

In his speech on November 5, Mr. Churchill spoke plainly about the growing shipping problem. Since then, the British Minister of Shipping, Right Hon. Ronald Cross, said in a broadcast on November 26:

I am not going to hide the fact that the rate at which we are building ships does not make up for our losses.

Mr. Cross was, however, careful to add that orders were being placed in the United States. The real significance of his words is to be found in the sentence with which he concluded:

We must have ships. We cannot make too sure of our shipping in the months and years that may elapse before victory is assured. We must have a safety margin.

The result of the frankness of Mr. Churchill and Mr. Cross is reflected in our own present commitments, and in the additional keels that will be laid down every month in the shipyards of the United States and of the British commonwealth.

Let it not be forgotten that Germany, too, has suffered considerable shipping losses. Almost daily we hear of another German supply ship sunk off the coast of Norway, in the North Sea, or in the channel. German shipping and German barges have been bombed repeatedly in the channel ports. The great German shipyards at Hamburg and Bremen, and even in the Baltic, have been visited again and again by the bombers of the Royal Air Force. In the Mediterranean the Italian shipping losses have been heavy. On the high seas, German and Italian merchantmen have disappeared. I do not think they will take any part in the world's commerce until this war is over.

The British navy is still supreme on the seas of battle. Although the British navy in this war, single-handed, enforces the blockade, and although the coasts to be blockaded are more extensive, nevertheless the blockade is proving its effectiveness. Apart from Russia, there are no neutral countries to which Germany can turn with confidence for imported supplies.

The vast quantities of supplies which Britain requires from North America to supplement the deficiencies of her own production must, of course, be paid for, and, when ordered from the United States, they must be paid for in American dollars. The problem of providing United States exchange which faces the British government is a very real one.

The problem of providing United States exchange which faces the British government is a problem which also faces our own government; for we too must provide for vast outlays of United States dollars to pay for our purchases of essential war material. Later this afternoon, the Minister of Finance (Mr. Ilsley) will propose certain measures which, at this juncture, seem to the government necessary in order further to conserve our supply of exchange for this purpose.