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Canadian National: The Continental Railway

According to the Laurentian theory of Canadian history, Canada as a nation developed from east to west because of the immense inland waterway of the St. Lawrence River, the Great Lakes, and Sir John A. Macdonald's transcontinental railway, the natural extension of the maritime route. The importance of railways in the evolution of Canadian society cannot be underestimated. And now, railways are once again at the core of another historical phenomenon: the continentalization of North American society.

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The National Dream





News in Review

February 2000

Introduction

Canadian National: The Continental Railway

We Canadians are often chastised for not knowing enough about our own history. In some ways that might be true, but there is one historic image and event that is recognized by Canadians young and old. It is summed up by the photograph of David A. Smith, with a long white beard and black stovepipe hat, driving home the ceremonial last spike of the Canadian Pacific Railway at Craigellachie, British Columbia, on November 7, 1885. The image has become a visual symbol of the collective Canadian culture and as such indicates that Canadians have a fundamental awareness and understanding of the railway as integral to the nation's development. Historically, increased access to railway lines for the shipment of goods and for assuring the defence of Canadian territory from foreign invasion consequently uniting the country were central reasons behind Confederation in 1867. Indeed, as additional provinces joined Canada in the succeeding decades, the expansion of the railway, or greater access to it, was a key determinant. As a logical extension of the St. Lawrence and Great Lakes maritime transportation route, the transcontinental railway completed the east-west geographic unification of the nation.

The construction of the railway is also associated with one of the darker periods of Canadian history: the exploitation of Chinese labourers. These labourers received \$1 a day for extremely hard, dangerous work. And when the railway was completed, there was nowhere for these men to go since most could not afford passage back to their home country and they were prohibited

from working in most jobs in British Columbia.

But given the vast and problematic geography of Canada, the construction of railways across the country is a story of perseverance and triumph: perseverance to overcome obstacles such as critics who said it was impossible, shortages of funds, changes in government, and the railway scandals; triumph over a huge, sparsely populated land mass, and tremendous engineering difficulties.

In light of this historical context, it is not surprising that when it was announced on December 20, 1999, that Canadian National Railways was combining with the American railway giant, Burlington Northern Santa Fe, many Canadians became concerned. Some feared this was just another example of an American takeover. After all, Eaton's recently went out of business, and many of its retail outlets were purchased by the American retailer Sears through its Canadian division. Most Canadians live in areas where U.S. giants McDonald's, Burger King, and Wal-Mart stores proliferate. Some Canadians resent the concept that bigger is better and the assumption that larger profits for shareholders should come before the wishes and needs of local communities. But other Canadians embraced the new plans of Canadian National. Many in the shipping industry are excited about the continentalization of the railway seamless rail routes from North to South and they hope that the railways will be able to gain back some of the revenue lost to truck transport in the past 10 years.

Our own historical experience has taught us the importance and impact of a transcontinental infrastructure, and while no one can be certain at this point whether or not this North American partnership will benefit average Canadian citizens, it is certainly true that business deals such as this are being announced on a weekly basis. In an era of mega-mergers and increased borderless economic activity, Canadians are asking hard questions regarding how such initiatives will impact in the long run on Canadian sovereignty. There is no doubt, however, that at a time when rail transportation is still an essential system for commerce and industry in the North American infrastructure, the effects of the wave of continentalization will be felt.

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The National Dream





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The Deal Makers

Canadian National: The Continental Railway

On December 20, 1999, Montreal-based Canadian National Railway (CN) announced that it had entered into a deal with Texas-based Burlington Northern Santa Fe Corporation (BN) to create North America's largest freight railway. By combining their current holdings, the new company, called North American Railways Incorporated, will have over 80 000 kilometres of track, 67 000 employees, and revenues of \$18.5-billion (Cdn).

According to the company's press release, the deal will have a number of benefits, including: helping shippers to take advantage of the fast-growing north-south trade flows within North America, allowing access to new markets throughout North America, increasing revenues, and offering increased employment opportunities. If the deal receives the approval of each company's shareholders, the courts, and the United States Surface Transportation Board, North American Railways (NAR) could become a reality in mid-2001.

Bilateral Viewing

As you watch this News in Review story, record the arguments for and against this deal as they are presented in the report.

After summarizing and reviewing these arguments as a class, discuss the following:

1. In general, who do you think will be more supportive of this deal, Canadians or Americans? Explain your answer.

2. Explain who, in your opinion, stands to gain the most from this deal: CN or BN? Canadians or Americans?

Looking at Mergers, Takeovers, and Combinations

Although the deal between CN and BN is being called a merger by many people, it actually is not. In a merger, one company usually buys another and the two are merged into a single entity. No money is changing hands under the terms of the CN-BN deal, and the two are simply combining their operations to form a new parent company. The head office will be located in Montreal, and the majority of the board of directors will be Canadian. NAR's new 15-member board will consist of six directors from CN's existing board, six from that of BN, and three new appointees. These will include Jean Monty, president of BCE Incorporated, and Laurent Beaudoin, chair of Bombardier, both executives with high-profile Canadian companies. As well, both CN and BN deny that this deal is a takeover, even though BN dwarfs CN in terms of both revenue and employees.

As you view the story for a second time, record information on other mergers and takeovers that have occurred in recent Canadian history and then proceed to the analysis questions below.

1. Is there evidence that the CN-BN deal is part of a larger trend toward the Americanization of Canada?
2. Is Canadian culture affected by mergers, takeovers, or combinations that involve American and Canadian companies? Explain your answer, citing evidence.

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Public Reactions and Public Relations

Canadian National: The Continental Railway

Not surprisingly, news of the CN-BN deal generated a variety of opinions and reactions. When such a major business deal takes place, the public relations departments of the companies involved work hard to present the deal in the best public light because public support for the agreement is in the companies best interests. On the other hand, media and other public watchdogs look critically at the deal in order to protect the general public's interests. After reading the comments below, write a short opinion piece in which you argue that the creation of a new North American Railways network should or should not be embraced by Canadians. Post your opinion pieces on the bulletin board and, as a class, spend some time reading the media wall you have created.

The rail shippers' reaction is almost unanimously negative, and it has nothing to do with the two companies. . . . There's just this feeling that railroads aren't providing quality service now, why do we need another merger? Ed Emmett, president of the U.S. National Industrial Transportation League

We were ecstatic to read the news this morning. We were excited when CN bought Illinois Central Corporation last summer and even more excited this morning. There is real value in this for us and our shippers. Darell Hornby, president and chief operating officer of Clarke Incorporated (the largest freight forwarder in the country)

When companies find themselves in a monopoly, they tend to act like monopolies. It'll be a double-edged sword. It'll be seamless transportation on one railroad from Halifax to Long Beach, but you'll have no choice but to use it. When negotiating [shipping prices] you need a viable alternative to present to them. And there will be few viable alternatives. Lisa MacGillivray, president and managing director of the Canadian Industrial Transportation Association

The port of Halifax should benefit if the deal goes through because it will be the only North American Railways port on the Atlantic seaboard. We'll be able to access the entire Midwest market through one company. This will open a lot of doors to us. . . . We have a monopoly now because CN is the only railway that serves Halifax. But if CN takes advantage [of its monopoly position] the shipping lines will go somewhere else and we're out of the game.

David Bellefontaine, president and chief executive officer of the Halifax Port Authority

Nobody in the trucking industry is losing any sleep over it. We don't see any significant inroad into trucking. They'll have to improve their service and their prices. Otherwise, it won't knock trucking out of the roadway. David Bradley, chief executive officer of the Canadian Trucking Alliance

The question remains whether the proposed merger represents a de facto takeover of CN. The deal has that appearance. For starters, roughly 80 per cent of the shares in NAR will be held by Americans. . . . That is why it's important that our MPs, through the House of Commons transportation committee, conduct hearings into the proposed merger. . . . After all, it was Parliament and taxpayers' money that originally created CN. David Crane, feature writer in The Toronto Star, January 4, 2000.

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Another Identity Crisis?

Canadian National: The Continental Railway

At the press conference on December 20, 1999, when Paul Tellier and Robert Krebs, CEOs of Canadian National and Burlington Northern Santa Fe, announced that Canadian National was combining with Burlington Northern Santa Fe, Tellier seemed aware that many people were going to see this deal as just one more in a long line of business decisions that are Americanizing Canadian culture. As mentioned in this News in Review video story, over the last few years, more and more corporate names from south of the border have headed north. They have grabbed an ever-increasing share of the market and they have changed the face of business in Canada. For example, Eaton's, a long-established department store chain, recently went out of business, and many of its stores were bought up by the giant United States retailer Sears, through its Canadian division. Car companies in the United States are the driving force of the Canadian auto industry, and hockey, our national sport, is so big in the United States that huge salaries there could force most teams in Canada out of business.* Recent mergers in Canada include an important one that took place in the forestry industry, when B.C.'s MacMillan Bloedel was taken over by U.S. forest giant Weyerhaeuser. However, in another deal, Alcan, a Canadian company this time, formed the world's biggest aluminum company by combining with Pechiney and Alusuisse Lonza Group of Switzerland. And in the telecommunications industry, AT&T Canada Corporation and MetroNet Communications Corporation merged in a deal valued

at about \$7-billion. This announcement came just one day after Bell Canada formed a key alliance with MCI WorldCom Inc., the second-largest U.S. long-distance provider.

*For more on this issue, watch for *The Senators: Selling the Home Team* in the March 2000 issue of *News in Review*.

Part of a Larger Whole

1. The question that usually arises when transborder business deals occur is what the impact will be on Canadian culture the mouse in bed with an elephant as former prime minister Pierre Trudeau referred to it. Because culture is the sum total of the knowledge, beliefs, arts, laws, social values, norms, and collective behaviour patterns of a people, anything that has a significant impact on one or more of these, also has an impact good or bad depending on one's point of view on the collective sense of identity. With reference to Canada's railways and the above cultural components, make notes in which you summarize how the railway system in Canada has been and continues to be part of the Canadian identity.
2. Now make notes in which you speculate as to how a new continental and transborder railway giant could have an impact on the Canadian identity.
3. Many transportation analysts predict that, some day in the future, there may be only two railway companies left in all of North America: the new North American Railways and the United States railway giant, Union Pacific. As a class, discuss the strengths and weaknesses of such a monopoly in economic terms but also in terms of its impact on culture. For example, would such a situation lead to a stronger North American identity, a weaker, more homogenized Canadian identity, a dominant American identity, or something else?
4. Write an opinion piece that supports or refutes the notion that Canada is really more North American than Canadian already and that the disappearance of CN and Canadian Pacific would be of little consequence. Consider the influence of the United States in the areas of television and radio, films, the music industry, clothing, values, and food.
5. The presidents of both CN and BN have stated that neither company will be adversely affected by this business deal. Visit the Web sites of both companies at www.cn.ca and www.bnsf.com and compare their Vision Statements. Do the companies seem to have a similar philosophy and approach to business? Do they seem to approach employee and customer satisfaction in a similar manner? Are there any elements of their Vision Statements that seem to contradict one another?

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The Historic Railway Link

Canadian National: The Continental Railway

Rail transportation was one of the foundations on which Canada was built. As you read through the following timeline, make notes on how the development of rail transportation helped our country advance and progress. After your list is complete, write a summary statement that begins, Canada could not have developed as it did without the system of railway transportation. Also use an atlas or map of North America to trace the routes mentioned.

1850s During this decade, two railways are created between British North America and the United States. The Grand Trunk Railway links Sarnia, Ontario, to Portland, Maine, and by extension Toronto, Montreal, and New York. The Great Western Railway establishes a rail line between the Niagara and Detroit rivers, via Hamilton, Ontario. These early railways are the result of speculative booms, in which investors are trying to make quick profits; as a result, they were poorly planned and constructed.

1860s The next boom in railway construction happens as a result of the push toward Canadian Confederation. The supporters of Confederation promise to build a railway linking the colonies so that they can enjoy increased trade and better defence. And indeed when Ontario, Quebec, Nova Scotia, and New Brunswick unite into one entity called Canada in 1867, the promises of railways figure prominently in their decision-making.

1870s The Intercolonial Railway is completed early in this decade to fulfill the promise of increased defence and national unity that was made to the partners of Confederation. And it is not until the federal government agrees to build a railway all the way to the Pacific Ocean that British Columbia agrees to join Confederation. (This occurs in 1885.) The huge railway that will link Canada from sea to sea is the Canadian Pacific Railway (CPR). In 1873, Prince Edward Island reluctantly joins Confederation because of the severe financial problems facing its own railway. Under the terms by which P.E.I. enters the union, the federal government agrees to assume P.E.I.'s substantial railway debt.

1890-1900 By the start of the 1890s Canada is linked from east to west by the CPR. This time, however, some critics raise the alarm that a rail monopoly is developing in the west. As a result, a number of competing rail ventures begin. The Canadian Northern rail line is developed in 1895 with the merger of a number of small Manitoba lines. And in 1903, the Grand Trunk Pacific is created from Winnipeg to Prince Rupert. During the same year, the National Transcontinental links Winnipeg to Moncton. All of these lines, however, are financed by heavy borrowing, which eventually leads to their demise.

1919 This is the year in which Canadian National Railways (CN) is born. CN was actually the result of the precarious financial position of the small railways. The small lines were taken over by the federal government and amalgamated into the CNR. It was also hoped that CN would provide shippers with an alternative to the privately owned CPR.

1923 The Grand Trunk Railway is incorporated into CN. CN now has routes to Atlantic Canada, Hudson Bay, and western Canada.

1949 Newfoundland joins Canada as a province, with assurances from the federal government that it will be provided with rail services. Consequently, the Newfoundland Railway merges with the CN network.

1988 CN closes the Newfoundland Railway, a controversial decision for Newfoundlanders especially. As compensation, the federal government makes major expenditures to improve the province's highways.

1992 Paul Tellier is appointed president and chief executive officer of CN.

1995 CN is privatized. The Canadian government sells its interest in a \$2.16-billion initial public offering.

1996 CN fires 1500 employees, sells its train-maintenance company to a French company, sells \$100-million in real estate, and signs a joint-marketing agreement with Illinois Central Corporation.

1997 CN sells a rail network in northern Alberta and the Northwest Territories, and begins disposing of other small, unprofitable routes.

1998 CN agrees to buy Illinois Central Corporation for \$3-billion (U.S.) in cash and shares.

1999 CN completes the Illinois Central acquisition, and agrees to combine with Burlington Northern Santa Fe to create North America's largest railway.

Follow-up Activity

1. Focusing on the 20th century, identify the year or decade in which, in your opinion, a shift in the role, purpose, or importance of rail transportation in Canada occurred. How would you characterize this shift? Was it a decline, a transformation, a renewal, a reorganization, or something else? Give reasons for your analysis.

2. Suggest at least two major factors that influenced the evolution of Canadian railways over this period of time. To what areas of Canadian society do the factors you have identified belong or pertain? Compare your analysis with that of other students.

3. Suggest how this timeline reflects (a) Canadian history, (b) North American history, (c) U.S. history, (d) global economic history.

4. Using a map of North America or an atlas, identify the key geographic points on this timeline. What is the strategic importance of these locations in 2000? Have they increased or declined in importance in terms of transportation or remained the same but perhaps for different reasons? Explain why this would be the case.

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A Policy for a Developing the Nation

Canadian National: The Continental Railway

A Three-part Commitment

John A. Macdonald and his Conservative Party won the 1878 election on the strength of three declared priorities that together came to be known as The National Policy. One part of the policy called for tariffs to be placed on foreign products to help support local manufacturing, mining, and agriculture, and to protect Canadian interests from unfair competition. While campaigning in the Eastern Townships of Quebec in 1877, Macdonald argued for the need for such protectionism, stating, We will not be trampled upon and ridden over, as we have [been] in the past, by capitalists in a foreign country.

The other two parts of The National Policy were the encouragement of western settlement and the construction of a transcontinental railway to the Pacific coast. The railway was the key, because without it western settlement would be very difficult. In addition, without immigration and settlement in the west, there would not be substantial new markets for the newly protected Canadian industries. Macdonald's passion for the railway was very evident in the following comment he made to Sir Stafford Northcote, the Governor of the Hudson's Bay Company: Until this great work is completed, our Dominion is little more than a geographical expression. The railway once finished, we become one great united country with a large interprovincial trade and common interest.

Analysis

1. What did Prime Minister Macdonald mean when he said that without a railway Canada was little more than a geographic expression ?
2. Make a list of specific reasons why would it have been difficult for the west to be settled without a railway. Think about what is required to move and settle large numbers of people in a land like that west of the Manitoba-Ontario border. Use a map of Canada to complete this activity.

National Dream or National Nightmare?

Macdonald's dream of Canada being united from coast to coast would prove to be difficult to achieve. The size of the country and its geographical challenges made construction extremely slow, expensive, and dangerous. In particular, the construction of the railway through the Rocky Mountains claimed hundreds of men's lives. In his book *The Last Spike: The Great Railway, 1881-1884*, Pierre Berton describes the danger men faced while trying to blast holes through the mountains along the Fraser River in British Columbia: Hell's Gate on the Fraser, a traveler could stand and watch the agony of construction taking place directly across the foaming waters. It seemed impossible that a road could be carved out of those dripping black cliffs. Here men could be seen suspended at dizzy heights against the rock walls, let down the cliffs on ladders secured by ropes attached to trees on the summit so that they could drill blasting holes into the face of the escarpment. Each time a shot was fired, the men had to clamber up the ladders as swiftly as possible to escape the effect of the explosion. Engineers made their measurements and took their cross-sections suspended on the rock face for hours and sometimes days. They worked often in their bare feet, which they believed ensured a better footing. A break or a slip in the rope, a rock toppling from above, or a premature blast meant certain death.

Injuries and death were common occurrences for the railway workers. Some men suffered serious burns when they lit their cigarettes or pipes with hands still covered in blasting powder. Others were killed when they returned prematurely to blasting sites and were caught by secondary explosions. Berton writes about one man who was hiding behind a tree 200 feet from a tunnel about to be blasted. Despite his precautions, flying debris severed his nose from his face. Huge rocks would often fly out of tunnel openings, and larger explosions touched off avalanches and mudslides. Berton notes that the number of injuries and deaths from railway work was so high the hospital at Yale, a city near the blasting operations in the Fraser Valley, had to be enlarged.

Analysis

1. Make a list all of the reasons why men at this time would have wanted to or needed to become railway workers, especially given the dangers and difficulties. What psychological motivation especially might have encouraged them to sign on?
2. In Canada today, such construction work is highly regulated in terms of safety and workers job conditions. Why would few such control measures have existed in the years 1881-1884? In your opinion, how should this construction project be described in Canadian history texts?

A Dark Chapter

Hundreds of kilometres of railway track across Canada were laid by Chinese immigrant labourers. The first Chinese had come to British Columbia from California in 1858 to search for gold in the Fraser and Cariboo Rivers. Anti-Chinese sentiment was growing throughout the 1860s and reached a peak in 1878, when the province passed two discriminatory laws. The first prohibited the employment of Chinese in any public jobs in the province. The second imposed a head tax of \$10 on all Chinese who wished to immigrate to Canada a tax not imposed on prospective immigrants from other nations. This provincial head tax was only in place for two weeks until it was ruled unconstitutional by the British Columbia Supreme Court, but it created further animosity between Chinese and non-Chinese.

When Andrew Onderdonk won the contracts to build four stretches of the Fraser River section of the railway he knew would have to employ about 10 000 men. When he arrived in Victoria in 1880 to begin recruitment he was met by the Anti-Chinese Association, which wanted assurances that he would not hire any Chinese. Onderdonk assured the delegation that whites would be given first preference in all cases, followed by French Canadians from eastern Canada, and then Indians and Chinese if absolutely necessary.

Onderdonk was not able to secure an all-white labour force for a number of reasons. First, there was a railway boom occurring in the western United States and Canada. Onderdonk, who was operating on a strict budget, could not afford to pay his labourers as much as the American railways could. For example, a bridge carpenter could make \$3.50 a day in the United States, but only \$2.50 in Canada. In contrast, a Chinese worker could be employed for a mere \$1 a day. Second, Onderdonk was asking men to come all the way to uninhabited British Columbia when much of the construction work of the Northern Pacific Railway in the United States was happening in more settled country. Men were reluctant to move all the way to Canada without their families just to live in railway camps. Third, the only surplus of

white men available for railway work seemed to be located in San Francisco, California. The majority of these men, however, were not suited to railway work. They had not been involved in physical labour in the past; most had been employed as clerks in stores and banks. The railway supervisors were horrified when some of them showed up for work on the blasting sites in patent leather shoes and dress pants.

In contrast, the Chinese workers tended to be very self-sufficient and hard working. They moved easily in the wilderness terrain, set up their own camps, cooked their own food, and carried all their provisions on their backs. And they were strong. Because of the Chinese workers' skills and adaptability, railway superintendent Michael Haney found it possible to move 2000 of them a distance of 25 miles and have them at work within 24 hours. He found that this could not be achieved with a similar number of white workers in less than a week.

Unfortunately, when the Onderdonk sections of the railway were completed, few of the Chinese could afford to pay for the passage back to their home country. Furthermore, when they were discharged from their positions there were few other employment opportunities available to them. And because the men had expected to return home in a few years, most had not attempted to learn the language or adopt the local customs. So there were few options for these men who had worked so hard for so little for so long. As Pierre Berton writes, Cheap Oriental labour undoubtedly saved Andrew Onderdonk from bankruptcy. Without the Chinese it is probable that he could not have completed his contract.

Analysis

Today in Canada, we pride ourselves on being a multicultural nation in which racism generally is not tolerated. In your opinion, how should Canadians today look upon the historical involvement of Chinese immigrant labourers in the building of our transcontinental railway?

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Leading the Way in the New Millennium

Canadian National: The Continental Railway

With his National Policy, John A. Macdonald established a clear direction for a developing nation. A critical component of the challenge he bequeathed to Canada was the need to maintain and perpetuate that leadership. Such leadership is especially important in a transcontinental and transborder system such as the CN. But leadership is a concept, a practice, and a personality style that requires careful definition. What makes a good leader? Studies have shown that in most presidential elections in United States history the tallest of the candidates has been elected. How many people would list height as a leadership quality? What is the importance of intelligence, integrity, and experience as leadership qualities? What is the most important leadership quality? As you read through the short biography below of Paul Tellier, president and chief executive officer of CN, make notes of the leadership qualities you believe he has. Consider general categories such as education, experience, and personality characteristics. Suggest leadership qualities he might have that you believe are critical to the operation of a North American transcontinental railway.

Rebel on the Rails?

Paul Tellier was born in Joliette, Quebec, in 1939, and it is reported he had a rebellious streak even at a young age. A challenging teenager, it appears he did not accept authority very well; he was actually thrown out of school on more than one occasion. He was bright, however, and ended up studying law at

the University of Ottawa and at Oxford University in England. While teaching law at the University of Montreal, he was hired as an executive assistant to Liberal Energy Minister Jean-Luc Pépin. His success in this position launched him into a long, respected career as a civil servant.

In 1968 he became an assistant secretary to Cabinet in the Privy Council Office. In the early 1970s he worked for Quebec Premier Robert Bourassa as deputy secretary to the Quebec cabinet. In 1976 he worked on federal national unity initiatives and Quebec issues after the Parti Québécois was elected. In 1979 he became federal Deputy Minister of Indian Affairs and Northern Development, and in 1982 moved to the Department of Energy. In 1985, he became Clerk of the Privy Council, the top public servant in the country, in the government of Prime Minister Brian Mulroney. He also became one of Mulroney's closest friends and most loyal defenders.

One friend described Tellier as having steely self-confidence as a result of his previous experience as a lawyer, law professor, and bureaucrat. A colleague said that Tellier is similar to a cavalry officer: direct, aggressive, and without guile. Another colleague also considered Tellier to be very tough, describing him as being . . . constantly at war. . . . He is not a strategic thinker; he's a tactician. These qualities allow him to make tough decisions, like laying off hundreds of workers to balance the budget at CN. Tellier can also be combative in public, once telling Liberal MP John Nunziata to shut up at a parliamentary committee meeting. In addition to these qualities, he is also described as an intelligent and loyal man.

Some people were critical of Tellier's appointment as president and chief executive officer of CN, one of the highest-paid public sector jobs in the country, because he did not have any direct railway experience. In typical Tellier fashion he brushed aside the criticism, saying: I don't think CN needs an experienced railroader at the top at this point in time. It needs somebody who can provide leadership, and I am convinced that I can do so.

The Business of Leadership

One organization that is in the business of identifying and recruiting leaders is Caldwell Partners, an executive search firm in Canada. In order to fulfill the needs of its clients, who hire the company to help it in its search for senior management, the company has developed a list of criteria for determining excellence in leadership. In addition, each year it gives its CEO of the Year Award to one leader in the country. In 1998, Caldwell

conferred that honour on Paul Tellier. To be considered for the award, candidates must excel in all of the five areas summarized below. Give reasons why Caldwell Partners would have identified these leadership qualities. To what extent do you believe each did or did not play a role in the building of the transcontinental railway in Canada? What role has each played in the recent railway merger? How might the social and political climate of 1881-1884, as opposed to that which we see in the year 2000, have influenced how each of these qualities applied?

Vision and Leadership

Caldwell Partners look for CEOs nominated for the award who demonstrate insight, discernment, and ability to lead and inspire in specific situations or initiatives. An exemplary leader has guided his or her organization to a new level of growth, achievement or recognition.

Corporate Performance

Noting that Financial information is an important indicator of success, Caldwell's advisory board examines the financial statistics for the nominee's organization for the preceding three fiscal years as further evidence of effective leadership.

Global Competitiveness

Situations where the nominee has foreseen potential new markets abroad and has subsequently enhanced operations in other countries, set up foreign ventures or expanded the organization's affairs internationally are considered indicators of excellent business leadership. Caldwell also points out that It is important to recognize any internal or external barriers to this global expansion, and strategies used by the nominee to overcome them.

Innovative Business Achievements

Caldwell looks at the nominee's organization and how it is unique or innovative in its relationships with its employees and its customers. The advisory board also examines the organization's major products and/or services. The company's uniqueness and the way in which it has demonstrated excellence in its field reflect well on the leadership of its CEO.

Social Responsibility

While assessing corporate performance and innovation, Caldwell also looks for a truly outstanding CEO [who] uses his or her private-sector skills and creativity to help the community overcome social or environmental problems.

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Using both the print and non-print material from various issues of **News in Review**, teachers and students can create comprehensive, thematic modules that are excellent for research purposes, independent assignments, and small group study. We recommend the stories indicated below for the universal issues they represent and for the archival and historic material they contain.

Merger: Canada's New Flight Plan, October 1992
Canadian Airlines: Fighting to Survive,
February 1997
Bank Mergers: Is Bigger Better? November 1998
Air Canada: One National Airline, December 1999

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News in Review

February 2000

Discussion, Research, and Essay Questions

Canadian National: The Continental Railway

1. The other major transcontinental Canadian railway is the Canadian Pacific Railway (CPR). The CPR has taken a different approach from that taken by CN in planning its future. In particular, David O'Brien, chairman and CEO of the CPR says that his railway prefers to grow through alliances with companies in the United States. This, he argues, allows smaller companies to remain independent while offering the same economies of scale as larger companies to clients. Read the cover story in the February 7, 2000, edition of Maclean's magazine to learn more about the differences between CN and the CPR. The article can also be found on Maclean's Web site at www.macleans.ca.
2. Conduct research into the role that the railway played in the Red River Rebellion and the execution of Louis Riel. Prepare a short report to present to your class.
3. On a map of North America, draw the main rail routes currently under the control of CN in one colour and those under the control of Burlington Northern in another colour. List three major differences between the routes currently operated by the Canadian and American railways. Why might farmers in western Canada be concerned about the CN-BN deal?
4. There were a number of men who played a significant role in the development of the railway system in Canada. Conduct research into one of those listed below and prepare a short biography of the person that outlines the person's background, personality characteristics, and his contribution to the railway. Present your biography to the class. William Van Horne, George

Stephen, Thomas Shaughnessy, Edward Beatty, Buck Crump, Ian Sinclair, John A. Macdonald, Wilfrid Laurier, Donald A. Smith, Sandford Fleming, Andrew Onderdonk, James Ross.

5. Read a passage from one of Pierre Berton's great books on the railway, *The National Dream*, or *The Last Spike: The Great Railway, 1881-1885*. Then write a journal or diary entry as if you were a labourer living in one of the railway camps at the time. Try to make your entry as authentic and historically accurate as possible.

6. One of the reasons history is so important is that if we study events that have occurred previously, we can often learn from those experiences and perhaps not repeat similar mistakes. Conversely, we can capitalize on the elements of those events that were a success. Research and analyze one of the following railway mergers listed below that occurred in the United States in the past five years, and prepare a short report on your findings. Include a brief overview to the merger itself, the benefits of the merger, and any problems that have occurred because of the merger. Conclude your report with a statement about what Canada can learn from the American experience. Possible mergers to consider include: Burlington Northern and Santa Fe in February 1995, Union Pacific and Southern Pacific in August 1999, Conrail and CSX Corporation in October 1996.

7. Railways have left their mark and legacies on Canadian life in more ways than one. Some older railway lines have been converted into hiking and ski trails; a number of lines now run only historic trains on special excursions; and many lines have become part of public parks and other public spaces. Find traces of former railways near where you live and present a report outlining how the line still defines the Canadian landscape.

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News in Review

February 2000

Introduction

World Trade: The Subsidy War

At first glance it seemed strange and incongruous. Farmers, students, labour unions, fishers, students, environmentalists, self-styled anarchists, and church organizations were all marching in protest together through the streets of Seattle. All came for one reason: to declare their opposition to policies and actions of the World Trade Organization (WTO) at its third Ministerial Conference. But why would an estimated 50 000 people come from all over the world just to protest a meeting of trade ministers, politicians, and civil servants? Why would international trade be such a volatile and controversial issue?

With the increased globalization of the world's economy, many feel that the sovereignty of individual nations is at stake. North American farmers believe that the generous, and in their view unfair, subsidies European farmers receive for their grain are artificially driving down the price of grain on the global markets, and they want the WTO to address their concerns. Subsidies are government grants to food producers that allow them to cover some of their costs and to therefore be able to sell their products to the public at lower prices. From the North American farmer's experience, such subsidies upset the delicate balance of international commodities markets by reducing competitiveness and access to markets by those farmers not subsidized. On the other hand, farmers in Europe are upset that the WTO sided with the United States in a dispute over hormone-treated beef. And labour unions are angered that many jobs are being lost when companies move operations to less developed nations where