

Canadian Government Merchant Marine.—During the closing years of the war, the Dominion Government, realizing the need for a mercantile fleet, not only as a means of developing Canada's export trade but also as a means of assisting our national railways and of providing employment, placed orders with Canadian ship-building firms for the construction of 63 steel cargo vessels of 6 different types. These vessels were intended primarily to co-operate with British shipping in supplying the necessities of war, as well as to provide in times of peace the means of carrying abroad the products of Canada's farms, forests, mines and factories, without which Canada could not hope to take full advantage of the opportunity of expanding her export trade.

Prior to Dec. 31, 1919, 19 vessels had been delivered by the builders. During 1920 the total number delivered was increased to 47, while during 1921 an additional 18 vessels were completed, bringing the total at Dec. 31 of that year up to 65 vessels with a total deadweight tonnage of 380,097. In regard to ownership and operation, a separate company has been organized for each vessel and the capital stock of each is owned by the Canadian Government Merchant Marine, Limited. Under an operating agreement with each of these companies, the Canadian Government Merchant Marine, Limited, operates all of the steamers and keeps a separate account for each company. Promissory notes have been given to the Minister of Finance and Receiver-General for the total capital stock of each vessel, with interest payable at $5\frac{1}{2}$ p.c. per annum.

According to the second annual report of the Canadian Government Merchant Marine, Limited, a surplus of \$1,004,233 (without provision for interest charges) is shown from the operations of this government-owned fleet as at Dec. 31, 1920. At the close of the third year of operation, however, as a result of the world-wide depression in the shipping industry and particularly of the addition of more ships to the fleet, the annual report as for Dec. 31, 1921, shows a deficit, after all charges, of \$9,116,144. As a result, the Board of Directors has proposed the reduction of the number of vessels to 37, retaining only the larger, speedier and specialized ships, the reduction of the capital cost, (about \$72,500,000) to what may be considered present replacement value (about \$28,500,000), and the payment of interest to the government only if earned after allowing for depreciation.

At present, regular cargo services are maintained to points in the United Kingdom and European Continent, to Australia and New Zealand, to British India and the Straits Settlements, to the West Indies (which is also served by a three-weekly passenger service), to Newfoundland, to South America, to China and Japan and to California. In addition, voyages have been made to many points on the continent, Cuba, the East Indies, Russia and Egypt, exclusive of frequent coastwise service on the Atlantic. A few of the smaller boats have at times been moved to the Great Lakes to assist in the transportations of eastbound grain.