of 1956, and that after that the Commission stands at the crossroads if the St. Lawrence power is not available.

Post-war demand has been growing rapidly in Quebec too, including more particularly the metropolitan area of Montreal. Several power developments or expansions are under way right now, but it appears that construction of additional facilities must start in the near future as well. Quebec is fortunate in that Lachine is not an only choice. Power needs could be met for some time by first a final expansion at Beauharnois, and next by the expansion of other sites such as that at Carillon, for instance. It is my hope nevertheless that an agreement can be reached with the Province of Quebec for a joint development for power and navigation at Lachine. Why is the project necessary from a navigation standpoint? With respect to navigation, the main objective is to remove the present bottleneck in the St. Lawrence River. Removing the bottleneck would save many millions of dollars a year in the cost of moving shipments that today pass its small canals or follow alternative routes to market. This alone would be sufficient reason to construct the Seaway. Now it also promises to be the key that will unlock for the future the iron ore fields of Quebec and Labrador. It will open large new markets for these ores in the Great Lakes area, otherwise largely out of economic reach. And, on the other side of the coin, it will give those interior steel mills the best new source of ore at the lowest cost, a matter of serious concern at the moment.

Iron Ore

The mills within reach of the Great Lakes account for about 75 or 80 per cent of the steel produced in the United States. They draw ore preponderantly from the iron ranges of the Lake Superior district. The immediate problem is not the exhaustion of these ores, although that too may be expected at some more or less indefinite time. The point is that production of the ores now in use has just about reached its maximum annual rate, and that maintenance of even that rate promises to involve a continued increase in costs. Meanwhile ore requirements continue to rise, not only because of additions to steel capacity but because with a shortage of scrap it is taking more pig iron to make a ton of steel. The problem thus is one of a growing gap between supplies and requirements.

This gap can be filled partly with imported ore from Quebec-Labrador, Venezuela, Liberia and other countries, partly by resort to such low-grade sources of iron as the so-called "taconite" found in vast quantities in the Lake Superior district. It is likely that each of these sources will get some call in any event. But without the Seaway, the great inland steel mills can expect to find their ore more costly and their supply position less satisfactory all around.

Obviously enough, the steel mills are going to use the ore that is cheapest to them. At present that is Lake Superior ore, broadly speaking. But the delivered prices of these ores have been moving upward for many decades. I have just indicated that an even sharper upward movement is in prospect. This price increase may be limited to the amount that would cover the cost of delivering imported ores to the same markets.

Processes are being developed for concentrating one type of taconite, a low-grade iron formation that exists in large quantities in the Lake Superior ranges. But the best hope is that the product would be competitive with natural ore if production could be maintained at full plant capacity. The high overhead of the concentration plants would make them vulnerable to any slackening of demand. Accordingly it appears in like manner that it would take a substantial increase in ore prices to bring a development of this source on the scale required.