

housing and wants to make a killing and charges high rates, the workers will in turn ask for higher wages to pay for that, and that is where we pay. So, in some respects we want to develop the community and we hope it will be one of the finest communities in Canada. If any of you have visited Arvida, you will agree that we have a pretty fine community there. On the other hand, it costs a lot of money but it is our plan to at least start the initial development and probably for this first stage, which is just under 100,000 tons annual capacity of production to put in most of the townsite development.

Q. One last question. Will the production of aluminum in Kitimat affect your production at Arvida?—A. We hope not, but we, of course, cannot read what the future has in store for us. We are optimists on the future of the development of aluminum. We feel that the need for aluminum is expanding tremendously not only for defence but primarily for civilian economy, and we have every hope that not only will this development in Kitimat not interfere with the production facilities in the east, but that the demand will require further expansion in due course, and it is for that reason, gentlemen, that we are planning well beyond the first stage. I think it might be of interest to all of you to know that this power development and practically everything that is being done today, except the installation of the generators and the lining of one penstock is sufficient for the development of at least one million horsepower. The dam itself, of course, is required for the ultimate development. We do not need that dam for the initial stage, but in order to be prepared, in order to look forward to the future we felt it was good business to build the dam now. We are building one 25-foot diameter tunnel through the mountains—two are required for the ultimate development—so that the one tunnel will give us better than half the ultimate development. We are building a transmission line from Kemano to Kitimat, part of which is good for the whole development, the part that goes over the mountain pass, the other is for half the development. So I say with the exception of some generators and the lining of a penstock—a rather relatively small proportion of the total cost—we will have power potentiality there available right from the start equivalent to practically one million horsepower, which is about three times what we are going to need for the initial Kitimat smelter production.

Q. The way I understand it, Mr. Whitaker, is that Arvida is a door open on the east and Kitimat will be a door open on the west. Is that it?—A. That is right.

Q. After having heard you, Mr. Whitaker, I must say that you are quite a miracle man, because you have converted me to your project.

*By Mr. Herridge:*

Q. Mr. Chairman, I would just like to ask one question of Mr. Whitaker, arising out of a question asked by Mr. Pouliot with regard to water frontage. In your arrangement with the provincial government for water frontage what amount of harbour facilities or water frontage will you control and what amount is left for the development of other industries?—A. Well, as I recall, I personally have not been involved in the dealings with the provincial government but by and large we are going to practically have all of that area granted to us. I must say this; that a great deal of this area is worthless because of the Kitimat river and a very substantial part of it has to be reserved for all time for flooding from that river. But there still remains quite a sizable heavy industrial site and I am sure any industrial people who want to go in there will have no difficulty about making suitable arrangements with us. We will be glad to do all we can to encourage them.