

Its development depends upon volume. You have to get up to a sale, I would think, in the nature of 4 million or 5 million tons per year. The nature of its sale is going to depend upon beneficiation because I do not think that ordinary iron ore, 49 per cent, with some impurities in it—there is a little phosphorus in it—could carry the freight. I think you have to get an article—either iron powders, sponge iron, or something of this nature—to carry the freight to tidewater.

The company—because the owners of the property are Standard of California—and indeed they found the property when they were drilling for oil—and others, are redoubling their efforts to locate a source of energy close enough to make it economical to beneficiate. The key now, in the view of the company, and in the view of the would-be Japanese buyers, is the location of energy to beneficiate there. And if that happens, we are very, very optimistic. There is a great deal of exploration going on now in respect of either oil or gas.

Mr. DINSDALE: The railway would be much more expensive to build than Pine Point.

Mr. LAING: Oh, yes.

Mr. DINSDALE: But, would you consider that the economic impact to this area, the Yukon, would be similar to that of the Pine Point railway in the lower Great Slave Lake area?

Mr. LAING: It would be greater. In other words, we are talking here about an investment of about \$1 billion if it goes—and some people who are far more knowledgeable, I think, than any of us around here are—are talking about when it goes. It is a very great source of ore and the Japanese have indicated to us that they are desirous of having this ore even though iron ore today seems to be in a buyer's market. They like a variety of ores and they like a variety of sources of ores. They have indicated to us that within ten years they will require some 50 or 60 per cent more ore than they are using at the present time. There is a big expansion in their steel industry.

Mr. HOWARD: If there is the volume of ore there that has been indicated, and if there is a willingness to spend a billion dollars in putting a railway into it, indicating its volume is tremendous, would it not be much more sensible for us, perhaps not through this Department, but through one of the Minister's colleagues, to use this along with other iron ore mines that exist, and properties that exist, to see whether or not we cannot develop a smelter somewhere in western Canada, so that we can be smelting this and making our own steel, instead of shipping the ore, the concentrates, over to Japan and then importing the finished product back again.

Mr. LAING: Mr. Howard is fully aware that the great cry on the Pacific coast for years has been to get a great big steel mill. But when you are dealing in items which Mr. MacDonald well describes as being world wide interest items, you have to sell the article that the buyer wants to buy. Every seller has to find a buyer, and the buyers in Japan do not want steel; they want to sell steel. They want iron ore to make steel. At this formative stage in Canada you have to pay more attention to the buyer than I hope we might have to do 50 years from now.