

Two new versatile types of freight equipment are under development. One type, a heated box car, is being designed to give sufficient protection to perishable traffic during the winter months, without losing the advantages of the standard box car during the rest of the year. The other type, a multi-purpose box car, has adjustable doors that can be adapted to the dimensions and loading characteristics of different commodities.

During the year, Canadian National entered upon a new and promising field of research activity, with the organization of an Operational Research section in the Department of Research and Development. This new section will seek to apply to railway problems the methods and techniques of this new branch of applied science that have proven their worth in other fields of activity.

GENERAL

Industrial Development

Company officers worked closely with both municipal authorities and business interests to promote orderly industrial development in areas served by the railway. In the Maritimes, industrial survey of towns and cities were under preparation by the company as part of a co-ordinated regional program to stimulate industrial development in the eastern provinces.

St. Lawrence Seaway Project

Construction of the St. Lawrence Seaway and associated power development projects necessitated a number of changes in CNR facilities. A 40-mile diversion of the railway's main line between Cornwall and Cardinal in Ontario was completed and placed in operation during the year. Negotiations with Ontario Hydro covering apportionment of the costs of this diversion were satisfactorily concluded.

The seaway project also made necessary the construction of new highway approaches to Victoria Bridge. These new approaches, in conjunction with lift spans, will allow an uninterrupted flow of vehicular traffic across the bridge. Construction of a railway diversion for accommodation of railway traffic around the St. Lambert lock has been undertaken by CNR pending final allocation of cost.

Co-operation under the Canadian National-Canadian Pacific Act, 1933

Studies were conducted by both railways during the year to determine the feasibility and value of further pooling arrangements but no new pool services were instituted.

Corporate Reorganization

While there were still 45 companies in the complex of corporate identities comprising the Canadian National System at the end of 1957, progress was made in studies aimed at the elimination of a number of these companies in 1958.

THE YEAR IN PERSPECTIVE

The financial results for 1957 are a matter of particular concern because of what they portend for the future.

Mention has already been made (page 5) of the growing imbalance between the prices paid by the railway for material and labour services on the one hand, and the rates charged for railway services on the other. Not only does this