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RAILWAYS IN CANADA'S ECONOMY

EFFECTS OF COMPETITION

Addressing the annual meeting of the Toronto Railroad Club on December 5, the Minister of Transport, Mr. Hees, harked back to the pioneer days of railroading in Canada. He recalled how the advance of technology had made it possible to lay iron rails, at first to join one isolated community with the next and later to pierce the wilderness from coast to coast and bind the sparsely-settled country into a nation. Before the advent of the steam locomotive, Mr. Hees observed, Canada had consisted of a few centres of population scattered "along the seaboard or rivers, which gave access inland." Production was confined mainly to what these communities required for existence, their imports being restricted to such goods as they could get in exchange for any surplus they acquired of such raw products as fur and timber. The earlier modes of transport - boat, wagon and stage-coach - were insufficient to make possible the large-scale occupation and development of the hinterland. The railways eventually seemed to have displaced these forms of transportation and many people believed that their day was over.

In fact, Mr. Hees noted, the railways not only continued to experience competition from the older forms of transport but had to face new forms. How they had met the double challenge he described as follows:

"Progress, as you know, inevitably brings with it necessary adjustments in our economy, and the advent of highway travel, aviation, pipelines and improved water transportation, proved no exception to this rule.

"Each in its own field competes directly with the railways in the matter of passenger traffic and the carrying of goods and products from one part of Canada to another and; as well, to and from foreign markets.

"The impact of these modern methods of transportation on our railways was by no means small, nor was it fatal.

"Just as there were some, back in the 'horse-and-buggy' days, who were prepared to write off highway and water travel as an important means of transportation when the railways were built from coast to coast, there are some today who would have us believe that railways are a thing of the past in the Canadian economy.

"In my opinion, nothing could be farther from the facts as presently apparent.

"In the first place, our railway companies recognized the alternate modern means of transport available and, that as a result of advances made in modes of transportation, no longer would practically all travellers have to go by rail, and practically all freight have to move by rail.

"Having recognized this, action was taken by Canadian railways to modernize methods and services. The magnitude of these adjustments might easily be underestimated, for railroading is a very large industry. Were it not for the cumulative effect of these changes on the railways' ability to carry on their business, we could hardly have expected them

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