

"Surely the constructive course – a course which would keep us in step with the confidence we must have in the expanding future of the two nations that are joined in this partnership – is to anticipate continuous growth in the movement of bulk commodities – more icing on the cake through increased trade, increased industrial expansion and the capture of a greater share of the markets of the world. These are things that must happen if Canada is to hold a competitive position in the swiftly changing world-trade picture.

"Three and a half years of operation – how many Canadian or American industrial or commercial adventures that are flourishing enterprises today looked rosy and wealthy on their third anniversaries? Let's be reasonable about this – 10 to 15 years from now, judge the Seaway, if you like, on its record, but, in the meantime, most seriously I say to you – don't let us lend our support to any course that might jeopardize its financial future while it is still in its infancy. By doing so, you might reduce it to the status of an entirely free avenue from the heart of the continent to the sea, and this would indeed give its competitors in the transportation field something to complain about.

#### IMPACT ON TRADE PATTERNS

"Now I should like to deal with the .... questions I referred to previously, the first of which was – what impact has the Seaway had on trade patterns? As you know, the deep waterway opened for navigation on 25 April, 1959. To find a fair basis of comparison, let us take the average for the two years 1957-1958, since 1958 was slightly lower than a normal year. On this average, traffic through the St. Lawrence locks and canals increased by 72 per cent in 1959, dropped to 70 per cent in 1960 and reached a level in 1961 of 95.5 per cent higher than in 1957-1958. From indications available so far this year, total traffic will approximate 27,000,000 tons in 1962, or 125 per cent higher than the 1957-1958 average.

"By the end of this season, more than 90,000,000 tons of cargo will have passed through the St. Lawrence segment of the Seaway.

"The increase for the Welland section of the deep waterway is heavy but less sharp because of the long-established 'local' traffic to and from Lake Erie to Toronto and Hamilton. Using the same base, the 1957-1958 average, traffic rose by 26 per cent in 1959, increased to 34 per cent in 1960, 44 per cent by 1961 and is estimated from early returns to reach 36,000,000 tons in 1962, or 65 per cent more than the figure for 1957-1958.

#### EFFECT ON THE LAKES

"Let us look for a moment now at what effect the Seaway has had within the Great Lakes. One informed source has said the Seaway has changed the lake ports, which were near capacity in inter-lake trade, to international ports with unlimited futures.

"To find ample evidence that this is so one has only to look at the great port-expansion programme that is taking place from Seven Islands to the Lakehead. Here in Toronto, and in Hamilton, you have only to look at your own ports – their new terminals and dockage facilities – and their physical growth.

You should look too – because it is impressive – at the fact that more than 1,000,000 tons of foreign trade is moving through the port of Toronto this year. In Hamilton direct overseas traffic is up early in this year approximately 40 per cent....

#### FINANCIAL POSITION

"The Canadian Seaway revenue in 1959 amounted to approximately \$9.2 million, in 1960 \$9.5 million and in 1961 \$10.4 million. Annual operating expenses are between \$6 and \$7 million. Interest payments from revenue have been made of \$5 million and \$3.5 million.

"The suspension of the tolls on the Welland Canal will be reflected only in part in this year's revenue, since the suspension took effect on July 18.

"The increase in revenue in 1962 until the end of July was approximately 8½ per cent over the same period last year. This increase, together with the tolls suspension for part of the year, should mean that our year-end revenue position will not have materially altered, as the tolls on the Welland were roughly 10 per cent of Seaway revenue. The revenue forecast for 1963 should therefore show a further gain, particularly if the effect of the suspension is to further encourage Seaway usage, as we think it may well be....

#### THE FUTURE

"Speaking to the Dominion Marine Association and the Lake Carriers Association conference in Dearborn, Michigan, last January, I said:

"It may well be that the upward curve of tonnages and revenues realized is not as sharp as was forecast by the Tolls Advisory Committee, but this may or may not be significant in the long-range view. Who is to say, for instance, that, in the next say five or six years, the tonnage volume and the revenues will not even exceed the levelling-off point set by the committees?"

"That's the way I saw it last January and that's the way I see it now, with my view strengthened by the encouraging traffic and revenue reports on the present navigation season.

"Commenting on the analysis I had made in the Dearborn speech, one writer described it as a 'pleasant dream'. I accept this, because if I'm not dreaming happy dreams about the Seaway, I don't know who is. As a matter of fact, I believe a lot of people are sharing these pleasant dreams with me and among these I include: the shipping companies, because they respect its increasing efficiency and its ability to move commodities in greater volume than ever before; the strategically-located ports of the Great Lakes, which have experienced hitherto undreamed-of development and expansion; the lower St. Lawrence River ports, where increases in tonnage records have been attributed, in substantial part, to the traffic attraction of the Seaway; and even in Halifax, where the Seaway has been described in such harsh terms as 'a menace' (recent newspaper reports have indicated that Halifax now views the Seaway as the cheapest route for export and domestic grain from the Lakehead and that, with this in mind, they are embarking on a vigorous campaign aimed at securing faster loading and unloading equipment in that port and greater elevator space for storage)....

(Continued on P. 4)