

II. Views of U.S. Government Departments and Agencies with reference to S. 589 (the "Wiley Bill")

6. The Departments of State, Defense, Interior and Commerce have informed or will shortly inform the Senate Foreign Relations Committee of their approval in principle of U.S. participation in the construction and management of the Seaway as provided in Senator Wiley's bill (S. 589), subject to changes recommended by the Bureau of the Budget. The Treasury Department expressed no opinion on policy and confined its comments to the financial aspects of the bill.

7. A summary of the views of the Departments has been prepared by the Office of Legislative Reference, Bureau of the Budget, and is attached as Annex A.

8. Because of the detailed factual information stated therein, a copy of the letter proposed to be sent by the Secretary of the Interior to Senator Wiley is attached as Annex B.



III. Position of Canada with respect to Project

9. The major part of Canada's industrial plant is in Ontario which faces a critical low-cost power shortage by 1957. The St. Lawrence represents the sole untapped power source in the area. Power development is viewed, therefore, as essential by the Canadian Government. Although the need for an additional transportation route is not as urgent, the Canadian Government believes navigational development will add to Canada's economic strength.

10. The present Canadian Government is committed politically to St. Lawrence development in the near future. In view of the general election this fall it cannot countenance delay without protest. Delay either in obtaining a decision from the Federal Power Commission, which must license New York to proceed with the U.S. share of the St. Lawrence power works or in lengthy and perhaps fruitless consideration by the Congress of various St. Lawrence proposals, whose very consideration might delay Federal Power Commission action, would serve only to exacerbate U.S.-Canadian relations. These relations in many fields - economic, political and military - have been close and harmonious and it is not in the U.S. interest to damage them by delaying, in any way, a development of direct economic and political importance to the Canadian Government.

11. Officially, Canada is agreeable to U.S. participation in the St. Lawrence Seaway, provided that no delay occurs in