

out substantially much more valuable production than at Gaspé. The C.N.R. runs just to the south of Red Lake, and I do not think anyone has suggested putting a line in there, even though they are associated with the development at Red Lake.

Mr. BALCER: All around the Gaspé area, along this line, we have a population of approximately 100,000 people. This is what makes the difference.

Mr. BOURGET: Mr. Chairman, I would like to ask the minister if it is the intention of the government or the C.N.R. to buy the little line from Mont Joli to Matane, the Canada Gulf Terminal line.

Mr. BALCER: It is not the intention to buy it; but already discussions are going on between the C.N.R. and the Canada Gulf Terminal line authorities as to running rights and cooperation between the two.

Mr. BOURGET: Has a price been mentioned?

Mr. BALCER: No.

Mr. BALDWIN: Mr. Chairman, possibly I might ask this question of Mr. Scott. Leaving out the economics of the situation vis-à-vis the railway itself, as a result of your examination of the situation, as a result of your discussions and conversations with the corporations in this area, and as a result of your economic evaluation, do you feel that the construction of this railway will, over the years, appreciably add to the gross national product?

Mr. SCOTT: Yes. Mr. Fisher says, and quite rightly, that the tonnage figures I gave him are quite small; but you must bear in mind that these tonnage figures do not include one ton of ore, concentrates, or anything of that nature, because we feel that is something that must develop after the railway. While we realize they are there, and hope they will soon be developed—and the quicker the better for the operation of the railway—yet the basic traffic is predicated on what we think is realizable now.

Mr. BALDWIN: This well might have a chain reaction of setting off a series of economic growths which will add very substantially to our national welfare, particularly in this district.

Mr. SCOTT: Yes.

Mr. McPHILLIPS: It has been pointed out that the C.N.R. will be the agent for the crown in this matter. I do not know whether or not there are any financial men from the C.N.R. here. I would like to know this: will there be entirely different books kept in respect of this? In other words, I assume they will not be taken into the general C.N.R. financial account. If there is a deficit we will not have it bobbing up along with the C.N.R. deficit when we deal with Mr. Gordon in another committee. Is it going to be entirely separate?

Mr. BALCER: Yes. It will be entirely separate.

The CHAIRMAN: Mr. Belzile, have you a question?

Mr. BELZILE: No, not at this time.

The CHAIRMAN: Then, Mr. McDonald is next.

Mr. McDONALD (*Hamilton South*): I am satisfied, Mr. Chairman.

The CHAIRMAN: Proceed, Mr. Fisher.

Mr. FISHER: In relation to the point that Mr. Baldwin brought up, have you examined the situation, Mr. Scott, in northwestern Ontario where the Canadian National Railways had a line in existence next to a large discovery? Approximately 2 million tons of iron ore have been shipped from there yearly and yet the Canadian National Railways' claim seems to be that it is not meeting its costs. If you examine that situation, for example, I think you will get some idea of the reason why one would expect that you would have considerable tonnage tied down before you enter into an agreement like this. Have you