

Mr. HOWE: No; we applied a certain depreciation for the war years. That is somewhat accelerated, because during the war years the ships do not receive the maintenance they ordinarily would receive. I think the depreciation during the war years is eight per cent, which dropped to six per cent after the end of the war. It is applied according to scale and I shall be glad to bring down that scale. Let us not think that too much sacrifice has been made in selling these ships, because we have collected substantial sums in freight. I think the operation of the ships has returned to the government something on the order of one hundred million dollars. When we are passing into a period of surplus tonnage and low freights, in marking down our ships to be consistent with that period we are not sacrificing as much as might appear.

Mr. ADAMSON: I am amazed at the reduction in tonnage at a time when there is such a terrific world shortage of shipping and a world shortage of goods. I suppose that most of these ships could not possibly be converted into troop ships because they are too slow, but when there is such a tremendous shortage of shipping and of all goods it seems amazing to me that there should be 25,000,000 tons tied up in the United States at the present time.

I should like to inquire about marine engines. I realize that the economic operation of a ship depends upon its design, but it also depends largely upon the efficiency of its engines. Are any of our shipyards able to produce modern marine engines, or do they produce merely the reciprocating engine suitable for the 10,000-ton ships which would travel in a six-knot or eight-knot convoy? Are we able to produce high-pressure or low-pressure turbines or modern diesel engines, or must we buy them from the United States and other countries?

Mr. HOWE: Canada is equipped to build almost anything. We built the turbines in the two Canadian destroyers that recently put to sea, and we are building the diesel engines that are going in these 8,500-ton ships.

Mr. MACKENZIE: At Vancouver.

Mr. HOWE: Yes. Vancouver built quite a range of diesel engines and a great many of the tugs which have been built in this country; and Dominion Engineering have built diesel engines which have gone into fair-sized ships. I think that if you bring

[Mr. Adamson.]

along orders for turbines, diesels or reciprocating engines of any type, our Canadian shops can supply them.

Mr. MacINNIS: The minister said that the policy of the government was to sell those ships so that they would remain under the Canadian flag. I have been wondering how that policy can be enforced. If the government sells one, two or half a dozen ships to a certain line operating under Canadian register, and that shipping company is not able to make the venture pay and should get an opportunity to sell the ships to some foreign company, would the government allow that sale, or would it be prepared to take the ships back and operate them itself, or would it take them back and just put them in dock somewhere and leave them idle?

I am satisfied that we are facing a tremendously difficult problem. We shall shortly have goods in tremendous quantities to sell abroad. At the present time our customers abroad have no means by which they can pay. If we are going to insist on having everything made here, it is quite clear that we cannot have customers abroad. They must have something to exchange with us for what we have. I think we might as well be realistic in this matter and recognize that trade works both ways, and that if we do not accept something, either services or goods, from the people to whom we intend to sell, eventually we cannot sell.

Mr. HOWE: Of course that is a problem which is worrying everyone concerned with government in these days. As I said, the buyer usually dictates the ship which will bring the cargo he purchases. The British operated in the past by buying f.o.b. and selling c.i.f. In that way, of course, they controlled the bottoms both ways. But, ordinarily speaking, goods are shipped f.o.b.; that is, delivered at seaboard into a ship which the buyer specifies; and that, I think, is the kind of business which Canada must depend on. We can hardly dictate that no one shall buy our goods unless they are shipped in our own bottoms. However, I am not pessimistic about Canada's position in the shipping world. There has been a great tendency to disparage our ships. Our ships are good in their class. They are the most modern freighters of the 11 and 12-knot class that have been built anywhere, and we are building three ships of the 16-knot variety. Naturally, most of our cargo would travel in the slower ships: the 10 to 11-knot ships suit the wheat trade and the lumber trade