

## APPENDIX No. 5

not enough vessels with refrigerating apparatus, and refrigerator space. The same thing does not apply on the Pacific coast, although I think we could advantageously use vessels with more refrigerator space on the Pacific. For example, we have up with the Fiji Government now the question of developing a banana trade from the Fiji Islands to Vancouver, and the Fiji Government has intimated their willingness to pay a substantial subsidy annually to us if we would equip our vessels, or some of them, for that trade. That is about the only trade that I know offhand on the Pacific coast which would require further facilities than we have at the moment, but if we got that started and it proved profitable, it might still further develop and we might develop a fairly good trade in fruits and things of that sort from Australasia and that part of the south seas.

Q. You are not in favour of going to the Fijis?—A. From what I have heard of the Fijis, it is a very alluring country.

*By Mr. Stewart:*

Q. You maintain that it would not be wise to interfere with our service to the United Kingdom—A. I have covered that by the general statement I made a little while ago, that if anybody should put the question to me to-day, "Will you or will you not abandon the Canadian Merchant Marine?" I would say, "No". I would not abandon it; I would rather have a few more shots at it.

*By the Chairman:*

Q. You mean that would practically mean the abandonment of the Merchant Marine?—A. But part of it is true. A service that has shown a considerable loss—but I will not say that loss could not be considerably reduced; in other words, I do not want to abandon the body as long as there is a spark of life in it, because we have too much money invested in those ships. I would rather make an earnest and conscientious effort to see if something could not be done with them.

Q. You have your recommendation by the Board with regard to the interest on the capital charge? I know that would not reduce the net loss to this country, but is your proposition so that the Merchant Marine will not be loaded up with a deficit, and be more encouraging to the Directors?—A. You might say this about that: These vessels represent a capital charge which, for various reasons is, I think, beyond the possibilities of the earning capacities of the Merchant Marine. The vessels were built, as I understand it, at a time when costs were pretty high under the pressure of war conditions, and for certain reasons which at that time seemed sound. Now, the aspect of the whole shipping trade has changed since that time; costs are materially less, and I doubt very much if we can earn enough to pay the full capital charges on the original capitalization of these vessels. Now, it is for Parliament, it seems to me, to decide whether they should either write down the capital so as to give the Merchant Marine, under present conditions, a reasonable chance—

*By Sir Henry Drayton:*

Q. Write down to what? \$60 a ton?—A. I would not like to give a precise figure, but something that is reasonable. What I thought would perhaps be preferred instead of wiping out the capital would be to transfer the capital from an annual interest-bearing security to some form of preference stock on which dividends could be paid as and when and if there were ever profits. In other words, I would not like to close the door to paying something on that if, say 25 years hence, something could be earned; but that is a matter of policy, and opinions might differ with respect to it.

[Sir Henry Thornton.]