

SECRET

(NAVAL SERVICE)

MEMORANDUM TO: A.C.N.S.Appreciation of R.C.N. Ship Requirements for the
War Against Japan and for the Post-War Navy

No plans have as yet been made for R.C.N. participation in the war against Japan after Germany has been defeated, although it is essential for the maintenance of Canadian prestige that the Canadian Naval Service should take a direct and not insignificant part in this phase of the war. The purpose of the attached paper is to suggest a form which the contribution of the R.C.N. might take. The proposal put forward in the paper is that the R.C.N. should acquire and man a squadron of four cruisers, and it is suggested that not only is this the most valuable contribution which the R.C.N. could make in the war against Japan, but that such ships will also be required by the post-war Canadian Navy. Comments and alternative suggestions are invited.

2. It is thought desirable that any proposals of this nature should be discussed with the Admiralty, if possible during September, 1943, when the Admiralty will be making a comprehensive review of long-range future plans generally. It is necessary to ascertain whether such proposals would fit in with Admiralty plans, whether the vessels required could be transferred from the R.N. or be constructed on Canadian order, whether the R.N. would be prepared to offer cruisers in exchange for a number of corvettes, what the original and annual cost would be, etc.
3. In order that Staff consideration of the subject may be opened, this paper is submitted as a basis of discussion.

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for Captain, R.C.N.
Director of Plans.

29th July, 1943.

Appreciation of R.C.N. Ship Requirements for the War
Against Japan and for the Post-War Navy

Starts at para. 21.

1. It is vital for the maintenance of Canadian prestige that the Canadian Navy takes a direct and important part in the war against Japan. In his address to the U.S. Congress, Mr. Churchill pledged that all British resources would be applied against Japan after Germany had been defeated, and in his speech at the Guildhall, London, on 30th June, 1943, he re-affirmed:-

"Should Hitler's Germany and Mussolini's Italy collapse ... and ... should this victory be achieved before Japan has been laid low, I stand here to tell you to-day, as I told the Congress of the United States in your name, every man, every ship and every airplane in the King's service that can be moved to the Pacific will be sent and there maintained in action by the people of the British Commonwealth and Empire in priorities for as many years as are needed to make the Japanese in their turn submit or bite the dust."

This is a pledge of Canada's resources no less than of Britain's, and it is essential for Canadian prestige that the part of the Canadian Navy should be neither indirect nor meagre.

2. Convoying of merchant shipping is one of the most vital tasks in the war against Germany and the share of the R.C.N. in this work represents a direct and very substantial contribution to allied warfare. In the war against Japan, anti-submarine protection of merchant shipping is likely to be a much less important task. Japan has fewer submarines than Germany, and many of these are used for defensive purposes in conjunction with the Japanese fleet. Japan lacks the experience, resources, and aptitude for submarine warfare which Germany possesses. Anti-submarine protection will, of course, still be required. The men, war materials and equipment of the United Nations, now being accumulated in Europe and North Africa, will, after the defeat of Germany, have to be transferred to India and the South West Pacific. Such shipments will require some measure of protection from submarine, air and surface attack and the Admiralty may request the loan of R.C.N. escort vessels to assist the execution of submarine protection. This task, however, would not be of the same significance as the Battle of the Atlantic, and R.C.N. ships so employed would be under the operational control of the Admiralty.

3. R.C.N. ships might similarly assist, under U.S.N. operational control, in giving A/S protection to convoys between U.S.A. and the South West Pacific, or even between U.S.A. or Alaska and Siberia if the U.S.S.R. should grant bases to the United Nations. The loan of Canadian ships for A/S duties with such convoys, however, would not bring Canadian vessels into conflict with the enemy's main naval war effort, and would not be a task on the same plane as the part being played by Canada in the Battle of the Atlantic. In fact, by limiting its participation in the war against Japan to such duties, the R.C.N. would inevitably lose much of the prestige it has acquired during the Battle of the Atlantic.

4. It is necessary to recognise that the Canadian Navy is not at present well-constituted for the war against Japan. This is due to the fact that the R.C.N. arrived at its present form through answering emergency calls for escort ships without hesitation or being deterred by the probability that such specialised vessels would be of only limited value after the Battle of the Atlantic was over.

5. When the war moves from the Atlantic to the Pacific, the following lack of balance will exist in the R.C.N.:-

(a) R.C.N. vessels are primarily A/S escort ships, and as there will be few or no direct convoys from Canada to the war theatres, any R.C.N. ships engaged in escort work will be under the operational control of the Admiralty or the U.S.N.

(b) As extensive Japanese minelaying off the Pacific Coast is not anticipated, and 20 - 30 minesweepers are considered adequate, although minimum, protection for this area, the rest of the R.C.N. minesweepers will presumably find employment either in the South West Pacific, or in European waters sweeping up mines previously laid by Germany. Such vessels will also no longer be under R.C.N. operational control.

(c) Canadian naval bases and facilities on the Atlantic Coast will be very considerably in excess of requirements and may be closed down or reduced towards the level required by Canada's post-war Navy and such R.C.N. ships (if any) as return from A/S duties abroad to Canadian East Coast ports for refits.

6. Probable Allied Strategy

The Japanese strategy is to build up a self-sufficient Empire, protected by a ring of outer defences which are at such a distance from Japan proper that it cannot be attacked from bases in the possession of hostile powers outside these defences. For success, this strategy requires that these outer defences should be firmly held, and that there should be complete freedom of communication within the Empire for the purposes of reinforcing any bases attacked and of building up an internal economy and trade system which produces the necessary equipment and materials for war, and the necessary goods and commodities for economic life.

7. Japan, in the Pacific war, is thus as dependent on the maintenance of communications between the various parts of her Empire as the allies are in the war against Germany. Japan is able to maintain such communications, since her fleet, reinforced by land-based planes, commands the South West Pacific Ocean.

8. Allied strategy will probably be conditioned by three main factors:-

(a) Even if Burma is recaptured and the Burma Road reopened, and successfully kept open, its traffic capacity is so limited that it will not be possible to build up at Chenkiang (the Chinese terminus of the road) sufficient resources to enable the allies to

launch from that base a heavy attack on the Japanese army in China.

- (b) To proceed against Japan on an island-to-island basis would be endless.
- (c) It is desirable to obtain as soon as possible bases for allied aircraft within heavy bomber range of the principal towns in Japan proper.

9. Consequently, the main allied attack will have to be seaborne and will tend to proceed in a few very large leaps, such as by capturing the Philippines or other suitable bases, cutting off Japanese forces to the south; and then aiming at possibly Formosa, as a base for attack on the Japanese army in China and for air attack on Japan proper. In the North, an attempt might be made to capture bases on the Kurile Islands. Such general allied strategy appears probable whether or not Russia grants bases for attack on Japan, and especially so in the latter event.

10. In all probability the main allied assaults will be prefaced by incursions into the South West Pacific designed to challenge Japanese command of these seas and to secure bases along the avenues of approach to the objectives of the main assaults, so that these assaults may, if possible, be given land-based air cover.

11. If this forecast of allied strategy is at all accurate, extensive and prolonged naval operations will be involved, and these will be in two stages. The first phase will continue until the allies succeed in winning command of the seas leading to and around the objectives of the allied expeditions from the Japanese. Before the allied assaults can proceed freely, Japanese command of these waters must be destroyed. This is a very heavy task, particularly in view of the distance of the waters in question from allied bases capable of supplying all the requirements of large battle fleets. During the first phase of the war against Japan, there will thus be a tremendous demand for heavy ships, for the general purpose of destroying the Japanese fleets, and for the specific purpose of covering the initial landing forces and follow-up convoys, as long as they can be threatened by enemy surface craft. Destroyers and A/A ships will also be required in order to give both the heavy ships and the convoys close protection against submarines and aircraft.

12. The second phase in naval operations will arise when the allied battle fleets have obtained command of the seas concerned to such extent that supply convoys at least, to the islands attacked by the allies, require only close escort mainly for A/S protection. Canadian naval vessels could share in this work.

13. The first phase, however, is by far the more important. It is, in fact, so vital, that failure in it would result in Japanese victory. Allied failure to wrest command of the seas from the enemy would mean that the allies would be unable to secure bases in the South West Pacific within bombing range of Japan, and that they would be unable to come to grips with the Japanese army and relieve the Chinese Army. It would mean that the allies could not penetrate the perimeter of Japanese defences, that the most Japan had to fear would be spo-

radic attacks on their communications, and that Japan, in fact, could not be defeated. If the first phase is not won, the second would not arise.

14. The fundamental factor, from the point of view of the Canadian Naval Service, is that the R.C.N. is not in a position to participate in the first and vital phase of this war, but must remain out of direct conflict with Japan until such time as the British, American and French battle fleets, the Australian, New Zealand, Dutch and Polish cruisers have established naval supremacy over the Japanese. This is not a position which the Canadian Navy can be expected to accept with equanimity, and it certainly is not fitting that the second Navy of the Empire should be a mere spectator on such a vital occasion. It is, therefore, submitted that it is most essential to consider means whereby the R.C.N. may assume a share in the Japanese war much more in keeping with position to which it has, by its own efforts and merits, raised itself in the Battle of the Atlantic.

15. Battleships are beyond the resources of the R.C.N. They could hardly be laid down and completed before the end of the war; and with lack of experience in the manning and operation of such complex vessels, there would be a net loss of efficiency if the R.C.N. were to take over any battleships from the R.N. Battleships, with necessary attendant vessels, would also probably prove too heavy a burden for the post-war naval budget.

16. The aircraft carrier is undergoing a process of strategic and tactical revaluation, and the future employment of this type of vessel is not yet clear. It may supersede the battleship as queen of the seas, through its ability to decide an action before fleets come within gun range of each other; or it may eventually be neutralized by improved A.A. defence. At the present time, it is both a most useful and most vulnerable unit, and also one which is extremely difficult to operate to the greatest tactical advantage. It may be that the answer to the vulnerability of the carrier, since it is not possible to produce large numbers of fleet carriers of the present size, is to supplement them with a number of smaller carriers. There are, however, several other important problems, such as that of fighter direction, which even the U.S. Navy, despite all its battle experience with this class of vessel, has failed to overcome. As the question of instituting a Canadian Naval Air Service is under separate consideration, the matter may be left open.

17. There will be a large allied demand for submarines for use against Japan. It is only in special circumstances that submarines have a high offensive value. While they can force enemy shipping into convoy, mine enemy ports and channels, or bombard enemy harbour facilities or coastal installations, such activities have normally little more than a nuisance value. But if the enemy is dependent on a large and regular flow of shipping between definite ports, as when he is drawing heavy supplies from either his own Empire or benevolent neutrals, or has regular outgoing traffic movements to an overseas war theatre, such shipping is a most profitable target. Shipping within the Japanese Empire falls into this latter category and allied submarines would have a high offensive value for attack on Japan. They could sever enemy communications with the islands attacked, isolating the garrisons, intercepting and decimating seaborne reinforcements; by patrolling the shipping lanes

between Japan and its Empire, they could accelerate enemy attrition generally. Japan is vulnerable to attrition in this field, having less than 6 million tons of merchant shipping when it entered the war. There will, therefore, be a large allied demand for submarines, but the supply is inadequate. Britain has 108 submarines in commission; the U.S.N. has 156 in commission and 164 under construction or planned for completion by the end of 1945. If Canada was to construct submarines, and such craft were constructed at Montreal during the last war, they would be of direct and substantial value to the allied cause. They could also be used to train Canadian vessels in A/S warfare, thus solving another difficult problem.

18. There are, however, certain disadvantages to any proposal that Canada should construct, man and operate submarines. It represents a step into what is, for the R.C.N., a completely new form of warfare, requiring extensive and completely new training for the officers and ratings who would man the craft. Canadian shipyards would require considerable importation of skilled labour from Britain or U.S.A., where it is already very scarce, to assist in constructing the submarines. Although Admiral Jellicoe advocated the inclusion of submarines in Canada's post-war Navy after the last war, they are a highly specialised offensive weapon, and would be of little value to the post-war Canadian Navy. Moreover, Britain and U.S.A., after demobilisation, might renew their efforts to have the submarine abolished, in which event the post-war Canadian Navy would not have the advantage of even their limited utility for defence. Finally, submarines do not play such a direct part in the fight for general command of the seas as do surface craft, since they merely exploit deficiencies in the enemy's close protection forces, and it is in the main fight for command that the R.C.N. should directly participate.

19. It is suggested that it is in the provision of cruisers that the R.C.N. can render most valuable assistance. One of the main handicaps to the allies in the fight for command of the seas in the South West Pacific will be the lack of bases. Such bases as exist are not as near the theatres of operations as desirable, and are so limited in numbers and capacity that they will be greatly congested. Any assistance which Canada can provide in the form of long range vessels will be particularly valuable in that it would add to naval strength without accentuating base difficulties. The virtues of cruisers have long been established. They have very long cruising range, they are useful for reconnaissance, particularly when equipped with aircraft, and they can scout for a battle fleet. In squadron formation, their value is infinitely more than the sum of their values as separate units, and a cruiser squadron, properly handled, can fight it out with a heavier vessel with excellent chances of success, as the Battle of the Plate showed, while they have sufficient speed to outrun the enemy if the odds against them are too high. They provide excellent commerce raiders. While aircraft and submarines may take a heavy toll of enemy shipping, only surface forces can destroy whole convoys and wipe enemy shipping entirely from the seas. The heaviest loss an allied convoy ever sustained was inflicted by cruisers (the "SCHARNHORST" and "GNEISENAU", in March 1941) and not by submarines or aircraft. They are a most useful wartime vessel, of which no belligerent ever has enough. They are in particularly short supply in the U.S. Pacific fleet, and this shortage has forced the U.S. Navy to risk battleships in actions which

called principally for cruisers. It is suggested that the R.C.N. should supply a squadron of four cruisers to assist in the battles for the command of the South West Pacific, to operate as a separate force, or with other allied battleships, carriers, cruisers, or destroyers, as the allied C. in C. should consider desirable for the operation in view. A squadron is suggested, since their value in such form mounts in more than arithmetical progression as their numbers increase. This, and no less than this, it is submitted, would be a contribution which was in keeping with the present record of the Canadian Naval Service.

20. As mentioned below, it is also highly desirable that Canada's post-war Navy should include a squadron of cruisers, and it would appear advantageous for the R.C.N. to be in possession of such cruisers prior to the end of the war. A post-war navy which is authorised by the Government of Canada after the end of the war would reflect very closely the public and political attitude prevailing at that time. The supervening tendency at the end of the war will naturally be to reduce the navy to meagre dimensions, partly on account of the demand for economy, partly because the apparent need for a navy will have disappeared, and partly on account of a general reaction from war-mindedness. It will be quickly pointed out that in the present war, a very efficient navy grew out of a very small peace-time navy, and that the same could easily be done again.

Any attempt to obtain governmental agreement to the post-war navy at such a time in effect places the nation's naval defences at the hazard of fluctuating public and political opinion. No more unfavourable time could be chosen in which to discuss a post-war navy, and particularly so if it involves the acquisition of ships not already forming part of the R.C.N. Even if such ships were offered without payment by the Admiralty, the annual cost of upkeep would appear in the light of a fresh expenditure to the public. It is consequently recommended that government agreement to at least the immediate post-war navy should be sought before the end of the war, and that the ships should be obtained also before the end of the war. The Admiralty could thus be asked to supply or build the cruisers for Canada at such a time on the grounds that the exigencies of Canadian opinion necessitated it, and that the R.C.N. had been built up during the war as a small ship navy, without consideration of post-war needs, primarily in order to assist the Admiralty in the Battle of the Atlantic. Further, the acquisition of such ships before the end of the war would offer the R.C.N. an opportunity to win battle honours with them, and so greatly enhance the chances of their acceptance by public opinion as part of the post-war Canadian navy. For these reasons, it is recommended that the Canadian Naval Service should consider the question of acquiring a cruiser squadron now, to participate in the war against Japan and to supply an important element of the post-war Navy.

POST-WAR CANADIAN NAVY

21. The general purposes of a post-war Canadian Navy may be considered to be:-
- (a) To form a nucleus which can be expanded to meet the requirements of a wartime Navy in those branches where rapid training after the outbreak of war is possible. It is to be noted that expansion from a nucleus is only pos-

sible for those branches of the service which will not be employed on fleet duties, such as escort vessels, and even to supply escort needs from a peace-time nucleus is becoming more difficult on account of the increased need for group training. Personnel and ships employed on fleet duties, which involve intricate, precise and almost automatic mutual co-operation, can not be expanded in the event of war from a small nucleus on account of the long years of training required to obtain an adequate standard of battle efficiency.

- (b) To maintain at or near wartime strength those branches of the service which are not capable of rapid expansion from a nucleus in the event of war.
- (c) To offer a suitable minimum scale of protection during the early part of a war until such expansion as is possible becomes effective.

22. In any future war in which Canada is engaged, it appears certain that she will have the assistance of the U.S. Navy or the Royal Navy, or of both. Any future war in which Canada is engaged will most probably arise in one or other of two ways, namely:-

- (a) Through a direct attack on North America (including Canada, Newfoundland or Labrador) by a hostile power.
- (b) Through a declaration of war by Canada against a country with which Great Britain and/or the Dominions are at war.

There is no reason to anticipate that Canada will declare war on any country except in conjunction with Britain, the Dominions or U.S.A. As it is not considered that Canada will ever be at war with U.S.A., Canada will accordingly be separated from any future enemy by either the Atlantic or Pacific Ocean.

23. In the event of war arising as described in the preceding paragraph, the following are likely to be the tasks of the R.C.N.:-

- (a) In the event of a direct attack on North America

There is no reason to anticipate the reversal of the present declared policy of the U.S.A., that she will regard a direct attack on Canada as equivalent to an attack on the U.S.A. itself. The Canada - U.S.A. Permanent Joint Board of Defence is intended to be, as its name signifies, a permanent organisation, which will not be dissolved with advent of peace. Since the U.S.A. will regard an attack on Canada as equivalent to an attack on U.S. territory, Canada has a corresponding obligation to regard an attack on U.S. territory as equivalent to an attack on Canada. Consequently, any direct attack on North America will call for joint U.S. - Canadian defence measures. Such attack will include an attack on Newfoundland. "Canadians are interested", the Prime Minister said on 12th July, 1943, "in the defence of Newfoundland which is so vital a part of the defence of the continent and the hemisphere."

The best guide to the probable tasks of the Canadian Navy in such an eventuality is Plan ABC-22, which sets out the

current obligations of the Canadian Naval Service under approximately corresponding circumstances. These obligations are:-

- (i) To assist the U.S. Navy in the protection of Associated overseas shipping in the northern portion of the western Atlantic and Pacific areas.
- (ii) Protection of sea communications in the Canadian coastal zones.
- (iii) Provision of the naval defence of Canadian ports.
- (iv) To support the defence of Newfoundland.
- (v) To assist the U.S.N. in the movement of U.S. Forces to appropriate parts of North America.

These obligations were based on the strength of the Canadian Navy as it existed in mid-1941. A more powerful Canadian Navy would doubtless be expected to assume greater obligations.

(b) In the event of war in conjunction with the British Empire

In the event of Canada joining other members of the British Commonwealth in a war against a common enemy, the tasks of the R.C.N. will probably be:-

- (i) To assist the defence of Canada by denying the adjacent oceans to the enemy. The execution of this commitment requires general patrol by reconnaissance and striking Naval Forces, and close coverage by anti-submarine forces.
- (ii) To contribute to the fleets of the Empire. If the Canadian Naval Service is to take its due place among the Empire's War Fleets, it must be an asset and not a liability to the Empire. That is, so far from calling upon the Empire's Fleets for assistance in the defence of Canada, the R.C.N. must be capable of executing such tasks by itself and in addition be capable of making a positive contribution to the Fleets of the Empire. In particular, if no attempt is made by enemy surface fleets to challenge Canadian command of the oceans adjacent to Canada, it may be possible to transfer the outer patrol forces to duty with other Naval forces of the Empire; while the fleet of A/S vessels built up during the present war, if retained on a care and maintenance basis and not scrapped on demobilisation, can again be used to give A/S protection to convoys of ships carrying Canadian goods and materials to the war theatres.

24. Canada is a nation which must import and export in both peace and war. She must export in peace if she is to maintain her standard of living and import if she is to obtain necessary materials which she does not possess or cannot manufacture. In war, she must import for the same reasons, and export if she is to derive revenues from overseas to assist her in bearing the financial burden of war; and she must also export to her allies and the war theatres, if these lie outside Canada, such essential war materials, weapons and equipment as she can produce. She may also have to transport there her armed forces. If such exports and such troops cannot be delivered to their destinations, Canada's industrial and military effort

will not be brought to bear against the enemy, and the allied war effort will to that extent fall short of its full potentialities. To ensure the continuance of this trade and the transportation of the troops, Canada and her allies must command the seas which separate them and lead them to the war theatres. If Canada is to do no less than her share, she must command the oceans adjacent to her. Canada's allies, in their turn, must command the remainder of the seas concerned, for only then, if Canada and her allies possess the necessary merchant shipping, can the essential communications be maintained. If Canada's allies fail in their task, Canada will be obliged either to make good their deficiencies or to suffer her war effort to be wholly nullified, and Canada's command of her own oceans will be of no avail. Thus, command of the oceans adjacent to Canada will, in time of war, be only a minimum task of the Canadian Navy. Insofar as Canada's allies fail to execute their share, the Canadian Navy will be obliged to assume the task of controlling correspondingly wider waters.

25. Type and number of vessels required for the post-war R.C.N.

The R.C.N. must, therefore, be prepared to meet the higher of the two sets of wartime duties, namely those which would arise in the event of war in conjunction with the Empire, in which the tasks of the R.C.N. would be to maintain general command of the oceans adjacent to Canada, to give close cover for shipping in Canadian waters, and to assist the Empire by providing patrol and striking forces and/or escort vessels.

26. In the present war, command of the Atlantic Ocean is held by the Royal Navy and command of the Eastern Pacific Ocean by the U.S. Navy. Consequently the Canadian Navy has not required to fight for command of the adjacent oceans. But the same fortunate circumstances may not recur in future wars, and Canada must be prepared to command its own oceans. In a war against Japan, in which U.S.A. was not involved, for example, Canada would have to look to her own resources to maintain command of the adjacent Pacific. Battleships are beyond the Canadian budget, and the most that Canada could afford would be a squadron of cruisers, supported by fleet destroyers, and aircraft carriers if considered necessary. Anything less than a squadron of cruisers could not deal with a challenge by heavy enemy ships in the event of war, and provision must be made for Canada to meet such a scale of attack, as circumstances in which it would arise can be easily conceived.

27. Further, as pointed out in paragraph 21 above, it is not possible to maintain only a nucleus of fleet vessels in peace-time, expanding them to full strength after the outbreak of war. It is most essential, as R.N. experience has proved, to maintain approximate fleet wartime requirements even in peace-time. Consequently, it is suggested that the post-war R.C.N. should include one squadron of four cruisers, to be assigned to one coast or divided between both according to the direction and nature of the threat; with three supporting flotillas of eight fleet destroyers each, so that the cruiser squadron can be adequately screened without denuding both coasts to do so; and possibly a light cruiser for Commodore (D). Provision of aircraft carriers is a matter for later decision.

28. As regards escort vessels, it is possible to man these in wartime by expanding from a nucleus, although the growing need for group training is offering increased diffi-

culties to the adoption of such a basis for even this type of craft. It is suggested that all of the escort vessels possessed by Canada at the end of this war should be placed in reserve and turned over once every four years or so, in order that the R.C.N. may again be able to contribute to the maintenance of allied communications, and that a suitable policy for training post-war reserve personnel be adopted.

29. The principle reasons for suggesting a squadron of cruisers are the undeniable, actual wartime needs. But there are several other very cogent reasons, mainly related to the question of Canadian prestige and status, why Canada's peace-time Navy should include cruisers, since these are the largest vessels (apart possibly from aircraft carriers) which the R.C.N. can hope to possess.

30. The post-war foreign policy of Canada has not been explicitly enunciated. Nevertheless, there is evidence that the Government desires that Canada should be accorded increasing recognition as a growing power in world affairs, and particularly in hemispheric affairs. In this latter connection, it is the hope of Canadian diplomacy that Canada may prove to be the link between the Western Hemisphere and the British Empire. The interest of the Canadian Government in Latin America has grown, and Canadian diplomatic and trade representation in these countries has been increased. The Prime Minister stated on 12th July, 1943, that in the post-war era there would be many interests in common with Latin America and that there must be joint and effective interest in the peace of this hemisphere. To obtain the prestige and recognition of status which it thus seeks, it is essential that Canada should have as strong a Navy as possible. The Latin American countries are particularly susceptible to demonstrations of armed strength, and the chief obstacle to British propaganda in Latin America during the early years of the war was the respect accorded to the power of the German army. At present even the Argentine Navy, with two battleships, two cruisers, 16 destroyers and 3 submarines, has more powerful ships than the Canadian Navy.

31. The standing enjoyed by Canada in U.S. opinion is always a matter of great concern to the Government of Canada. Although less impressed by displays of force than Latin America, U.S. opinion nonetheless is apt to be disdainful of military weakness, and clear evidence that Canada is not in the least dependent upon the U.S. Navy for defence of Canadian waters, that it is far from being a satellite as portrayed by unfriendly U.S. journals, would have the most beneficial effects.

32. The Canadian economy, both in peace and in war, is extremely dependent upon a continuous and extensive export trade, and variations in this trade cause corresponding fluctuations in Canadian prosperity. Foreign markets are considerably affected by the rise or fall of the exporting nation's prestige. Commercial agents abroad are frequently regarded as unofficial representatives of the country whose products they seek to sell, and as an exporting country's prestige rises or falls, so does that of the foreign salesmen of the country's products; and in the absence of other factors, the exports to that country are correspondingly affected. Visits to foreign countries by naval forces of sufficient impressiveness are, as Royal Navy has always found, an effective way of maintaining a country's prestige and of assisting its export trade.)

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33. It is also essential that the Canadian Navy should share in the enforcement and maintenance of the peace. After the end of the war, the enemy has to be disarmed, his territories inspected and his waters patrolled. It is clearly desirable that the Canadian Navy should be prepared to play a part in this work commensurate with the contribution it made to the winning of the war. Even more important, however, is the assistance which a strong Canadian Navy will give in maintaining the peace. Canada must at all times be prepared for a reversion to isolationism on the part of the United States, no matter how improbable it may appear under any existing political regime, and it is essential that any predatory nation should not thereupon consider that Canada has become defenceless. Canadian defences should be of such strength that, even in these circumstances, the potential aggressor is checked in his course towards war, not only insofar as he may threaten Canada, but even if his threat is directed against a third nation.

34. Finally, it is necessary to consider the probable effects upon the Navy itself of the possession of cruisers. The possession of large ships of real striking power would greatly raise the morale of both officers and men, and would result in higher efficiency throughout the whole navy, due to the possibility of serving in such ships or the experience of having served in them. Canadian and allied public opinion has admired the work of the Canadian Navy in the Battle of the Atlantic, but there is little doubt that this work would have kindled very much greater interest had the public not invariably thought of the R.C.N. in terms of small ships. Naval personnel are sensitive to public approval or coldness, and enhanced public interest in the Navy would also have a very beneficial effect a naval morale and esprit de corps.

35. The proposals for the post-war Canadian Navy have all been based upon the assumption that another war may occur. There is no proof that the present will be the last war with which Canada may be threatened or even involved, and in the absence of such evidence, Canada cannot afford to be unprepared. The peace which followed the last war was lost, and the peace may again be lost. Nations at present neutral, or even allied to Canada, may become hostile, or the post-war situation may grow out-of-hand, allowing the defeated enemy an opportunity to re-arm and to menace the world again. Russia joined with Germany in 1939, and if she is dissatisfied with the post-war world, may again do so, and destroy the peace of the world. If Britain should again become engaged in war, it would be extremely difficult for her to fight such a war and at the same time ensure that Japan was prevented from re-arming, especially so if Canada did not possess an adequate post-war Navy. There is no reason to believe, however much it may be desired, that the end of the present war will bring peace everlasting to the world; and in the absence of such assurance, Canada must continue to possess adequate naval defence.

PLANS DIVISION.
29th July, 1943.