

The increasing growth of competitive highway trucking is a fact of the greatest significance to the railways. An efficient railway system is a vital necessity for Canada.

### Suggestions

A short run solution of the railways' problems may involve Government subsidies in lieu of an increase in grain rates. This does not mean, however, that at some future time some increase in grain rates may not be a practical possibility.

The railways should not be pressed to build new unprofitable branch lines or to maintain existing ones if alternative facilities can be provided.

Owners of motor vehicles should be required to pay a higher percentage of the total costs of highways and streets.

Studies should be undertaken to make sure that the heavier trucks pay their proper share of total highway costs through appropriate taxes and license fees.

### Prospective Requirements and Sources of Capital

#### Conclusions

It is not possible to make an accurate estimate of capital requirements for the next 25 years. However, if the Gross National Product in 1980 is three times as high as in 1955, it is probable that investment in that year will also be about three times as high as in 1955.

There is not an adequate supply of Canadian capital which can be readily mobilized for large scale projects on which no immediate return can be expected.

It would be even more difficult to predict how much foreign capital will be required in the future; inflows of foreign capital have been increasing rapidly in the last two or three years.

Over the next 25 years, our exports should increase slightly more rapidly than imports. If this occurs, we should become relatively less dependent on foreign capital at some time in the future than we are today. However, in absolute terms, the amount of foreign capital invested in Canada will be increased considerably over the years. This capital will be needed.

If such foreign capital is forthcoming, it should not be too difficult to obtain the total amount of capital that will be required except perhaps in periods of very rapid expansion like the present.

#### Suggestions

Provincial legislation restricting the investments of trustees should be revised.

Federal regulations restricting the investments of life insurance companies should also be revised.