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CANADIAN NATIONAL – A YEAR-END REVIEW

The following excerpts are from a review of the operations of Canadian National Railways during 1967 by the Chairman and President of the company, Mr. N.J. MacMillan:

For Canadian National, 1967 was a year of growth and achievement in many of its activities, chief of which was the progress made in shaping the organization to function effectively in the new competitive environment created by the National Transportation Act. It was also a year during which the demand for mainline passenger service was the greatest in the country's history, and the company played a significant role in transporting hundreds of thousands of Canadians for centennial celebrations and to and from Expo 67.

Such achievements, however, were heavily overshadowed – particularly in the latter part of the year – by the effects of a decline in freight business which accompanied a general slow-down in the economy. Car-loadings were about 7 percent below 1966 levels, mainly because of a drop in movements of bulk commodities.

The result was that, while revenue increases were recorded in all services, they were not sufficient to overcome the combined effects of rising expenses and lower traffic volume, and the company will not show an improvement in its end financial result this year.

Freight revenues increased 3 per cent over 1966, due in the main to higher rates charged. Other revenue increases were: passenger services, 26 per cent; CN telecommunications, 8 per cent and CN-operated hotels, 7 per cent.

Overall railway operating expenses increased more than 7 per cent primarily because of improved wages and related pension costs and higher prices....

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NEW EQUIPMENT

New equipment ordered in 1967, most of which was designed to meet specific needs of customers, included 700 box-cars and 50 refrigerated "piggyback" trailers for perishable goods. Meanwhile, the growing importance of containers in modern transportation was highlighted by the establishment of a special task unit to study the co-ordinated use of containers on a globe-circling basis. Included in the study will be CN's potential role in a transcontinental "land bridge" service to speed containers from the Far East to European ports.

Further applications of computer and data-processing techniques and systems were made in 1967. Of importance to customers was the installation at System headquarters of a central car-tracing enquiry system to provide freight-car location information, within seconds, to 19 points in Canada and four in the United States.

In a move to improve the efficiency of the locomotive fleet, 110 high-powered diesels were ordered – the largest order since completion of "dieselization" in 1960. The new units generate 3,000 horsepower each and can pull twice the load of older diesels.

More than 100 miles of rail-line was equipped with centralized traffic control in 1967 – a system

which greatly increases the number of trains which can be operated on single track.

The past year also saw 150 "new-look" cabooses in service - the result of four years of study, experiment and planning to produce the latest in improved amenities and working conditions for crews.

The 26 percent increase in passenger services revenues reflect the massive job undertaken by CN in carrying some 18.5 million passengers during the centennial year. Passenger miles totalled 2.5 billion.

RENOVATION PROGRAMME

To meet the demand, CN undertook an extensive programme to improve on and increase its rolling stock. General and light shopping of 189 cars and renovation of another 83 cars was carried out in 1967, and heavy maintenance done on most of the rest of the fleet of 1,133 passenger cars.

The planning started in 1964 and, since that time, 129 additional pieces of sleeping and meal-service equipment were purchased or leased, 19 rail-liners added to the fleet, and another 30 coaches obtained for inter-city service.

A new electronic reservations system helped smooth the handling of the additional passenger volume. In February, it joined 37 Canadian cities, and Chicago, into a common reservation centre.

TURBOS ON ORDER

Coming in 1968 will be CN's turbos, which are being acquired on a lease-maintenance arrangement from United Aircraft of Canada Ltd., for service between Montreal and Toronto. Considered one of the greatest advances in railway technology in 100 years, the turbos will cover the 335 miles between the two cities in three hours and 59 minutes, one hour faster than the "Rapido"....

Under an agreement with Canadian National, the province of Ontario inaugurated "GO Transit", North America's newest and most modern commuter service. The 60-mile line, extending from Hamilton on the west to Pickering on the east, serves daily commuters to and from Toronto and the service has already exceeded the estimates for passenger-carrying made for 1969....

CONSTRUCTION PROJECTS

Upwards of 400 manufacturing, warehousing and distributing facilities were established along CN lines in 1967. A total of 100 miles of private sidings and industrial tracks was required to serve these developments.

Meanwhile, advances were made in the development of feeder branch lines in the north and the redevelopment of urban and industrial properties....

And in Vancouver, work continued on a multi-million dollar project involving the construction of a two-mile railway tunnel and bridge designed to relieve congestion and handle an anticipated increase in rail tonnage at Vancouver harbour over the next five years. It is expected to be ready for traffic in 1968.

In Montreal, the \$75-million Place Bonaventure convention and trade centre over CN terminal tracks

was officially opened and work was also completed on the 26-storey Terminal Tower office building, adjacent to the Queen Elizabeth Hotel. Both projects were erected by private developers under lease of aerial rights from the railway.

In Toronto, Canadian National and CPR's Marathon Realities Co. unveiled a \$1-billion plus plan for downtown land owned by the railways in that city. The Toronto project includes the development of 170 acres of CN and CP land along the waterfront.

A proposed \$2.5-million land exchange was worked out between Metro Corporation of Greater Winnipeg and Canadian National. Letters of intent have been signed by both corporations, and the exchange will pave the way for a major redevelopment programme in the downtown area.

Other projects under way in 1967 by private developers on CN property included a \$7-million combined multi-level garage and office building, which will be connected to the Hotel Vancouver; a \$17-million closed-mall shopping centre in Saskatoon, and a \$4-million shopping centre in Moncton.

COMMUNICATIONS

CN-CP telecommunications brought new technology to the field of communications through inauguration of a high speed data transmission "Broadband" service. Provided on a national basis, Broadband currently can transmit information at 3,000 words a minute, but it will have an ultimate capability of transmitting computer data at 51,000 words a minute....

INDIAN HOUSING IN ONTARIO

Indian Affairs Minister Arthur Laing said recently that \$1,380,368 would be spent this year to assist Indians build houses on Indian reserves in Ontario. "We are deeply concerned about the shortage of adequate housing on many of these reserves," the Minister said, "and have allocated \$600,000 more than we did last year to meet this need." Over a recent six-month period 138 houses were completed. Another 208 are at present under construction.

Many of the homes are being built as part of a development plan designed to provide for future housing construction and the installation of water, sewage, and hydro facilities on these reserves. At the same time, home-making courses for the wives are being set up to ensure that the houses will be properly maintained once they are occupied.

BAND PARTICIPATION

"Much still remains to be done," Mr. Laing said, "but the progress which is being made is encouraging the bands to participate more fully in the development of their reserves. Six Ontario bands, for instance, have decided to take advantage of the capital grants programme recently launched by the Department." To meet the requirements of the programme, these bands have developed the administrative and financial systems necessary to allow them to take over full responsibility for the housing needs of their reserves.

CANADA AND U.S. ECONOMIC CUTBACKS

Mr. Mitchell Sharp, Minister of Finance, in commenting on the U.S. balance-of-payments measures for 1968 announced recently by President Johnson, said that the Prime Minister and he had been reassured to learn, that the United States would be taking effective measures to strengthen its balance of payments in ways that would probably have little adverse effect on the Canadian economy.

Mr. Sharp noted that Canada's access to the U.S. capital market was fully preserved under the 1968 programme, which continued the exemption of new Canadian securities from the Interest Equalization Tax, and of investments in Canadian securities from the general guide-lines restricting the foreign investments of non-bank financial institutions. This reflected he stated, a recognition in Washington that the United States earned so much on balance from its trade and other current transactions with Canada that it could not expect to gain any substantial improvement in its balance of payments by restricting the flow of capital or other payments to Canada.

Referring to the strengthened and now mandatory limitations on direct investment outside the U.S. by U.S. corporations, the Minister said the assessments given him indicated that these were not intended or likely to lead to any material reduction in direct investment by the U.S. in Canada this year. There might be some individual cases where the restrictions would affect investments in Canada but, by and large, the level and nature of the restraints should not necessitate any significant revision of the prospects for U.S. investment in Canada in 1968.

SUBSIDIARY COMPANIES

Mr. Sharp noted that, under the new regulations applicable to direct investments, Canadian subsidiaries of parent corporations in the U.S. should be able to conduct their business generally in accordance with normal commercial practices, as they had in recent years when the voluntary guide-lines applied to their parent companies. These Canadian companies would be expected to continue to behave as good corporate citizens of Canada. The Minister said it

COMMONWEALTH FORESTRY MEETING

A delegation of six is representing Canada at the current ninth Commonwealth Forestry Conference in New Delhi.

Commonwealth forestry conferences, which have been held about every five years since 1920, provide a forum in which foresters from Commonwealth countries can discuss their programmes and activities, with particular attention to the technical problems of the host country. The last such conference was held at Nairobi in 1962. Canada was host to the 1923 and 1952 conferences.

would be in the interest of Canada, however, that in general these companies should not be exporting capital to related companies abroad at a time when Canada was in need of capital for its own development and was having its own access to U.S. capital safeguarded.

The Minister noted that the new U.S. regulations provided that individual U.S. parent companies might make investment beyond the limits imposed by the general rule when a case could be made for exceptional treatment. Canadian ministers would, he said, be continuing consultations with the U.S. authorities on this range of issues relating to direct investment.

Mr. Sharp said that it did not appear that the changes in the measures relating to U.S. financial institutions would affect their capital flows to Canada.

TOURIST TRADE

Regarding the tourist trade, the Minister said he had been gratified that the President's statement had not contemplated any restriction on travel to neighbouring countries.

Mr. Sharp said that the border tax adjustments used by some countries, and the international rules with respect to them, which, according to the President, had worked to the commercial disadvantage of the United States, were also of considerable concern to Canada. Canada had been taking part in recent international discussions on this subject and would be watching carefully the results of the high-level consultations the United States had initiated with countries abroad. The Canadian authorities would continue to work closely with the United States and other trading countries to find a solution to this problem.

Mr. Sharp concluded by saying that he felt that these further measures to strengthen the United States balance of payments, stop speculation, and maintain confidence in the United States dollar were of major importance to world trade and development. He was gratified to see that in working out the means to accomplish this the United States had made a special effort to avoid adverse effects on Canada.

CHIEF WALKING BUFFALO

Chief Walking Buffalo, former chief of the Morley Indian Band and a well-known advocate of Moral Rearmament, died recently after a series of strokes. According to the Department of Indian Affairs, George McLean (his adopted name) was born in 1875. Chief Walking Buffalo, however, asserted that he was born five years earlier - since he remembered, he said, being present at the signing of Treaty Number 7 at Blackfoot Crossing, Alberta, in 1877.

At an early age, the future chief was adopted by John McLean, a missionary. After graduating from

Red Deer Industrial School in Alberta, the youth was accepted as a medical student at the University of Toronto. However, his (adoptive) father and the local chief refused to let him leave on the grounds that he was the only person in the tribe able to read, write and understand English. Eventually owing to his interest in medicine, Walking Buffalo was appointed his tribe's medicine-man. He was a band councillor for ten years and chief of the reserve for 15.

MORAL REARMAMENT

Chief Walking Buffalo heard about Moral Rearmament from the founder of the Oxford Group, Dr. Frank Buchman, and, because its doctrines (honesty, purity, unselfishness, love and unity) were those he espoused himself, he became a staunch supporter. He once declared concerning the movement: "It's like four fingers and a thumb on the hand - all five help to get a firm grip to be able to do something; God will guide and do the rest."

Moral Rearmament sponsored a world tour for Walking Buffalo, during which many honours were bestowed on him. In New Zealand he was made a Maori chief and the city of Johannesburg in South Africa lifted its ban against non-whites in order to receive him as a "prominent Canadian".

Deeply religious, the chief referred to the outdoors as "God's university". He worked hard for world peace for many years.

IDB REPORT, 1967

Mr. Louis Rasminsky, President of the Industrial Development Bank, said in the 1967 annual report that, by the end of the last fiscal year, the Bank had authorized nearly 19,000 loans, totalling over \$960 million, to Canadian businesses. Of this number, approximately 68 per cent were authorized in the last six fiscal years. This reflects the increased lending activity of the Bank which followed the amendment to the Act in July 1961 enlarging the scope of IDB operations to include virtually every kind of business enterprise.

In the fiscal year ended September 30, 1967, the Bank authorized 2,168 loans, totalling \$113.1 million, compared to 2,334 loans, totalling \$122.6 million, in fiscal 1966.

The average size of loan approved in 1967 was \$52,000 - slightly lower than in the previous year. Of the loans approved last year 45 per cent were for amounts of \$25,000 or less, and 91 per cent were for amounts of \$100,000 or less. The marked concentration of loans in amounts of \$100,000 or less, and the relatively small average size of loan, reflect the special attention given to financing proposals from small businesses.

At September 30 last, the Bank had some 8,600 customers on its books, with loans outstanding or in course of disbursement totalling over \$387 million.

The Industrial Development Bank was created by Act of Parliament in 1944 to be a source of term financing for Canadian businesses unable to obtain

funds from other sources on reasonable terms and conditions. In this role of supplementing the activities of other lenders in extending capital loans, the Bank gives particular consideration to the financing problems of smaller enterprises.

FRUIT MISSION TO BRITAIN

Three Canadian experts on apple growing are at present in Britain to study methods of improving the sale of Canada's apples. An officer of the Department of Trade and Commerce, sponsor of the mission, is accompanying them, as well as an inspector of the Canadian Department of Agriculture, who is on duty in Britain.

The visit, lasting 17 days, was timed to coincide with the peak of the Canadian shipping-season, thus permitting firsthand observation of off-loading and distribution methods. The mission will assess whether present packaging functions can withstand the frequent handling, and will decide if changes are warranted.

Britain's new system of fruit inspection, recently introduced, will be studied so far as it affects the interests of the Canadian apple trade.

The mission will hold discussions with marketing officials in the British Government, importers and distributors.

Canada's apple sales to Britain in the 1966-67 season reached 307,260 hundredweight (34.4 million pounds). Canadian producers hope that this can be expanded.

Britain has increased its apple import quota for the present quota-year by 50 per cent in the first six months from July to December 1967 and 33 1/3 per cent from January to June 1968, broadening the potential market considerably.

NEW HISTORIC PARK

Newfoundland is to have its second national historic park, the Honourable Arthur Laing, Minister of Indian Affairs and Northern Development, announced recently. Mr. Laing stated that negotiations had just been concluded with Newfoundland for the acquisition of land known as Castle Hill, in the Placentia area.

AREA HISTORY

Castle Hill, which is one of a number of fortifications in the area constructed by the French during the seventeenth century, served as an observation post and battery during the French occupation of Placentia from 1662 to 1713.

Mr. Laing explained that the 1713 Treaty of Utrecht gave this area to England, which carried out repairs and reconstruction work. Actual work on the Castle, (called Castle Graves, after its governor), began late in 1750, and was completed hurriedly when the French captured St. John's in 1762. A

block-house was built in the centre, its walls raised and a drystone wall erected round the crest of the plateau on which it stood.

The National Historic Sites Service will provide temporary interpretation facilities for the summer of 1968 prior to the construction of a permanent interpretation centre, and it is hoped to have this 60-acre site operating as a national historic park by 1970.

IN-FLIGHT INSPECTIONS TRIAL

The Department of Manpower and Immigration has announced that international air-passengers will be subjected to "in-flight" inspection (medical, immigration, customs, etc.) on a trial basis on two Canadian airline flights this month. The experiment will form part of the Government's research programme undertaken in collaboration with the industry to meet the major problems foreseen in the introduction of 400-passenger aircraft in the next two or three years. Canada is the first country to experiment with "in-flight" inspection.

Government agencies and the air industry expect that, by 1971, eight Canadian airports will be handling more than three million passengers a year from international flights. Under existing conditions, the landing of one high-capacity aircraft would tie up all arrival facilities for nearly an hour, even at major airports such as Montreal and Toronto.

The experimental "in-flight" inspections have been programmed to determine what percentage of passengers (who will be given the maximum possible privacy) can be cleared before arrival.

COMMUNITY IMPROVEMENT BID

More than 150 delegates who attended a recent seminar on community improvement in Ottawa voted to ask the Federal Government to continue its centennial-year rural and urban improvement programmes beyond 1967.

The two-day meeting, called "Action 67", attracted representatives from every province and all levels of government, and from business organizations, professional associations, as well as individuals concerned with improving the appearance of communities in Canada.

Community improvement, one of the Centennial Commission's main programmes, has involved minor repairs to major redevelopment of streets. Almost 1,000 cities, towns and villages participated in the project.

The seminar was addressed by urban development and environment specialists, and included three-dimensional displays and an exhibit from the Centennial Commission. Films, colour slides, tapes and black and white photographs were combined to focus attention on the state of Canadian cities and how they could be made more attractive.

RESOLUTION TO GOVERNMENT

The delegates, realizing that the future quality of Canadian cities will depend on all levels of government passed the following resolution, to be forwarded to the Federal Government:

"The Centennial Commission Community Improvement Programme has made Canadians more aware of their environment and has prompted them, through leadership and guidance, to improve it.

"Therefore be it resolved that the community improvement programme, which is concerned with the quality of the environment should, in the national interest, be continued in future under Federal Government leadership in co-operation with the provincial governments similar in form to its present method of operation."

MR. MACMILLAN TO VISIT CANADA

Mr. Harold Macmillan, Prime Minister of Britain from January 1957 to October 1963, will deliver a number of speeches on world affairs during a three-week tour of the United States and Canada this month.

Mr. Macmillan's visit has been arranged to coincide with the publication by Harper and Row of the American edition of the second volume of his memoirs *The Blast of War 1939-45*. The Canadian edition of this volume was published by Macmillan Company of Canada Limited last September.

Mr. Macmillan will fly from Washington to Toronto on January 17 to be the guest of honour at a dinner given by the Book Publishers Council. The next day he will address the Empire Club in Toronto and will then travel to Ottawa to spend the weekend with the British High Commissioner, Sir Henry Lintott.

RECORD MINERAL PRODUCTION

Shipments of Canadian minerals were larger than ever last year. According to an estimate prepared by the Dominion Bureau of Statistics, the total value of minerals in 1967 exceeded \$4.39 billion, compared to \$3.97 billion in 1966, an increase of 10 per cent. The leading commodities were: crude petroleum \$886 million; copper, \$563 million; nickel, \$467 million; iron ore \$455 million; zinc, \$314 million and natural gas \$198 million.

The value of ores, concentrates, bullion and metals shipped by the metal mines exceeded \$2,238 million. An increase in the quantity and price of copper brought the value to more than \$563 million. Nickel, in all forms, amounted to more than 250,000 tons. New iron mines were brought into production as the old mines were closed. The total tonnage exceeded 41 million. Producers' shipments of lead, in all forms, were more than 318,000 tons. Nearly \$60-million worth of silver was shipped. Gold output continued to decline. With a production of more than a million tons of zinc, Canada remained in first place in the world output of that metal. Yttrium salts, which are by-products of the uranium mines, were used in the production of colour television tubes.

NON-METALS

During 1967, the shipments of non-metallic minerals were valued at \$414 million. Asbestos tonnage declined as the market demand for short fibres lessened. The total value of asbestos remained at the \$163-million level. Both tonnage and value of gypsum declined in 1967. Saskatchewan potash, which exceeded 2.5 million tons was valued at \$77 million. The world demand for sulphur forced the price upward. The value of sulphur from sour gas in the Western provinces amounted to \$70 million. Dry salt and salt in brine was worth \$28 million. A new plant in Saskatchewan contributed to \$6.6-million worth of natural sodium sulphate.

Mineral or fossil fuels rose by 11 per cent to reach \$1,277 million. Coal production continued at about the same level as in the previous years. The utilized natural gas was nearly 1.5 trillion cubic feet. Over \$108-million worth of natural gas by-products were produced. These included propane and butane. Crude petroleum volume was estimated at 352 million barrels.

Structural materials were valued at \$469 million in 1967, compared to \$474 million the preceding year. Cement shipments declined markedly in Quebec and Ontario, where the construction programmes were reduced. The labour strike in the Toronto area decreased the consumption of cement. Lime output was less than in 1966. Products made from domestic clay,

which included brick, tile, flue linings, sewer pipe and pottery were valued at \$43.5 million. Stone, sand and gravel used for roads, concrete aggregate etc., were worth \$262 million.

POPULATION 1967

Canada's population in 1967 was estimated at 20,405,000, of which the largest number (7,149,000) was concentrated in Ontario and the smallest in the Yukon (15,000). The total number of males was 10,247,800, of whom the largest number were found in Ontario and the smallest in the Yukon, (3,573,200 and 8,200 respectively). Females numbered 10,157,200, 3,575,800 being reported in Ontario and 6,800 in the Yukon. The 5-to-9 age group numbered 2,320,300, the highest of any age group. The smallest group was the over-90 category (27,300). The largest number of both sexes was in the 5-to-9 group, which contained 1,184,000 males and 1,136,000 females. The lowest number of both sexes was in the over-90 group but the number of males compared to females was lower in this group rather than higher, as in the 5-to-9 group (10,400 males, 16,900 females). The reversal in the relative sizes of the male and female populations occurred in the 60-to-64 age group which contained 339,000 males compared to 343,300 females.

COMMUNITY IMPROVEMENT BILL

More than 150 delegates who attended a recent seminar on community improvement in Ottawa, urged to ask the Federal Government to continue its current efforts and to initiate new programmes. The seminar was held at the Ottawa Conference Centre and was sponsored by the National Association of Community Development Workers. The delegates, representing various community development organizations across Canada, discussed the need for a comprehensive approach to community improvement. They emphasized the importance of government support in providing resources and training for community workers. The seminar was a success, with many delegates expressing their commitment to the cause of community improvement in Canada.

Community improvement, one of the Government's major programmes, has involved many efforts to improve the living conditions of the 1,000 cities, towns and villages. The seminar was addressed by the Minister of Community Development, who outlined the Government's commitment to this programme. He stated that the Government is committed to providing the resources and training necessary for community workers to improve the living conditions of the people in the most disadvantaged areas of the country. The seminar was a valuable opportunity for community workers to share their experiences and to discuss ways in which they could be more effective in their work.