

condition obscure (especially in a period of falling traffic) the very real improvements that have been made in operating performance but it threatens to frustrate the long-term objective that Canadian National should, on the average, be able to pay its way taking the good years with the bad.

The financial outlook for the immediate future is overshadowed by the implications of the wage and other demands put forward by the unions, particularly those representing the non-operating employees and the firemen. These demands, if implemented, would inevitably result in deficits greater than any recorded since the Canadian National began operations as a unified system.

It is evident that CNR, in common with other railroads in North America, has entered upon a period of transition accompanied by severe financial stress. Along with the need to adapt to an increasingly competitive environment and to rapid changes in the technology of transportation, there arises the collateral need for an acceptance, on the part of those employed in the industry as well as the public they serve, of the implication of these changes. Specifically this includes a re-appraisal of traditional methods and practices, the elimination of functionally duplicate facilities and operations, and the abandonment of unprofitable services that can no longer be justified. This in turn requires a proper climate of understanding, and a willingness, on the part of all interests, to make common cause of improved efficiency in transportation.