

Section 7.—The 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 six 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 46 vessels with a deadweight tonnage of 312,090 at Dec. 31, 1926 and 1927. 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, \$7,667,513, \$6,687,221 and \$7,086,940 are shown for 1921, 1922, 1923, 1924, 1925, 1926 and 1927 respectively.

These deficits, however, are now mainly due to high capital charges, as operating expenses and operating revenue have been brought nearly to a balance. In the calendar year 1927, the operating loss was \$720,735, as compared with \$90,160 in 1926, \$948,053 in 1925 and \$1,440,880 in 1924. Total revenue in 1927 was \$10,233,964, and total operating expenses \$10,954,700. The less favourable showing in 1927 was largely attributable to a reduced volume, during the latter part of the year, of traffic moving from Canada to the United Kingdom and European Continent, and to the fact that the Canadian steamers in the competition for traffic are at a distinct disadvantage in point of size, speed and equipment as compared with the modern tonnage now operated or under construction for service by other lines.

During 1927 a total of 240 voyages was made, the majority being to the United Kingdom and the European Continent, the West Indies, Newfoundland, Australia and California. 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.

PART 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