

the so-called problem of transportation and high freight rates. As far as the area served by the O.N.R. is concerned, there were only two municipalities served by it that made any comments after repeated requests, and one of them commented through their industrial commission. It was not so much about the railroad's operation, it was some new ideas, and some of them were good and they have been put forward. The other one said that there was not too much of a problem that they could see except that it cost more to get goods from North Bay to this particular town on the line than it did from Toronto. The reason for saying that was that they did not look at the rate. They were probably comparing lcl with carload, or something. So, there is not really that much dissatisfaction when you get down to analysing the rates, except that they are high.

The CHAIRMAN: A supplementary from Mr. Martin.

Mr. MARTIN (*Timmins*): I think that here we have put our finger on one of the major problems of the north country, and this is the whole transportation system. The transportation structure that we have developed in this country has been based on—and it made good sense a hundred years ago—the idea of a subsidized rate for raw materials being shipped out to manufacturing centres. As I say, this may have made sense a hundred years ago. It may make sense in certain isolated areas today where there is an ore body to be developed and the ore body is not big enough to warrant the capital expense involved in building townsites, schools and all the other facilities, but in places such as the north country, which these gentlemen are talking about, it makes no sense at all. What it is doing in effect is making it more economical to ship the raw materials out of these areas and bring them down to where there is congestion and pollution and improper use of vital soil, and so forth and so on, that it is to develop it locally.

As a typical example, mention was made of the equalization of power from the north to the south, but it is only equalization one way because you pay 12 cents more for a gallon of gasoline in Timmins than you do in Toronto. Now, I am sure that it does not cost 12 cents to transport a gallon of gasoline, particularly when you are taking it by trainload in large lots. In fact, I talked to the truckers' association one day and I asked them—they are familiar with the business—what a reasonable cost would be. One of them said that if he could get a franchise of three cents a gallon he would put a fleet of trucks on the road tomorrow. These are some of the inequalities that are causing these problems.

What is happening now is that we are sending these materials to the major manufacturing centres. This is part of the problem there, the congestion and the pollution that we mentioned, and we are now faced with the situation where we have to send down fresh water to cure their pollution and we have to send down power to cure their congestion, and all we are doing is adding to the problem. It was interesting to note that they all seem to be agreed, whether we have to bribe them, force them or guide them, that something is going to have to be done with regard to direction of industry. At the present stage of development it is causing more ills than it is curing.

Mr. WHELAN: Just two more questions. I think Mr. Martin summed up their problems fairly well. I visited with the agriculture committee for a short time in February at the Lakehead and in speaking very informally with many of the people whom we visited—we were visiting the elevator facilities at the Lakehead and studying the operations of the Wheat Board—they indicated that they felt they were neglected by