

St. Lawrence Seaway Authority Act

in Canada, particularly in Quebec and northern Ontario. It appeared necessary that the project be undertaken in order to bring the raw resources and particularly iron ore from Canada to the great steel mills of the United States.

At that time, as was stated by the Leader of the Opposition, the Canadian government took a strong position or, in the vernacular, "got tough". The government told the United States that they had monkeyed with the project long enough and that Canada could now see its way clear to proceeding with the building of the seaway and the canals on the Canadian side without assistance. The government made a good case and was able to impress on the United States that it meant business.

Negotiations got under way immediately and there were interesting ramifications as a result of the stand taken by the Canadian government. One individual in the United States defence department is reported to have said that the United States would be asked to pay about one-third the cost and Canada would pay the rest. He expressed the opinion that it was a good investment and urged the United States government to accept it. To a degree the United States lobby had been broken down. An individual in another department of government in the United States pointed out that if Canada were to proceed with the project independently it would have complete control of the seaway and the channel and therefore as a matter of security the United States government should participate. Negotiations continued and an agreement was reached. There were some obstacles with respect to power development but, as was mentioned by the hon. member for Laurier, the late Robert Saunders of the Ontario hydro did a remarkable job in persuading the appropriate authorities in the United States to reach agreement with respect to power projects. This was perhaps the greatest difficulty encountered throughout the 33 years of negotiations.

As a result of this a series of agreements were reached culminating in the agreement in 1951 between Canada and the United States. This operated very well until the usual powerful lobbies in the United States began to operate. The powerful interests in Canada that were opposed to the project were no longer a source of concern because they recognized that the seaway would have beneficial effects. The lobbyists in the fields of transportation and electricity in the United States, combined with other pressures, to effect changes in the 1951 agreement. The Wiley-Dondero Act 1954 came into being in the United States which resulted in changes that nullified the 1951 agreement. Regardless of our toughness, the agreement was signed and the two seaway entities were

set up and in the future we will see how the new set-up will work out in the operation of the seaway. Time will tell.

The reason I entered the debate is that the ports of Hamilton and Toronto in the province of Ontario are very seriously affected; not only that, but the whole of the Dominion of Canada is involved in this seaway. In fact, every segment of our community is vitally interested in this because of the tolls that are to be imposed. I speak of it because tolls are being added to a section of the seaway on which tolls by agreement are not imposed. I refer to the Welland canal. In the past this canal has been free of tolls.

Yesterday the Minister of Transport indicated that \$23 million was the increase involved in deepening the canal to specifications determined in the autumn of 1955 and that the total for that section would amount to something close to \$30 million. This amount will have to be recovered from tolls. The hon. member for Carleton has very effectively outlined the situation in that area and he has relieved me of the chore of bringing up the matter of the Welland canal. He has shown that there have been many miscalculations, but I would put it down to inefficiency because they did not use the information which was available in the various departments. If they had used that information many of these extra expenses would have been avoided.

There are other things that relate to this but they do not necessarily involve further penalties on the Welland canal. They do however, relate to the whole operation and they are significant of what has taken place since the commencement of the building of the St. Lawrence seaway. I am not going to go into the figures; they are here. They really amount to a 60 per cent increase in the original cost that was estimated during the years. We admit that some increases are justified. There will be certain things that will creep in after a contract is let which cannot be anticipated at the time the contract was let. I refer to increases in wages, and so on, which are caused by rises in our cost index, which have their effect on labour. No one is complaining of that. Some of those items are necessary. I will not deal with them seriatim; they amount to \$104 million. As I look at them I presume that our government is going to have to pay in excess of what was estimated in the first place. I will not touch on all of them because some of them are pretty steep. I presume they are going to be paid by our government and I