



CANADA

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CANADIAN NATIONAL TAKES STOCK

In a speech on July 16 to the Kiwanis and Rotary Clubs and the Chamber of Commerce in Edmonton, Alberta, Mr. Donald Gordon, Chairman and President of the Canadian National Railways, had the following to say about "the steps being taken by the CN to improve its general efficiency and administration":

"...Over the past ten years or so, Canadian National has spent about \$2 billion in updating existing facilities and creating new ones. The bulk of this sum, or two-thirds of it, went into the replacement and rehabilitation of roadbed, passenger equipment and rolling stock which were worn out following the strains of World War II, and also to provide new types of equipment demanded in the post-war era. The balance, or more than \$600 million, was spent purposely to improve the productivity of our operations, and included investment in dieselization, shop and roadway machines and equipment and treated ties, as well as for the provision of hump yards, centralized traffic control and passing tracks for faster and longer trains. This very substantial investment is today paying off. Savings from our investment to increase productivity were by 1960 yielding more than \$100 million annually, or giving a net return of better than 15 per cent on the capital invested. As these programmes are completed, we expect to make further savings, including those to be realized from new developments that we are implementing every day in order to make the railway's plant and services more efficient.

"Dieselization was an important part of our programme, and we now have completely replaced our

steam-locomotive fleet with more than 2,100 diesel units, along with all the new shops and other facilities necessary to service them. A substantial economy is being achieved right there.

"Centralized traffic control is also part of our modernization programme. In the Prairie Region this includes completion of centralized traffic control from Armstrong to Winnipeg and from Portage La Prairie to Melville, with work now in progress to extend this system from Melville to Biggar. This modern signalling system enables us to increase the traffic capacity of single track by half to three-quarters more than its former capacity, an important factor as we move into an area of faster rail shipments all across the country and particularly to, from and through the West.

OTHER IMPROVEMENTS

"Another guarantee of faster rail shipments are four push-button electronic hump yards that we have either completed or have under construction. Our newest hump yard, to be opened very soon in Winnipeg, is one of the most advanced in the world, permitting us to service, sort and send out up to 6,000 freight cars a day. And on the outskirts of Winnipeg, at Transcona, we have modernized and reorganized our shop facilities for Western Canada. Here, in Edmonton, we have recently integrated our less-than-carload freight and express facilities into a new and speedier 'Express Freight' service. All of these improvements mean better, more efficient transportation service for the Prairies and, indeed, all of Canada.

(Over)

"However, because the heavy capital expenditures for this programme of rehabilitation and modernization had to be concentrated into a relatively short period, at a time of high interest rates and rising costs for both labour and materials, the productivity gains and benefits obtained from the capital programme are somewhat obscured. Consequently, it may be some years yet before the financial benefits of our efforts to adjust the Canadian National to its modern environment can be fully realized....

NEW FARES POLICY

"Many of our new sales incentives are being tested in different regions of the country, while others have already been introduced on a national basis, such as group discount fares, simplified ticketing procedures, tickets by mail, and other travel incentives....

"...In total our equipment expenditures this year will amount to something over \$24 million. Our research and development department is continuously engaged in studies to find new methods to improve further our services to shippers everywhere across Canada.

"Our new visual-redesign programme, including the new CN symbol, is part of this overall plan to attract attention to ourselves and to our services. In fact, this very week the people of Edmonton will have a chance to see the initial run of our 'Super Continental' dressed in its new colour scheme, which has now been adopted by management for all the Company's passenger equipment....

SPECIAL DISABILITIES

"Despite all that we have done and are doing to cut costs and improve efficiency, we cannot hope to achieve a substantial improvement in our financial position while carrying the burden of what the recent report of the MacPherson Royal Commission on Transportation referred to as 'certain national obligations which reside with the railways as the legacy of tradition, law and public policy'.

"These burdens include the operation of certain branch lines and passenger services that have outlived the economic justification they may once have had; the continuation of a rigid and unrealistic freight-rate structure; the use of railways as instruments of national policy without adequate compensation; and the lack of full freedom to diversify services, as, for example, in the trucking field, in the interest of flexibility, economy and improved service.

"Many of these restrictions were imposed on railways as matters of national policy back in the days when railways had a virtual monopoly of transportation in Canada. They made some sense and, indeed, in many cases, may have been considered essential at that time. They do not make sense today, when fierce competition among many new and developing forms of transportation has removed the basic reason for many of the obligations. Also, they are not appropriate to the present day and age, when there is growing awareness of the fact that it is morally unfair, as well as economically unwise, to single out one form of transportation as an instrument of national policy and, in doing so, impose handicaps

on the ability of that transportation medium to compete with the others. Finally, such out-dated restrictions also prevent the shipper from enjoying the benefits of the most efficient service at the lowest cost.

A NECESSARY DISTINCTION

"The MacPherson Report makes this point very well when it recommends that a clear distinction be drawn between national policy and national transportation policy. National policy, the report points out, is that which uses transportation to achieve certain ends, which may be economic, social, political or even military. National transportation policy is, or should be, aimed solely at promoting efficiency and economy in the transportation system of the country.

"The railways have no objection, mind you, to being used within reason as instruments of public policy. What they want is a clear recognition of the fact that all forms of transportation today can, under certain circumstances, be instruments of public policy. And they believe that when any form of transportation is used as an instrument of national policy the fact should be clearly stated and adequate compensation paid, if necessary, from the general revenue of the country. If a government wants to aid particular shippers or particular regions on national policy grounds, it is entitled to take the political responsibility for so doing. But such aid should not be interpreted as a subsidy to the transportation industry but rather an 'indemnity payment' for performing the service that it is obliged to render.

"I, therefore, find myself fully in agreement with the MacPherson Report when it calls for a clear distinction between national policy and national transportation policy. But I believe also that, at the present moment, the broad objectives of these policies happen to coincide. The announced objectives of our national policy are a continuing expansion and diversification of industry across the country and a high employment rate to take care of an increasing population. The objectives of a national transportation policy are, as just mentioned, efficiency and economy in transportation. Now I am, and always have been, convinced that efficiency and economy in transportation is best achieved in Canada by allowing the free play of fair competition to decide what form of transportation is best fitted to serve what part of the national economy. After all, an efficient and economical transportation system is an important factor in promoting the industrial growth and high employment that are the objectives of our national policy....

LABOUR PROBLEMS

"...Another important matter that is continually with us, and which calls for a greater measure of realism, is the need for more effective procedures for the settlement of wage and other demands made by the railway unions. Perhaps a form of voluntary binding arbitration is the answer. What is required is an overhaul of the rules of the game in the labour code, so that there will be equal rights and responsibilities for all parties, and more adequate machinery for the settlement of disputes such as those that have characterized the railway industry.

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REGIONAL PRICE INDEXES

Consumer price indexes rose in nine of the ten regional cities in May and June, with increases ranging from 0.1 per cent in Saint John to 0.5 per cent in Toronto. The St. John's index declined 0.2 per cent.

Food indexes were up in all cities except St. John's. Housing indexes rose in six cities, declined in one city and remained unchanged in three cities. Clothing indexes increased in six cities, decreased in three cities and remained unchanged in one. The index for transportation rose in five cities, declined in two and held steady in three. City indexes for health and personal care were up in seven cities, down in three. Recreation-and-reading indexes were unchanged in six cities, rose in three cities and declined in the remaining city. Tobacco-and-alcohol indexes were unchanged in all ten regional cities.

St. John's: The all-items index declined 0.2 per cent from 117.6 to 117.4 as a result of a decrease in the food index which offset increases in the clothing, and health-and-personal-care indexes. The housing, transportation, recreation-and-reading, and tobacco-and-alcohol indexes were all unchanged.

Halifax: The all-items index rose 0.3 per cent from 129.2 to 129.6 as increases occurred in the food, transportation, health-and-personal-care, and recreation-and-reading indexes. The housing index declined while the clothing, and tobacco-and-alcohol indexes were unchanged.

Saint John: The all-items index increased 0.1 per cent from 130.8 to 130.9 as upward movements occurred in the food, housing and transportation indexes which more than balanced decreases in the clothing, health-and-personal-care indexes. The recreation-and-reading and tobacco-and-alcohol indexes were unchanged.

Montreal: The all-items index rose 0.2 per cent from 130.2 to 130.5 as the food, housing, clothing and transportation indexes all moved to higher levels. The health-and-personal-care index declined while the recreation-and-reading and recreation-tobacco-and-alcohol indexes were unchanged.

Ottawa: The all-items index increased 0.4 per cent from 131.2 to 131.7 as a result of higher indexes for food, housing, and health and personal care. Both the clothing and transportation indexes declined while the recreation-and-reading, and tobacco-and-alcohol indexes were unchanged.

Toronto: The all-items index rose 0.5 per cent from 131.7 to 132.3 owing to increases in the food, clothing, health-and-personal-care, and recreation and reading indexes. The housing, transportation, and tobacco-and-alcohol indexes were all unchanged.

Winnipeg: The all-items index increased 0.3 per cent from 128.7 to 129.1 as the food, housing, clothing, transportation, and health-and-personal-care indexes all moved to higher levels. The recreation-and-reading, and tobacco-and-alcohol indexes were unchanged.

Saskatoon-Regina: The all-items index increased 0.4 per cent from 126.9 to 127.4 as the food, housing, transportation, health-and-personal-care and recreation-and-reading indexes were all up. The clothing index declined while the tobacco-and-alcohol index was unchanged.

Edmonton-Calgary: The all-items index rose 0.3 per cent from 125.5 to 125.9 as higher indexes occurred for food, clothing, and health and personal care. The housing, transportation, recreation-and-reading, and tobacco-and-alcohol indexes were all unchanged.

Vancouver: The all-items index increased 0.2 per cent from 129.1 to 129.4 as higher indexes occurred for food, housing and clothing. The transportation, health-and-personal-care, and recreation-and-reading indexes were all lower, while the tobacco-and-alcohol index was unchanged.

AWARDS TO NAUTICAL WEATHERMEN

Masters and officers of 20 ships trading into Canada have received a total of 40 awards for excellence in weather observing while at sea. These men were honored for the valuable service they had rendered to the Department of Transport by relaying reports of weather conditions during their voyages on the high seas, in coastal waters, and on the Great Lakes.

Out of a world total of 3,500 merchant ships, Canada received reports from 91 during 1961. Recording the pressure, temperature, humidity, clouds, visibility, state of the sea, and other aspects of the weather four times a day at fixed hours, these ships made approximately 24,000 reports for the benefit of Canada and any other country receiving them. Some vessels, sailing from east and west coast ports, travel to the Far East, Australia, South Africa and the United Kingdom. About 30 send reports from eastern coastal waters and the Canadian Arctic, while 22 send reports from the Great Lakes.

QUID PRO QUO

Dr. McTaggart-Cowan, director of the meteorological branch of the Department of Transport, pointed out that ships' officers by tradition performed weather-observing duties on a voluntary basis. However, he added, in return they received weather advice from the meteorological branch in the form of forecasts, bulletins and maps by radio and facsimile. Such information was of vital importance to the safe passage of a vessel through dangerous or stormy waters.

TUNISIAN AMBASSADOR

On July 17, His Excellency Taieb Slim presented to the Governor-General his Letter of Credence as Ambassador Extraordinary and Plenipotentiary of Tunisia to Canada. Mr. Taieb Slim is a brother of Mr. Mongi Slim, the first Tunisian Ambassador to Canada. Before his present assignment, he was Ambassador in London with concurrent accreditation to Sweden, Norway and Denmark. He will continue to serve concurrently as Ambassador and Permanent Representative of Tunisia to the United Nations.

CANADIAN NATIONAL TAKES STOCK
(Continued from P. 2)

"I wonder what percentage of the public appreciate that in the Canadian National we have just under 200 labour contracts with some 35 different unions, and that continuous, day-by-day negotiation is therefore unique to our industry and never ceases. Agreements currently in negotiation at the first of July affect nearly 74,000 employees across the CN system, with new wage demands that would increase our annual wage bill by well over \$35 million. Over many generations the railway industry has accumulated a weird, complex and unwieldy conglomeration of rules, seniority regulations, work classifications, understandings, side and local agreements, awards, decisions and appendices. In this respect, we are different from most large industries, such as the automobile, steel and electrical industries, each of which deals with one big union. Therefore, when those industries complete negotiations and reach settlement on, say, a three-year contract, they have time to devote to contract administration...."

"Although we Canadians have grown accustomed to inhabiting a vast land of fields, plains and mountains that stretch in a great arc measuring nearly 5,800 miles from Newfoundland to Vancouver Island, we have in recent years come to realize that, despite our bigness, we actually live in a very small world. Our bigness, in fact, is relative to many other factors which tie us inescapably to the tide and fortunes of events and developments on a global basis.

"I am not deflating our bigness, nor a proper pride in being big. I am suggesting, however, that it will require a constructive purpose and a united front on the part of all Canadians to maintain and improve our standard of living in our new world environment. It will also take all of our skill and knowledge to meet the competition that we can expect on world markets from low-wage and hitherto undeveloped countries which are rapidly achieving both political independence and industrial competence. To ensure that the manufactured products and raw materials of our high-cost economy find markets, we must seize every opportunity to improve our productivity, develop new technology and improve specialization where we have natural advantages...."

MAY RETAIL TRADE

Sales by Canada's retailers in May were valued at an estimated \$1,553,573,000, larger by 6.2 per cent than last year's corresponding total of \$1,462,521,000. With increases of 5.7 per cent in the first quarter and 5.2 per cent in April, sales in the January-May period advanced 5.7 per cent to \$6,797,158,000 from \$6,430,898,000 in the same period of 1961.

The value of sales was higher in May and the January-May period this year than last in all provinces. Percentage increases in May (January-May gains in brackets) were: Atlantic Provinces, 4.7 per cent (4.7 per cent); Quebec, 7.4 per cent (8.9 per

cent); Ontario, 5.5 per cent (4.7 per cent); Manitoba, 4.9 per cent (1.9 per cent); Saskatchewan, 7.2 per cent (1.9 per cent); Alberta, 6.5 per cent (3.8 per cent); and British Columbia, 7.4 per cent (7.8 per cent).

In the 18 specified businesses, sales were higher in May compared to a year earlier for 16 and smaller for fuel dealers (down 12.3 per cent) and jewellery stores (down 1.2 per cent). Gains ranged from 0.5 per cent for drug stores to 14.0 per cent for motor-vehicle dealers. Other larger increases were: grocery and combination stores, 5.5 per cent; other food and beverage stores, 9.4 per cent; general stores, 6.1 per cent; men's clothing stores, 6.5 per cent; hardware stores, 5.2 per cent; and lumber and building material dealers, 5.3 per cent.

Sales in the January-May period were above year-earlier levels in all 18 of the specified businesses, with gains ranging from 1.2 per cent for jewellery stores to 15.4 per cent for motor-vehicle dealers. Other larger gains were: other food and beverage stores, 6.1 per cent; general stores, 4.8 per cent; variety stores, 4.4 per cent; men's clothing stores, 7.4 per cent; and furniture, radio and appliance stores, 4.1 per cent.

CANADA-ALASKA "AQUATRAIN"

On a rainy day in May, Canadian National Railways linked its transcontinental railhead at Prince Rupert, British Columbia, with the Alaska Railroad. For the first time in its 40-year history, the Alaska line began carrying "foreign" cars from other U.S. railroads and, of course, the Canadian National.

The occasion was the inauguration of the CNR's "Aquatrain", an 800-mile car-ferry run to the year-round port of Whittier. A tug and barge now make the connecting trip north along the Alaska Panhandle and west across part of the Gulf of Alaska about every 10 days, returning with outgoing shipments and "empties".

FOREST PRODUCTION

During the period 1956-60 record levels of forest production were attained in Canada, though economic fluctuations resulted in considerable variations in employment and in the annual output of certain industries. The gross national product for 1960 was approximately 33 per cent more than that of 1955 and the net value of industrial production increased 19 per cent during the five years to an all-time record of \$19,000 million.

A contraction of the Canadian economy as a whole in 1957 and 1958 resulted in a decline in forest-industry production from the previous record level of output in 1956. Considerable improvement occurred in 1959 and, although unemployment remained high, the forest industries established new records of production in 1960.