

The Canadian Pacific also points out that the tremendous growth in highway transport in the last 25 years has provided an important new facility in the field of land transportation. The resulting destructive competition, lack of an adequate national policy of regulation, and the policy of the provincial governments in permitting the use of highways without ensuring that commercial services are charged their fair share of the cost of construction and maintenance of highways, are criticised. Since it is expected that after the war highway transportation will regain a considerable volume of its lost traffic, more regulation by the government in this field is recommended. However, the Canadian National points out that although highway transport has caused problems for the railway, it has, by the opening of new districts, resulted in demands for goods and services which the railway had to supply.

From the experience during the war, it can be seen that given the traffic to carry, railways in Canada can pay their way. The future of railways is largely a matter of traffic volume which is not under their control. The prosperity of the railway hinges directly on the prosperity of the nation as a whole.

### History

It would be difficult to over-estimate the importance of the railways in the building of Canada. With a narrow band of population stretched across a continent along the northern border of the United States, Canada needs a large and costly transportation system if the country is to operate as an economic and political unit.

In the early history of Canada there was not a band of population, but isolated pockets along the northern border of the United States. These isolated groups of people were all members of the British Empire, but they were not joined together as one nation. A basic essential of nationhood -- easy communication between one part of the country and another -- could scarcely be achieved without a transcontinental railroad, and it was when the men in the east decided to push a railway across the prairies and over the Rocky Mountains that the idea of a united Canada first became a concrete possibility.

Among the first great economic undertakings to engage the attention of the Dominion of Canada after Confederation in 1867 was the building of a transcontinental railway to link east and west. Building of this railway -- the Canadian Pacific -- was one of the terms on which British Columbia entered Confederation in 1871. During the ten years 1871-1881 the government built 713 miles of track. In 1881 the project was turned over to a group of business men who undertook to build an all-Canadian railway to the Pacific ocean as a private enterprise. At its formation in 1881 the Canadian Pacific Railway Company received a substantial cash subsidy and grants of western lands from the government. Surmounting tremendous difficulties, the railway was completed in 1885, and the vast hinterland of the Canadian west was opened for settlement.

The wheat boom in the Canadian Northwest during the period 1900-1913 brought prosperity and rapid economic expansion and precipitated another era of railway development. With the mounting volume of grain moving to the coast for export and the increasing quantities of manufactured goods and equipment moving into the prairies, the capacity of existing railways was taxed to the utmost. The Canadian government in an effort to keep the flow of western traffic within Canadian rather than United States channels, gave every assistance to railways. Canadian national policy was to keep an east-west flow of traffic, and east-west economic integration, an east-west interdependence, by means of an all-Canadian transportation system and by protective tariffs.

Besides the Canadian Pacific Railway, two other transcontinental systems were built. In 1902 both the Canadian Northern and the Grand Trunk asked for and were granted authority to build transcontinental railways. The Canadian Northern was completed just before World War I, and the Grand Trunk Pacific (with the government-built National Transcontinental) was finished in 1915. These enterprises seemed justified at the time by the rapid development of the west and increasing general prosperity. Total Canadian railway mileage increased from 18,140 miles in 1901 to 30,795 in 1914.

The expansive railway policy of Canada made direct economic intercourse between its separate regions possible. Not only was the settlement of