

MEMORANDUM

Brief Historical Summary:

In 1941 the United States and Canada negotiated an agreement to develop jointly the navigation and power potentials of the Great Lakes-St. Lawrence Basin. Congressional approval of authorizing legislation was never obtained.

In September, 1951, Canadian Prime Minister L. S. St. Laurent and President Truman agreed that an alternative plan for St. Lawrence development would be followed if a further effort to secure Congressional approval of the 1941 Agreement met with failure. The alternative plan envisaged resort to the International Joint Commission, in accordance with the appropriate provisions of the Boundary Waters Treaty of 1909, for approval of plans to construct power works. Canada committed itself to provide, concurrently with the construction of the power facilities, the additional works necessary to ensure 27 foot navigation between Montreal and Lake Erie.

The International Joint Commission approved the United States and Canadian applications on October 29, 1952. On November 4, 1952 the Canadian Government informed the United States that it considered the International Joint Commission's order to have superseded the 1941 Agreement and that, therefore, it would not seek Parliamentary ratification of the Agreement.

In order for a United States entity to construct the United States share of the power project the approval of the Federal Power Commission is necessary. The New York Power Authority has applied for a license and its application is currently being studied by the Federal Power Commission.

Bearing of the Matter on United States-Canadian Relations:

The Canadian Government regards the St. Lawrence Project as the most important single facet in its relations with the United States. It regards the prompt beginning of the entire project, both power and waterway, as of great importance to the development of Canada. From the Canadian point of view the development of power is a matter of the highest priority and urgency in view of a developing shortage of low-cost power in industrialized Ontario which will become acute by about 1957. The fact that this is a Canadian election year makes the problem even more acute from the Canadian point of view.

Anything done or not done by the United States Government which would have the effect of delaying the decision of the Federal Power Commission would almost certainly cause serious deterioration in our relations with Canada. As to the waterway part of the project the Canadians, provided the power project is approved, are committed to proceed on their own with the construction of the necessary works to provide a 27-foot waterway from

Montreal