

*Canada Shipping Act*

took many years for the American Government to agree to co-operate in the establishment of the St. Lawrence Seaway.

The Seaway was built with the idea that it would make possible the movement of grain from Canadian and American mid-western producing provinces and states to world markets at reduced rates and would make possible the movement of iron ore from Quebec to the industrial heartland of Canada and the United States where at that time the steel industry was in operation. From the time when the Seaway was established in the 1950s until the early 1980s, that concept worked very well. However, the situation has changed dramatically.

Hon. Members know that the production and sale of iron ore from Quebec has come to a virtual stop. Certainly it has been reduced dramatically. As well, Hon. Members know that the shipment of grain from western Canada through Thunder Bay and other ports along the St. Lawrence Seaway has, for a variety of reasons, decreased substantially. As a result, if we proceed with this cost-recovery program, the costs will not be absorbed by the shippers but will be transferred to the producers and therefore to the consumers. This would naturally affect the price and competitiveness of Canadian exports and particularly the price which would be received by Canadian producers of grain.

Additional shipping costs from Canada would encourage Canadian shippers to make more use of American ports. Because U.S. cargo movement through the St. Lawrence Seaway must go through Canadian waters, this would also be a deterrent not only to Canadian shippers but to American shippers. I will try to deal with another aspect of that problem in a few moments.

This last year, cargo traffic on the St. Lawrence Seaway was down by 27 per cent from the previous year and shipments that year were down by 20 per cent from 1977's high. Grain traffic is also down substantially. As of the middle of September, it was down by 41 per cent from the corresponding period last year. To a large extent, that is due to the drought which occurred and, more recently, as a result of the rain and snow which has brought harvesting in many parts of western Canada to a virtual standstill.

This drop in traffic has resulted in much of the Canadian merchant fleet having to remain tied up. In July and August about 40 per cent of our merchant fleet was not operating. The Seafarers International Union estimated at that time that about 2,500 of its members were laid off and there were major lay-offs for grain handlers, particularly at Thunder Bay. Thus, about 51 per cent of the grain handling and transportation industries on and about the seaways were adversely affected. According to a study done for the Port of Duluth, for every job in the grain industry there were 2.5 spin-off jobs in the community. If this projection is used for Canada, we are looking at the possible long-term loss of about 14,000 jobs, at time when we have 1.25 million unemployed Canadian workers.

● (1240)

The point I am making is that the workers in shipping companies operating on the Great Lakes seaway system and the Seaway itself are already at the breaking point. They simply cannot absorb more reduction in traffic. Nor can they absorb the increased costs which the Minister of Transport (Mr. Mazankowski) is proposing and which will come into effect if this Bill is passed.

The mandate of the St. Lawrence Seaway as was originally spelled out insisted upon full cost recovery. Over the past years the Seaway was able to build up a contingency fund of approximately \$30 million. When the fund was set up it was intended that it be used in those years when the Seaway lost money in order to meet the cost recovery mandate. However, in this spring's Budget the Minister of Finance (Mr. Wilson), who has been able to find billions of dollars for big business and corporations through various tax give-aways and loopholes, decided he would take that \$30 million surplus. He absconded with the money in order to help reduce the deficit. As a result, the Seaway must look elsewhere for funds to allow it to fully recover the costs of its operations. This means in all likelihood that the Seaway will have to increase its tolls next year. The tolls have been frozen for the past two years in order to help shippers survive with declining revenues. As a result it is felt that once the tolls are removed the increase will be substantial. Given that no improvement in the situation on the Seaway is projected for the next year, a substantial increase in tolls will have a severe and adverse effect. As a result of reduced traffic and, therefore, reduced revenues, the St. Lawrence Seaway, as well as the workers, shipping companies and communities who depend on transportation will be in serious trouble.

The case which I have been making is not merely a case which is being made by members of the New Democratic Party for partisan political reasons. The case I have been making has received support from the Dominion Marine Association, which represents most of the vessel owners on the Great Lakes seaway; the Great Lakes Waterways Development Association, which represents many of the shippers, users and communities along the seaway, including companies such as Stelco, Ontario Hydro, Cargill, the three prairie wheat pools, Dofasco, Iron Ore Company; the Seafarers International Union, which represents those workers on ships of whom so many are unemployed; the Brotherhood of Railway, Airline & Steamship Clerks, who represent the grain handlers of Thunder Bay, many of whom are unemployed and have been for some considerable time; and the Public Service Alliance of Canada which represents grain inspectors.

We say that what the Government is proposing will affect not just Thunder Bay but a whole series of cities and towns from Thunder Bay to the Province of Quebec. Apart from Thunder Bay in which 60 per cent of the grain handlers are unemployed, and apart from the seamen, of whom 50 per cent are now unemployed, there is Port-Cartier, in which 50 per cent of the people who work in the grain trade are now unemployed. In Baie-Comeau, 45 per cent of the workers are