



CANADA

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## CANADIAN NATIONAL RAILWAYS, 1960

The following is the full text of the year-end statement by Mr. Donald Gordon, Chairman and President of Canadian National Railways:

"Despite low traffic levels that plagued the railway industry throughout America, Canadian National in 1960 pushed ahead with a programme of modernization aimed at improved efficiency and flexibility of service, tailored for Canada's current and future transportation needs.

"Technological advances, coupled with administrative reorganization of the railway, along with marked progress in communications and greater integration of road and railway facilities, provided for an increasingly efficient operation matched by important strides in sales development.

"Reflecting this modernization, CN presented to the public in recent weeks a new trademark that symbolizes its role -- movement of men, materials and messages throughout the country.

### REVENUE PICTURE

"These improvements in plant and method contrasted sharply with the year's revenue picture. Freight-traffic revenues dipped by more than seven per cent, while passenger revenues declined by about six per cent. Gross revenues of Canadian National Telegraphs, however, advanced by nine per cent, to reach a new high, while CN hotel revenues moved slightly upward.

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"The over-all decline in Canadian National operating revenues is estimated at 6.5 per cent, leaving the system in a disappointingly large deficit position at the year-end.

"Figures for freight moved on CN lines show increases in shipments of ores and concentrates, pulpwood and miscellaneous manufactured iron and steel products, but these were more than offset by declines in the movement of grain, flour and other grain products, bituminous coal and other mining products.

"Completion of a 10-year dieselization programme in April and the opening of the first of four electronic hump yards in November (at Moncton) were important milestones in the company's continuing drive for improved freight service. Diesels can provide better service at less cost. Electronic hump yards will reduce by 75 per cent the time required to make up freight trains.

"The organizational structure of the system was streamlined to decentralize authority, modernize administrative techniques and provide a sales and operations staff integrated at all levels. CN's three operating regions are superseded as of January 1, 1961, by five regions -- Atlantic, St. Lawrence, Great Lakes, Prairie and Mountain regions -- which will be further subdivided into 19 geographic areas as 'business units'. The year 1961 will see completion of this system reorganization.

"With the increasing importance of road-rail integration, CN completed purchase agree-

ments with four trucking concerns, extending the system's highway service by 15,000 miles. An option was taken on a fifth company.

**CHANGES STILL NEEDED**

"Despite these and other developments during the year, the CN brief to the Royal Commission on Railway Transportation in November pointed out that 'much remains to be done before the company can bring its efficiency of operation to the point where it will be fully competitive with other forms of transportation'. The brief stressed the need for major changes in legislation governing railroad operations to enable the CN to adapt itself to changing conditions in the transportation market as a whole.

"In a year marked by severely reduced revenues, the company was faced with new wage demands by its non-operating employees. A system-wide work stoppage was averted by emergency legislation in Parliament which provided for the maintenance of railway operation until May 15, 1961.

"Federal Government intervention in the dispute with non-operating employees brought into public focus the pressing problems faced by Canadian railways today. The burden they bear through the maintenance of statutory and related rates for the movement of grain and its products is becoming heavier in the light of reduced freight and passenger traffic in 1960. In addition, the Government has stated that no general freight-rate increases will be permitted pending a report of the Royal Commission on Railway Transportation.

"At the same time, increased labour and material costs have offset improvements made in efficiency through capital works, and certain train services are not returning their out-of-pocket cost of operation, with little prospect of their doing so in the future. The company's representations for relief from the obligation to perform service at a loss are almost always being met by strong local opposition, even where patronage has almost disappeared.

**PASSENGER SERVICE**

"The CN policy is to seek passenger-service reduction on those lines where the general public has shown preference for other means of travel which are readily available and where no potential exists for increased patronage.

"Faced with a continuing decline in passenger revenues and the need for economies in operation, CN changed the make-up of transcontinental passenger trains.

"Facilities on the 'Super Continental' were improved. CN's second transcontinental train, 'The Continental', was transformed to provide a service for local traffic, with sleeping accommodation available only in certain local areas.

"Service between Montreal and Ottawa was improved to provide more train operating on a two-hour schedule.

"All-Inclusive Plan rail fares were extended to the Maritimes to inaugurate a coast-to-coast service for this attractive plan.

**SALES DEPARTMENT RE-ALIGNED**

"As a prelude to administrative re-organization, the sales department was re-aligned to increase its business and better its position. Specialist groups were formed to study rate and tariff-making techniques, equipment and customer service, to forecast traffic, set sales objectives and plan market surveys. The freight-rate staff also was changed to focus specialist group attention on international, Canadian and transcontinental rates.

"Under study is amalgamation of express and less-than-carload shipments as part of Merchandise Services, a new branch of the sales department set up to make the most efficient use of both railway and highway transport.

"Indicative of the demand for integrated road-rail service was expansion of CN's 'piggyback' programme, which provided a 25 per cent increase in revenues. Tonnage increased about 11 per cent over 1959.

"The year saw a marked increase in the movement of household goods by common-carrier 'piggyback' and extensions of the service to additional pairs of cities across the country. A total of 188 trailers, including 25 refrigerator trailers costing \$16,000 each, were purchased during the year for company-owned 'piggyback' service. A new trailer service center is being built at Montreal.

**EQUIPMENT IMPROVEMENTS**

"Upgrading of CN rolling stock and the testing of new equipment and methods continued. To obtain maximum use of locomotives, regional motive-power control-bureaux were set up at Winnipeg, Toronto and Moncton, with a complex system of communications between them.

"Eighty new low-alloy steel flat-cars were purchased, in addition to 75 bought for the narrow-gauge Newfoundland lines.

"The new Moncton hump yard offers a clear picture of electronic marshalling techniques of the future. The Montreal yard will be operating by next spring, followed by the Symington yard at Winnipeg a year later and the Toronto yard a few years later. Equipped with the latest developments in electronic engineering they will perform the bulk of train marshalling across the system.

"Integrated data processing, which will play a major role in hump-yard operation, is being applied with success to other aspects of railway operation, such as car tracing, revenue accounting, operating and sales statistics.

"Service to Canada's mining industry was expanded in northern Manitoba. A 52-mile branch line, constructed at a cost of \$8,800,000 between Optic Lake and Chisel Lake, was opened in September to serve mines of the Hudson Bay Mining and Smelting Co., Ltd. Late

in the year, it was announced the CN would construct a 60-mile branch line to serve Mattagami Lake mines in northwestern Quebec. Branching off from the Chibougamau line that was completed in 1959, it will cost \$9,660,000 and should be completed by the end of 1962.

"Centralized Traffic Control (a signal system which greatly expedites train movements) was extended to a further 839 miles of track, most of it in Ontario and Quebec. During 1961, CTC will be extended between Monk and Levis, Quebec, which will complete the signalling of one route between Halifax and Montreal. CTC will also be extended from Winnipeg to Melville, Saskatchewan.

"Progress made on the long-range development programme for CN's central terminal area in downtown Montreal is clearly indicated by the rise of steel and concrete for the striking 42-storey cruciform office building that will dominate the Place Ville Marie project. The new 17-storey CN headquarters adjacent to the Queen Elizabeth Hotel will be ready for occupancy by May 31.

"In Moncton, an agreement is being concluded to implement a master development plan to transform company property in the downtown area into a multi-million dollar transportation, business, commercial and entertainment center.

#### CN HOTELS

"Canadian National Hotels noted improved operating revenues, particularly at the Queen Elizabeth, the Charlottetown, the Chateau Laurier, and the Newfoundland. Operating expenses rose by three per cent, due largely to wage increases granted employees.

"The Queen Elizabeth Hotel, where revenues were up by more than \$500,000, was named Canadian Hotel of the Year by members of the Commercial Travellers' Association of Canada.

"An extension to the Nova Scotian Hotel at Halifax was completed in 1960, adding new bedrooms and luxurious public rooms, offering the largest tourist and convention accommodation in the Atlantic Provinces. Rehabilitation of the old wing of this hotel continues in 1961.

"Plans were announced for construction of nine new guest cabins at Jasper Park Lodge, the CN resort in the Rockies which attracted more than 45,000 visitors during the summer, producing record high revenues.

"Combination radio-television sets were installed in the Chateau Laurier, the Nova Scotian and the Macdonald hotels in 1960 and are scheduled to be installed in the Fort Garry and Vancouver hotels in 1961.

#### PROGRESS IN COMMUNICATIONS

"Canadian National Telegraphs recorded a new high of nearly \$30 million in gross revenues. Contributing factors were a continuing expansion of Telex and private wire-services, television and radio broadcasting facilities, and long-distance telephone traffic. Telegraph-message revenues were at a

level slightly above those of 1959.

"Work forged ahead on the \$25-million microwave communication system between Grande Prairie, Alberta, and the Alaska-Yukon border. Canadian National is providing this microwave system under contract with the Alaska Communications System, representing the Government of the United States. The system, being constructed by the suppliers, RCA Victor of Canada, Ltd., will go into service on July 1.

"CNT this year added some 80,000 miles of carrier-telephone channels and 140,000 miles of carrier-telegraph channels, providing expanded facilities for Telex service, a system-wide telephone network to speed the movement and control of the railway's motive-power equipment, circuits for transmission of the railway's data processing and additional circuits to meet the general communications requirements of CN customers.

"Telex subscribers increased from 2800 to 3300, with new exchanges at Sarnia and Medicine Hat bringing the number to 35.

#### NORTHERN DEVELOPMENTS

"A conversation between Prime Minister Diefenbaker and Mayor Comadina of Dawson City marked the inauguration of long-distance telephone service between Dawson City and the rest of the world as construction of a new plant for telephone, telegraph and broadcast services from Whitehorse to Dawson City, Mayo and Elsa, in the Yukon Territory, was completed.

"In the Northwest Territories, communications facilities are being constructed in the Great Slave Lake area and public long-distance telephone service will be inaugurated at a number of points in this area in late 1961. The most northerly public-telephone system in Canada was inaugurated in November at Inuvik, N.W.T., where CNT installed an automatic exchange with dial-telephone service to 100 subscribers.

"Other communications progress includes mobile-telephone service along the entire Alaska Highway; completion of the CN-CP microwave network from Rimouski to Mount Carlton, Que., for another link in CBC's eastern television system; extension of this system to Moncton, to be in service early in 1961; expansion of public-telephone service in Newfoundland, including a new automatic telephone exchange at Gander; expansion of communications facilities to serve extended air-line operations and airport services including major installations at new airports in Dorval, (Montreal), Quebec, Kelly Lake (Halifax), Nova Scotia and Frobisher Bay; inauguration by CN and CP of public 'wirefax' service between Montreal and Toronto providing rapid transmission of documents, drawings, etc.; operation begun on end-to-end train radio between Edmonton, Prince George and Vancouver, and way-side-to-train radio nearly ready for operation in the same territory, with early 1961 operation of end-to-end train radio expected between Edmonton and Port Arthur."

## ELECTRICAL GENERATION 1960

Continued healthy progress in the development of Canada's water-power resources is reflected in Resources Minister Walter Dinsdale's annual statement of the progress in electrical generation in Canada in 1960. The installed capacity of hydro-electric plants in Canada increased by 1,741,820 horse-power during 1960, bringing the all-time total figure to 26,372,444 horse-power. This year's new installations were down about 35 per cent from the 1959 record of over 2.5 million h.p. of new generating capacity.

### THERMAL PLANTS

The Minister points out that there is a growing tendency towards increased thermal-electric generation in Canada. This, he feels, indicates not only a stage of hydraulic development where available undeveloped sites are more remote from established demand areas but also the benefits of resource conservation that may be derived through the operation of an integrated power system supplied by both hydro-electric and thermal-electric plants.

The statement also refers to the plans for the development of storage in the Columbia River basin by means of three dams, to be located on the Columbia and Kootenay systems. These projects will control approximately 20,000,000 acre-feet of usable storage. A treaty between Canada and the United States now being negotiated and subject to ratification by both governments will result in Canada receiving half the power benefits in the United States from the regulation of 15.5 million acre-feet of this storage and half the value of the estimated flood damage prevented in the United States through flood-control operation of these projects. It is estimated that Canada's initial share of the power benefits will total approximately 1,300,000 kw. of dependable capacity and approximately 6,750,000,000 kilowatt-hours of annual energy.

### QUEBEC, MANITOBA, BRITISH COLUMBIA

Quebec's current development programme gave the province an addition of 1,176,500 horse-power of new capacity, a figure that represents more than 67 per cent of the net total capacity installed in Canada during the year. Manitoba and British Columbia were second and third respectively in the amounts of new capacity installed during the year, each contributing slightly more than 200,000 horse-power.

New thermal-electric developments or extensions to existing installations were under construction in each of the ten provinces and in the Yukon and Northwest Territories. The greatest increase in thermal-electric capacity during the year was in Ontario, where development of the principal hydro-electric sites adjacent to present load centres has been largely completed.

The construction of main transmission lines, distribution lines and substation capacity also proceeded vigorously during the year.

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## ADULT EDUCATION

About one adult in 25 in Canada took part in an adult-education class or course during the nine months up to June 1960, according to a recent survey of participants by the Dominion Bureau of Statistics. The survey was based on the labour force sample of one per cent of the population 14 years of age and over, and excluded those attending school full-time, members of the armed services, residents of the Yukon and Northwest Territories, Indians living on reserves, and inmates of institutions.

More men than women took adult education courses, nearly 60 per cent of those reporting being male as compared with about 50 per cent in the total sample. The median age for all reporting courses was 31 years, compared with 37 years for the total sample. About two-thirds of those taking courses were married, approximately the same proportion as in the total sample.

The educational level of participants was decidedly higher than that of the total sample, with more than 45 per cent reporting complete secondary schooling or university education, compared with about 21 per cent for all those 14 years of age and over. About one person in 11 reported two or more courses taken during the period. A typical participant in an adult education course was male, married, about 31 years of age, and had at least completed secondary schooling.

### SPONSORSHIP OF COURSES

Publicly-supported night schools, academic and vocational, sponsored more than 26 per cent of the courses reported, and other courses operated under government departments and agencies accounted for about 11 per cent. Universities and colleges were responsible for nearly 15 per cent. Private schools, academic and vocational, provided more than 18 per cent, and private organizations, associations and agencies, including employers, churches, women's groups, professional associations, and many others, operated the remaining 29 per cent. The sponsorship of all courses reported were almost equally divided between public (including universities) and private agencies.

Vocational courses represented about 42 per cent of those taken and were almost equally divided between business and trade or technical subjects. Courses in subjects leading to a university degree or high-school diploma accounted for about 14 per cent. The remainder of the courses were in general and cultural subjects, such as languages, current affairs, art, drama, music, and were not taken for

credit toward a degree or diploma. Of all courses reported, about 15 per cent were correspondence courses, and 85 per cent were attended.

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### 1960 CANADA YEAR BOOK

Release of the 1960 edition of the "Canada Year Book" was recently announced by the Dominion Bureau of Statistics. This newest edition is the 54th in the present series, which continues a long record of earlier publications that supplied official statistical and other information on Canada's development during the nineteenth and twentieth centuries.

Extensive revisions have been made in the textual and statistical material of the various chapters, particularly with regard to the machinery of government, the native peoples of Canada, public health and welfare, scientific, medical and industrial research, power generation and utilization, mineral production, manufacturing, transportation and communications, the domestic marketing of commodities, foreign trade, national income and expenditure, and Canada's investment position. In addition, new features have been introduced covering such subjects as the national parole system, space research, and controls over the pricing and marketing of farm products other than grain.

Like its predecessors, the "Canada Year Book 1960" contains a number of special feature articles -- The Geological Survey of Canada; Climatic Tables; Hospital Services and Hospital Insurance in Canada; The Revolution in Canadian Agriculture; Canada's Commercial Fishery Resources and Their Conservation; The St. Lawrence Seaway in Operation; The Board of Grain Commissioners and The Canadian Wheat Board and Its Role in Grain Marketing.

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### PRODUCTION OF SUGAR

Production of refined beet and cane sugar in November increased to 267,332,000 pounds from 222,848,000 in the corresponding 1959 month and total sales to 142,648,000 pounds from 127,715,000. Output in the January-November period advanced to 1,624,029,000 pounds from 1,539,329,000 a year ago and total sales to 1,581,851,000 pounds from 1,551,650,000. Company-held stocks at the end of November were larger than a year ago at 393,722,000 pounds versus 355,121,000.

Receipts of raw cane sugar in November increased to 185,058,000 pounds from 124,071,000 a year earlier and meltings and sales to 157,333,000 pounds from 120,504,000. Eleven-month receipts decreased to 1,360,483,000 pounds from 1,411,065,000 a year earlier, while meltings and sales increased to 1,407,190,000 pounds from 1,344,335,000. End-of-November company-held stocks were smaller than a year ago at 273,359,000 pounds versus 332,106,000.

### CANADA'S AMBASSADOR IN QUITO

The Secretary of State for External Affairs, Mr. Howard Green, has announced the appointment of Mr. Jean Morin as Ambassador of Canada in Ecuador. Mr. Morin will continue to be Canadian Ambassador to Colombia and will reside in Bogota. Mr. Morin recently attended the ceremonies in Quito marking President Velasco Ibarra's fourth presidential inauguration. He will visit Ecuador periodically.

Mr. Morin, who was born in Montreal in 1904, is a graduate of the University of Montreal. He was called to the Bar of the Province of Quebec in 1926 and created Queen's Counsel in 1949. He was a member of the Canadian Delegation to the thirteenth session of the General Assembly of the United Nations as an alternate representative. Mr. Morin studied music in Paris and is a director of the Montreal Concerts, governor and administrator of the *Pro Musica* Society, member of the Montreal Museum of Fine Arts and of a number of other musical and artistic organizations. Mr. Morin was appointed Ambassador to Colombia on March 20, 1959.

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### PASSING OF C. D. HOWE

Clarence Decatur Howe, Minister of Trade and Commerce in the Liberal Government from 1948 to 1957, died in Montreal of a heart attack on New Year's Eve.

Mr. Howe was born on January 15, 1886, at Waltham, Massachusetts. He received a Bachelor of Science degree from the Massachusetts Institute of Technology.

After serving on the staff of MIT during 1907-8, he came to Canada as professor of civil engineering at Dalhousie University, Halifax, Nova Scotia. He became a Canadian citizen in 1913.

Elected to the House of Commons in 1935, Mr. Howe was sworn of the Privy Council the same year and appointed Minister of Railways and Canals and Minister of Marine. In 1936, when his two portfolios were merged, he became Canada's first Minister of Transport, in which capacity he established the National Harbours Board, the Canadian Broadcasting Corporation and Trans-Canada Air Lines.

### WARTIME MINISTRIES

Early in the Second World War, Mr. Howe was appointed Minister of Munitions and Supply. In 1944 he assumed the additional portfolio of Reconstruction. When this was amalgamated in 1946 with his other ministry, he became Minister of Reconstruction and Supply. In 1948 he was appointed Minister of Trade and Commerce.

In 1951, during the Korean War, he again assumed the burden of an extra portfolio, becoming Minister of Defence Production.

Mr. Howe was appointed Canadian representative on the Combined Production and Resources Board (United Kingdom, United States and Canada) in 1942. He was also a member of the British Supply Council in North America. In May 1946 he was a delegate to the first meeting of the Interim Assembly of the Provisional International Civil Aviation Organization, held in Montreal.

Mr. Howe was appointed a member of the Imperial Privy Council on June 12, 1946.

His funeral was held in Christ Church Cathedral, Montreal, on January 4.

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### IRANIAN ENVOY INSTALLED

On January 4, His Excellency Mahmoud Esfandiary presented to the Governor-General his Letters of Credence as Ambassador Extraordinary and Plenipotentiary of Iran to Canada. The ceremony took place at Government House. The Chief of Protocol, Mr. H.F. Feaver, presented the Ambassador to Governor-General Vanier. Mr. G.P. de T. Glazebrook, Assistant Under-Secretary of State for External Affairs, and Mr. Esmond Butler, Secretary to the Governor-General, were in attendance on the Governor-General on this occasion. The Ambassador was accompanied by the following members of his staff: Mr. Kiouss Bavand, Counsellor; Mr. Shamsedine Gharib, First Secretary; Mr. Djamal Hatam, Second Secretary.

This was the second time Mr. Esfandiary had presented his Letters of Credence to the Governor-General of Canada. In November 1958 he presented to Governor-General Vincent Massey his Letters of Credence as Envoy Extraordinary and Minister Plenipotentiary of Iran to Canada. The recent decision of the Governments of Iran and Canada to raise their respective Legations to Embassies has now necessitated the presentation of Mr. Esfandiary's credentials as Ambassador.

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### INTERNATIONAL ACCOUNTS

There was a sharp contraction in the deficit from international transactions in goods and services between Canada and other countries in the third quarter of 1960. At \$114 million, this was less than a quarter of the size in the previous quarter, only a little more than one-third of the deficit in the same quarter of 1959, and less than in any third quarter since 1955. Contributing to this result was the unusual appearance of a surplus of \$89 million on commodity account, together with some contraction of the deficit from non-merchandise transactions to \$203 million.

In the first three quarters of 1960, the current imbalance was \$894 million compared with \$1,153 million in the same period of 1959. This contraction in deficit was owing to the rise of over \$300 million in merchandise exports overseas. Merchandise imports were

slightly more and there was a further rise in the deficit from non-merchandise transactions to \$764 million that made up over 85 per cent of the total deficit in the three quarters. In comparison with 1958, the deficit on merchandise account this year was about the same, although both exports and imports were substantially higher, but the deficit from non-merchandise transactions was 10 per cent higher.

Contrasting high demands from overseas and reduced demands from the United States were an outstanding feature of the period. At the same time, Canadian demands, as reflected in imports, were again less than in preceding quarters. And there appeared to be no longer the influence of accumulating inventories that had been a factor affecting imports in earlier periods.

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### CANADA SUPPORTS OECD

In a statement in Paris on December 14, 1960, after the signing of the Convention of the Organization for Economic Co-operation and Development, Finance Minister Donald M. Fleming declared that the occasion had "very special significance" for Canadians. "For us the Atlantic has never been a barrier", he continued. "Rather it has been a physical link to Europe, a great highway of commerce and migration for centuries. Today we impart a new significance and strength to the Atlantic bond."

The body of Mr. Fleming's statement follows:

"This ceremony, as the Chancellor of the Exchequer has rightly reminded us, culminates 12 years of fruitful co-operative endeavour in the Organization for European Economic Co-operation. As associate members for the past ten years, Canada and the United States have been privileged to assist in the unique contribution made by the OEEC to the economic recovery of Western Europe.

"Canada has drawn almost all of her people from European sources. They came to our shores in numbers first from France, then from the British Isles, and more recently from other countries on this continent. Our history has been intimately linked with that of the nations gathered here today. The United States is our neighbour with whom we have forged bonds of indissoluble friendship. Among all these 20 nations there are robust political, cultural and historical ties.

"The countries we represent are spread across the two sides of a shrinking planet. Daily we become more inter-dependent. Our economic and commercial relations thus become closer, and our responsibilities in the world community expand. It would be a sad error for any nation to believe that her responsibility to the future could be fully discharged were she to devote herself solely to her own economic development."