

# STATEMENTS AND SPEECHES

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## CANADIAN TRANSPORTATION AND

### ECONOMIC DEVELOPMENT

An address by the Minister of Transport, Mr. Lionel Chevrier, to the American Association of Port Authorities, Toronto, September 25, 1953.

...The subject I have chosen to speak to you about is Canadian transportation and economic development. I know that you have a direct interest in transportation in all its forms, for ports are the meeting place of water, rail, road and pipeline transport, and, indeed, many of the port authorities represented here also operate air facilities. I know too that you all have a vital interest in economic developments, for every port prospers or stagnates along with the trades it serves. Conversely, many industries can be stimulated or throttled according to the efficiency displayed in the transport of their goods, including efficiency in port operations. It has occurred to me, therefore, that you might be interested to consider briefly the role of transportation in Canadian development.

First of all you must appreciate that Canada's very creation as a political entity, let alone its subsequent economic growth, was achieved in the face of tremendous obstacles imposed by geography. The four main regions of settlement are separated by vast stretches of mountain, rock, muskeg and bush. From the earliest days right up to the present, Canadians have made their living mainly by exporting a comparatively few primary products to other countries. In our history these products have been fish, furs, lumber, grain, minerals, pulp and paper, and now perhaps oil and gas. Most of these products must travel long distances within Canada as well as beyond to reach their markets. With transportation accounting for a large part of our costs, it will be apparent that it is efficient transportation that has made us what we are today. By the same token, inefficient transportation could break us tomorrow.

Trade-minded and transport-minded as we are in Canada, we have not overlooked the essential roles played by our ocean and inland ports. The facilities at those most important for our foreign trade have been nationalized and placed under the administration of a National Harbours Board, as many of you will know, for representatives of the Board are here tonight and some have held high office in your association. Other ports are administered by local commissions, as in our host city of Toronto. We are proud of their modern facilities and their record of efficient operation. Above all we rejoice in their freedom from the extortionist practices that can arise to plague a waterfront, to the detriment of port and trade alike.

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I have mentioned already the tremendous traffic carried on the five Great Lakes, which reach almost to the heart of this continent. Some of the most striking examples of the influence of transportation on economic development, are to be found here. Thus the preponderant volume is in three raw materials of the steel industry: iron ore (about 100,000,000 tons a year), coal (50,000,000 tons), and limestone (25,000,000 tons). Let us see what water transport has meant to this industry.

A hundred years ago, iron and steel production was small in scale and widely dispersed in both the United States and Canada, based on local ore deposits reduced with charcoal. But new smelting techniques began to emerge towards the end of the nineteenth century, involving large furnaces and the use of coke as a reducing agent. The high-grade ore of the vast Mesabi and other iron ranges near Lake Superior was known, and hundreds of miles away the extensive coal fields of Pennsylvania and Ohio. It was low-cost water transportation that enabled the ore and the limestone to be brought together with coal for economical steel production on a large scale, which began to concentrate in centres around Lake Erie and Chicago. Today this area produces something like 80 per cent of all the steel made in the United States, and on this foundation is also the centre of a vast complex of secondary industries using iron and steel in a great variety of products.

The biggest part of Canada's iron and steel capacity is located in the Great Lakes basin, notably at Hamilton and Sault Ste. Marie, for much the same reasons. There is a considerable Ontario production of iron ore and a several-fold expansion is under way, with both the Steep Rock and Michipicoten mines shipping over a million tons for several years past. Interestingly enough, there is a large exchange of ore across the lakes, for much of the Canadian product is comparatively high grade, best used to "sweeten" lower grades.

I should make it clear that by no means all of the coal movement I mentioned is for the steel industry. Great quantities move up from Lake Erie to the Detroit and St. Clair Rivers and to the three upper lakes for industrial use. A heavy flow also crosses both Lake Erie and Lake Ontario for general consumption in southern Ontario and Quebec, the region we often refer to as Central Canada, which is completely lacking in coal resources. The availability of this water-borne coal has been a major factor in the industrial concentration that has arisen in Central Canada.

Grain from Western Canada and United States is another large item of traffic on the Great Lakes, as much as 15,000,000 tons a year flowing in part to Eastern flour mills and in part to export. Here is a classic example of the never-ending pressure for cheaper and more efficient transportation. For the grain market is one of the most competitive in the world, and I have no need to tell you that the farmer keeps a sharp eye on freight and handling charges. He cannot afford to do otherwise if he hopes to stay in business. One result of this pressure has been the evolution of ever larger and more efficient bulk carriers for the lake trade, the biggest ones today carrying a load of more than 20,000 tons, enough to fill two

ordinary ocean tramps.

Leaving the Great Lakes, I will mention only a couple more specific trades dependent on water transportation. One is the marketing of iron ore from Newfoundland's Bell Island. The fact that the ore can be loaded directly from the mine mouth to ocean carriers means that transportation costs are a minimum, and it finds a considerable market in Europe as well as at Sydney, N.S., where it is brought to Cape Breton coal in the other large centre of Canadian steel production.

Then there is Canada's aluminum industry. With an output second only to that of the United States, it is based on imported bauxite brought by ocean carriers to large sources of cheap hydro power. It is this combination that brought the Arvida and associated developments into being. It is the same combination that justifies the great new plants under construction today at Kitimat on the coast of British Columbia.

Water routes provided the first forms of transportation in Canada, and I have demonstrated their continuing importance today. Yet the Canadian nation would have died at birth or in infancy were it not for the promotion of our national railway systems.

Railroad building in what is now Canada began in the 1850's, first as trunk lines serving largely the settled areas. They brought an economic revolution that wrote an end to many of the small local industries. Early grist mills, linen factories, carriage shops and so on served a small market limited in range by the cost of transportation. The railways ended this limitation and contributed to the concentration of industry in larger and more efficient plants in urban areas.

With Confederation in 1867 -- the birth of Canada -- came the commitment to build the Intercolonial Railway to the eastern provinces and to connect Central Canada to the west coast, a most courageous undertaking for the day. The Intercolonial was completed in 1876, the main line of the Canadian Pacific Railway in 1885, extending a base line for development from ocean to ocean. Once more an economic revolution began, this time in agriculture, with the opening of the vast grain producing areas of the Canadian Prairies.

Railway expansion was mainly in the west until well into the 1920's. By then the Prairie Provinces were pretty well covered with rail service and the new wheat economy had become established. Further development looked northward. In 1929, Winnipeg was linked with Hudson Bay for the movement of wheat, and in 1932 the line now known as the Ontario Northland was extended to James Bay to reach mineral and forest resources. In conjunction with the earlier construction of the Canadian Northern and the National Transcontinental railways, the northern extensions were an important factor in moving the newsprint industry from the United States to Canada. The export value of our newsprint has risen from \$9 million in 1900 to \$592 million in 1952. Newsprint has become the rival of wheat for first place in the value of our exports. Canada produces over 50 per cent of the world's newsprint tonnage, and the whole

pulp and paper industry does a billion-dollar business.

Meanwhile a new means of transportation has developed in the air. Its civilian beginnings in Canada date back to 1919, when experimental flights were made over northern Quebec. From these seeds the bush pilot profession rose to full flower. Intrepid pilots, flying "by the seat of their pants", operated from lake to lake to open a new chapter in prospecting, exploration and development. Their first spectacular success was in 1925, when gold was discovered in the Red Lake district in the extreme west of Ontario. From coast to coast and northward to the Arctic, a frontal attack was opened by prospectors, geologists and mining engineers. Among other discoveries was the pitch-blende deposit at Great Bear Lake. Today we have copper, zinc, silver, gold and radium properties that were prospected, proved and developed by air transport.

Still another chapter was opened in air transport with the establishment of Trans-Canada Air Lines in 1937. Since then TCA has grown to an outstanding position in domestic and international aviation. Canadian Pacific Airlines evolved before the war too, through consolidation of most of the important airlines serving northern territory. Since then CPA has strengthened its domestic position and entered the international field. Other domestic carriers serve separate regions, and the combined services stretch from coast to coast and from our southern border to the Arctic.

The pipeline is a comparative new-comer in Canada that is rapidly finding its place. The war-built crude line from Portland to Montreal has been supplemented since by a new line. The Interprovincial Pipeline was built in 1950 from Edmonton to Superior, Wisconsin, and is now being extended to Sarnia. The Trans-Mountain Oil Pipeline to Vancouver is under construction now, too. Two product lines have been built, one from Sarnia and one from Montreal to serve the Toronto area, each with branches to other centres, and a new Sarnia-Toronto line is projected for this year. Natural gas is being piped also from Alberta to Butte, Montana, and several other projects for gas lines are pending.

Again, I hardly need tell this audience what these pipelines mean to western oil development. Without them production would be limited to what the local market could absorb with much more costly tank-car movement. But the pipelines reach out to great new markets and intensify the search for still more oil. At the same time the refining industry on the Prairies has been stimulated into a rapid growth to serve the entire demand of the area for finished products. The oil developments are bringing also new chemical industries to the west, as well as an expansion of capacity in "Chemical Valley" at Sarnia.

Brief as my remarks have been, the important relation between transportation and economic expansion is clearly discernible. In a word, economic expansion requires that the right means of transportation be provided at the right time. The mere provision of transport will not stimulate development unless resources exist to be tapped and the time is ripe for their exploitation. But continued development does require additional transportation facilities in new places and sometimes in new forms.

In summing up I would make one other point, and that is that each method of transport has a role of its own to play. Wherever suitable water transportation is available it remains unparalleled for cheap bulk movement. Railways are the only means of moving basic production in large areas, and serve a diversified traffic throughout the country. Air transport serves the double role of speeding communication and of opening remote areas to exploration and development. Motor trucks have their own special advantages of mobility, and find a place in settled areas on good highways and in remote areas over work roads. The pipeline is a specialized carrier that opens doors closed to other means of transport. Of course there is competition among the various media at many points, but on the whole that is as it should be, for within fairly clear limits competition is healthy. In spite of this there is an overall harmony in the combined service they offer to serve the nation's growth.

A century ago Canada's transportation development was concerned with fish and furs, a half-century ago with lumber and grain, more recently with minerals, pulp and paper and petroleum. Great as our progress has been towards ever higher standards of living, the end is not yet in sight. We have a stubborn faith that it can be continued and accelerated, and we will bend every effort to translate that faith into reality. We owe a debt to modern transportation facilities for our accomplishments and for the promise of the future. But we take a justifiable pride in the vision, the courage, and the initiative with which we have created those facilities and put them to constructive use.

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