

The Dalhousie Review

Volume 36

AUTUMN

Number 3

THE SEAWAY IN THE CANADIAN ECONOMY

By THE HON. LIONEL CHEVRIER

THE opening of the St. Lawrence Seaway in 1959 will inaugurate a new period in the history of transportation in Canada. Through all the changes in transport and other circumstances since its discovery the St. Lawrence Route has retained a central position in the economic life of the northern half of the North American Continent. The construction of the Seaway has naturally directed attention to the historic role of the St. Lawrence Route. If we are interested in evaluating the importance of this latest and greatest development on the St. Lawrence Route we should endeavour to see it in the perspective of the 350 years of its history as a commercial route. Its role has changed many times in its details while always retaining its basic feature of being a gateway into the heart of the continent.

From the very beginning the St. Lawrence was an avenue of trade and settlement. The earliest settlements clung to its banks and those of its lower tributaries, while it provided a natural route for the fur trade as it pushed farther into the interior. The natural waterway was entirely adequate for this pioneer industry, and the many rapids between Lachine and Lake Ontario were easily portaged by canoes.

With the beginnings of settlement in Upper Canada the natural route no longer proved adequate to the growing demands being made upon it. Better means had to be provided to bring in the manufactured goods and supplies of every description needed to support the growing settlements and to take out the grain and lumber which were their earliest exportable surpluses.

With the completion of the first canals of 5-foot depth at Coteau and Cascades in 1805 we enter into the period during which efforts were concentrated on making the St. Lawrence Route the gateway to the American Middle West as well as Upper Canada. Such efforts never actually brought the results anticipated. The political boundary tended to become a trade boundary as well, acting to restrict the hinterland of the St. Lawrence Route to the Southern Ontario Peninsula. In fact, for a brief period, the St. Lawrence Route itself seemed likely to give place to an alternate route. After the war of 1812-14 the St. Lawrence Route was considered vulnerable from a military standpoint, and the Rideau Canal was constructed to bypass it at some distance back from the border. However, under the primitive transport conditions of the time the St. Lawrence was too important a thoroughfare to suffer neglect for very long. Nevertheless it was not until 1848 that a system of 9-foot canals throughout was completed.

No sooner, however, had the St. Lawrence Route become suitably equipped to compete with the rival Erie Canal Route for traffic to and from the interior than a new era was begun with the coming of the railway. With the railways, traffic was no longer bound to lake and river routes, but could move freely across country. The speed and efficiency of the railways were factors that then gave tremendous advantages over the St. Lawrence route.

However, advances in one form of transport more often than not open up new opportunities for other forms of transport to compensate for the traffic taken away — a principle that we may expect to see demonstrated again in the case of the St. Lawrence Seaway. The railways' superior service and other advantages took much traffic permanently from the water routes, but in turn made possible the modern use of the Great Lakes-St. Lawrence route for bulk traffic. The role of the water route became more specialized, utilizing its own peculiar advantages to survive.

The debt of the St. Lawrence Route to the railways is a heavy one. For the railways broke through the barrier of the Precambrian Shield to create a new hinterland for the St. Lawrence Route in the West. It was the railways that made possible the opening of the West to the large scale production of grain, and it was the St. Lawrence Route that made it possible for Western grain to reach overseas markets at a competitive price.

A similar linking of rail and water transport occurred with the beginning in 1854 of the exploitation of the vast iron ore ranges of Northern Michigan and Minnesota. From the first

water transport on the Great Lakes comprised an important link in the movement from the ore fields in Michigan and Minnesota to the steel mills in Ohio and Pennsylvania.

Iron ore has since been the dominant factor in water transport in the Great Lakes-St. Lawrence to an extent perhaps not fully realized. The volume and consistency of the iron ore movement from Lake Superior to Lakes Erie and Michigan stimulated the development of the large specialized bulk carrier peculiar to the Great Lakes. With this type of vessel were developed the navigation facilities sufficient to enable it to exploit its advantages to the full: the various locks at Sault Ste. Marie, culminating in the MacArthur Lock, and the deepened channels in the St. Marys, St. Clair and Detroit Rivers.

The grain traffic, providing less consistent and more diversified movements, could not convert as easily or as completely to large vessels as did the ore traffic. Ore traffic terminated in Lake Erie but grain had to reach ocean ports, to which it had the alternative, after 1901, of a direct water route through the 14-foot St. Lawrence canals or a rail route to Montreal, Saint John, Halifax or New York.

The result was that as navigation became more fully developed on the Upper Lakes, that part of the route from Lake Erie to Montreal inevitably came to be regarded as a bottleneck. The opening of the new Welland Canal in 1932 allowed bulk carriers to bring ore direct to Hamilton and grain to elevators at Toronto, Kingston and Prescott. The bottleneck was reduced to the 120-mile stretch from Prescott to Montreal, but was thereby made even more conspicuous. The logic of the situation seemed to demand that a route be provided between Lake Superior and Montreal that could be used by the most efficient vessels operating on the Lakes, as well as a much wider range of ocean vessels.

* * *

However, the logic of the situation carried little weight during the thirties when economic activity in both Canada and the United States was at a low ebb. The cost of the project in terms of the financial resources then available seemed prohibitive, and there was doubt as to whether the Seaway and the concurrently developed hydro-electric power would ever be sufficiently used to justify the expenditure.

By the end of World War II the economic picture had radically changed. Not least in importance was the rapidly rising curve of electric power consumption which made it abundantly clear that even the 2,200,000 h.p. in the International Rapids

section of the St. Lawrence would be absorbed within a very short time of its being made available. Whereas in earlier discussions of the project, navigation had been the main objective and power merely a by-product, it now became difficult to determine which aspect held priority.

Balancing the greatly enhanced value of the power aspect of the project was the discovery and development of the vast iron ore deposits of New Quebec and Labrador. To link these deposits with the steel mills in the Great Lakes area the Seaway became a necessity. Once again iron ore has played a dominant role in the improvement of navigation in the St. Lawrence-Great Lakes area.

The economy of which the Seaway will form a part is evolving in a manner that is certain to increase the value of the project. The rate of industrial expansion alone is generating new demands for transportation that gives promises of utilizing the Seaway facilities to the full. With this growth is a strong trend to larger plants using larger volumes of raw materials which is creating favorable conditions for bulk traffic by water. Particularly noticeable is the trek of industry to water sites, primarily to obtain the benefits of low-cost water transport, but in many cases to obtain a sufficient water supply for industrial purposes. The combination of these factors indicates that the period of adjustment of the Seaway to the economy is likely to be very short.

The impact of the Seaway will spread over the rest of the economy. New water-borne traffic will in turn generate new traffic whose demands may be most satisfactorily met by rail or highway transport. New industrial developments along the Seaway, the Great Lakes and the lower St. Lawrence will create new traffic flows of raw materials, semi-processed materials, finished products and by-products alike, which will involve areas increasingly distant from the Seaway area itself.

* * *

With regard to port traffic, particularly in the overseas trade, the Seaway's effect cannot be reduced to a simple formula. Just as the effect on industrial development is going to be felt both above and below the Seaway, so the effect on port traffic will not be simply a transfer of present export and import traffic to Great Lakes ports. We have some advance indication of the Seaway's effect on this traffic from the growth of Great Lakes-Overseas traffic through the St. Lawrence canals in the first postwar decade. In spite of the growing volume of this traffic it is only a small part of the total volume of trade. More-

over, as the Seaway will be closed to navigation during the winter months, the overseas traffic that it develops may be diverted to Atlantic ports during that part of the year.

Nor should the effect of the Seaway in providing an improved water route between Central Canada and the Atlantic Provinces be overlooked. Historically this link has always been provided by the railways, but there is reason to anticipate that the water route will gain in importance in the coming years. With the entry of Newfoundland into Confederation the flow of trade between the new province and Central Canada has greatly increased. Mining and other developments around the shores of the Gulf of St. Lawrence and in Labrador should also help to create conditions favorable to more extended use of water transport to and from the Great Lakes area.

From the Western Provinces grain should reach the seaboard with considerable savings in transport costs, owing to the elimination of trans-shipment from lake to canal vessels and the use of lake vessels to Montreal and lower St. Lawrence ports. Here as in the general merchandise export and import trade, we must not expect to see the Seaway completely displace all competing routes. Once again the seasonal factor must be taken into account in addition to the large number of other factors which influence the total cost of bringing grain to the ultimate overseas customer.

In short, the St. Lawrence Route with the completion of the Seaway is to be placed in the most favorable economic position in its long history. The hopes of a century or more ago that it would become a main trade route between the Middle West and Europe now seems almost within a step of realization. The St. Lawrence hinterland has been progressively enlarged from the narrow limits of the Southern Ontario Peninsula and the lower St. Lawrence to the Canadian West by the railways and now to the American West by the Seaway. For the first time in history the people of the Middle Western States are coming to regard the St. Lawrence Route as their main outlet to the markets of the world. The Route is to become an international route. There can be no question but that every ton of traffic that moves over the Seaway will act as a magnet to draw industry and commerce to the Seaway area, which in Canada embraces the territory from Lake Superior to the Atlantic Ocean. One hesitates to say that the Seaway marks the final chapter of the story of the development of the St. Lawrence Route — much may be yet to come — but at any rate it constitutes the most noteworthy and exciting chapter in that story to date.