



STATEMENTS AND SPEECHES

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No. 53/8 SOME ASPECTS OF A NATIONAL TRANSPORTATION POLICY

An address by the Minister of Transport, Mr. Lionel Chevrier, to the 37th Annual General Dinner of the Canadian Industrial Traffic League, Toronto, February 18, 1953.

... I have chosen to speak on some of the important considerations that must go into the framing of a national transportation policy. This is a most appropriate subject to discuss with you, for your members are customers of all the various transportation agencies in Canada. All phases of transportation are of practical concern to you in your daily work. The subject is all the more appropriate because the Canadian Industrial Traffic League was the first organization to submit comprehensive suggestions as to a national transportation policy. ...

Let me say at once that there is a great deal more to transportation policy than the mere matter of regulation. Official policy has never been limited to this rather negative work, but always has emphasized the positive and constructive side of providing adequate transportation services to support our economic development. From the earliest days in this country right up to the recent past, no government would have been a government without a positive policy in this field. Even in the comparative maturity of today, the matter of extending services to new places, and sometimes in new forms, is very much to the fore.

The reasons for public concern with transportation are obvious. The physical features, the resources and the climate of Canada are such that we have made and still make our 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. For such products, transportation is a large element of cost. This is particularly true in Canada, where long railway lines must pass through much unproductive territory. Efficient transportation can make us, inefficient transportation can break us.

Looking first at water transport, I need hardly remind you what an important part it played in the early development of Canada. For many years it was the only method of conveyance and it played a determining part in the location of many of our important cities.

Public policy initiated canal development soon after the coming of the steamboat in the last century. A series of 9-foot canals were completed through the St. Lawrence River and into Lake Erie before Confederation. By the end of the century or soon after, these canals were deepened to 14 feet, a 30-foot ship channel had been provided from Montreal to the open Gulf of St. Lawrence, and Canada had built a canal at Sault Ste. Marie. Later Canada built the

Welland Ship Canal as a link in the St. Lawrence Seaway, and now has deepened the St. Lawrence Ship Channel to 35 feet. Other aids to navigation have been provided, subsidies have been given to vessel operators in the coastwise trade, and large investments have been made in national harbours.

Today the Federal Government has in hand a further programme of widening and improving the St. Lawrence Ship Channel, and it is pressing forward with new plans for the St. Lawrence Seaway and Power Development. Completion of this deep waterway now appears more urgent than ever, for defence as well as for peace. Not only does it still hold out a great promise of economy in moving grain, coal, and other commodities, but also it will give an immense stimulus to the development of new iron ore fields in Labrador. Moreover, the associated power development is of the greatest importance for the manufacturing industries of Ontario.

Turning now to the railways, they began their early development in the 1850's. At first they were essentially trunk lines serving largely the settled areas. But almost at once there was recognition of the possibilities they offered for economic development, and it became public policy to press them into this service. Assistance was given in land grants, cash, bond guarantees, and other ways.

It must be emphasized also that transportation policy was written into the terms of union at the time of Confederation. These terms included a commitment to construct the Intercolonial Railway, to provide a rail link with British Columbia, and to maintain continuous communication between Prince Edward Island and the mainland. As late as 1949, the terms of union with Newfoundland provided for taking over the railway and steamship services and the maintenance of steamship service between Port-aux-Basques and North Sydney.

The Intercolonial Railway was completed in 1876, the C.P.R. main line in 1885. This extended a base line for development from the Atlantic to the Pacific. It brought a revolution in agriculture and opened the great producing areas of Western Canada.

National policy has also recognized the needs of particular areas, as in the Crows Nest Pass Agreement and in the Maritime Freight Rates Act. It dictated the building of the National Transcontinental Railway to encourage the shipment of goods through Canadian ports, the taking over of the lines now known as the Canadian National Railway system, the construction of the Hudson Bay Railway and terminal facilities at the Port of Churchill.

It should be noted in this connection that construction of the Canadian Northern and National Transcontinental laid the groundwork for moving the newsprint industry from the United States to Canada. The export value of our newsprint has risen from \$9 million in 1900 to almost \$592 million in 1952. Newsprint has become a rival of wheat for first place in value of 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.

Canadian railway mileage is still being extended. A short line has been built to carry titanium ore from Allard Lake in Quebec, another from Barraute to Beattyville in that province, to carry pulpwood. In British Columbia, the Pacific Great Eastern has been extended from Quesnel to Prince George with federal assistance, and in Manitoba the government is contributing to the line to develop the nickel-copper deposits at Lynn Lake. A railway to carry iron ore from the Quebec-Labrador fields to Seven Islands is well advanced, and a line is being built to serve the aluminum development at Kitimat.

The provision of roads and highways has been a matter of public concern from the earliest days also. This is largely a matter of provincial concern, but federal policy has included assistance to roads to serve mining developments in their early stages, and now includes assistance towards achievement of a Trans-Canada Highway. Otherwise federal responsibility is mainly in the northern territories. Canada co-operated with United States to provide the Alaska Highway. Originally a military road, it is now maintained by Canada. Together with the feeder roads that are being built, it is a new and potent factor in northern development.

It has been federal policy also to encourage the development of air transport. As early as 1919, the Government sponsored experimental flights over northern forested regions from Grand Mere, Quebec. From these seeds the bush pilot profession rose to full flower, a boon to the prospector, the geologist and the mining engineer; Today we have copper, zinc, silver, gold and radium properties that were prospected, proved and developed by air transport. Vital assistance has been given to aviation in general by the provision of airports, landing strips, and navigational services. Just recently the Government has approved a temporary subsidy to the Queen Charlotte Air Lines, to help tide them over a series of difficulties stemming from lumber and fishing strikes last summer.

In 1937, the Government established Trans-Canada Air Lines. Since then T.C.A. has grown to an outstanding position in both domestic and international aviation. Operating revenues at the end of the war approximated \$10 million. In 1951 they exceeded \$48 million with a gratifying surplus of nearly \$3,900,000, and it is expected that operations in 1952 again will show a profit with new traffic records established.

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. The Trans-Mountain Oil Pipeline to Vancouver is under construction now. 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.

So far there has been no necessity for public assistance in the promotion of pipelines, but the national interest has been protected by placing the interprovincial lines under the jurisdiction of the Board of Transport Commissioners. Moreover, during the time when the preparedness programme required that some private investment projects be discouraged, the fact that pipeline projects were allowed to proceed was in itself an expression of policy.

From these remarks you will see that a great emphasis has been placed on the positive, constructive side of national transportation policy with a profound influence on our economic development. This was particularly true in the early formative years, but it remains true today.

Turning to the other side of transportation policy, the matter of regulation in the public interest, this always has been a matter of governmental concern as well. The Board of Railway Commissioners was first established in 1903, later becoming the Board of Transport Commissioners. The Board has extensive powers in railway regulation, and a clear and equitable set of rules has evolved for dealing with railway rates and other matters. The Board is also responsible for regulations respecting pipelines, and has a limited jurisdiction in other fields including express companies and including the licensing and rates of ships on the Great Lakes and Mackenzie River.

The Canadian Maritime Commission, established in 1947, is not a regulatory body in the same sense, but its powers and duties affect water transport. For example, it administers the subventions for coastal steamships voted by Parliament each year. In this administration it enters into contracts with the companies, containing provisions as to the tolls to be charged,

The Air Transport Board was established in 1944 with extensive regulatory powers in the field of air transport.

At present the regulation of highway traffic is left entirely to provincial authorities. The Royal Commission on Transportation studied the problem and recommended that the Federal Government move to regulate interprovincial and international traffic. Meanwhile the question of federal jurisdiction has been involved in litigation in the case of the MacKenzie Coach Lines, which is now on appeal before the Privy Council. The Government has not taken any action and of course will not take any before the appeal is heard and the questions involved have been adjudicated.

In this connection I should like to point out that, while bus registrations in Canada total under 9,000, well over 700,000 motor trucks are registered. The great majority of these trucks are operated directly in the service of the owner, comparatively few are operated for hire. "For-hire" trucks include those operating as common carriers and those carrying goods by contract. Accurate statistics are lacking, but the Royal Commission quotes one estimate that places the total of for-hire trucks at only about 50,000 out of which not more than 1,500 operate in interprovincial or

international traffic. My only comment is to suggest that any proposals for federal regulation of highway carriers should be made with due regard to these facts, as well as to the constitutional position.

The recital of these facts gives an historical outline of how our national transportation policy has evolved. It has been a practical policy from the beginning, and like all practical policies it must be subject to more or less continuous review as conditions change. It is for that very reason the Federal Government appointed a Royal Commission on Transportation in the last days of 1948.

The Commission made a comprehensive report in February of 1951, recommending among other things a programme of equalization of railway rates from coast to coast. Parliament amended the Railway Act in the fall of 1951 to facilitate such a programme. The first step towards implementation was a subsequent order of the Board of Transport Commissioners requiring equalization of the class rates by January 1, 1954. The Commission also recommended recapitalization of the Canadian National Railways, and appropriate legislation was enacted at the 1952 session.

Another recommendation of the Commission was that one strong control authority should be constituted by the Federal Government to apply a planned policy for the co-ordination and regulation of transportation. At present there are three bodies each responsible in an assigned sphere: the Board of Transport Commissioners, the Air Transport Board, and the Canadian Maritime Commission. The Government as yet has reached no decision as to whether this recommendation is to be implemented. Here I should just like to make it clear that the word "co-ordination" is not intended to imply some magic formula by which all transportation difficulties can be ended and all transportation agencies made profitable without any painful adjustments. A greater degree of co-ordination and integration of services does offer some solid advantages, whether under one authority or several, but they are not as spectacular as that.

I think that this review has shown pretty clearly that each method of transport has a role of its own to play, and that all can be combined to serve us in harmony. No new means of transport has eclipsed an old means. Rather, each as it arose has redefined the role of the others.

Wherever suitable water transportation is available it remains unparalleled for cheap bulk movements. One need only look at the great volume of iron ore, coal, limestone, grain, petroleum, pulp-wood and other cargoes carried on our inland waters to be reassured on this point.

Railway transportation is equally vital to the Canadian economy today. It is the one and only means of moving much of our basic production in large areas, and it serves a diversified traffic from coast to coast. It is still playing its part in the development of new areas.

Air transport serves the double role of speeding communication in a vast country and of opening remote areas to exploration and development. The latter contribution is particularly important in Canada where the summer is all too short for a party to get in by ground to do its work and get out before freeze-up. The length of the work season has been multiplied several-fold in such cases.

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 can open doors closed to other means of transport.

These various means of transportation are not necessarily antagonistic. Any number of examples could be quoted to show how one complements another. The Labrador development is one. The iron ore requires cheap water transportation to reach its market, it needs rail transportation to be brought out from the interior, and the whole development is being expedited by the use of air transport from the proving of the ore to the construction of the railway. Again, in the Far North we have seen rich ore deposits discovered by the airborne prospector, and have seen air, water, road and rail transport used in combination to develop a mine and ship the product to market. Even at Kitimat, where the combination of hydro power and ocean transportation has brought the aluminum industry to the B.C. coast, a rail line will be required to serve the new city that will eventually arise.

When I speak of making harmonious use of the combined transportation services, however, I do not mean that there should be no competition among them. Within fairly clear limits, competition is one of the main safeguards of public interest and a powerful force making for efficiency. Our concern is that competition be healthy and that no one competitor be allowed an unfair advantage over another. If we enforce those conditions, we will have gone a long way to ensuring that the various agencies are being used to their best advantage.

As long as Canada has promise of further development, we can be sure that the last word has not been said on our transportation policy. Accordingly it is well for us to continually re-examine our position to make sure that facilities are suitable, that regulations are fair and adequate, and that Canada is getting the very best in transportation service. If I have encouraged you to continue your attention to these important questions, my talk today will have served its purpose.