

railways, however, are rigidly regulated in the same manner today as they were some thirty years ago before the advent of highway competition and where they were looked upon as monopolies.

It is with these facts in mind that the Federal Government saw fit to appoint a Royal Commission to investigate the transportation problem of today. The terms of reference of this Royal Commission are specific and yet broad enough to allow the Commission to advise the Government on the various ailments of our rail transportation industry.

The railways are great employers of labour. They are also great purchasers, the biggest buyers we have. Their needs are tremendous. When you consider that the Canadian National Railways spent nearly \$235 million last year for new equipment, ties, fuel and general materials, you will have some idea of the contribution the railways make to industry and to the economy as a whole, apart altogether from the work they do. And don't forget that they are substantial taxpayers.

Notwithstanding all their difficulties, the railways are continuing to give this country yeoman service. Now and again travellers and shippers may have cause for complaint. In such a vast and complex system, mistakes will happen: a train may be late, a package may go astray, an employee may give a gruff answer; no organization, no individual, is perfect, but on the whole I think you will agree with me that we have every reason to be proud of our Canadian railways. They are run efficiently, economically and courteously. Every officer and employee has a sense of public responsibility. Insofar as lies within their power, they not only maintain but continuously strive to improve the high standards of service we have learned to expect of them.

I come now to the subject of transportation by water and more particularly to Great Lakes and ocean shipping in relation to Canadian transportation problems.

There are at present 197 passenger and dry-cargo vessels and 36 tankers, all of over 1,000 gross tons, operating on the Great Lakes. The dry-cargo ships alone have a carrying capacity of nearly one million tons. One has only to consider these figures for a moment to realize how important a factor a fleet of this size is to the Canadian economy.

But when I look at the age of these vessels I find some food for thought. I believe that it is generally considered that the normal life of a vessel operating in fresh water is 30 years. I find that 28 of our vessels are over 50 years of age, 43 were built 40 years ago, and 23 have now reached the age of 30 years. It is, therefore, a disturbing fact that 40 per cent of our lake fleet is over 30 years old. It is pleasing to note that one Canadian company has seen fit to add two new large units to its fleet this year, but I suggest that the problem of new building is one to which Canadian lake operators should give their urgent attention. I am aware that costs are high, but Canadian operators cannot and must not overlook the necessity of tonnage replacement.

Loss to Inland Shipping Services

In studying the general transportation problem, another interesting fact has come to my attention. As you know, Canadian export trade has remained at a high level since the war. I was surprised to find, however, that inland water operators have neither increased their share nor even maintained their pre-war level of participation in its carriage. The loss to our inland shipping services in canal traffic is particularly noticeable. Bulk grain movements to seaboard are a major part of the traffic. In 1939 our elevators in Montreal received 64 million bushels of grain, of which 95 per cent arrived by water. In 1948 they received practically the same amount, 67 million bushels, but less than 30 per cent arrived by water.

This situation is caused primarily by a shortage of canallers, vessels