

privileged areas. I think that the keeping up of that trade would be a good thing for Canada from the point of view of good relations and from the point of view of advertising.

Hon. Mr. CHEVRIER: The whole question is whether it should be kept up at a tremendous loss. Mr. Gordon's point is — and I add this — that TCA now operates into all those places, particularly into Trinidad, and that service has added to the deficit on the "Lady" ship operations. Moreover, the trade agreement with the West Indies, as Mr. Knight knows, has not been carried out to the letter, and that fact has worsened the financial position.

Mr. GORDON: We should remember a little of the history of the "Lady" boats. The "Lady" boats went into operation as a result of the original trade agreement. The "Lady" boats were the means whereby the trade agreement was implemented. Now the effective life of the "Lady" boats in that service has ended and they have served the purpose. I think it was a good investment for Canada because it developed the trade we were trying to develop at the time that agreement was signed.

Mr. BROWNE: When was that?

Mr. GORDON: About 1927 or 1928. The trade has been established, but times have changed. We believe that the service of the "Lady" boats is no longer necessary to retain that trade. There is more than enough shipping now between Canada and the West Indies to take care of the flow of trade between those countries. Furthermore, we have developed diesel and other types of ships in the trade, and our thought is that if we find that the needs of the trade, or the needs of the traffic between that area and Canada call for more ships and on a basis where we can earn dollars, we will certainly put them into service and recommend that we get more ships.

Mr. KNIGHT: Is it your idea that good relationships, which are desirable, have already been established?

Mr. GORDON: That is right. We made a survey to ascertain whether we should replace the "Lady" boats or let them go out of service. And we came to the conclusion that it would not be good business to replace them. There are others standing ready to supply freight ships if that operation proves necessary. There are others who can provide that service, and it seems to be adequate.

Mr. KNIGHT: Would you think that ensuring good relations through the operation of an uneconomic system would balance the lack of economic advantage?

Mr. GORDON: It is a question of degree. There is a point there. But our feeling has been that there was not enough trade to warrant the payment of heavy subsidies on passenger ships, particularly in view of the very satisfactory airplane service offered by TCA.

Mr. KNIGHT: These people feel it would provide the undeveloped areas with facilities. And I think from the point of view of Canadian foreign policy and our responsibility towards developing such under-privileged areas, it might be a good thing. But I wanted particularly to get your opinion on it. I suppose it is more a matter of government policy rather than Canadian National policy.

Mr. GORDON: A great number of the passengers who made use of the "Lady" ships originated in the United States and it did not seem to us to count very much for Canada to make a glamour appeal of the "Lady" ships for the use of United States travellers. The Canadian passenger demand in our opinion is pretty well taken care of by the passenger accommodation which we have available plus airplane travel which is a very good service indeed.