



Bulletin

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ANNUAL REPORT OF CN RAILWAYS

Canadian National Railways did more business than ever in 1967, its gross revenues topping the \$1-billion mark, according to the company's annual report, which was tabled in the House of Commons recently.

While revenue increases were recorded in all services, they were not sufficient to overcome the combined effects of rising expenses and a slowdown in the economy. As a result, for the first time in six years, the railway did not show an improvement in its end financial result.

Canadian National's gross revenues were \$1 billion 49.9 million, up \$51.3 million over 1966, while railway operating revenues rose by \$39.1 million to \$945.2 million — an increase of 4.3 per cent. Revenues from other services, such as telecommunications, hotels and separately-operated trucking companies, were \$104.7 million, up from \$92.5 million in 1966.

Railway operating expenses were \$942.4 million, higher by \$60.5 million, or six per cent, over 1966. The 1967 increase in expenses includes \$42.8 million for additional wage costs and \$3.3 million for increased pension benefits.

The report says that depreciation amounted to \$111.2 million in 1967, up by \$3.7 million over 1966 owing to increased investment in depreciable property.

CN's 1967 net income — after depreciation but before interest — amounted to \$29.2 million, down \$10.9 million from the previous year. Interest on debt was \$65.1 million, producing a deficit of \$35.9 million compared to \$24.6 million in 1966.

DEFICIT DUE TO ECONOMIC SLOWDOWN

Regarding the deficit, the report states that the growth-rate of the economy in 1967 was about 2.5 per cent, compared to an average of more than six per cent for the period 1961-66. It says that this economic slowdown, coupled with the effects of higher labour costs and higher prices for materials, equipment and services, is reflected in the worsening of the deficit position.

The report notes, however, that the financial setback of 1967 may be regarded as a temporary one: "The main economic problems of 1967 were essentially problems of transition — arising from the adjustments required in moving from the exceptionally steep rate of growth of the previous five years to a better balanced and more sustained rate of growth."

The company, the report says, made significant use of advanced technology and modern marketing methods in 1967 and faces the future well aware of the economies, efficiencies and service improvements that can be obtained from the effective use of these tools.

Important clauses in the labour agreements reached during the year reflected the concern felt by management and unions about the impact of technological change on employees.

The report says that the aim of CN is "to find a solution to the problems posed by changes of this nature which meets both the needs of the company and the needs of the employees concerned". "Towards this end," it adds, "appropriate clauses in the wage agreements have been worked out with the unions."

MAJOR SERVICES

Revenue increases were recorded in all major services last year:

Railway freight service revenues reached a record \$695.3 million, an increase of \$10.7 million over 1966; passenger revenues were \$83.9 million, up 24.3 per cent over the preceding year; the net income from telecommunications was \$7.3 million, an improvement of \$1.2 million; hotel net income was \$3.4 million, better by \$1.1 million; and revenue from separately-operated trucking companies rose 25 per cent to \$2 million.

Revenue ton miles showed a decline of 1.7 per cent in 1967. This represents the first drop in freight volume since 1960 and reflects the sensitivity of railway carloadings to fluctuations in the general economy. Most railways in North America were affected by the slowdown in the rate of economic expansion that took place in 1967.

Increases in rates on carload traffic carried within Canada under class and normal commodity rates went into effect in May 1967, except in regions governed by the Maritime Freight Rates Act. In September, increases went into effect on carload traffic carried in Canada under competitive commodity rates. These resulted in \$27.6 million additional revenue in 1967.

Express revenues of \$55.3 million for 1967 were up \$6.3 million, 12.9 per cent over 1966. A customer shift in services from non-carload to express and the higher express rates introduced in September 1967 were the chief factors contributing to the increase. Another factor was the loss of business during the railway strike in 1966.

The growth of railway "piggyback" service has been substantial in recent years, but there was some decline in 1966 owing to strikes in the transportation industry. There were, however, signs of improvement for CN in 1967, with a modest increase in tonnage of 2.5 per cent and revenues of 4.4 per cent over the previous year.

PASSENGER SERVICES

There was a 24.3 percent increase in passenger services in 1967, owing largely to the high travel demand of Canada's centennial year. A total of 18.3 million passengers, a gain of 1.5 million over the previous year, was carried in 1967. The average passenger travelled 136 miles - 14.9 percent further than in 1966. Passenger traffic was the heaviest since 1945 and revenue per train mile rose to \$3.81 from \$3.20 in 1966.

Canada entered a new communications era on November 7, with the introduction of the Broadband Exchange Service, jointly operated by CN and the Canadian Pacific Railway. Broadband is a high-speed data-transmission system with the ability to transmit at a speed of 51,000 words a minute. The first system of its kind in Canada and the second in the world, it can transmit in many modes.

Data Central in Toronto, the only computer-message switching system in Canada, averaged 2 million messages a month, a 100 percent increase over 1966. Carrier-telephone and telegraph-channel miles

increased 15 per cent in 1967, while Telex expanded its service to a total of 14,164 subscribers, a gain of 19 per cent. In Newfoundland, 47 new communities and 2,800 subscribers were added to the telephone network and in the Yukon and Northwest Territories there was a gain of 15 per cent in new customers.

The company has, for some time, been a leader in the application of data-processing systems to the management of railway operations. In 1967, another advanced application of computer equipment was begun with the development of a comprehensive reporting and control system for traffic, intended to provide much more timely and complete information for effective management.

CN is joining other North American railways in a programme called Automatic Car Identification (ACI), which will use computer-connected electronic scanning equipment to increase the speed and accuracy with which freight-cars can be identified and located.

Among the items of equipment acquired during the year were 35 new high-powered (2400 and 3000 hp) diesel units and 150 steel cabooses. The latter were built to new specifications resulting from a joint study by the company and the union representing the employees who will use them.

ALGONQUIAN CONFERENCE

A weekend conference on Algonquian Indians that may save as much as five years of research was held at St. Pierre de Wakefield, Quebec, on September 13, 14 and 15. The meeting, which is to be an annual event sponsored by the National Museum of Man, drew about 60 ethnologists, archaeologists, physical anthropologists and linguists from as far away as Florida, Alberta and Newfoundland.

Papers presented to the conference included a broad list of subjects, such as residence patterns of the Algonquians, their attitude toward labour, nomadism, hunting and travelling, land tenure, grammar and linguistic classification.

The scientists were addressed by C.J. Mackenzie, secretary-general of the National Museums of Canada, on their arrival at St. Pierre de Wakefield.

The Algonquians were the native people who inhabited Eastern Canada and the Northeastern United States at the time of the arrival of the white man in North America. It was they who greeted Cartier and many other explorers.

James Smith, museum ethnologist, who read a paper on the Rocky Cree, a little-known Western tribe, pointed out that it was from the Algonquians that North Americans had borrowed the traditional "Thanksgiving dinner", common to both Canadians and Americans. "They supplied the turkey, corn and squash," he said.

The Government of Singapore is putting to immediate practical use a feasibility study on harbour and coastal development just completed under the Canadian International Development Programme.

CANADA, NIGERIA AND THE UN

The Honourable Mitchell Sharp, Secretary of State for External Affairs, sent the following message to U Thant, Secretary-General of the United Nations, on September 21:

Dear Secretary-General,

I wanted you to know that the Government and people of Canada share with other nations throughout the world the distress and dismay which you have expressed over the terrible toll of destruction, starvation and loss of life resulting from the tragic fratricidal strife in Nigeria. As you so eloquently stated on September 13 to the meeting in Algiers of heads of state of the Organization of African Unity, "in the name of humanity it is essential that everything be done to help relieve the impact of this tragic conflict".

In face of this concern, the Canadian people, and, indeed, public opinion in many other countries, find it difficult to understand how the United Nations could fail to concern itself with the humanitarian task of preventing death by starvation for these suffering people.

OAU ROLE

The Canadian Government fully supports the efforts of the OAU to assist the Nigerian peoples in their search for a solution of their political problems. That organization, in a resolution adopted at its recent conference in Algiers, asked all member states of the UN and the OAU to abstain from any action susceptible of impairing the unity, territorial integrity and peace of Nigeria. You said you believed that the OAU would be the most appropriate instrument for the promotion of peace in Nigeria and that it had been agreed that all humanitarian aid to victims of the Nigerian conflict should be channelled through the International Committee of the Red Cross. The Canadian Government agrees with these statements.

I realize that to raise the situation in Nigeria in general terms before the General Assembly could be divisive. There may, nonetheless, be a role for the UN in stimulating effective action on the humanitarian problem of opening ways of delivering relief supplies to the needy. This could help meet the earnest desire of people everywhere not only to offer assistance but to see that the help being given reaches those who are in greatest need. I cannot help but feel that in these circumstances every avenue must be explored.

CANADA'S AID EFFORT

I know that you and your representative in Nigeria have spared no efforts to urge the parties to facilitate the flow of aid to the civilian population. As a contribution to the efforts being made by the international community, Canada has made over one million dollars available to the International Red Cross for relief supplies for Nigeria. Canada has also responded to the invitation of the Federal Military Government to send an observer, along with those of other nations, the OAU and your own repre-

sentative, to observe the conduct of the Federal Military Government's troops. The Algiers resolution of the OAU appealed once more to all the interested parties to co-operate with a view to assuring the rapid despatch of humanitarian aid to all those who need it. We would like to see effect given to this appeal by the most effective means available.

In the light of these considerations, the Government of Canada would be grateful for your views as to any additional ways in which the good offices of the UN might be brought to bear at this time in relieving the suffering of the people of Nigeria. We, for our part, are studying possible measures which might be taken by the international community to assist not only in alleviating the effects of the fighting but also in the vital work of reconstruction in devastated areas.

Yours sincerely,

MITCHELL SHARP

MAN AND HIS RECIPES

Montreal has long been known as the gastronomic capital of Canada and, indeed, as one of the great cities for eating in North America, with its profusion of fine restaurants of all kinds. Man and His World, the permanent exhibition in the Canadian metropolis, has added an international touch to this gourmet's paradise, with its 72 restaurants from all parts of the world.

Seventeen of the Exhibition's national pavilions boast a restaurant serving native dishes from such countries as Austria and Belgium, as well as the *haute cuisine* of France and Italy and the exotic repasts of North Africa and the Orient, as represented by Japan and Burma.

There are 13 other foreign restaurants on the two islands of Man and His World, ranging from Hungarian to Chinese and from Scandinavian to Greek; and there are several others in the Carrefour international at La Ronde, the exhibition's 135-acre amusement and entertainment area.

LOUNGES AND BARS

Man and His World boasts six national lounges and bars, serving native drinks, and such other eating-places as Ceylonese and Ethiopian tearooms, restaurants serving all kinds of Canadian food, including Arctic delicacies, and snack-bars that run the gamut from pizza to Polynesian *bo-bo*.

Perhaps nowhere is the all-nations flavour of Man and His World's food more apparent than at the Carrefour international, which includes the popular Koliba restaurant from Czechoslovakia, the Lowenbrau Munich Bavarian restaurant and Biergarten, the Italian Osteria dei Panzoni, the Swiss Fondue Pet, the Wooden Shoe from the Netherlands, the Bulldog Pub of Britain, and the Hawaiian theatre and restaurant.

NATIONAL GRAINS COUNCIL

The Prime Minister announced recently that preparations were under way for the setting up of the National Grains Council proposed in his statement on grain policy in Winnipeg on June 2.

Mr. Jean-Luc Pepin, the Minister of Trade and Commerce, and Mr. H.A. Olson, the Minister of Agriculture, subsequently wrote to the heads of organizations and firms representative of all branches of the industry, inviting them to a meeting in Winnipeg on October 16, at which preliminary discussion would take place with representatives of the various sectors of the grain industry regarding the scope of the Council's membership, its organization, administration and terms of reference.

On the basis of views put forward by industry representatives in October, the Government will proceed toward formal establishment of the Grains Council, which will bring to bear the many talents of the grain industry on the examination of the domestic and foreign aspects of Canada's grain policies and on the task of meeting its export objectives.

The text of the Prime Minister's proposal follows:

CANADA'S EXPORT OBJECTIVE

The Canadian Government is confident of Canada's capacity to grow and sell the wheat that the world demands. Both the Government and the Canadian Wheat Board are determined to maintain and improve Canada's share of the world wheat market. The objective is to secure 25 per cent or better of world wheat trade or, in quantitative terms, 1.3 billion bushels of wheat exports, in the next three years. To attain this level of wheat exports, the Government is prepared to give all necessary support to the selling operations of the Canadian Wheat Board. In furtherance of these objectives, the Government will:

- (a) Continue to subscribe to and fully support the International Grains Arrangement.
- (b) Review and amend credit facilities available to improve the competitive position of Canadian wheat on world markets.
- (c) Continue a high level of wheat and flour in Canada's Food Aid Programme. The Government has announced a goal for total aid of one per cent of the gross national product. Wheat and flour will continue to represent an important share of this increasing expenditure.
- (d) Establish a National Grains Council.

Achievement of all our objectives will require a determined team effort. The grain industry represents the combined activities of tens of thousands of Canadians engaged in a wide variety of occupations. The energies, experience, and ideas of representatives of all related groups must be harnessed to the task. These must include not only producers and governments, but also elevator companies, shippers, exporters, railroads, co-operatives, marketing and inspection boards, farm organizations, agricultural scientists and sales and marketing experts.

There must be a forum established where

representatives of these groups can meet and play their part in planning and action. In consultation with the industry, this Government intends to proceed at once to establish a National Grains Council in order to involve, in a real and productive way, the various elements of this great industry.

The main purposes of the Council would be:

- (1) To review, appraise and make recommendations on any existing or proposed programme or development associated with any facet of the grain industry.
- (2) To assist and participate in the promotion of exports of Canadian grains.
- (3) To assist in the promotion of research in all aspects of the grain industry and to encourage maximum utilization of research done in Canada and other countries.
- (4) Generally to provide improved liaison between industry and government and between various elements of the industry. It is further proposed that a Secretariat be established to assist the Council, and the cost involved in the Council's operation be shared equitably between the government and various interests involved.

These forward-looking measures are designed to provide maximum assistance to the Western grain producer in his quest for volume exports at the highest possible price.

NEUTRON GENERATOR DROPPED

The Government has instructed Atomic Energy of Canada Limited to discontinue its studies in relation to the construction and operation of an intense neutron generator.

The intense neutron generator (ING) proposal was first submitted for consideration by the Federal Government in August 1966. It was subsequently referred to the newly-formed Science Council of Canada for review. The Science Council recommended approval in principle, but made it clear that this was subject to the availability of federal funds and confirmation, through further studies, of the feasibility of the project.

It was estimated that construction of the ING facility would take from seven to eight years, at a capital cost of some \$155 million (1966 rate). Annual operating cost thereafter would have been between \$15 and \$20 million.

The intense neutron generator was conceived as a machine that would produce an extremely high intensity of neutrons. Although it was intended primarily for fundamental research, it was hoped that a number of other uses could be developed, including the production of radioactive isotopes for medical, industrial and other applications, and the advancement of nuclear research and development.

In view of the very high cost of ING, its relation on the scale of priorities to the many other demands on the national treasury, and the necessity of curbing government expenditures, it has been decided that the funds required for the intense neutron generator cannot be provided at this time.

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