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No. 51/44 TRANSPORTATION AND INDUSTRIAL PREPAREDNESS

An address by the Minister of Transport, Mr. Lionel Chevrier, at the annual dinner of the Canadian Preparedness Association, made in Toronto, on November 8, 1951.

Not too long ago the sole standard of military preparedness was the strength of a standing army. That there has been a fundamental change in such a concept of military power is exemplified by the organization I have the honour to address tonight. Defence today is measured in terms of economic strength. The very survival of a nation depends equally on its resources; its productive power; its ability to co-ordinate the whole economy for a single purpose; and its military strength.

While the last war shattered many a nation, it revolutionized the Canadian economy. Established industries increased in scope. New industries developed on a scale which placed Canada in the position of an important industrial nation. The wartime development was, however, but a prelude to a period of spectacular economic growth. The new industries established during the war have been eclipsed by industrial progress since 1945, and of particular significance have been remarkable mineral discoveries of vital strategic importance. Iron has been found in the Ungava region of northern Quebec; the potential of Steep Rock has surpassed our wartime expectations; and union with Newfoundland has brought the advantages of the Wabana iron ore deposits to this nation. Oil has been discovered in Alberta and the day of Canadian self-sufficiency in this respect may not be far distant. In addition, important strikes of copper at Gaspé, copper-nickel at Lynn Lake, titanium at Havre St. Pierre, uranium at Beaver Lodge Lake, and lead-zinc at Pine Point, have resulted from the intensive prospecting operations which have marked the post-war period.

No one can be unaware of the significance of these great new developments. They help ensure Canada's commitments both for her own defence and that of the free countries with which she has associated herself in mutual defence schemes. At the same time they lend assurance of a basically stable economy for many years to come.

It is imperative, of course, that our transportation system keep abreast of our industrial progress. The new resources of which I speak lie, for the most part, beyond the sphere of our main transportation routes. The iron ore of Ungava must be moved to the great steel mills before it can become steel for bridges, cars, buildings, ships or guns. Alberta oil lies far from the major consuming markets of the east. Lynn Lake, Uranium City and the

projected Pine Point development are located far north of presently accepted regions of settlement. The Gaspé copper strike lies beyond the railway's present system. The vast aluminum project under development on the coast of British Columbia is centred at a point never before settled by white men.

It may well then be asked if our transportation system is keeping pace with our national requirements. Do the various transportation interests, both public and private, recognize their responsibility to pace the rapid industrial growth of our nation in this difficult post-war period?

The two major railway systems are engaged in modernization programmes designed to replace inefficient and outmoded motive power and rolling stock. They have ordered over 47,000 new units of freight equipment and 735 units of passenger equipment. Dieselization has been the order of the post-war period, and over the past 4½ years about 350 diesel locomotives have been placed in service, while over 100 additional units are on order. The problems associated with the introduction of diesel power on a nationwide scale are, of course, many and varied and, of necessity, the replacement of steam must be gradual. The railways have therefore acquired over 100 additional steam locomotives to meet immediate transitional requirements.

Improvements have not been confined solely to maintenance and rolling stock. Increased traffic capacity is largely dependent on the ability to speed the handling of freight and the marshalling of trains at the major terminals. Canadian Pacific's opening at Montreal of one of the most modern car classification yards on this continent is but another facet of its development programme. This single yard, controlled by a centralized traffic control system, provides 111 tracks with a capacity of nearly 5,000 cars.

At the same time, Canadian National has undertaken construction of enlarged yards at Montreal and Toronto, and the provision of improved freight handling facilities at the Edmonton and the Bonaventure freight terminals.

These achievements constitute, for the most part, improvements in the existing railway network. One might therefore ask what steps are being taken to meet the actual and potential rail transport needs of the new found additions to the Canadian economy? The answers are reassuring.

The new aluminum center of Kitimat in the Pacific northwest is expected to have a population of 7,000 persons within three years. By the time the maximum projected output of over one billion pounds of aluminum per year is reached the population of this settlement may be 50,000 permanent residents. In spite of its tidewater location, the rail transportation requirements of such a community will be considerable and, with this in mind, Canadian National engineers are studying the construction of a line to connect Kitimat with the existing Prince Rupert-Prince George railway at Terrace.

In Manitoba construction is underway on a 155-mile railway between Sherridon and Lynn Lake to bring into production the rich nickel-copper deposits developed by the

Sheritt-Gordon mining interests. The re-establishment of the mining community at Lynn Lake will start a flow of ore concentrates to a refining plant in Alberta, eventually resulting in the production of 17 million pounds of refined nickel, 9 million pounds of copper, and a quarter of a million pounds of cobalt each year. The value of but one year's production of metals and by-products will nearly equal the total cost of constructing the railway.

Consideration is being given to the requirements of the newly-discovered copper deposits near the St. Lawrence village of Gaspé. Full exploitation will require an extension of the Canadian National line in this area. There is also reason to believe that the promising lead-zinc deposits of the Pine Point district, located on the south shore of Great Slave Lake will, when proved, necessitate improved means of transportation.

I would not like to give the impression that progress in our railway facilities is confined to the two major railway systems. On the contrary, some of the most impressive developments underway are the responsibility of interest not normally associated with this type of undertaking. As I stated previously, the economic value of the vast iron ore deposits of northern Quebec is entirely dependent on facilities to move the ore from its present remote location to the industrial centers of this continent. The mining interests concerned have undertaken the construction of a 358-mile railway from the north shore of Seven Islands to Knob Lake in the Ungava region as a major part of a \$200,000,000 investment. The railway should be completed in 1954. By the end of 1955 iron ore should be flowing southward at the rate of 10 million tons per year.

In this connection it is also worth noting that the ilmenite development at Allard Lake on the north shore near Havre St. Pierre is a miniature duplication of the iron ore development. Here a 25-mile railway was required to bring the ore to tidewater.

The other major railway undertaking I had in mind was the extension of the provincially-owned Pacific Great Eastern Railway of British Columbia northward some 82 miles from Quesnel to Prince George and southward about 42 miles from Squamish to Vancouver. The northward extension is well underway. When plans for the southern extension materialize direct rail movements from Vancouver through territory rich in forest and mineral resources to the thriving town of Prince George will be possible for the first time.

This necessarily brief summary of post-war developments clearly indicates that rail transport is proving capable of meeting its obligations respecting both the economic growth of this nation and the present international situation.

I turn now to some consideration of the ocean shipping industry during the past six years. In spite of the impressive maritime position assumed by this country during the last war and the fact that Canada's stature as a trading nation had become increasingly important, the shipping industry found difficulty in adapting itself to a peacetime economy. In large measure, the difficulty reflected severe competition of foreign carriers better able to adjust operating costs to a lower revenue level. The

problem has also been accentuated by the construction in low-cost foreign yards of new commercial units, more modern and more efficient.

In Canada, I believe that the government has gone a long way towards meeting the needs of a strictly Canadian maritime industry. Let me just mention in passing the establishment of the replacement plan and of the transfer plan. The former envisaged the construction of modern ships in Canadian yards and the latter the retention of ownership and of operation by Canadian companies of vessels in competition with low cost operators. I hope that taking advantage of the government's efforts on their behalf we will soon see further commercial development in the ocean shipping industry.

This does not mean, however, that the production of the shipbuilding industry has been curtailed. Far from it, and I am happy to state that at the present time the total programme value of vessels in preparation or under construction is over two hundred millions of dollars. This represents a huge naval programme of thirty-nine additional units of which fifteen are anti-submarine escort vessels, fourteen minesweepers, and the balance various types ranging from an Arctic Patrol vessel to a Norton tug. The contracts for the construction of these naval vessels have been awarded for strategic reasons on a geographical basis to the major shipyards on the Pacific and Atlantic coast and on the St. Lawrence River. The yards on the Great Lakes are fully occupied in the construction of merchant vessels, for the main part bulk freighters and oil tankers. The twenty-one new vessels under way on the Great Lakes have been ordered by Canadian shipping companies and most of them have received assistance from the escrow fund established by the Government under the replacement plan.

The balance of new construction in our Canadian yards is made up of government vessels such as a new ice-breaker for the Department of Transport and an automobile ferry to operate between Port aux Basques, Newfoundland, and Sydney, Nova Scotia. Over and above the new construction which is under way in the major shipyards of Canada, there are some 36 bangors and frigates which are being refitted for our Navy in some eleven eastern Canadian yards all the way from Montreal to Charlottetown, Pictou, Halifax and Lunenburg. You will agree with me that the shipbuilding industry of Canada is fully occupied in a preparedness programme not only for naval purposes but also for the betterment of our existing Great Lakes fleet.

The last conflict made it only too clear that no effective defence effort can be maintained without adequate supplies of oil. The post-war oil discoveries in western Canada hold forth some promise of national self-sufficiency. Although present known reserves remain inadequate, yet authoritative sources have revealed that much larger reserves may be proved in the next few years.

The major consideration today, however, is not production but distribution. Experience of other oil-producing countries reveals that the oil pipeline is the economic answer to the distribution problem. This method of transportation permits a maximum oil flow on a year-round basis with a minimum reliance on orthodox transport services.

The first oil link between western and eastern Canada combines the mechanical advantages of the pipeline and the natural advantages of the Great Lakes system. Inter-provincial Pipe Line, completed by private interests in 1950 at a cost of nearly \$90 million, transports Alberta crude oil 1,127 miles from Edmonton to Superior, Wisconsin. From there specialized tankers carry the oil 662 miles to the Sarnia refineries.

The 1951 flow of oil should be sufficient to meet the requirements of the prairie refineries and, in addition, provide Ontario refineries with 13 million barrels of oil which, in 1952, is expected to reach 18 million barrels.

In its present form, the Interprovincial Pipe Line cannot meet the oil demands of the entire eastern region of Canada. Ontario refineries requirements are in the neighbourhood of 25 million barrels annually. The refineries of Montreal alone require some 50 million barrels of oil annually. Whether or not additional pipeline facilities will be constructed depends on a number of vital factors, including the ability of western oil to compete in eastern markets.

What I have been trying to emphasize so far is that our country has been on the alert and aware of the need for preparedness in both the industrial and transportation fields.

We have raw materials in quantity. Oil, iron ore, aluminum, nickel, copper, lead and zinc are plentiful. Although these are in the far-off and more remote areas of our country, we are, by extending our transportation systems linking these regions to our industrial centers. This means that we are exploiting them not only for our own defence purposes but also developing them for a better and greater Canada.

Turning now to a transport medium which has grown enormously in both civil and military stature during the past decade, I would like to say a few words on the subject of air services. Canada has long been an aviation country - the industry was nearly 20 years old at the outbreak of World War II. The growth of air transportation, however, was handicapped in the pre-war period by general economic conditions and the existence of cut-throat competition within the industry itself. The establishment of Trans-Canada Air Lines marked the first stage of a new era and this organization was just inaugurating trans-continental services when war broke out. Shortly thereafter Canadian Pacific Air Lines evolved through the consolidation of most of the important aviation firms serving the northern territories. The war period saw the end of nearly all non-essential air operations. We entered the post-war period in a position anything but strong as regards commercial aviation.

Under a planned policy of regulation and development the situation has changed substantially during the past five years. T.C.A. has grown to an outstanding position both in domestic and international aviation. C.P.A. has consolidated its domestic network and has entered the international field on a substantial scale in the Pacific and is now a well-established and successful carrier.

Other domestic carriers such as Maritime Central Airways, Rimouski Air Lines, Central Northern Airways and Queen Charlotte Airlines are catering to the needs of specific regions across the country. A substantial number of other private operators have emerged whose combined services stretch from coast to coast and from our southern border to the remote areas of the Arctic. At war's end the operating revenues of Trans-Canada Air Lines approximated 10 million dollars - in 1950 they exceeded 40 million dollars. Revenues of other commercial air services which approximated 6 million dollars in 1945 exceeded 18 million in 1950. Preliminary figures for 1951 show a continuance of this upward trend.

The contribution of aviation to inter-city transportation is common knowledge in a country where great distances separate the major communities. The role of aircraft in the development of our natural resources is less well-publicized, however. The present Quebec iron ore project owes its existence in large measure to aviation. Without the aeroplane, the Ungava resources could never have been explored in the time involved. It is an airlift that is making possible the completion of a railway into that remote region in a scant four seasons. Aircraft are transporting into the interior virtually everything required for the construction work from personnel to heavy equipment. Equally effective use has been made of air services in connection with the Lynn Lake, Pine Point and Kitimat developments. Again, we have just completed the construction of an airfield in the Goldfields area in northern Saskatchewan designed to serve the Beaver Lodge Lake uranium development with which aviation has been associated from the first stages of exploration.

It is clear that a well-developed air transport service is essential to a country such as Canada both for rapid transit, and exploration and development purposes. I must emphasize, too, that almost all this development has taken place on a self-sustaining basis without direct government subsidy. This is a situation which is very different from that in most other countries, where heavy government subsidies to commercial services have been employed.

The civil aviation industry in Canada has received a great impetus from the comprehensive development of airports, airways and aids to navigation. Practically the whole financial burden of the airports and airways programme has been borne by the federal government and the cost has been considerable. In considering the expense, however, the "preparedness" viewpoint must be kept in mind for in most cases the investment has both a military and a civil connotation. The arrangements for co-operation between my officials and the Department of National Defence are close and continuing with a view to the maximum integration of civil and military planning. By this means we are able to ensure in civil projects that full consideration is given to both present and possible future military requirements and that the necessary priority is given to those civil projects which may have military implications. The airport which today handles the civil air lines and assists our economic growth through rapid transportation, may tomorrow become a vital base for the defence of our homes, our industries and our institutions.

This concludes my review of transportation in relation to industrial preparedness. I hope you may have reached the same conclusion as I have and that is that our Canadian transportation system is keeping abreast of our industrial progress, and that never before has this country been better prepared for any emergency. Few countries, I believe, can compare with ours in their transportation and industrial preparedness.

The many examples I recited a few moments ago are tangible evidence in my mind that the transportation industry is alive to its new responsibilities, that it is meeting them successfully and, what is more important yet, that it stands ready to cooperate with industry at all times to make Canada stronger not only defensively but economically.

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