

23. *The Cabinet* noted the memorandum of the Secretary of State for External Affairs on proposals to assist the economic development of the new British West Indian Federation, and agreed that the officials concerned be authorized to discuss the subject with representatives of the federating colonies and explore what forms of aid would be most suitable, on the understanding that such discussions would imply that Canada was prepared, in principle, to consider giving aid to the federation.

## SUBDIVISION II/SUB-SECTION II

SERVICE DE LA SOCIÉTÉ CANADIAN NATIONAL (WEST INDIES)  
STEAMSHIPS  
CANADIAN NATIONAL (WEST INDIES) STEAMSHIP SERVICE

747.

PCO

*Note du ministre des Transports  
pour le Cabinet*

*Memorandum from Minister of Transport  
to Cabinet*

CABINET DOCUMENT NO. 58-56

[Ottawa], March 6, 1956

CONFIDENTIAL

## CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS, LIMITED.

On March 30th, 1954, the Minister of Transport informed the Sessional Committee on Railways and Shipping that if the operation of Canadian National (West Indies) Steamships, Limited continued to result in serious deficits consideration would have to be given to abandonment of the service.

Subsequently, on January 4th, 1955, the Chairman and President of Canadian National Railways wrote to the Minister of Transport to the effect that the steamship company could be liquidated without the introduction of new capital provided that the depreciated value of the ships could be realized. Mr. Gordon contended that if the government wished the service to be continued, the vessels should be transferred to the Crown and operated by the steamship company on an agency basis.

At the request of the Minister of Transport, the continued operation of the steamship service was considered by the Interdepartmental Committee on External Trade Policy which recommended that a sub-committee consisting of officials of the Department of Trade and Commerce, External Affairs, Finance and Transport and the Canadian Maritime Commission be formed to devote further study to, and report their conclusions on, the future of Canadian National (West Indies) Steamships, Limited.

The sub-committee's report, in which the Departments concerned concur, notes that:

(1) In the thirty-five years prior to the inauguration of the Canadian National service in 1929, the Canadian Government spent nearly \$6 million dollars in subsidizing shipping services to the British West Indies.

(2) During the 26 year period ending 1955, the cumulative deficit from the operation of the service by Canadian National was approximately \$3.3 million.