

whose size and draft enable them to navigate the St. Lawrence canals. The war took a large toll of the vessels comprising our canal fleet, about one-third of them being casualties. These vessels have not been replaced and so far as I know there are no plans to replace them.

I appreciate that the possibilities of the St. Lawrence Seaway renders owners reluctant to invest any large sums of money in vessels designed to navigate the present canals. But it must be borne in mind that no definite decision has yet been reached in regard to the Seaway, and if and when it is reached, it will take a long time to build.

I can sum up what I have said on this subject in a very few words. Technological development in recent years has made possible the production and operation of more efficient vessels. It is the owners' best interests to encourage this development. The improvement in transportation efficiency cannot but help to reduce its costs. Regular planned replacement of obsolescent and over-age equipment is the hall-mark of economical transportation. As our Canadian railways are regularly spending millions of dollars every year to renew and improve their facilities, so must other forms of transportation if they are to retain their competitive place in the overall picture.

I cannot leave the subject of general transportation without saying a word on ocean shipping.

It has been the policy of the government to endeavour to maintain a merchant marine under Canadian flag, owned and operated by Canadians. It is not the intention to support a large fleet, nor is it a question of national pride of ownership. It is considered that a small, efficient, modern fleet of ocean-going vessels would be of benefit to Canada, not only as a contribution to the national economy but for the purpose of national security.

Canadian Shipping a Dollar Business

On a number of occasions I have spoken of the difficulties of maintaining such a fleet. Canada being a dollar country, Canadian shipping is likewise a dollar business. In order to operate, the Canadian ship owner must secure practically all his revenues in dollars. If the freight is not paid in dollars or in convertible currency, the Canadian shipowner loses the business. You can readily see that currency can be used as practically a tariff barrier preventing Canadian ship owners from securing cargoes.

Another difficulty arises out of the cost of operating of Canadian flag ships which is the second highest in the world. This cost is due to the comparatively high wages paid to Canadian crews and to high Canadian living standards. You will understand the cost differential when I tell you that the monthly crew expenses of a Canadian ship are exactly double those of a ship under United Kingdom registry. In the United States this situation is met by operating subsidies, but in Canada we have sought to avoid this drain upon the pockets of the tax payer.

Another difficulty which besets the operation of our Canadian flag ships is labour strife. Ever since the end of the war there has been constant trouble in ships bearing the Canadian flag. Delays, petty acts of sabotage and insubordination, refusal to work - all combine to increase the cost of operation and to hinder efficiency.

The Canadian Seamen's Union, which until recently supplied all the crews to our ocean-going fleet, is a Communist-dominated organization. The Communists have long recognized that one of their strongest methods of attack upon world commerce lies in the disruption of international shipping and they have recently been driving this weapon home to the hilt.