

such a country with a population so distributed and producing mainly for export, as do western agriculturists or, like manufacturers, largely for consumption in distant portions of the country itself, cheap transportation is a necessity of life.

In order to appraise the value of each of the agencies of transportation, this chapter of the Year Book, after treating of government control over agencies of transportation and communication in Part I, deals with the four main agencies, namely, carriers by rail, road, water and air, in Parts II, III, IV and V, respectively. In each Part the arrangement is intended to show: (1) the plant, equipment and facilities available; (2) the cost to the Canadian people; and (3) the traffic carried or services performed, in so far as statistics are available for each agency. Unfortunately, this arrangement brings out some rather serious gaps in the information at present available; these are pointed out in the respective Parts.

Scarcely less important, from the social and economic viewpoints, is the development of communications in a country so vast and with population centres so scattered. The Post Office has been a great though little-recognized factor in promoting solidarity among the people of different parts of the Dominion, and this same desirable object is now being further aided by the radio, while telegraphs and telephones have done much to annihilate distance—the rural telephone, in particular, having been of great social and economic benefit in country districts. The press, assisted by cheap telegraph and cable rates and by low second-class mail rates to all parts of the country, has been helpful in developing national sentiment. These means of communication are dealt with in Parts VI, VII, VIII and IX.

PART I.—GOVERNMENT CONTROL OVER AGENCIES OF TRANSPORTATION AND COMMUNICATION

Section 1.—Government Control Over Agencies of Transportation

With the modern development of new forms of transportation, it is becoming increasingly important to realize that the several agencies of transportation—carriers by rail, road, water and air—are, or should be, inter-related parts of an integral whole where each agency has its place in the efficient provision of necessary transportation in Canada. The Dominion Department of Transport was organized on Nov. 2, 1936, under authority of c. 34 of the Statutes of 1936, to unify in one Department the control and supervision of railways, canals, harbours, marine and shipping, civil aviation and radio.

The business of transportation and communications is, generally speaking, a 'natural monopoly', i.e., a type of enterprise in which service can be more efficiently and economically rendered to the public where one or a few concerns control a particular type of service throughout the country. For this reason there has been a strong tendency toward consolidation and amalgamation over the past half century. The outstanding example of these consolidations in Canada in recent years is the concentration of control of the railways of the country in the hands of the Canadian Pacific Railway Company and the Canadian National Railways.

Such control inevitably brings with it elements of monopoly and possible overcharge, and it has been deemed advisable in Canada, as in other countries, to set up authorities to control the rates to be charged and the other conditions on which services to the public are to be rendered by common carriers. This control, so far