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THE CANADIAN NATIONAL RAILWAYS

The history of the Canadian National Railways goes back 128 years, to 1836, when the first railway service in Canada was begun between Laprairie and St. John's, Quebec. The CN came into being because the vision of Canada's great railway pioneers of the nineteenth century and early twentieth century far exceeded the resources and traffic available to finance the great trans-continental systems that were being built.

When, with the outbreak of the 1914-1918 war, foreign sources of financing dried up, the great Western roads were just being completed. Bankruptcy threatened, and the Government, to prevent embarrassment to the country's financial institutions and its credit position abroad, took over ownership and operation of the railroads.

Birth of the CN

The Canadian National Railways, as it is called today, came into being in the autumn of 1922, its foundation being based on the recommendations of a Royal Commission that advised the Government as follows: "That the whole of the Dominion Railways be operated by the trustees as one united system, on a commercial basis, under its own politically undisturbed management, on account of and for the benefit of the people of Canada".

In that first year, the managing board of the new company had to face a loose agglomeration of five railroads, with 22,000 miles of track, built for competition, much of it overlapping. The task ahead was that of unifying and integrating this huge, unwieldy system, rebuilding the sagging morale of the thousands of employees inherited from the old systems, and acquiring prestige to match that of the long-solvent Canadian Pacific Railway.

Sir Henry Thornton, the man chosen to head the new company, was American by birth and British by adoption, with a phenomenal reputation for the successful, efficient operation of railroad systems. His personality dominated the first decade of the CNR's existence, and his confidence in the eventual success of the publicly-owned company proved to be justified.

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In five years, Sir Henry's policies succeeded in vitalizing and integrating the system, giving it a reputation for efficient service and showing its capacity to produce a substantial net revenue. There were other noteworthy accomplishments in those days as well. CN pioneered radio broadcasting in Canada, and developed and operated the first diesel locomotive to be used in North America. It started a West Indies steamship passenger service, built Jasper Park Lodge - a summer resort hotel - and a cross-country chain of year-round hotels, and laid out the first plans for a Montreal terminal development.

The company survived, though only just, the financial and business crisis of the depression and went on to provide outstanding service during the Second World War. In 1944, operating revenues were three times those of the worst depression year. The formidable task of the CN had been accomplished in a country with the lowest freight-rate a ton-mile in the world, except for Japan.

Today the system stands as a monumental tribute to the vision and efforts of its pioneers and its early and present-day management. CN is the biggest business enterprise of its kind on the continent and Canada's largest business, and employer, and purchaser of materials and supplies. The company's assets are valued at \$3.9 billion.

Modernization Programme

Canadian National became the first major Canadian railway to be completely dieselized, and now possesses a fleet of more than 2,000 diesel-electric locomotives. The system also has more than 105,000 freight-cars, many of which are designed to carry specific products. In addition, CN has 2,538 units of passenger equipment in service.

Practically all the CN's main transcontinental track is now under Centralized Traffic Control. This increases operating efficiency and adds to the already enviable safety record of railway transport.

Great strides in modernization have been made in the marshalling of trains in CN's string of new, automatic electronic freight-classification yards in Moncton, Montreal, Toronto and Winnipeg. Significant improvements in the utilization of freight cars and diesel engines have also become possible with the introduction of a new, computerized information system to assist in freight-car distribution, and with the centralization of motive-power control in Montreal.

The computer has played a very large role in CN's modernization programme. Through a variety of computer techniques, system schedules have been improved and decisions have been made to introduce new trains and equipment.

Variety of Services

Canadian National is a rail-centred transportation company, moving goods, people and messages in a variety of ways.

The company operates more than 34,000 miles of track, over 1,700 miles of which are in the United States. To augment this system, and to provide door-to-door service for its shippers, CN also maintains a large truck fleet and a "piggyback" fleet, and has recently enlarged its container operations.

In addition, CN operates six automobile ferries on Canada's East Coast, 14 coastal steamers in the waters of Newfoundland and Labrador, and the Aquatrain, a weekly boxcar-carrying barge service from Prince Rupert, British Columbia, to Whittier, Alaska.

Passengers are offered such attractions as special fares, through the Red, White and Blue fare plan, special group rates, "car-go-rail" facilities, complimentary meals with sleeping - or parlor-car accommodations, dome-cars and attractive lounges - in fact, a host of special services designed to give a comfortable, pleasurable journey. The traveller is also offered the hospitality of CN's centrally-located hotels in eight major Canadian cities, or the relaxing atmosphere of a summer resort at Jasper Park Lodge. In addition there are luxury cruises on the S.S. Prince George from Vancouver to Skagway, Alaska.

CN Telecommunications, through its modern microwave systems, provides transmission facilities from coast to coast for computer and business-machine data, stock-exchange quotations, facsimile weather-maps, telex, television and radio networks, custom-designed teletype systems, the Canadian link in the Commonwealth Communications System, local and long-distance telephone service, and strategic requirements of national defence.

Finances

In 1966, total gross revenues fell short of the billion-dollar mark by only \$1.4 million, while net profit before interest stood at \$40.1 million. An extremely heavy interest burden of \$64.7 million, stemming mainly from the conditions under which the company was founded, produced a deficit of \$24.6 million. However, the \$40.1 million net profit was greater by 40.7 per cent than the previous year and the total deficit of \$24.6 million was smaller by 26.3 per cent than in 1965. The latter figure represents the continuation of a trend which has seen the total deficit decline by 63.6 per cent since 1960.

Operating revenues during 1966 were \$906.1 million, an improvement of 9.5 per cent over 1965. Operating expenses rose by 7.9 per cent to \$881.9 million, mainly owing to additional wage, pension and depreciation costs.

In 1966, CN moved 102.1 million tons of freight to earn the highest freight-services revenues in its history - \$717.2 million.

Passenger-services revenues were \$67.5 million in 1966 -- the highest figure since 1945, and an increase of 15.8 per cent over the previous year.

Freight Services

In recent years, considerable emphasis has been placed on marketing-planning activities and on a vigorous, market-oriented sales programme. A realignment of responsibilities in the Headquarters Freight Sales organization was adopted to reinforce the company's ability to identify and satisfy better the needs of the customer. In addition, long-range marketing studies are under way to pinpoint developing transportation markets so that the company may continue to meet future transportation needs effectively.

In the last two years, more than 6,000 new freight-cars have been put into operation. Many of these are designed to carry specific goods. The company has also added 30 high-powered diesel locomotives to its fleet, and has ordered an additional 145.

Seven new terminals, designed specifically to handle integrated road-rail service now in operation for non-car load traffic, have been opened in the Atlantic Provinces, Quebec, Ontario and Saskatchewan. At the same time, 400 piggyback flatcars, 32 flatcars for containers, and about 600 containers with ancillary equipment designed for easy transfer between rail-and-road transport units, have been placed in operation to keep pace with this rapidly expanding aspect of the company's service.

Marine Services

Two new ships went into service on the East Coast -- the S.S. Patrick Morris, a container ship with refrigerator space, in the Cabot Strait; and the M.V. Leif Eiriksson, a passenger-auto ferry, between North Sydney and Port aux Basques, Newfoundland.

Passenger Services

The number of passengers using CN train services in 1966 rose to nearly 18 million. The average passenger travelled 118 miles, an increase of 9 per cent over last year. The total result was an advance in passenger-train miles to about two billion, a 12 percent increase, and the highest amount of passenger traffic since 1946.

With the termination in 1965 of the pool agreement between CN and the Canadian Pacific Railway, an agreement was reached by the two companies that CN would furnish the passenger services between Montreal and Toronto and Ottawa and Toronto and that both companies would run separate trains between Montreal and Ottawa. Following this agreement, CN made arrangements to continue to improve services in these areas. A highlight of these new arrangements was the Rapido, a fast, non-stop train between Montreal and Toronto. This service proved so popular that it became the trademark for this type of fast, prestige service and additional Rapido service was begun between Toronto and Montreal and Montreal and Quebec City.

CN considers that an important travel market exists in southwestern Ontario. This area is particularly suited to the operation of

a new type of passenger equipment, which has been ordered for delivery in 1967. These new trains will provide improved schedules and more convenient and comfortable travel.

Preparations also proceeded vigorously during 1966 for the advent of the Turbo trains, which will begin operating between Montreal and Toronto during the summer of 1967. Designed along aerodynamic lines and powered by gas-turbines, the Turbo represents a new idea in railway-passenger equipment and has been described as the greatest leap forward in railway technology in the past 100 years.

Telecommunications

In an era of exciting technological advance and increasing demand for fast and versatile telecommunications facilities, CN continued to expand all its services in this field.

The electronic switching-system, Data Central, in Toronto, handled an average of one million messages a month. New telex exchanges have brought the total to 87, serving 1,031 communities and 12,150 subscribers. Construction of a pole-line between Hay River and Inuvik was completed, bringing telex, telephone, broadcast and other services to Inuvik and the communities of the Mackenzie Valley in the Northwest Territories. In Newfoundland, expansion of CNT services included the addition of 4,000 new subscribers.

Hotels

CN's nine hotels continued to make important contributions to income and to the prestige of the company. A five-year renovation and modernization programme for CN-operated hotels approached the final stages in 1966.

Real Estate

The railway has valuable real-estate holdings in the centres of many Canadian cities, which it continues to develop in co-operation with private enterprise.

The most spectacular of these land-development projects is in Montreal, where there are now eight large office buildings, including the 42-storey Royal Bank of Canada Building, the 1,200-room Queen Elizabeth Hotel, and the latest addition, the Place Bonaventure. The last-named building is a great trade and exhibition centre, with the largest facilities of its kind in Canada, as well as a 400-room penthouse hotel built round an enclosed roof-garden.

Other development projects on CN real estate are also under way in Campbellton, Saskatoon, Edmonton, Vancouver and Prince Rupert.

Today, a new era confronts the Canadian transportation industry, through the enactment in 1967 of the National Transportation Act. This legislation formulates, for the first time in Canadian history, a comprehensive national transportation policy aimed at developing a truly national system, "making the best use of all available modes of transportation at the lowest possible cost".

The National Transportation Act has, in fact, made possible a whole new approach to traditional transportation problems and has offered the railways new freedoms to operate effectively and efficiently in today's highly competitive transportation industry.

In the postwar years, CN has devoted its energies to building a technically-competent, forward-looking transportation company, ready to take its place as a vital part of a national transportation system, which, as described in the Act, will help to "maintain the economic well-being and growth of Canada".

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