

*Seaway and Canal Tolls*

10 per cent is allowed to stand, then this will mean, as Mr. Charles Gibbings, president of the Saskatchewan Wheat Pool has stated, an increase in the shipping costs to the prairie farmer of roughly 1½ cents per bushel. I do not need to detain the house by elaborating on the predicament in which the prairie farmer has been since 1951 when his costs have steadily mounted, whereas the general price index for the things he has to sell have remained more or less stationary. The farmer has been caught in a cost-price squeeze. His net income in relation to other economic groups in the community has not advanced. He has been caught in a cost-price squeeze and that squeeze will be further accentuated if the cost of shipping his grain to seaboard through the St. Lawrence seaway is increased by another 1½ cents per bushel.

It is not only the western farmers who will be affected. This increase will affect industry in central Canada. As my colleague, the hon. member for Skeena (Mr. Howard), pointed out this afternoon, on the basis of information and research which has come to our attention there are about one million tons of iron ore with regard to which the cost of shipment is so close that any increase in the tolls on the St. Lawrence seaway could divert these one million tons of iron ore to United States ports on the Atlantic. The result would be that a good deal of business would be lost to the industries in central Canada and there would be a loss of job opportunities to Canadian workers.

Of necessity, since the traffic on the St. Lawrence seaway is a two-way proposition, the price of goods coming into the country, raw materials for industry and consumer goods, will go up. All this is bound to start another round of rising costs. We have all been deluged, I am sure, with the constant complaints of people in this country who find their living costs going up much more rapidly than their income. This means that their standard of living is being reduced. We have been trying to get the government to concern itself with this problem. Even if they are not going to tackle the problem of prices, they could at least alert themselves to what will happen if the tolls on the seaway are increased and living costs in this country go up further.

The cost of living has gone up by over 4 per cent in the last 12 months, and the Minister of Finance (Mr. Sharp) in his budget estimated it will go up at least another 3.5 per cent this year. My own opinion is that it will be more. All this sets in motion labour

disputes and strikes, because wages inevitably lag behind the rising cost of living. The government here faces a very critical situation and one would expect they would have something more constructive to offer than what was presented to us this afternoon, when a minister merely told the house that under section 16 of the act the seaway authority has no choice but to raise the rates if their costs have gone up. I presume from this that the cabinet will have no choice but to approve that increase since they, of course, would not want to run counter to section 16 of the act.

There is another aspect of this problem, and that is the effect which increased tolls will have on the seaway itself. The seaway is not yet operating at full capacity. Some experts have said it will probably be 1980 or 1982 before it will reach the full capacity of ships which it can handle. Everyone knows of course that it is only when you have a project operating at full capacity that you get your per unit costs down and operate efficiently at the lowest possible cost. If tolls are increased, surely the tendency will be to reduce the traffic, or at least to prevent the traffic on the seaway increasing as rapidly as it would otherwise do; and it may well be that by raising the tolls 10 per cent the gross return to the seaway authority may not be any greater than if it had left them where they are now.

Therefore I think that the economic implications of the action being proposed by the seaway authority are so far-reaching that the government has to do a great deal more than anything they have indicated they are willing to do at the present time. As a long term view, of course, I think they ought to renegotiate the agreement with the United States and move steadily toward eliminating the tolls entirely. As a start they might base the tolls on the operating costs of the seaway and let the Canadian people as a whole assume responsibility for the outstanding debt and the servicing of that debt. But I recognize that this will take some time, and I do not expect the government to announce that it is going to start that tomorrow morning; I have never been alarmed about their showing too much haste on any critical matter.

However, I want to reiterate what we are asking for now. A few days ago on the orders of the day I asked the Minister of Transport (Mr. Pickersgill) if he would assure the house that when the seaway authority made its