

United States. The United States proposed that the compensatory work should take the form of a deep excavation in the north channel near the western end of the island; Canada considered this entirely unsatisfactory because the work, though it would have provided channel compensation to the necessary extent, would have had no other utility, either actual or prospective. We believed that the compensatory work should have some more useful purpose and suggested that it be in the form of a 27-foot channel which would connect Cornwall with the main channel of The Seaway and would be usable at some later date if Canada decided to build on the Canadian side of the river locks which would duplicate the two locks now being built in the United States side of the river. The discussions which lasted several months culminated in the exchange of notes published last December which made clear the Canadian determination to proceed with compensatory works in the form of a 27-foot channel into Cornwall. The excavation of this channel will involve a larger outlay on our part, but the additional cost of \$4,500,000 is fully justified by the immediate and prospective usefulness of this channel.

When we move further down the river through Lake St. Francis, in which the channels are in process of being deepened we come into the Soulanges section. In this part of the river Quebec Hydro is already producing 1,600,000 H.P. at Cedars Rapids on the north side of the river and at Beauharnois on the south side; and it is possible to develop a total of 2,200,000 H.P. Up to the present the Beauharnois Power Canal has served only to produce power, but it is to be an integral part of the waterway between Lake St. Francis and Lake St. Louis. At the eastern end of this canal, the Seaway Authority is building two locks which will together provide a lift of about 82 feet. The work is well advanced and makes provision for a tunnel to carry four lanes of highway traffic under the locks.

This brings us into Lake St. Louis and the Lachine section, which extends eastward to the Port of Montreal. As I mentioned a little earlier, there is a drop of nearly 50 feet between the outlet of Lake St. Louis and the harbour and it is possible to develop about 1,200,000 H.P. This development could have been undertaken concurrently with the building of the Seaway, but as the Province of Quebec did not appear of be anxious to proceed with the development when the Seaway was started in 1954, the works now being carried out in the Lachine section are primarily intended for navigation. They will not, however, prejudice the development of power when the province decides to undertake it.