

The investment in vessels at Dec. 31, 1935, amounted to \$10,940,008, mainly made up of the construction cost of the "Lady" ships and the present-day valuation of the other six 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:—

Calendar Year.	Operating Revenues.	Operating Expenses.	Operating Net.	Depreciation.	Interest.	Book Loss.
	\$	\$	\$	\$	\$	\$
1929.....	3,332,683	3,780,524	-447,841	227,315	442,739	1,117,895
1930.....	3,792,694	4,315,831	-523,137	288,999	550,519	1,362,655
1931.....	3,648,986	4,095,555	-446,569	294,141	604,651	1,345,361
1932.....	3,323,077	3,606,793	-283,716	321,261	688,037	1,293,014
1933.....	2,956,974	3,454,972	-497,998	319,967	726,108	1,544,073
1934.....	3,509,738	3,606,416	-96,678	319,967	762,033	1,178,678
1935.....	3,816,246	3,616,215	+200,031	325,513	788,814	917,390

Section 3.—Water Traffic and Services.

Complete statistics, comparable to those given for the railways, showing all the freight carried by water, are not available. Indeed it would be very difficult to obtain a record of the traffic handled by small independent coasting vessels. However, there is a record of the number and tonnage of ships calling at all ports and of all the cargoes which pass through the canals.

Subsection 1.—Shipping.

Canadian shipping may be divided into three classes: (1) ocean or sea-going shipping; (2) inland or rivers and lakes international shipping (exclusive of ferriage); and (3) coasting trade or coastwise shipping. Ocean shipping covers the sea-going vessels arriving or departing from Atlantic and Pacific Coast ports, including St. Lawrence River ports up to Montreal. Inland international shipping is the term used to cover shipping between Canadian and United States ports on the Great Lakes and international rivers, and on lakes and rivers accessible to shipping from United States ports such as the Ottawa, Rideau, Trent, etc. (Ferriage is, however, excluded from this and other classes of shipping.) Coastwise shipping or the coasting trade covers shipping between one Canadian port and another on the Atlantic coast, on the Pacific coast, and on the inland international lakes and rivers or lakes and rivers accessible to them. It does not, however, include shipping on isolated Canadian waterways, such as the Mackenzie river, lake Winnipeg, lake St. John, etc.

Ocean Shipping.—Canadian ocean shipping dates back to the days of early European fishermen who frequented the shores of Newfoundland and the Maritime Provinces. Later on exploration and settlement produced a larger volume of traffic. The first ocean-going vessels in Canada were probably built by Pont-Gravé, one of the first settlers in New France, and soon afterwards Talon and Hocquart, intendants of the colony, realizing the advantages offered to the industry by the timber resources available, gave it every encouragement. Shipyards were established at Quebec and other points along the St. Lawrence, and these, together with later establishments in the Maritime Provinces and on the western coast, have formed the principal bases of Canadian shipping on the Atlantic and the Pacific.

Canadian shipping attained some prominence in the days of fast wooden sailing vessels, and also at a later date when steam power first came into use. In 1833, the *Royal William*, a Canadian ship built to ply between Quebec and Halifax, crossed the Atlantic from Pictou to London, and was the first vessel to navigate the Atlantic entirely under steam power. At the present time, in addition to other lines, the