



## STATEMENTS AND SPEECHES

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### THE CANADIAN TRANSPORTATION PICTURE

A "Transportation Day" Address given by the Minister of Transport, Mr. Lionel Chevrier, at the Canadian National Exhibition, in Toronto, Canada, on September 8, 1949.

The Canadian National Exhibition holds a unique place in our national life. It can be called the "sounding board" of Canadian progress from year to year, and I am most happy to be given this opportunity to outline the progress of transportation in its many fields, both domestic and international. I think that it was a happy thought to have joined the commercial travellers with transportation for special recognition on this day of the Exhibition. No one is closer to or more appreciative of the problems of transportation than commercial travellers.

Before I start on my main theme, I may here interject that I am very pleased to be associated on this "Transportation Day" of the Canadian National Exhibition in the recognition being given to achievements of the late Sir Sandford Fleming who was the originator of the Zone System of Standard Time.

#### Value of Standard Time

The value of Standard Time zones to transportation can best be appreciated by trying to imagine present-day activities being carried on under the confusion of different local times. Prior to the adoption of the Zone System of Standard Time there were as many as three different times shown at our local stations - a clock for local time, another for trains going east and another for trains going west. Prior to the adoption of Standard Time there were said to be nearly 100 different times in the United States, while there is on record a railway timetable in England showing 17 different times in a distance of 120 miles.

Too many persons are unaware of the fact that a Canadian was responsible for giving leadership in this great time reform, and too little recognition has been given to this monumental work, for which Sandford Fleming was later knighted. I, therefore, wish to take this opportunity to associate myself with organizations in the transportation and communication field in acknowledging the value and importance of Sir Fleming's achievement.

Transportation covers such a wide scope of activity that I propose to review it under three separate headings, namely; - aviation, railways and water transportation.

#### Aviation Newest Field

Aviation is the newest field of transportation with which the Federal Government is concerned. Already in the brief space of a generation it has become a strong and integral part of our national and inter-

national transportation system, our national economy and our defence organization. Canada has always been prominent in the world of flying and ranks as one of the major nations. Our record is good and our achievements are growing, yet they have not emerged without raising difficult problems, some of which have been resolved, others of which are still concerning us.

Our main problems here are the maintenance of a reasonable balance between the services provided by the Government-owned company Trans-Canada Air Lines, and by private operators, and the maintenance of a reasonable balance between individual private operators, a substantial number of whom seem to wish both complete freedom of action for themselves and economic protection against their competitors. The solution of these problems has not been easy, but at least they are completely within our control. Given time and common sense, I am sure we can continue to deal with them on an equitable basis.

#### Reputation for Far-Sighted Policy

In the international field we have a reputation for far-sighted policy of which we may be proud, even though it is only since the war that our airlines have entered into the international field on any substantial scale. Canada played a major part in the original discussions which led to the establishment of the International Civil Aviation Organization, which now has its headquarters in Montreal. It is the only one of the new major international organizations which is located in Canada.

We have, as well, been in the advance guard in efforts to achieve, through this organization, a multilateral air transport agreement on traffic rights and operation of services, which will reduce the present-day reliance upon bilateralism and bilateral agreements in civil aviation, with their attendant dangers and tendency towards discriminatory arrangements.

#### An Arduous Road

We have not yet achieved such a multilateral agreement, and any of you who have worked for governments in any international field know how long is the road and how arduous the progress from bilateralism to multilateralism. To my mind this represents one of the major problems yet to be settled in the international field. Canada will remain unrelenting in its efforts for solution.

Turning more specifically to our airlines, the Canadian Government has designated two chosen instruments for international operations, Trans-Canada Air Lines and Canadian Pacific Air Lines.

Trans-Canada Air Lines presently provides service to the United Kingdom which should, in due course, be extended to the continent of Europe. It also provides a service to Bermuda and to British possessions in the Caribbean area, the Bahamas, Jamaica and Trinidad. This route, too, should eventually be extended to South America. The existing services, however, are relatively new and should be given a chance to find a reasonable and sound economic basis before we contemplate any further large expansions. We do not intend to embark on expansion of our international air routes purely for the sake of prestige, at the expense of the tax payer.

Trans-Canada Air Lines also operates a number of trans-border routes to the United States - from Halifax to Boston, Toronto to New York, Toronto to Cleveland, Toronto to Chicago and Victoria to Seattle.

Canadian Pacific Air Lines is now operating a service from Vancouver to Australia with connection at Fiji for New Zealand. It also has been designated to operate a service from Vancouver through Alaska to Japan, China and Hong Kong. Recently Canada has negotiated new air agreements with the governments of the United States, the United Kingdom and Belgium. These will provide increased services and increased economic benefits for Trans-Canada

Air Lines and Canadian Pacific Air Lines.

New Rights in the U. K.

On the North Atlantic, Trans-Canada has been given new rights in the United Kingdom for traffic from Ireland, and the Azores. It has been given rights in Brussels by the Belgian Government, adding another possible continental stop to the one we had already been granted at Amsterdam in the Netherlands, looking to the future when Trans-Canada Air Lines may go on to Europe. On the Caribbean route we have obtained rights from the United States for a traffic stop at Tampa - St. Petersburg, Florida, and additional points of call at British territories in the Caribbean, notably Barbados, Antigua and British Guiana. In the trans-border field we have also obtained for Trans-Canada the right to operate from Montreal to New York, by far the most heavily travelled air route between Canada and the United States.

In the Pacific, new agreements provide that on its South Pacific run Canadian Pacific Air Lines may also make traffic calls at Honolulu and at Fiji. On the North Pacific route it has been given traffic rights at Hong Kong. The Canadian Pacific Air Lines service to Australasia is now in operation, and I expect that by virtue of the rights obtained at Hong Kong the Canadian Pacific Air Lines service to the Orient through Alaska will be in operation before the end of the month.

There also remains the difficulty of persuading the public to travel by air. A certain amount of fear will have to be overcome, a fear that has been accentuated by accidents which have taken place on foreign airlines, and by domestic criticism of the North Star in spite of the unusually fine record of that plane and of Trans-Canada Air Lines with regard to safety. The safety record of the scheduled airlines is not yet quite as low as that of bus lines and railways but has over recent years come progressively closer to it until a very small gap remains - not enough to make any significant difference to the traveller; in fact, for the period 1941-47, inclusive, the record of United States scheduled airlines with regard to air fatality was better than that in passenger cars and taxis, the average death rate being 2.25 per 100 million miles travelled by air and 2.8 per 100 million miles travelled by bus and taxi. Trans-Canada Air Lines' record is even better in Canada.

Time does not permit me to deal with the position of domestic airlines.

The second scope of transportation activity I wish to review is one which I think is the backbone of Canada's economy, and that is rail transportation. The railways have been serving us so long - for more than a century - and are so much a part of our daily lives, that we are prone to treat them almost as we do the weather. If the weather is good we are pleased; if it is bad, we complain. I suggest to you that you should not treat the railways as a simple force of nature. They are a human institution. They have a job to do, and I think we owe them some commendation for the way they are doing it, some appreciation of their place in our economy and some understanding of their problems. Let us take a few moments to size them up.

Canada has more railway mileage per capita than any other nation, and makes more use of railways, per capita, than any other country. We operate over 40,000 miles of main track, and I need not tell you how complete the coverage of the ten provinces is. The use of the railways has risen steadily through each decade, from 1,200 ton miles per capita in 1900 to 4,700 today. We still have plenty of work for our railways to do, and it would be a poor Canadian who would look forward to a drying up of our resources and a drastic diminishment of our industrial production, instead of to a continued expansion. Furthermore, it must not be lost sight of that in Canada the railways are more than simply carriers. In addition to trains, steamships, car ferries and airlines, they operate widespread telegraph systems, great chains of hotels and many other services. There are over 180,000 employees, and in 1948 total wages paid by the railways of Canada amounted to approximately

one-half a billion dollars.

#### One of Most Responsible Groups

Think of what nearly one-half a billion dollars of purchasing power, in the hands of one of the most stable, one of the most responsible groups of citizens in the country, means to our national economy. And still, this enormous railway transportation industry is today facing tremendous financial problems.

The first and most important problem is one of costs. The railways have not been immune to higher costs of operation during the last ten years. They have had to pay more money for materials used. They could not possibly avoid meeting these higher expenses, but, on the other hand, they were completely prevented from charging more for their services. In a free competitive market, where no Government legislation exists to the contrary, the ordinary businessman charges more for his services or his product, but in dealing with public utilities and common carriers it is the general practice to regulate the industry.

Our Canadian railways have been under the jurisdiction of the Board of Transport Commissioners for Canada since 1904. During the war, rates and services on the railways were frozen, and when these regulations were abandoned the railways had already applied for an increase in their freight rates. Seven of our ten provinces objected to the request of the railways with the result that the 30 per cent application was nearly two years being considered by the Board. Finally, the railways were granted a 21 per cent increase on general commodities, excluding, however, the movement of grain in Western Canada, for which statutory provisions had been enacted some twenty years previously. The findings of the Board were taken exception to by the seven provinces, and the final decision has not been rendered. In the meantime the railways are faced with an already expanded wage bill, 44 per cent higher than in 1939, and a cost of materials over 50 per cent higher than ten years ago.

The second factor which makes the plight of the railways a major problem to be faced by this country is the latest application of the railway employees of Canada, excluding the running trades, for increase in wages and change in operation conditions. As previously stated, management is faced with mounting operating costs and practically no increase in the selling price of its product. The 21 per cent increase granted by the Board of Transport may or may not be confirmed by the latest revision undertaken by them. The Provinces have objected to the rate increase in Canada and upon appeal have submitted many sound arguments, but these do not solve the problem. In the United States the railways have been faced by conditions somewhat similar to those prevalent in Canada, but the Interstate Commerce Commission has found it possible to grant increases in freight rates which to August 2 of this year amounted, percentage-wise, to 57.3 above the rates in effect in June 30, 1946. In England the railway industry has had the advantage of a cumulative 55 per cent increase in their freight rates.

#### Higher Operating Costs

We can all see the difficulty which has been facing our rail transportation system in the last few years. It can be summarized in a nutshell by stating that the railways had to meet higher operating costs with relatively no expansion in the unit price charged for the services rendered.

The third and last problem is, of course, the intensification of highway competition since the end of the war. This problem is not a new one and is yet to be solved. The trucking industry is today regulated in varying degrees according to the province in which the services are operated.

The Federal Government has no jurisdiction in these matters. The

railways, however, are rigidly regulated in the same manner today as they were some thirty years ago before the advent of highway competition and where they were looked upon as monopolies.

It is with these facts in mind that the Federal Government saw fit to appoint a Royal Commission to investigate the transportation problem of today. The terms of reference of this Royal Commission are specific and yet broad enough to allow the Commission to advise the Government on the various ailments of our rail transportation industry.

The railways are great employers of labour. They are also great purchasers, the biggest buyers we have. Their needs are tremendous. When you consider that the Canadian National Railways spent nearly \$235 million last year for new equipment, ties, fuel and general materials, you will have some idea of the contribution the railways make to industry and to the economy as a whole, apart altogether from the work they do. And don't forget that they are substantial taxpayers.

Notwithstanding all their difficulties, the railways are continuing to give this country yeoman service. Now and again travellers and shippers may have cause for complaint. In such a vast and complex system, mistakes will happen: a train may be late, a package may go astray, an employee may give a gruff answer; no organization, no individual, is perfect, but on the whole I think you will agree with me that we have every reason to be proud of our Canadian railways. They are run efficiently, economically and courteously. Every officer and employee has a sense of public responsibility. Insofar as lies within their power, they not only maintain but continuously strive to improve the high standards of service we have learned to expect of them.

I come now to the subject of transportation by water and more particularly to Great Lakes and ocean shipping in relation to Canadian transportation problems.

There are at present 197 passenger and dry-cargo vessels and 36 tankers, all of over 1,000 gross tons, operating on the Great Lakes. The dry-cargo ships alone have a carrying capacity of nearly one million tons. One has only to consider these figures for a moment to realize how important a factor a fleet of this size is to the Canadian economy.

But when I look at the age of these vessels I find some food for thought. I believe that it is generally considered that the normal life of a vessel operating in fresh water is 30 years. I find that 28 of our vessels are over 50 years of age, 43 were built 40 years ago, and 23 have now reached the age of 30 years. It is, therefore, a disturbing fact that 40 per cent of our lake fleet is over 30 years old. It is pleasing to note that one Canadian company has seen fit to add two new large units to its fleet this year, but I suggest that the problem of new building is one to which Canadian lake operators should give their urgent attention. I am aware that costs are high, but Canadian operators cannot and must not overlook the necessity of tonnage replacement.

#### Loss to Inland Shipping Services

In studying the general transportation problem, another interesting fact has come to my attention. As you know, Canadian export trade has remained at a high level since the war. I was surprised to find, however, that inland water operators have neither increased their share nor even maintained their pre-war level of participation in its carriage. The loss to our inland shipping services in canal traffic is particularly noticeable. Bulk grain movements to seaboard are a major part of the traffic. In 1939 our elevators in Montreal received 64 million bushels of grain, of which 95 per cent arrived by water. In 1948 they received practically the same amount, 67 million bushels, but less than 30 per cent arrived by water.

This situation is caused primarily by a shortage of canallers, vessels

whose size and draft enable them to navigate the St. Lawrence canals. The war took a large toll of the vessels comprising our canal fleet, about one-third of them being casualties. These vessels have not been replaced and so far as I know there are no plans to replace them.

I appreciate that the possibilities of the St. Lawrence Seaway renders owners reluctant to invest any large sums of money in vessels designed to navigate the present canals. But it must be borne in mind that no definite decision has yet been reached in regard to the Seaway, and if and when it is reached, it will take a long time to build.

I can sum up what I have said on this subject in a very few words. Technological development in recent years has made possible the production and operation of more efficient vessels. It is the owners' best interests to encourage this development. The improvement in transportation efficiency cannot but help to reduce its costs. Regular planned replacement of obsolescent and over-age equipment is the hall-mark of economical transportation. As our Canadian railways are regularly spending millions of dollars every year to renew and improve their facilities, so must other forms of transportation if they are to retain their competitive place in the overall picture.

I cannot leave the subject of general transportation without saying a word on ocean shipping.

It has been the policy of the government to endeavour to maintain a merchant marine under Canadian flag, owned and operated by Canadians. It is not the intention to support a large fleet, nor is it a question of national pride of ownership. It is considered that a small, efficient, modern fleet of ocean-going vessels would be of benefit to Canada, not only as a contribution to the national economy but for the purpose of national security.

#### Canadian Shipping a Dollar Business

On a number of occasions I have spoken of the difficulties of maintaining such a fleet. Canada being a dollar country, Canadian shipping is likewise a dollar business. In order to operate, the Canadian ship owner must secure practically all his revenues in dollars. If the freight is not paid in dollars or in convertible currency, the Canadian shipowner loses the business. You can readily see that currency can be used as practically a tariff barrier preventing Canadian ship owners from securing cargoes.

Another difficulty arises out of the cost of operating of Canadian flag ships which is the second highest in the world. This cost is due to the comparatively high wages paid to Canadian crews and to high Canadian living standards. You will understand the cost differential when I tell you that the monthly crew expenses of a Canadian ship are exactly double those of a ship under United Kingdom registry. In the United States this situation is met by operating subsidies, but in Canada we have sought to avoid this drain upon the pockets of the tax payer.

Another difficulty which besets the operation of our Canadian flag ships is labour strife. Ever since the end of the war there has been constant trouble in ships bearing the Canadian flag. Delays, petty acts of sabotage and insubordination, refusal to work - all combine to increase the cost of operation and to hinder efficiency.

The Canadian Seamen's Union, which until recently supplied all the crews to our ocean-going fleet, is a Communist-dominated organization. The Communists have long recognized that one of their strongest methods of attack upon world commerce lies in the disruption of international shipping and they have recently been driving this weapon home to the hilt.

The recent strike called by the Canadian Seamen's Union has had disastrous results upon Canadian flag shipping. The strike has literally cost the owners millions of dollars.

#### Chose Time Well

The Communists chose their time well. They chose a time when freight rates were dropping rapidly and Canadian owners could ill afford to have their ships tied up. By lies and half truths they managed to spread the trouble to almost every part of the world. Union leaders in other countries were led to believe that the strike in foreign ports was legal and genuine and that the Canadian seamen were fighting for better wages and living conditions. The Communists succeeded in tying up not only Canadian but United Kingdom ships and interfered with the delivery of vital food supplies to Great Britain. If their plans had succeeded, the carriage of cargoes under the Marshall plan might have been dangerously affected.

While I am glad to say that the major threat has passed, the strike is not yet over. I have recently seen a copy of a circular letter which purports to have been written by a leader of the striking union to its members. These members are directed "to infiltrate back to the ships." They are told to organize committees aboard ships - the Communist word is "cell" - and that they must maintain communication with the principal shore committee. Local leaders are instructed "to devise methods to carry out this tactic." The members are told to join a rival union for the purpose of causing trouble within that union. They are told to attempt to tie up the ships in foreign ports where it is confidently stated they will get support. They are told to continue the struggle "until a more favourable day is reached."

If this letter is genuine, as I believe it is, it has the familiar sinister background of Communism. To anyone who is alive to what is going on in the world today, the pattern is apparent. We see on every side and in every country attempts being made to upset order by violence. This condition has progressed a long way in Europe. By lies and by preaching the gospel of hatred and ill-will, the Communists hope to create an atmosphere in which their doctrine of world revolution will succeed.

#### Must Study Meaning of Communism

You may ask me why does not the government do something about it. My reply is this: you do not alter the character of a scorpion by locking it up. It is still the same scorpion when it is released. Moreover, this particular type of scorpion loves to pretend that it is a martyr and thus gain eminence among its fellow scorpions. Under our democratic system there is no method of extracting its venom. The best method of dealing with this scorpion is to crush its head under the strong heel of public opinion.

It is, therefore, the duty of each one of us, not collectively but individually - to study the full implication of Communism and to recognize it in all its forms. If the individual, whatever his occupation is, decides that he does not want to live in that society, he himself must fight every organization, theory or activity which is tainted with the Communistic doctrine. It is through the individual - and not by state compulsion - that Communism will be defeated.

Before me, I see representatives of the different kinds of transportation businesses. To you in particular and to those associated with you throughout Canada, may I emphasize that you are doing a job that is vital to our country's present and future prosperity. Behind the transportation industry lies a great tradition of public service, which is being worthily upheld today. Before you is the opportunity to march with all who, in this troubled world, strive to lead this nation to the high destiny to which Providence has called her. I know you will not fail.