

that the Treaty does protect Canada's freedom of operation to make the best use of Columbia River water within Canada. These studies perhaps interpreted certain sections of the Treaty more favourably than you do, so the question which remains is, if the interpretation used by the consultants is definitely established by a Protocol to the Treaty, do you accept the findings of these engineering firms and if so does this fully meet your concern in this regard? May I add that I think you place altogether too much stress on the role of paragraph 3 of the Preamble and give it an interpretation unfavourable to Canadian interests that, in my opinion, and seemingly in Professor Cohen's opinion, it does not warrant.

The third and last point set forth in your paper concerned the downstream benefits to which Canada is entitled under the Treaty. First, with regard to the flood control payment of \$64.4 million, this payment cannot in all fairness be compared with costs of \$700 million in the United States to provide the same service. The \$700 million investment by the United States would provide not only the flood control benefits, but also power benefits equivalent to those provided by Canadian storage. United States sources indicate that with the addition of the Bruce Eddy and Knowles projects in the United States, the flood control payment to Canada called for under the Treaty is equal to roughly 100% of the flood damage prevented by Canada storage (beyond that which would have been prevented by the increased United States storage) rather than the 50% called for by the I.J.C. Principles. Whether or not this is true, conditions certainly are changing and nearly all of these changes make it even more difficult to consider United States acceptance of substantial increases in Treaty benefits to Canada. Can you tell me whether language in the Protocol indicating some reasonable limitations on the use of Canadian storage for flood control purposes, under the present Treaty, would meet at least some of your concern on this point?

Your statement that Canada receives only 40% of the power benefits from the Treaty is difficult for me to comment on, as the wording of the I.J.C. Principles and the Treaty seem so similar in this respect. The Principles call for division of power benefits as such without getting involved in the value of power to either country and the Treaty follows this approach.

I realize that the aforementioned three points do not fully cover all your criticism of the Treaty, but as you have noted, most of your specific criticisms stem from these points and are therefore covered indirectly if not directly. I feel that we may be able to meet some of your concern on these aspects, but with regard to others, particularly those which concern aspects outside of the jurisdiction of this government, it may be that the final decision will have to be between adjustments in the present Treaty by way of a Protocol or no Treaty at all. As no studies apparently exist which show the Columbia development within Canada to be a viable proposition at this time without international co-operation, a decision which made a Treaty impossible would be a most serious matter. The loss of employment possibilities and other economic gains now and over the longer future is a matter of great concern. However, this is a question on which we must take a decision and it is for this reason that I am particularly indebted to you for being so co-operative in providing both time and effort so that I may be fully aware of all facets of the problem.

Now that I have had an opportunity personally to survey the entire length of the Columbia River, as well as the Kootenay in Canada and the sites of all the Treaty storages as well as the existing and planned U.S. facilities, I am more than ever impressed with the potential value of this great development. I do believe that co-operation in its execution, as contemplated by the Columbia River Treaty, is capable of providing benefits to both countries that are greater than either could achieve without co-operation. I have reason to believe that it will be possible to secure modifications and clarifications of the Treaty by means of a Protocol that will meet some of your criticisms as well as deficiencies that I and my colleagues saw in the original Treaty. When the Protocol is signed, I hope you will feel that the arrangement as a whole merits your support.