

IV.

From Mr. CHURCHILL to Right Hon. R. L. BORDEN, K.C., M.P.

MY DEAR Mr. BORDEN,—

24th January, 1913.

1. I have now had an examination made of the figures which you sent me in your letter of the 18th December [see No. II], and I find that they are not quite in agreement with those which have been worked out here, particularly in regard to the first cost of the "Town" class cruisers.

2. I enclose a table showing the cost of a fleet unit such as is proposed, if constructed in this country, (a) on the types and at the prices which were current in 1909-10 when the Australian agreement was made, and (b) at the present time. The considerable increases shown are due partly to the rises in prices and partly to the increased power of the model battle-cruiser or fast battleship.

3. I think I may assume that the arguments used in the memorandum sent you on the 23rd instant will have convinced you that the idea of building the capital ships in Canada is impracticable; and I have therefore not attempted to obtain an estimate on that basis; it would, indeed, be almost impossible to frame one. But I am safe in saying that the increase in cost could not be prudently calculated at less than 25 per cent. or 30 per cent.

4. I also send a table showing similarly the difference in the cost of maintenance of such a fleet unit between 1909-10 and 1913 at British rates of pay; and, as it is to be presumed that Canadians would not be attracted to enlist in a Canadian Navy except by rates of pay effectively competing with the general rates of Canadian wages, I have added a third column showing the increase which would be involved by granting the rates of pay now drawn by officers and men serving in the "Rainbow" and the "Niobe," which, taken as a whole, are about two-thirds higher than in the Imperial Navy.

5. Apart from the reply to your immediate question, it seems desirable to comment on another point. The Admiralty will, of course, loyally endeavour to facilitate the development of any practicable naval policy which may commend itself to Canada; but the prospect of their being able to co-operate to any great extent in manning the units is now much less than it would have been at the time of the Imperial Conference of 1909.

6. It must be remembered that the new German Navy Law has necessitated a large increase in the number of ships which His Majesty's Government must keep in commission, and all our manning resources are now strained to their utmost limits, more especially as regards lieutenants, specialist officers (gunnery, torpedo, and navigation), and the numerous skilled professional ratings which cannot be improvised, or obtained except by years of careful training.

7. In 1909 the question turned upon the provision by Canada in the Pacific of a fleet corresponding to the Australian fleet unit, involving an initial expenditure estimated at £3,700,000, and maintenance at an estimated cost of £600,000 per annum. The Canadian Government did not think this compatible with their arrangements, and suggested that they should provide a limited number of cruisers and destroyers which were to be stationed in the Pacific and Atlantic. The Admiralty agreed to help the organization and manning so far as possible. Between that time and 1912 a commencement was made with the establishment of a Canadian naval force, but in those three years only small progress was made with the training of recruits and cadets, and it would have been impossible for the Canadian Government to man a single cruiser. The provision of two fleet units consisting of the most modern ships would divert from their necessary stations a large number of very efficient officers and men who would have to be lent by the Admiralty. The case of the Australian unit stands on a different footing, for its establishment directly relieves the British vessels hitherto maintained on the Australian Station, thus ultimately setting free a considerable number of men. Looking to the far greater manning difficulties which now exist than formerly in 1909, the establishment of two such Canadian units would place a strain upon the resources of the Admiralty which, with all the will in the world, they could not undertake to meet during the next few years.

8. It must further be borne in mind that the rapidity with which modern ships deteriorate, unless maintained in the highest state of efficiency by unremitting care and attention, is very marked. The recent experience of certain South American States in regard to vessels of the highest quality has been most painful, and had led to deplorable waste of money, most of which would probably have been avoided if care had been taken to supply at the time the ships were commissioned adequate refitting establishments and staffs of skilled and experienced personnel, both afloat and ashore.

Yours very sincerely,

WINSTON S. CHURCHILL.

FIRST COST.

				If actually ordered in Great Britain in 1909-10 at Prices then current.		As estimated in January, 1913, for Vessels of Latest Type.	
				£	Dollars.	£	Dollars.
1 battle-cruiser	...	...	...	2,293,660	11,162,478	2,652,100	12,906,886
3 "Town" cruisers	...	...	...	1,112,310	5,413,242	1,234,900	6,009,846
6 T.B. destroyers	...	...	...	667,026	3,246,193	843,000	4,102,600
3 submarines	...	...	...	274,875	1,337,725	365,000	1,776,333
Sea stores and fuel	...	...	...	59,280	288,496	64,400	313,413
Total	...	...	...	4,407,151	21,448,134	5,159,400	25,109,078