

Senator ROEBUCK: And land sales, I suppose?

Mr. RICHARDSON: To the extent that land sales are recorded in the financial operations of the railway companies they will be included.

Apart from 1956, which was a year of record high volume of freight traffic, there has been a downward trend in the number of employees from a high of 179,315 in 1952 to 145,348 in 1959, or a decrease of 19.0 percent.

10. The major forces which have affected railway employment, to be discussed in detail later, are technological change and fluctuations in freight and passenger traffic. The latter are due in part to increases in freight rates necessitated by spiraling labour and material costs. These have enabled competitors to make serious inroads in traffic which railways would otherwise handle.

11. Before proceeding to the analysis of railway employment it must be pointed out that it would be misleading to focus on the contracting size of the railway labour force without bearing in mind the redistribution of the transportation work force and the overall expansion of that work force. It has already been noted that Canada's expanding economy, at least in the post-war period, has been accompanied by a corresponding expansion in the transportation market. Obviously if the railways had captured all of this increase in traffic their employment level would not have fallen; but on the other hand the jobs which have been opened in other forms of transportation would not have been created.

12. The graphs in the accompanying exhibits have of necessity been constructed in different scales and therefore, in studying any one graph or in comparing graphs, it is suggested that careful note be made of the scale on which it is based. Where annual employment figures are given, these are based on the average of the twelve mid-month counts in each year.

B. TRENDS IN RAILWAY EMPLOYMENT 1952-1959

I. TOTAL EMPLOYMENT

I. (a) General Analysis:

13. Exhibits II and III indicate that employment in the 1952-1959 period has to a certain extent followed the pattern of freight traffic. The increase in employment as a result of a temporary upsurge in freight traffic in 1956 was partly offset by increased dieselization. For instance from 1955 to 1956 freight traffic increased 13.5 percent, while employment increased only 6.3 percent. It should be noted that the railway is an industry with a high content of constant cost, approximately two-thirds of total cost. Thus it has the capacity to absorb increases in business before any substantial additional costs are encountered. Conversely, if business decreases it is not possible by reducing expenses to adjust as quickly as other industries because it is necessary to provide facilities for the reduced volume of business. Railways are a decreasing cost industry, that is, as volume increases unit costs go down. The more traffic handled by the railways with their existing plant and equipment the greater the economic advantage of this type of transportation as their facilities are utilized to a greater extent.

14. Exhibit IV shows the distribution of Canadian Pacific employees by age groups for 1952 and 1959. All operations are included in this exhibit, but not Express employees. Information is not given for Canadian National in this study because data were not available for 1952.

15. Canadian Pacific work force has aged as a group. In 1952 ages 15 to 24 accounted for 15.2 percent and in 1959 only 11.2 percent. In 1952 ages 25 to