7.—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 the National railways and of providing employment, placed orders with Canadian shipbuilding 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. Additions were made to the fleet in following years until the total fleet, as at Dec. 31, 1924, numbered 57 vessels of a total deadweight tonnage of 353,450. Through sale or loss of vessels the fleet was reduced to 49 vessels with a deadweight tonnage of 324,986 at Dec. 31, 1925. With regard to ownership and operation, a separate company was 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 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 5½ p.c. per annum.

Early operations proved profitable, and a surplus of $1,004,233 (without provision for interest charges) was shown for the year ended Dec. 31, 1920. Subsequent years, however, have shown the effects of the depression in the shipping industry, and annual deficits of $8,047,635, $9,649,479, $9,368,670, $8,836,609 and $7,667,512 are shown for 1921, 1922, 1923, 1924 and 1925 respectively. As a result, the Board of Directors has proposed further reductions in the number of vessels (only the larger, speedier and specialized ships to be retained), the reduction of capital cost (about $72,000,000) to what may be considered present replacement value (about $18,000,000), and that interest due the Government be payable for each year only if earned after allowing for depreciation, such remission of interest to be applicable for a period of five years. While the financial showing of the venture is an unsatisfactory one, the directors, in their last annual report, point out in explanation the falling off in cargo tonnage available, particularly on homeward voyages, and the lower earnings from the carriage of lower-priced commodities. It is also noted that much traffic which would otherwise have undoubtedly been handled through private channels was passed on to the government-owned railways.

During 1925 a total of 235 voyages was made, the majority being to the United Kingdom and the European Continent, the West Indies, Newfoundland, Australia, California and the Orient. Officers of the company outside of Canada are located in London, in the West Indies, in Australia, in New Zealand and in Newfoundland, while agencies give the company representation in all the principal shipping centres of the world.

X.—TELEGRAPHS.

The Toronto, Hamilton and Niagara Electro-Magnetic Telegraph Co., organized by a group of Toronto men, was the first to establish an electric telegraph service in the pre-Confederation province of Canada. It was formally organized on Oct. 22, 1846, and its Toronto-Hamilton line was opened on Dec. 19 of the same year. In January, 1847, the line was completed to Queenston, whence there was a connecting