

THE SECRETARY OF DEFENSE
WASHINGTON WHITE HOUSE

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Dear Mr. Adams:

Further reference is made to your memorandum of January 31, 1953 requesting the views of the Department of Defense with respect to S. 589 and H. J. Res. 104, which would provide, among other things, for the creation of the Saint Lawrence Seaway Development Corporation to construct part of the Saint Lawrence Seaway in United States territory in the interest of national security, and to the memorandum from the Great Lakes - St. Lawrence Association in support of such bill and joint resolution. Reference is also made to the interim reply to you of February 19, 1953 stating that this Department continues to support the principle of the construction of the St. Lawrence Seaway and to favor a participation by the United States in the planning, building and operation of the Seaway project.

The essential purpose of S. 589 and H. J. Res. 104 is to provide for the United States participation in the construction of the international rapids section of the St. Lawrence Seaway. That bill and joint resolution contemplate making the project self-liquidating through shipping tolls, which in time would apparently relieve the United States Treasury of any financial burden with respect to that undertaking. They would provide, among other things, for the establishment of a corporation to construct, maintain, and operate the United States share of the Seaway construction in the St. Lawrence River. The capital stock of that corporation would be owned by the Government and subscribed by the Treasury. The corporation would be empowered to issue to the public bonds not to exceed at any one time one hundred million dollars which would be guaranteed both as to interest and principal by the United States. The corporation would not participate in the power phase. The power phase in the international rapids section would be constructed by the Hydro-Electric Power Commission of Ontario and an entity to be designated in the United States for participation therein. An order of approval for such power construction was issued by the International Joint Commission on October 29, 1952. License applications with respect to the United States participation in the power phase are now pending before the Federal Power Commission.

The Department of Defense favors the United States participation in the planning, building and operation of the St. Lawrence Seaway project generally for the same reasons set forth in the memorandum from the Great Lakes - St. Lawrence Association in

support of S. 589 and H. J. Res. 104. The participation therein by the United States Government corporation would give the United States an equal voice, and hence some measure of control, in the planning, building and operation of the Seaway project which would be of great importance in the future. Without such an equal voice, the United States would not be a full partner in that project and would be entirely dependent upon the Canadian Government for its determination as to the proper operation of such Seaway and as to the efficiency of its security controls.

The Department of Defense, however, refrains from commenting as to whether the method of participation in the St. Lawrence Seaway project that would be provided by S. 589 and H. J. Res. 104 is the most appropriate means for securing that joint participation or the soundness of the precedent that they would create. It is pointed out, however, that no provision is made in S. 589 and H. J. Res. 104 for utilizing the service of the Corps of Engineers, U. S. Army, which has designed and built virtually every lock during the last century and which has conducted all of the detailed engineering explorations and planning heretofore made with respect to the development of the international rapids section. It is the intention of the Department of Defense to suggest to the Congress that consideration be given to an amendment to that bill and joint resolution which would provide for the assignment of the construction aspects of that project to the Corps of Engineers similar to the provisions of Section 4(b) of S. J. Res. 45.

Sincerely,

C. E. Wilson

Honorable Sherman Adams
The Assistant to the President
The White House