

Air freight rates will, in the future, approach more closely surface rates by rail, truck, and sea. Even though it may still cost more to ship by air, the small additional cost of air transport will be more than offset by the added advantages and economies of low inventories, reduced warehousing costs, and reduced packaging costs.

There is a fast-growing trend in business on this continent today, to consider more carefully transportation costs in relation to its effect on other costs, principally inventory and warehousing.

In the past, it has been necessary for business to maintain a string of warehouses, at different locations in Canada, to give fast local service. This entailed increased costs for inventories carried. Today, the rapid-delivery service now available by air, which can give virtually the same service direct from the factory, is allowing industry to review dispersed inventory costs and branch warehousing, and its associated costs.

In mentioning the great possibilities that lie ahead, I am under no illusion that all freight will move by air in the future. Even if they capture 1 per cent of the total ton miles, it will be an increase of many times their present volume of freight carried and, doubtless, will result in greater service at lower costs to the shipper and, in the end, to the consumer.

Present developments in air-transport facilities, both for passengers and cargo service, will mean much to Canada in the years immediately ahead. Our outlying areas, which we know are rich in natural resources, require suitable transportation facilities that will make their economic development a reality.

Some of these areas have been serviced by extension of existing railway lines, as for example in the Province of Quebec. Other areas have, and are being serviced by the construction of roads under our present roads to resources programmes. Still other areas are now being made accessible for development through an expanded sea-lift, which has seen our tonnage into the North expand from approximately 8,000 tons five years ago, to over 115,000 tons last year.

We believe that national development depends on the provision of first-class transportation facilities to assist free enterprise develop the resources with which we are so richly endowed. It will continue to be the purpose of this Government to make these transportation facilities available so that our country may be developed as rapidly as possible. Such development will mean jobs for our people, and a steadily-rising standard of living for our country.