll, 193,579 bu.; *John W. Ailes* to Port McNicoll, 182,932 bu.; *Geo.E. Hartnell* to Midland, 200,214 bu.; *P.W. Sherman* to Goderich, 220,000 bu.; and *Central West* for spring delivery, 162,778 bu. The total was 59,503 bu. *Ibid.*, RR Farrow to Deputy Minister Department of Trade and Commerce, 9 January 1923.

13. In 1922 Canadian vessels took only 13,263,000 bushels of grain from the Lakehead to U.S. ports. This was only 9.7% of total shipments to American ports (see Table Three).

14. For the Royal Commission's report, see Canada, House of Commons, *Sessional Papers*, LIX, No. 6 (1923), "The Report of the Royal Commission Appointed to Consider Lake Rates on Grain and Insurance Thereof."

15. Salmon, "Fool Propositions," 14-15.

16. D M A *Annual Report 1923*, 5-13; and *Canadian Railway and Marine World*, October, November, and December 1923.

17. American vessels carried only ten million of the more than eighty-five million bushels of grain shipped from the Lakehead before 1 September 1923, or less than forty-four percent of the twenty-three million bushels shipped to U.S. ports in that period; see *The Grain Trade of Canada, 1923-1924*.

18. Salmon, "Fool Propositions," 15; and Canada, House of Commons, *Sessional Papers*, LX, No. 162 (1924), "Carriage of Freight on the Great Lakes."

19. More than eighty million bushels were shipped in American vessels to U.S. ports between 31 October 1923 and the end of the shipping season on 24 December 1923; see *The Grain Trade of Canada, 1923*, 83.

20. NAC, PC 2411, 10 December 1923.

21. Section 27 of the United States Merchant Marine Act, 1920, provided that "no merchandise shall be transported by water under penalty of forfeiture thereof from one port of the United States to another port of the United States, either directly or via a foreign port, or for any part of the voyage, in any other vessel than a vessel of the United States." The only exceptions to this rule were "...through routes heretofore or hereafter recognized by the Interstate Commerce Commission for which routes rate tariffs have been or shall hereafter be filed with said commission when such routes are in part over Canadian rail lines and their own or other connecting facilities." This exception did not apply to the major U.S. trades: iron ore, coal, or grain. The only two Canadian companies to benefit were the Canada Atlantic Transit Co. a subsidiary of Canadian National Railways and the Northern Navigation Co. (wholly owned by Canada Steamship Lines), which moved package freight; see *Canadian Railway and Marine World*, June 1925.

22. U.S. vessels carried almost fifty-four million bushels of grain on these year end trips between 1922 and 1928, see Salmon, "Fool Propositions," Table Three ("Winter Storage Cargoes U.S. Vessels 1922-28"), 17.

23. *The Grain Trade of Canada, 1920-1929*; and Table 1 above.

24. These tonnages are estimates; see Lake Carriers Association, *Annual Reports* (1920), 154; and (1930), 62-63.

25. The estimated capacities given are based on *The Grain Trade of Canada, 1921*, 77, and Marine Museum of the Great Lakes at Kingston, Geo. R Donovan, "Report to Associated Lake Freighters Ltd. 23 May 1932" and eighteen trips per season. The 1921 estimates are based on actual cargoes while the Associated Lake Freighters' estimates were calculated based on a reduced draft of eighteen feet. A more liberal estimate of Canadian laker capacity is given in Canada, Senate, *Proceedings of the Standing Committee on Banking and Commerce on Bill J ("An Act Respecting Shipping in Canada")*, No. 4, (Ottawa, 1933), 138-143. This estimate suggests that the Canadian fleet could have moved 132% of average shipments in the 1930s. Associated Lake Freighters estimated a fleet capacity to move 109% of the 1930s average.

26. The figures in Tables 5 and 6 are derived from NAC, Department of Marine and Fisheries, Records

- of the Marine Branch, Record Group 42 (hereafter RG 42), CDXXXV m, file 190-2-6, part 1 ([Memorandum] Re: Coasting Law by T. R. Enderby [the DMA "submitted on behalf of Canadian vessel owners"]), 16 February 1932; *Proceedings of the Standing Committee on Banking and Commerce on Bill J.* "Report to Associated Lake Freighters;" Lake Carriers Association, *Annual Reports*, and David Tremblay, "The Development of Paterson Steamships' First Generation, 1915-1940," *Thunder Bay Historical Museum Society, Papers and Records*, XIV (1986), 38-45.
27. Tremblay, "The Development of Paterson Steamships."
28. NAC, Richard Bedford Bennett Papers, Manuscript Group 26 K [hereafter MG 26 K], microfilm reel M-1397, Lynn B. Spencer to R.B. Bennett, 19 May 1932.
29. *Canadian Railway and Marine World*, April and June 1926.
30. CSL's annual reports are in *Canadian Railway and Marine World*. For the Mathews Steamship Company's finances, see *ibid.*, February 1931.
31. *Ibid.*, August 1924.
32. Quoted in DMA, *Annual Report 1924*, 13.
33. *Ibid.*, 13-14.
34. NAC, William Lyon Mackenzie King Papers, MG 26 J 1 (hereafter MG 26 J), CXXII, 103610-103611, N.M. Paterson to W.L. McKenzie [sic] King, 18 September 1925.
35. *Ibid.*
36. *Ibid.*, 103616, W.L. Mackenzie King to Norman M. Paterson, 14 October 1925.
37. Work on the Welland Ship Canal had actually begun in 1913 only to be suspended in 1917 because of the demands of World War One. Construction was vigorously pushed during the 1920s; see Percy John Cowan, *The Welland Ship Canal between Lake Ontario and Lake Erie, 1913-1932* (London, 1935).
38. NAC, P.C. 2085, 23 November 1925.
39. DMA, *Annual Report 1926*, 10; NAC, RG 42, file 190-2-6, part 1, Francis King to W.L. Mackenzie King (with enclosures), 28 May 1926, and Francis King to P.J.A. Cardin (with enclosures), 1 June 1926. The enclosures were bills of lading that clearly demonstrated Canadian grain from the Lakehead was being shipped in U.S. vessels to Buffalo before being transhipped to Montreal.
40. *Ibid.*, Robert Lipset to Georges Boivin, 14 June 1926.
41. NAC, King Diaries, MG 26 J 13, 21 May 1926.
42. *Ibid.*, Montreal Corn Exchange to W.L. Mackenzie King, 14 June 1926; NAC, MG 26 J 13, King Diaries, 21 May 1926.
43. NAC, Canada, Parliament, House of Commons, *Sessional Papers*, RG 14 D 2, CXLIX, No. 151, "Suspension of Canadian Coasting Regulations," 126, Boland and Cornelius to F.L.T. O'Hara (telegram), 24 October 1924. Boland & Cornelius managed (or owned) seventeen L.N.-registered lakers of ninety-seven thousand gross tons; see American Bureau of Shipping, Great Lakes Department, *Record of American and Foreign Shipping 1930* (New York, 1930).
44. NAC, RG 42, file 190-2-6, part 1, Francis King to W.L. Mackenzie King (with enclosures), 28 May 1926. In describing the DMA's hunt for bills of lading to prove the indirect shipment of Canadian grain in U.S. vessels to Montreal, Francis King claimed that they would only be "available... through Messrs. Boland and Cornelius to whom we can scarcely apply for assistance."
45. NAC, RG 20, CLI, file 26550, E.A. Ursell to E.B. Ramsay (with enclosures), 2 March 1932. Most of the Canadian grain listed as carried by Foreign Vessels in Table 7 were in fact shipped by Norwegian ships; see Salmon, "Small, Miserable Little Tykes:" The Norwegian Entry into the Great Lakes Trades, 1923-1928," in Lewis R. Fischer and Helge W. Nordvik (eds.), *Across the Broad Atlantic: Essays in Comparative Canadian-Norwegian Maritime History* (St. John's, 1991, forthcoming).
46. See Table 10.
47. Lake Carriers Association, *Annual Report 1929*, 52-53; Marine Museum at Kingston, Geo. R. Donovan, "Report to Associated Lake Freighters."
48. *Canadian Railway and Marine World*, April 1930 and February 1931.

49. Members of the DMA even argued that these two measures would help protect grain shippers and farmers; see Canada, Senate, Bill J "An Act Respecting Shipping in Canada," Memorandum Re Coasting Laws of Canada by F. Hugh Keefer, March 1933.
50. *Canadian Railway and Marine World*, August 1930. For freight rates see Table 11.
51. *Ibid.*, April 1931.
52. NAC, RG 20, CLI, file 26550, N. M. Paterson to H. H. Stevens, 24 November 1930.
53. *Canadian Railway and Marine World*, February 1931.
54. NAC, RG 20, CLI, file 26550, H. H. Stevens to N. M. Paterson, 8 January 1931.
55. *Ibid.*, F. C. T. O'Hara to T. R. Enderby, 10 January 1931.
56. *Ibid.*, E. B. Ramsay to F. C. T. O'Hara, 15 January 1931.
57. *Ibid.*, T. R. Enderby to F. C. T. O'Hara, 16 January 1931.
58. *Ibid.*, R. H. Coats to F. C. T. O'Hara 15 January 1931; and Canada, Dominion Bureau of Statistics, *Canal Statistics 1926 and 1927* (Ottawa, 1927 and 1928). The actual capacity of the U.S. Great Lakes fleet was closer to five times that of its Canadian counterpart; see Lake Carriers' Association, *Annual Report 1930*, 62-64.
59. NAC, RG 20, CLI, file 26550, T. R. Enderby to F. C. T. O'Hara, 15 January 1931.
60. Canada, Parliament, House of Commons, *Debates* (hereafter *Debates*), 11 March 1931; and Department of Marine and Fisheries, *Memoranda, Correspondence, & c. Bearing on The Validity of Existing Canadian Legislation and the Power of the Canadian Parliament to Enact Valid Legislation relating to Merchant Shipping* (Ottawa, 1925).
61. *The Grain Trade of Canada*, 1931.
62. See Tables 9 and 10.
63. NAC, RG 20, CLI, file 26550, R. A. Carter to H. H. Stevens 29 December 1931; RG 42, CDXXXVIII, file 190-2-6, part 1, R. A. Carter to Alfred Duranleau, 16 and 25 January 1932.
64. *Ibid.*
65. NAC, RG 42, CDXXXVIII, file 190-2-6, part 1, Edward Hawken to R. A. Carter, 21 January 1932.
66. NAC, RG 20, CLI, file 26550, to E. B. Ramsay to J. E. Bawden, 13 January 1932; Memorandum Jas. Parmelee to H. H. Stevens, 16 January 1932; and Memorandum W. H. Grant to Major Parmelee, 18 February 1932.
67. *Ibid.*, E. B. Ramsay to Jas. G. Parmelee, 9 March 1932.
68. *Ibid.*, E. A. Ursell to E. B. Ramsay, 2 March 1932.
69. *Debates*, 9 March and 6 May 1932.
70. NAC, RG 42, CDXXXVIII, file 190-2-6, part 1, Francis King to F. McVeigh, 1 April 1932; W. Stuart Edwards to the Assistant Deputy Minister, Department of Marine, 9 April 1932; and MG 26 K, reel M-1397, Francis King to R. B. Bennett, 8 February 1932.
71. *Winnipeg Free Press*, 9 March 1932.
72. NAC, MG 26 K, reel M-1397, Ernest S. Crosby to the Honourable Minister of Marine, 11 May 1932.
73. NAC, RG 42, CDXXXIX, file 190-2-6, part 2, Ernest S. Crosby to The Minister of Marine, 16 May 1932.
74. NAC, MG 26 K, reel M-1397, "A Study of the Proposed Amendments to the Canada Shipping Act" by Lynn B. Spencer, n.d.
75. NAC, RG 20, CLI, file 26550, "Proposed Amendments to the Canada Shipping Act (Bill 74)," 12 January [1933?].
76. NAC, RG 42, CDXXXIX, file 190-2-6, part 2, Memorandum Bill 74, 12 May 1932. As one correspondent in the grain trade pointed out, CSL was also traded openly on the stock exchange and "how can any of us tell from day to day the amount [of CSL stock] that is British or foreign owned." W. J. McAuley to Alfred Duranleau, 7 May 1932.
77. *Ibid.*, Memorandum Bill 74, 12 May 1932.

78. NAC, MG 26 K, reel M-1397, "A Study of the Proposed Amendments to the Canada Shipping Act" by Lynn B. Spencer, n.d.
79. NAC, RG 42, CDXXXIX, file 190-2-6, part 2, W. Stewart Edwards to T.F. McVeigh, 14 March 1932.
80. The average rate to Montreal fell to 4.14 cents in June 1932; see *The Grain Trade of Canada*, 1932.
81. NAC, Records of the Registrar General, RG 68, Liber 352, folio 77, reel C-4101, 20 June 1932, and *Canadian Railway and Marine World*, July and August 1932. In spite of the report by *Canadian Railway and Marine World*, August 1932, Eastern Steamships was not a member of Associated Lake Freighters; see Marine Museum at Kingston, Geo. R. Donovan, "Report to Associated Lake Freighters, 23 May 1933."
82. NAC, MG 26 K, reel M-1397, H.H. Stevens to R.B. Bennett, 25 October 1932, and *Canadian Railway and Marine World*, November 1932.
83. The new canal had been opened in a piecemeal fashion beginning in 1930; see *Canadian Railway and Marine World*, May 1930.
84. For the transcripts of the Committee's hearings, see Canada, Senate, *Proceedings of the Standing Committee on Banking and Commerce on Bill J—An Act Respecting Shipping in Canada*, Nos. 14 (Ottawa, 1933).
85. *Ibid.*
86. NAC, RG 20, CLI, file 26550, J.G. Parmelee to H.H. Stevens, 26 February 1933.
87. *Canadian Railway and Marine World*, May 1933.
88. Canada, Senate, *Bill CI, "An Act to Amend the Canada Shipping Act."*
89. *Canadian Railway and Marine World*, June 1933.
90. *Debates*, 5190-5191, 18 May 1933.
91. *Ibid.*, 5230, 19 May 1933.
92. NAC, RG 42, CDXXXIX, file 190-2-6, part 2, O.D. Skelton to Hume Wrong, 14 May 1933. Among those complaining to the State Department was J.J. Rammacher, president of the Buffalo Corn Exchange and a director of Eastern Steamships see; *Toronto Telegram*, 13 May 1933, and *Montreal Star*, 15 May 1933.
93. NAC, RG 42, CDXXXIX file 190-2-6, part 2, O.D. Skelton to H. Wrong, 14 May 1933.
94. NAC, Records of the Department of External Affairs, RG 25 (hereafter RG 25), MDCCIII, file 458-34, Pierre de L. Boal to R.B. Bennett, 17 April 1934.
95. The treaty proposal was made before The Reciprocal Trade Agreements Act was passed by the U.S. Congress on 12 June 1934; see Marc T. Boucher, "The Politics of Economic Depression: Canadian-American Relations in the Mid-1930s," *International Journal*, XLI, No.1 (Winter 1985-6), 11.
96. See *The Grain Trade of Canada*.
97. NAC, RG 25, MDCCIII, R.B. Bennett to Warren D. Robbins, 12 February 1935; and Boucher, "The Politics of Economic Depression," 12-26.
98. By the early 1920s Howe's engineering firm was regularly building grain elevators for both the Alberta and Saskatchewan Wheat Pools. Later his company designed elevators for James Playfair's, Toronto Elevators Ltd. in 1928 and for Canada Steamship Lines at Kingston in 1930; see Robert Bothwell and William Kilbourn, *CD. Howe: A Biography* (Toronto, 1979), 42 and 51; *Canadian Railway and Marine World*, January and December 1929.
99. The "Report to Associated Lake Freighters" estimates that the Canadian fleet could have transported the entire 1936 grain shipment, while the more generous calculations in the *Proceedings of the Standing Committee on Banking and Commerce on Bill J* suggest that Canadian lakers could have carried 121% of 1936 shipments.
100. *Debates*, 17 February 1937.
101. *The Grain Trade of Canada*, 1939.
102. The capacity of the new elevators at Kingston and Prescott was eight million bushels.
103. *The Grain Trade of Canada*.