

*Supply—Transport*

we find the following statement with regard to the type of ships which Canada must have in her merchant navy. I am beginning to read at the foot of page 20 of the report which points out:

For the second time in twenty-seven years a Canadian government was faced with the problem of what to do with a large number of merchant ships acquired through the exigencies of war. The ships were of standard types designed to meet a wartime emergency.

And this is the part I wish to emphasize.

Their high fuel consumption, slow speed, and lack of refrigerated space unfitted them to hold their own against fast, modern, more economical cargo-liners which shortly after the war began to appear in British and foreign merchant fleets. It was obvious that, once the world-wide shortage of shipping had been overcome, the ships would not be able to compete with more efficient foreign vessels. Undoubtedly, the proper course was to replace the ships, and to that end, on the advice of the commission, the government evolved a replacement plan which is outlined later in this report.

I would point out that that replacement plan seems to have failed completely to bring about the construction and the acquisition of fast vessels. Then further down on the same page we find the commission pointing out the decline in shipping after the first world war. They say that was not necessarily due to the adoption of a policy of government ownership and operation but that a more important factor was the failure to replace obsolescent ships. That was after the first war. They were dealing with the failure after the first war. I believe we are making the same failure again after the second war.

The history of the Canadian merchant navy is one of building up and then allowing the ships to disappear or to fade away. We had, nearly 100 years ago, the great wooden shipbuilding industry in the maritimes. At that time the men from the maritimes were the outstanding seamen in the world. Their ships were built at home. They sailed the seven seas and made for Canada, in the era of wooden ships, a reputation that has never been beaten. Then, as hon. members know, steel ships came into use and the wooden shipbuilding industry of the maritimes faded away.

In the first war we built many steel cargo vessels; but after that war our merchant marine again faded away. I hope I am wrong, but it seems to be doing the same thing now. A year or two after the end of this recent war the world shipping situation became extremely difficult. Business was not very lucrative and there were more ships than were required. In order to help, the government adopted different policies. There was this replacement plan, to which I referred a few minutes ago, under which owners of

Canadian vessels were allowed to sell their ships to foreign countries, provided that the proceeds were put in a replacement fund held in trust by the government, and from which it was planned that funds would come for the construction of new vessels.

Then we had a plan of subsidizing. Provision was made, for a period of one year, for the subsidizing of, I think, 40 Canadian vessels so that they could continue in business. Furthermore, a plan was devised under which a total of 123 Canadian vessels could be transferred to British registry so that they could operate in the sterling area. At the present time apparently there are 80 or 90—I think the figure is somewhere about 90—of such Canadian-owned ships, operating under British registry doing business in the sterling area and manned by British crews.

With the outbreak of war in Korea that shipping picture changed and the shipping business became lucrative again. I believe that the shipping companies are now doing fairly well. The Canadian merchant navy, however, seems to be fading away. Certainly there is little evidence of any fast, modern cargo vessels being acquired.

Mr. Chairman, this tense world situation is not one which will be over in a month or a year. I do not think there are many members of the present House of Commons who will live to see the end of the present period of tension unless something happens in Russia in the meantime. We are in a situation which will probably last for a good many years. The only thing that would change it would be a third world war; and nobody in his or her senses wants that. But here we are in this present world situation. Canada occupies an important position in world affairs, partially because she is on the North American continent, and shipping is extremely important. The products of this continent will have to be carried in someone's ships if trouble develops. Without adequate shipping the North Atlantic Treaty Organization nations could easily get into serious difficulties. Here we are with a Canadian merchant navy made up of old ships, just sitting ducks for the fast modern submarines of which Russia has a far larger number than the Germans ever had. Our Canadian navy will be used to protect freighters, and the whole picture is such that we must modernize our merchant fleet. I believe this is the time to do it. Certainly this is the time to be making a start; and I hope the minister will be able to tell us that his department has some plans to bring about such modernization.

Another factor to be considered is the St. Lawrence waterway. We have set up a