

Section 7.—Merchant Marine Services Operated by the Canadian Government.¹

The War had far-reaching effects upon the merchant shipping of the world. The losses from submarines, the demands for naval auxiliary and transport services, and the abnormally large quantities of material to be carried overseas for both war purposes and the support of the civilian populations of Europe, all combined to create pressing demands for merchant shipping. In the latter part of the War, when submarine operations were intensified, the supply of merchant tonnage became a source of serious anxiety to the Allies and every effort was made not only to economise the shipping then afloat but to increase the supply by new building. It was under these circumstances that the Dominion Government 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, but, though the War ended before the ships were all built, the construction program was continued to provide employment and, in view of the losses of the War, to assure sufficient shipping as a complement to the National Railways and as a means of carrying abroad the products of Canada's farms, forests, mines and factories.

Shipping construction at that time was very costly and this abnormally high first cost has been a serious handicap to the economical operation of the ships ever since. Prior to Dec. 31, 1919, 19 vessels had been delivered by the builders. Additions were subsequently made to the fleet until the total fleet, as at Dec. 31, 1924, numbered 57 vessels of a total deadweight tonnage of 353,450. Through sale and the loss of three vessels the fleet was reduced to 29 vessels with a deadweight tonnage of 234,595 at Dec. 31, 1931. Early operations proved profitable: a surplus of \$1,056,767 was shown for the year ended Dec. 31, 1919 and a surplus of \$1,293,525 for the year ended Dec. 31, 1920 (without provision for interest charges). 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, \$7,086,940, \$7,545,525, \$5,928,758, \$5,844,757 and \$5,405,414 are shown for the years 1921 to 1931 respectively. These figures include interest and depreciation assessed on the original high cost of the vessels.

In conformity with the Canada-West Indies Trade Agreement Act of 1926 (16-17 Geo. V, c. 16), the Dominion Government has provided direct steamship services to the West Indies through the medium of Canadian National (West Indies) Steamships, Ltd. The service is provided by a fleet of twelve vessels of a total deadweight tonnage of 60,592. Five of these boats, known as the "Lady" ships, were specially constructed for passenger service on this route, while the remaining seven vessels previously formed part of the Canadian Government Merchant Marine fleet, and were taken over by the Canadian National (West Indies) Steamships, Ltd., for operating purposes, under entrusting agreements with the respective companies which owned the ships. The investment in vessels at Dec. 31, 1931, amounted to \$9,848,167, mainly made up of the construction cost of the "Lady" ships and the present day valuation of the other seven ships, together with the cost of conversion for use in the West Indies service of three of the latter. The financial results of the operations of the Canadian National (West Indies) Steamships, Ltd., have been as follows:—

¹ Revised under the direction of Geo. W. Yates, Assistant Deputy Minister, Department of Railways and Canals, by A. H. Allan, General Manager, Canadian National Steamships, Montreal.