Thus Canada during the war has invested heavily in shipbuilding; the value of cargo ships launched on its own slipways has risen from $1,700,000 in 1941 to more than $198,000,000 under the 1944 program. More than 400 cargo ships have been ordered, and 312 delivered. Those delivered include 285 10,000-tonners, 23 4,700-tonners, and four 3,600-ton tankers.

Nevertheless, as the minister of trade and commerce has pointed out, reckless competition in merchant marine building and operation can be as ruinous as a tariff war. Yet a factor contributing to a moderate program is the almost complete elimination of Germany, Italy and Japan from shipping competition for many years to come.

EXPORT CREDITS

To protect Canada's high position as a world trader during the difficult years of transition from war to peace, Parliament on August 2, 1944, passed the Export Credit Act. As the minister of trade and commerce pointed out in the lengthy debate on the bill, the government has no intention of extending credit assistance to all exporters, for Canada has everything to lose and little to gain by entering into a race of this kind with other countries. There are certain branches of Canadian industry, however, which are likely to need some credit assistance if they are to meet the terms of their competitors, especially during the unsettled post-war period. Firms producing such commodities as heavy capital equipment which is expected to last for years may be asked by their customers to allow payments to be spread over a longer period than manufacturing firms or commercial banks are ordinarily willing to finance.

The act is in two sections: Part I deals with a system of export credit insurance, and Part II provides for direct credit assistance to foreign governments for a three-year period at the close of the war. An Export Credit Insurance Corporation has been set up to handle the insurance aspect. It will be operated on a commercial and self-sustaining but non-profit-making basis. It has capital stock and a paid-in capital surplus of $5,000,000 each. The maximum of guarantees to be given by the corporation is fixed at $200,000,000, and the maximum of loans made and securities purchased at $100,000,000.

There is no question of the risk of individual loss simply being shifted to the government, as this part of the plan assists relations with such importers as already have funds with which to make purchases in Canada. Commenting on this aspect of the measure, Mr. MacKinnon explained that the essence of export credit insurance is that the exporter enters into an export sales contract with an importer in another country and is able to insure himself on a premium basis in respect of the payment risks that are involved.

Many countries after the war will not be in a sufficiently stabilized position to carry on trade through regular channels. Accordingly, under the second section of the act, the minister of finance is authorized to provide the government of another country with credit to enable it or its importers to purchase Canadian-produced goods. It may guarantee the obligations of foreign governments for this purpose, make loans and purchase or acquire securities issued by foreign governments. All these financial steps are, of course, conditional on the other government agreeing to indemnify the Canadian government against loss in the transaction.

Finance Minister Ilsley likened Part II of the act to Mutual Aid, for countries without sufficient funds may still obtain Canadian products. Although the principle of making Canadian goods available was the same, under Mutual Aid there is no financial obligation. When it was suggested during the debate that the present Mutual Aid machinery could be maintained in the post-war period, Mr. Ilsley said that the government felt that so far as possible ordinary trade channels should be maintained and that there was no need for it to buy up the produce of Canadian firms and take care of their marketing.