

Name of Line	For Service	Amount
American Mail Line. . . . .	From Seattle to Yokohama, Kobe, Shanghai, Hong Kong and Manila	\$1,346,188
States Steamship Company. . . . .	From Portland to Yokohama, Kobe, Shanghai, Hong Kong and Manila	584,894
States Steamship Company. . . . .	From Portland to Shanghai, Tsingtao, Takubar and Dairen . . . . .	197,302
Tacoma Oriental Steamship Co. . . . .	From Tacoma to Yokohama, Kobe, Hong Kong and Manila . . . . .	318,971
Tacoma Oriental Steamship Co. . . . .	From Tacoma to Yokohama, Kobe, Shanghai, Tsingtao, Dairen and Takubar . . . . .	\$3.75 per mile
Oceanic & Oriental Navigation Co. . . . .	From San Francisco to Yokohama, Hong Kong, Shanghai, Takubar, Tsingtao and Dairen . . . . .	\$ 212,562
Oceanic & Oriental Navigation Co. . . . .	From San Francisco to Shanghai, Hong Kong and Saigon . . . . .	208,800

Thus it will be seen that the United States has subsidized its Oriental route ships to the extent of over \$5,863,533 a year for a ten year period.

*Japan.*—The Japanese Government also provides generous building subsidies, and in addition for the two services of the Nippon-Yusen-Kaisha to Pacific Coast ports, pay a total of \$1,252,000 a year.

Canada, so far, has failed to adequately appreciate the situation with respect to its ocean shipping services. The subsidies granted have been little more than sufficient to cover what might be termed a fair charge for the transportation of the mails.

It is obvious that in order to meet the competition the Company must maintain its services and organization in a high state of efficiency, and at the same time operate under the strictest economy. In the last five years the Company has been unable to meet its steamship operating expenses, with proper allowance for depreciation, or return on the investment in its fleets.

That is even with the subsidy we received, which I say last year was \$790,000. I will just give you the figures because they may be of interest to you: \$749,000 was the subsidy last year, higher than in the previous years. It was up over \$900,000 in the year 1931. In 1931 our deficit was \$1,275,623. In 1932 it was \$1,037,123, leaving out the odd cents. In 1933 it was \$1,418,542. In 1934 it was \$983,271. In 1935 it was \$965,077. That is on a capitalization in the Pacific fleet of \$23,282,596.

Mr. NEILL: What rate of depreciation did you charge?

Mr. FLINTOFF: I could not say the exact percentage. We gave in the last year out of income three and a half million dollars for depreciation on all our fleets, but I cannot say offhand just what amount of that was for the Pacific ships. It was what the auditors deemed was proper depreciation to allow with respect to the ships.

It must be remembered that Canada's contribution to the freight and passenger traffic routed via the services is very small. The Company is dependent upon the United States and other foreign countries for the bulk of its traffic, but Canada receives immeasurable benefit therefrom by movement of it through Canadian ports. A very large number of Canadians, outside of those employed on the Railways or Steamships, are given employment through this source.

In order to properly inform the Committee we consider it advisable to deal with the various subsidized services separately.

I will not take up your time by describing the history of the Trans-Atlantic service, because you can get that from the brief: